



# Commonwealth of Kentucky

## SOLICITATION

**TITLE:** Medicaid Premium Collection Services for KCHIP

**DATE ISSUED**

2008-12-17

**SOLICITATION CLOSES**

**Date:** 2009-02-06

**Time:** 15:30:00

**SOLICITATION NO.**

RFP 758 0800001625

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Room 096 Capitol Annex  
Amy Carol Richardson

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**Please see the Terms and Conditions  
For Information on where to submit  
Your Bid/Proposal.**

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**Name:**  
**Address:**  
**City, State Zip Code:**  
**Phone #:**  
**Email Address:**  
**Contact Name:**  
**Contact Email:**  
**Vendor Customer (VC) #:**

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**Name:**  
**Address:**  
**City, State Zip Code:**  
**Phone #:**  
**Email Address:**  
**Contact Name:**  
**Contact Email:**  
**Vendor Customer (VC) #:**

**FOR INFORMATION CALL:**

Amy Carol Richardson  
502-564-6524

**ONLINE BIDDING PROHIBITED**

Yes

**OWNERSHIP TYPE:**

☐ Sole Proprietorship ☐ Partnership ☐ Corporation

**SIGNATURE OF AUTHORIZED AGENT IS REQUIRED UNLESS RESPONSE IS SUBMITTED ELECTRONICALLY**

**FAILURE TO SIGN SHALL RENDER THE BID INVALID.**

Signature X \_\_\_\_\_ FEIN# \_\_\_\_\_ DATE \_\_\_\_\_

*All offers subject to all terms and conditions contained in this solicitation.*

Line Items

Line Group: Default Commodity Group

| Line | CL Description | Due Date | Quantity | Unit Issue | Unit Cost | Line Total Or Contract Amt |
|------|----------------|----------|----------|------------|-----------|----------------------------|
|------|----------------|----------|----------|------------|-----------|----------------------------|

1 See Attachment B - Cost Proposal Form

| Comm Code | Comm Description | Manufacturer | Model # | Man Part # |
|-----------|------------------|--------------|---------|------------|
|-----------|------------------|--------------|---------|------------|

96200 MISCELLANEOUS SERVICES

Extended Description

See Attachment B - Cost Proposal Form

|                           |                             |                                |                             |
|---------------------------|-----------------------------|--------------------------------|-----------------------------|
| B<br>I<br>L<br><br>T<br>O | 502122                      | S<br>H<br>I<br>P<br><br>T<br>O | 502122                      |
|                           | CHFS DMS DIV OF CLAIMS MGMT |                                | CHFS DMS DIV OF CLAIMS MGMT |
|                           | 275 EAST MAIN, 6W-D         |                                | 275 EAST MAIN, 6W-D         |
|                           | FRANKFORT KY 40621<br>US    |                                | FRANKFORT KY 40621<br>US    |

|            |                                |                                                                                                                     |                         |
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## Request for Proposal (RFP)

For

Department for Medicaid Services

**Premium Collection Services for the Kentucky Children's Health Insurance Program (KCHIP) Separate Insurance Program, the Transitional Medical Assistance (TMA) Program, and the Medicaid Works Program**

Solicitation Number: RFP-758-0800001625

Issued by  
 The Finance and Administration Cabinet  
 On Behalf Of  
 The Cabinet for Health and Family Services  
 The Department for Medicaid Services

Commonwealth Buyer:  
 Amy Monroe Richardson, CPPB  
 COMMONWEALTH OF KENTUCKY  
 FINANCE AND ADMINISTRATION CABINET  
 Office of Procurement Services  
 New Capitol Annex  
 702 CAPITOL AVE RM 373  
 FRANKFORT KY 40601  
 (502) 564-6524  
 Fax: (502) 696-5194  
[Amy.Richardson@ky.gov](mailto:Amy.Richardson@ky.gov)

|                   |                                |                                                                               |                         |
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Appendix B—Preliminary File Elements from Vendor to KAMES

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## **SECTION 10—ADMINISTRATIVE OVERVIEW**

### **Section 10.000—Purpose**

This Request for Proposal (RFP) is being issued for the purpose of contracting for a Vendor to provide Premium Collections services for the Kentucky Children's Health Insurance Program (KCHIP) Separate Insurance program, the Transitional Medicaid Assistance (TMA) program, and the Medicaid Works program within the Department for Medicaid Services (DMS), Cabinet for Health and Family Services (CHFS).

### **Section 10.010—Issuing Office**

The Commonwealth of Kentucky, Finance and Administration Cabinet, Office of Procurement Services, is issuing this RFP on behalf of the Department for Medicaid Services (DMS). The Finance and Administration Cabinet is the only office authorized to change, modify, amend, alter, or clarify the specifications, terms, and conditions of this RFP.

A contract, based on this RFP, may or may not be awarded. Any contract award from this RFP is invalid until properly approved and executed by the Finance and Administration Cabinet.

### **Section 10.020—Restrictions on Communications**

The Commonwealth Buyer named below shall be the sole point of contact throughout the procurement process. All communications, oral and written (regular, express, or electronic mail, or fax), concerning this procurement shall be addressed to:

Commonwealth Buyer:  
Amy Monroe Richardson, CPPB

|            |                                |                                                                                                     |                               |
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FINANCE AND ADMINISTRATION CABINET

Office of Procurement Services

New Capitol Annex

702 CAPITOL AVE RM 373

FRANKFORT KY 40601

(502) 564-6524

Fax (502) 696-5194

[Amy.Richardson@ky.gov](mailto:Amy.Richardson@ky.gov)

From the issue date of this RFP until a Contractor is selected and the selection is announced, Offerors shall not be allowed to communicate with any Commonwealth Staff concerning this RFP except:

- The Commonwealth Buyer cited in this RFP;
- Via written questions submitted to the Commonwealth Buyer.

For violation of this provision, the Commonwealth shall reserve the right to reject Vendors' proposal response.

#### **Section 10.030—RFP Terminology**

For the purpose of this RFP, the following terms may be used interchangeably:

- ✂ Proposer, Offeror, Contractor, Provider, or Vendor
- ✂ Commonwealth Buyer, Buyer, Purchaser, or Contract Officer
- ✂ RFP, Solicitation, or Procurement
- ✂ Bid, Proposal, or Offer
- ✂ Commonwealth of Kentucky, Commonwealth, or State

Fiscal Year will be defined as the Commonwealth fiscal year: July 1 through June 30

Biennium will be defined as the Commonwealth biennium: July 1 of each even numbered year through June 30 of the next even numbered year

#### **Section 10.040—RFP Organization**

This RFP is organized in the following manner:

Section 10—Administrative Overview—General information on the objectives of this RFP, procurement schedule, and procurement overview.

Section 20—Present System Summary—Summary information on the history of the program and the current system of operation.

|                   |                                |                                                                               |                         |
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**Section 30—Scope of Work—Description of tasks to be performed, contractor responsibilities, deliverables, performance criteria, technology standards, and system requirements.**

**Section 40—Terms and Conditions—Terms and Conditions under which the Contractor shall perform this Contract.**

**Section 50—Procurement Process and Requirements—Procurement requirements and general format and submission requirements.**

**Section 60—Technical Proposal Evaluation—Technical evaluation criteria.**

**Section 70—Cost Proposal Evaluation—Cost evaluation criteria.**

**Section 80—Negotiations—Elements of the RFP that may be negotiable.**

**Section 90—Ranking of proposals and award of Contract.**

This RFP and any Addenda thereto shall become part of the Contract with the successful Contractor. It shall be incorporated into the Contract by reference.

Titles of paragraphs used herein are for the purpose of facilitating ease of reference only and shall not be construed to infer a contractual construction of language.

#### **Section 10.050—Estimated Schedule of RFP Activities**

The following table presents the anticipated schedule for major activities associated with the RFP distribution, proposal submission, proposal evaluation process, and contract award. The Commonwealth reserves the right at its sole discretion to change the Schedule of Activities, including the associated dates and times.

|                                                                                                           |                             |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|
| Release of RFP                                                                                            | Wednesday, 17 December 2008 |
| 1st Set Of Vendors' Written Questions due by 4:30 PM ET                                                   | Tuesday, 6 January 2009     |
| Commonwealth's Response to 1st Set of Vendors' Written Questions                                          | Tuesday, 13 January 2009    |
| 2nd Set Of Vendors' Written Questions due by 4:30 PM ET                                                   | Wednesday, 21 January 2009  |
| Commonwealth's Response to 2nd Set of Vendors' Written Questions                                          | Wednesday, 28 January 2009  |
| Proposals due by 3:30 PM ET<br>Notice to Vendors:<br>All bidders are cautioned to be aware of security in | Friday, February 6, 2009    |

| 0800001625                                                                                                                                                                                                                                                                                                                                                                                                                                  | Document Phase<br>Final | Document Description<br>Medicaid Premium Collection Services for | Page<br>10 of 73 |
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| <p>the Capitol Annex in Frankfort. In-person or courier delivered bids/proposals in response to a Commonwealth Solicitation should be delivered a minimum of thirty (30) minutes to one (1) hour earlier than the published closing time to allow for a security check-in. Delays due to building security checks shall not be justification for acceptance of a late bid or proposal. Vendor attention to this advisory is encouraged.</p> |                         |                                                                  |                  |

#### **Section 10.060—Questions Regarding this RFP**

Vendors are encouraged to submit written questions pursuant to Section 10.050 of this RFP. Written questions shall be submitted to the Commonwealth Buyer via email at [Amy.Richardson@ky.gov](mailto:Amy.Richardson@ky.gov) or via fax at 502-696-5194. No questions shall be accepted after the date(s) listed in Section 10.050. Oral questions shall not be accepted. The Commonwealth shall respond to salient questions in writing by issuing an Addendum to the Solicitation. The Addendum shall be posted to the Commonwealth's E-Procurement page.

#### **Section 10.070—Access to Solicitation, RFP, and Addenda**

The Commonwealth wants each prospective Vendor to have full and complete information on which to base a proposal response. Only information presented or referred to in this RFP and any additional written information that is supplied by the Commonwealth Buyer shall be used by Vendors in preparing this response. Once at the E-Procurement Directory, follow the instructions below to locate the Solicitation, RFP, and any Addenda:

The Solicitation, the RFP and Attachments, and any Addenda shall be posted to the E-Procurement Directory [at https://eprocurement.ky.gov](https://eprocurement.ky.gov)

At the E-Procurement Directory, center column, click on eMars Browse Bid Opportunities link, select PUBLIC ACCESS, BUSINESS OPPORTUNITIES, SEARCH FOR SOLICITATIONS then follow the instructions listed on the page.

*It is the Vendors' responsibility to assure they have obtained copies of all information and forms.*

#### **NOTICE TO VENDORS:**

Vendors are cautioned that changes made to the solicitation other than in the designated fields for response shall render the response invalid and result in a non-responsive bid. Any exceptions to the item description or extended description shall be indicated only in the space reserved for those exceptions.

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Unless the exceptions are noted as instructed, the Vendor will be expected to deliver as specified in the solicitation. Responses that include terms and conditions not in conformity with the terms and conditions of the Solicitation as issued or the Statutes of the Commonwealth of Kentucky may be rejected.

**In the event of any conflict or variation between the solicitation or modification as issued by the Commonwealth and the Vendor's response, the version as issued shall prevail.**

#### **Section 10.080—Notification of Award of Contract**

To view the Award of Contract date and the Contractor receiving the Award for this Solicitation, access the **E-Procurement Directory** at <https://eprocurement.ky.gov>. At eMars Browse Bid Opportunities, select **PUBLIC ACCESS, BUSINESS OPPORTUNITIES, SEARCH FOR SOLICITATIONS**. Go to **STATUS** and select, using the drop down menu, **AWARDED**. It is the Vendor's responsibility to review this information in a timely fashion. No other notification of the results of an Award of Contract will be provided.

#### **Section 10.090—Additional Requirements**

Vendors should review and comply with the general bidding requirements listed under "Laws, Policies, and Procedures" and "Standard Attachments and General Terms" located on the eProcurement Web page at <https://eprocurement.ky.gov>

#### **Section 10.100—Registration for Sales and Use Tax**

In accordance with administrative regulation 200 KAR 5:390, any entity awarded a contract by the Commonwealth to provide goods or services subject to sales and use tax pursuant to KRS 139.200 and 139.310, shall - for the entity itself, and each affiliate as defined in KRS 45A.067 – perform the following:

- (1) For each entity and each affiliate, which is already registered to pay sales and use tax, submit a copy of the appropriate sales and use tax permit or a permit update form. Registered vendors should already have access to these forms; or
- (2) For each entity and each affiliate, which is not already registered to pay sales and use tax, submit a copy of Revenue Form 10A100, "Kentucky Tax Registration Application." This form is located:

<http://eprocurement.ky.gov/NR/rdonlyres/6D54BB36-2773-4EA2-B68E-48F051111C28/0/10A100>

**END OF SECTION 10**

|            |                                       |                                                                                  |                                |
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## **SECTION 20—BACKGROUND AND PRESENT SYSTEM SUMMARY**

### **Section 20.000—Background**

The Cabinet for Health and Family Services, Department for Medicaid Services (DMS) is seeking to enter into a contract with a Third Party Administrator to collect premiums for the KCHIP Separate Insurance Program, Transitional Medical Assistance (TMA), and Medicaid Works programs.

|                   |                                       |                                                                               |                                |
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The premiums charged for KCHIP and TMA recipients are a fixed amount per month per family. Premiums charged for Medicaid Works recipients are a fixed amount based on income level. Recipients are given the option of paying premiums on a monthly, quarterly, or semi-annual basis. A discount may be provided for paying premiums on a quarterly or semi-annual basis.

Pursuant to KRS 205.6481–205.6497, the Department for Medicaid Services (DMS) established and administers the Kentucky Children’s Health Insurance Program (KCHIP) to provide health benefit coverage for eligible children. The Department also administers the Transitional Medical Assistance (TMA) Program pursuant to The Personal Responsibility and Work Opportunity Act of 1996 (P.L. 104-193). The Department also administers the Medicaid Works Program pursuant to the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170).

KCHIP provides health coverage to children from birth through eighteen (18) years of age with a family income up to two hundred percent (200%) of the Federal Poverty Level (FPL). The Cabinet collects premiums (per family) for children in families with incomes from one hundred and fifty-one percent (151%) to two hundred percent (200%) of FPL who are enrolled in the KCHIP Separate Insurance Program. This program currently serves approximately twelve thousand (12,000) families.

Medicaid and KCHIP services in Kentucky are administered by the Department for Medicaid Services (DMS) in the Cabinet for Health and Family Services (CHFS). The eligibility determination process is managed by the Cabinet’s Department for Community Based Services (DCBS) at the local county offices in each of Kentucky’s one hundred and twenty (120) counties. A centralized eligibility information system is used by all DCBS offices.

Kentucky Medicaid’s Transitional Medical Assistance (TMA) Program provides transitional medical benefits for up to one (1) year to welfare recipients who leave welfare for work. The Department collects a modest premium (per family) for recipients enrolled in the second (2<sup>nd</sup>) six (6) months of TMA, approximately nine hundred (900) families.

The Medicaid Works Program provides medical benefits to qualified disabled recipients who are between the ages of sixteen (16) and sixty-four (64), meet the Social Security’s definition of disabled, whose income is at or below two hundred and fifty percent (250%) of the federal poverty level, and who are engaged in work activities for which they receive paid compensation. Premiums for recipients enrolled in this program are based on income level. Premiums for recipients enrolled in this program are based on income level. This program was implemented in November 2007 and enrollment in the program is minimal

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## **Section 20.010—Kentucky Automated Management and Eligibility System (KAMES)**

The KAMES computer system, used by the local offices of the Department for Community Based Services, provides the Commonwealth of Kentucky with an integrated statewide system that supports casework and reporting functions for the Food Stamps, Income Maintenance, and Medical Assistance Programs.

The KAMES system is menu driven and provides for the on-line collection, update, and inquiry of Food Stamp, Income Maintenance, and Medical Assistance information. The system supports an interactive client interview through the use of an on-line application.

### **Section 20.020—Eligibility Determination Process**

The CHFS, Department for Community-Based Services manages the eligibility determination process for both the KCHIP Separate Insurance Program, TMA, and Medicaid Works programs. Applicants can apply by either going to the local DCBS office or sending an application by mail. Client eligibility is maintained in the KAMES system and must be recertified every twelve (12) months for KCHIP and in the fourth (4<sup>th</sup>), seventh (7<sup>th</sup>), and tenth (10<sup>th</sup>) months for TMA. TMA families can only receive benefits for a total of twelve (12) months as long as the children remain in the home and the parents remain employed. As noted earlier in this document, premiums may be collected during the second (2<sup>nd</sup>) six (6) month period.

**END OF SECTION 20**

## **SECTION 30—SCOPE OF WORK**

|            |                                |                                                                               |                                |
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### **Section 30.000—Commonwealth Information Technology Forms**

The Vendor and any subcontractors shall be required to adhere to and sign all applicable Commonwealth policies and standards related to technology use and security.

### **Section 30.010—Compliance with Commonwealth IT Enterprise Architecture and Standards**

Web link: <http://technology.ky.gov/security/default.htm>

The Commonwealth IT Enterprise Architecture and Standards reflect a set of principles for information, technology, applications, and organization. These standards provide guidelines, policies, directional statements, and sets of standards for information technology. It defines, for the Commonwealth, functional and information needs so that technology choices can be made based on business objectives and service delivery. The Vendor shall stay knowledgeable and shall abide by these standards for all related work resulting from this RFP.

### **Section 30.020—Compliance with Commonwealth Security Standards**

The software deployment and all Vendor services shall abide by security standards as outlined in the Commonwealth's Enterprise Information Technology Policies.

Enterprise Policies - <http://gotsource.ky.gov/dscgi/ds.py/View/Collection-1450>

SPPM - [http://www.gotsource.net/dscgi/ds.py/Get/File-563/GOT-067,\\_Final.doc](http://www.gotsource.net/dscgi/ds.py/Get/File-563/GOT-067,_Final.doc)

### **Section 30.030—Software Development**

Source code for software developed or modified by the Vendor specifically for the Commonwealth shall become property of the Commonwealth.

### **Section 30.040—License Agreements**

Software provided by the Vendor to the Commonwealth shall contain a provision for perpetual licensing with all upgrade options. The agreements shall also contain a provision for maintaining a version of the software in escrow in the event the Vendor is unable to continue the business for financial or other business reasons.

### **Section 30.050—Identity Theft Prevention and Reporting Requirements**

In the delivery and/or provision of Information Technology hardware, software, systems, and/or services through a contract(s) established as a result of this solicitation, the vendor shall prevent unauthorized access to "Identity Information" of Commonwealth citizens, clients, constituents, and employees. "Identity Information" includes, but is not limited to, an individual's first name or initial and last name in combination with any of the following information:

- ✂ Social Security Number;

|            |                                |                                                                                  |                                |
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✂ Driver's License Number,

✂ System Access ID's and associated passwords; and

Account Information—such account number(s), credit/debit/ProCard number(s), and/or passwords and/or security codes.

The vendor shall also immediately notify the contracting agency, the Office of Procurement Services, and the Commonwealth Office of Technology upon learning of any unauthorized breach/access, theft, or release of Commonwealth data containing "Identity Information."

For even a single knowing violation of these Identity Theft Prevention and Reporting Requirements, the vendor agrees that the Commonwealth may terminate for default the contract(s) and may withhold payment(s) owed to the vendor in an amount sufficient to pay the cost of notifying Commonwealth customers of unauthorized access or security breaches.

### **Section 30.060—Privacy, Confidentiality and Ownership of Information**

The Department for Medicaid Services (DMS) is the designated owner of all data and shall approve all access to that data. The Vendor shall not have ownership of Commonwealth data at any time. The Vendor shall comply with privacy policies established by governmental agencies or by state or federal law. Privacy policy statements may be developed and amended from time to time by the Commonwealth and will be appropriately displayed on the Commonwealth portal (Ky.gov). The Vendor shall provide sufficient security to protect the Commonwealth and Department for Medicaid Services (DMS) data in network transit, storage, and cache.

### **Section 30.070—Confidentiality**

The Vendor shall:

- A. Ensure that each employee who will be working with Commonwealth data signs a Non-Disclosure Agreement at the time of contract award. All Federal and State regulations and statutes related to confidentiality shall be applicable. As a third party administrator, Vendor shall comply with the Health Insurance Portability and Accountability Act (HIPAA) of 1996.
- B. Not use any data acquired as a part of this Contract and that is not otherwise protected under any other confidentiality statute or agreement for any use not outlined in this Contract without the express written consent of the Department.

### **Section 30.080—Compliance with State and Federal Requirements**

In providing the Services and Deliverables, the Vendor shall ensure compliance with all

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state and federal laws, rules, and regulations.

### **Section 30.090—Contract Start-Up**

The Vendor shall during the initial Contract Start-up phase:

- A. Coordinate a kick-off meeting with designated CHFS staff within five (5) business days following the notification of award;
- B. Conduct a weekly status meeting with CHFS project team and produce and submit to CHFS a written weekly progress report that outlines the work accomplished during the reporting period against the baseline Project Work Plan, work to be accomplished during the subsequent reporting period, outline critical risks and mitigation plans, and provide information on quality measures;
- C. Establish work teams, composed of CHFS and Vendor representatives, for the development and coordination of Vendor activities;
- D. Define project management and reporting standards;
- E. Establish communication protocols between CHFS and the Vendor;
- F. Establish a schedule for key activities; and
- G. Define expectations for the content and format of Contract Deliverables.

### **Section 30.100—Project Work Plan and Schedule**

The Vendor and CHFS shall work together during the first ten (10) business days after the Contract effective date to finalize the draft implementation Project Work Plan proposed by the Vendor in their proposal. The Project Work Plan shall detail the specific timeframes, tasks, dependencies, responsibilities and mutually developed key milestones that the Vendor shall maintain and CHFS shall use to monitor progress throughout the project to ensure successful and timely completion of the project.

The Vendor shall provide a Project Work Plan with an anticipated date for assuming all functions within ninety (90) days of the Contract effective date to be no later than March 31, 2009. CHFS anticipates a three (3) month transition period from the current Vendor to a new Vendor. The successful vendor shall assume all functions by June 30, 2009.

The Project Work Plan shall present the separate activities for each project task and include:

- ✎ A logical sequence of tasks;

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✂ A clear definition of each task;

✂ Staff required for each task;

✂ A specific completion date for each task; and

✂ Task relationships and dependencies.

### **Section 30.110—Administration and Key Personnel**

Within five (5) business days after the Contract effective date, the Vendor shall provide CHFS a document that designates and identifies the Key Personnel, which shall include a dedicated Project Manager. Vendor shall provide plan for key personnel, resumes for each person, and specify time that will be delegated for each person working on this project. CHFS reserves the right to approve any changes in the Project Manager, work team, and Key personnel from those submitted in the Vendor's proposal. For any necessary changes to the Project Manager, work team, or Key personnel, the Vendor shall replace with personnel of equal or greater ability and qualifications who shall be subject to approval by CHFS. Key personnel is defined as a core staff experienced in systems, operations, and policies and procedures necessary for overall project management, overall systems management, and others as defined by the Vendor and agreed to by CHFS during contract negotiations.

### **Section 30.120—CHFS Contract Start-up and Planning Responsibilities**

CHFS shall:

- A. Identify a Project Team that shall oversee all activities;
- B. Designate a Project Manager for the project;
- C. Meet with the Vendor to discuss and confirm expectations and requirements for content and format of the task Deliverables;
- D. Assess the Vendor's understanding of its responsibilities and the Vendor's capability to assume the functions required under the Contract; and
- E. Review and approve the Vendor's Project Work Plan.

### **Section 30.130—Data Migration and Interface Implementation Requirements**

The Vendor shall:

- D. Develop a data migration plan to migrate all historical data from the incumbent vendor within 60 days of the contract effective date. The plan shall include

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methodology for the migration and explain in detail, the data migration and how data will be tested to validate the successful and complete transfer of data.

- E. Migrate all historical data from the existing vendor. Current vendor has five (5) years of historical data that includes all premium payments received, refunds generated, and general case history.
- F. Ensure the integrity of all migrated data by performing sufficient testing after migration to confirm the successful transfer of all data.

Submit a General Design Document for Interface requirements to the Commonwealth and obtain approval prior to progressing to the next phase of the project. This document shall include, at a minimum, the following information:

#### External Data Sharing

- List of all exchanges with contact information and overview of business purpose of the exchange.
- Macro business process transcending all related systems
- Data flow diagrams

#### Business Process Documentation

#### User Interfaces

#### Batch processes

- D. Submit a Detailed Design Document for Interface requirements to the Commonwealth and obtain approval prior to progressing to the next phase of the project. This document shall include, at a minimum, the following information:
  - 1. External Data Sharing including local and remote layouts for all interfaces with notes for all fields on the local layout;
  - 2. Detailed information about each interface such as:
    - ✂ Extract/load Program name
    - ✂ Method of invocation (event driven, batch, etc.)
    - ✂ Conditions and other jobs upon which the extract or load depends
    - ✂ Other jobs and conditions that depend upon the extract or load

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- ✂ Local and remote file names
  - ✂ Authentication methodology (certificate, ldap, racf, active directory, etc.)
  - ✂ Selection criteria
  - ✂ Transport methodology (ftp, ndm, web service, etc.)
3. Flowcharts and process description for all extract and load routines.
  4. A Service Level Agreement (SLA) covering the following:
    - ✂ Uptime requirements/execution windows
    - ✂ Data ownership/System of Record (who can update)
    - ✂ Security requirements including authentication and encryption
    - ✂ Escalation processes
    - ✂ Business Process Documentation
    - ✂ User Interfaces
    - ✂ Batch Processes
  - E. Submit a detailed test plan for all aspects of the proposed system.
  - F. Provide a means for the Commonwealth to monitor all data transmission events.  
This shall include, but not be limited to:
    - Interface Metadata
    - Event Metadata
    - Data Content
  - G. Host and lead Joint Application Design (JAD) sessions to establish the precise business and technical requirements of all necessary interfaces.

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### **Section 30.140—System Requirements**

The Vendor shall:

- A. Establish and maintain interface with the Kentucky Automated Management Eligibility System (KAMES) using secure data line.
- B. Provide and maintain, at a minimum, the information found in Appendix A and Appendix B of this document:
  - ✂ Appendix A: Preliminary file elements from KAMES to Vendor.
  - ✂ Appendix B: Preliminary file elements from Vendor to KAMES.
- C. Establish and maintain a database that distinguishes families with children enrolled by program in the KCHIP Separate Insurance Program, public employees with children enrolled in the KCHIP Separate Insurance Program, families in the second (2<sup>nd</sup>) six (6) months of TMA, and individuals receiving services through the Medicaid Works Program.
- D. Establish and maintain a database to receive electronic files from KAMES on a monthly basis for all currently enrolled children/families in the KCHIP Separate Insurance Program, children of public employees enrolled in KCHIP Separate Insurance Program, TMA families in their second (2<sup>nd</sup>) six (6) months of eligibility, and individuals participating in the Medicaid Works Program including;
  - 1.The name, case number, and address of the head of household/case name or person responsible for premium payment for those enrolled in each program;
  - 2Case name, each recipient's social security number(s), and case number(s) of the individuals by household for each program.
  - 3.The enrollment status of the individuals enrolled in each program;
  - 4.The telephone number and address of the Department for Community Based Services (DCBS) office located in the enrollees' county of residency;
  - 5.The caseload code of the family support worker assigned to the family;
  - 6A Spanish language indicator;
  - 7Start and end dates of eligibility; and

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8 Identification of cases, which are linked as one family or household.

9 Identification of premium payment amount for Medicaid Works members.

E. Receive daily electronic files from KAMES and update the Vendor's database daily including:

1. The name(s), addresses, recipient social security number(s), case number(s), for newly approved, recertified, discontinued, or any enrollment status changes of individuals enrolled in each program;
2. The telephone number and address of the Department for Community Based Services (DCBS) office located in the enrollees' county of residency;
3. The caseload code of the family support worker assigned to the family;
4. A Spanish language indicator;
5. Any changes in the start or end date of the eligibility; and
6. Identification of cases, which are linked as one family or household.

F. Provide daily electronic files to KAMES with the following information:

1. Date when first premiums have been deposited for families in each program;
2. Date when the first premium has been denied due to insufficient funds;
3. Date when final voucher is sent notifying family of potential disqualification due to non-payment of premiums;
4. Date when back payment premiums have been satisfied; and
5. Any additional information as requested by the Department.

G. Provide monthly electronic files to KAMES of all premium payments received for the program since the last monthly file to include:

1. Premium payment date;

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| 2.         | Frequency of payment;                 |                                                                                  |                                |

3. Name, address and case number of the person responsible for premium payments and an indicator if the person is a public employee;
4. Names of recipients that the payment is intended to satisfy; and
5. Case name, case number, and social security numbers of each recipient by family unit for each program.

H. Provide monthly electronic file to KAMES of all currently enrolled families and their members who failed to make a premium payment (e.g. for on going eligibility not new applicants). A grace period of one (1) month will be given. For example, if paying monthly, the failure-to-pay record would be sent after the second (2<sup>nd</sup>) month of no payment so KAMES can disqualify the case or member.

I. Provide a Case History data feed to the MMIS Data Warehouse as follows:

1. Provide data as a flat file with fixed length columns and records;
2. Distinguish record types by a two (2) byte field at the beginning of each record.
3. Include the following selection criteria at a minimum:
  - ✂ Cases for which payment was received;
  - ✂ Cases for which a refund was issued;
  - ✂ Cases for which a payment was returned as Non Sufficient Funds (NSF);
  - ✂ Cases that are disqualified;
  - ✂ Other criteria as determined during JAD sessions;

The data elements shall at a minimum include:

- ✂ Case Number
- ✂ Date of Payment
- ✂ Payment Amount

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✂ Date of Refund

✂ Refund Amount

✂ Date of Disqualification

✂ Date NSF Received

✂ Payment Type

✂ Other Elements As Discovered During JAD Sessions

5. The data shall be transmitted weekly via one (1) of the following secure protocols. Actual protocol will be determined during JAD sessions, but will be limited to the list that follows:

✂ FTPS (SSL)

✂ SFTP (SSH2)

✂ HTTPS

- J. Provide browser based access to CHFS staff as it relates to systems used in the Scope of Work outlined in this RFP.

### **Section 30.150—Premium Vouchers and Notices**

The Vendor shall:

- A. Develop, print, and mail premium vouchers and notices in accordance with a schedule approved by DMS (see Appendix C attachment for PPC premium notices sample).
- B. Develop premium vouchers, specifically designed for KCHIP, TMA and Medicaid Works and approved by the Department, that inform families about the amount owed, payment options, the payment due date, the consequences of not paying the premium, their Case Numbers, how to notify the Vendor of address changes, how to contact the Vendor when families have billing questions or concerns, and any additional information as requested by the Department.
- C. Premium vouchers shall include questions, with exact wording approved by the Department, on the following:

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- ✂ Identification of children enrolled in the KCHIP Separate Insurance Program whose parents are public employees;
  - ✂ Identification of any additional KCHIP Separate Insurance Program cases in the same household or family unit;
  - ✂ TMA cases whose income is below \$1,000/month; and
  - ✂ Identification of members enrolled in Medicaid Works Program.
- D. Develop, print, and mail late payment notice to participating families if payment is not received by the due date indicated on the premium voucher.
  - E. Develop, print, and mail notices to families if their payments are returned from the bank due to insufficient funds.
  - F. Translate premium vouchers and notices into Spanish for families with Spanish language indicator.
  - G. Develop, print, and mail any additional information with premium vouchers as requested by the Department.
  - H. Provide monthly reports of the number and type of vouchers and notices distributed to participating families to DMS.
  - I. Forward information for vouchers that could not be delivered due to an incorrect address to the families' family support worker.
  - J. Process change of address forms provided by DCBS and provide to the family's family support worker.
  - K. Based on data provided by KAMES about cases which are linked as one family unit or household mail one premium voucher to each family/household for families participating in KCHIP and TMA. For families participating in KCHIP and TMA the Vendor shall mail one premium payment per family, regardless of the number of individuals in the family who are receiving benefits. For members participating in the Medicaid Works Program the Vendor shall mail one premium voucher per person. It is possible that some families will have one premium payment for KCHIP and one premium payment for Medicaid Works.

### Section 30.160—Sample Timeline

The following sample timeline provides an overview of Premium notices the Vendor

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07/21/2009 – Monthly Notice – Payment due by 08/05/2009 for September premium. This notice is sent monthly unless quarterly or semi-annual payments are made.

08/03/2009 – Intermittent Notice - Notice sent anytime payments are returned from bank for insufficient funds.

08/21/2009 – Intermittent Notice – If the family failed to make September premium payment by 08/05/2009, a notice indicating failure to pay premium for September and indicating that both September and October premium payments are due by 09/05/2009 to avoid losing benefits. Failure to make September and October payments will result in loss of health benefits effective October 1, 2009.

09/06/2009 – Intermittent Notice – If the family failed to make premium payment for September and October, a notice indicating failure to make payment by 09/15/2009 will result in loss of health benefits effective October 1, 2009.

09/21/2009 – Intermittent Notice – Notice of loss of health benefits due to failure to pay premium.

### **Section 30.170—Premium Collection**

The Vendor shall:

- A. Collect premium payments from participating families (monthly, quarterly, or semi-annually), and forward receipts daily to Farmers Bank in Frankfort, Kentucky via electronic funds transfers. Kentucky KRS 41.010 requires that all public funds shall be deposited with the Kentucky State Treasurer no later than the business day following the receipt of funds.
- B. Establish appropriate accounting procedures to account for premiums collected and amounts owed to the Department. The Vendor shall define the appropriate banking procedures and practices to be established on behalf of the Department. Such banking activities shall be subject to approval by the Department. Vendor shall provide a description of proposed accounting procedures in their proposal.
- C. Comply with the Cash Management Improvement Act of 1990.
- D. Provide a daily reconciliation to the Department of the total collections and the amount in insufficient funds sent to Farmers Bank segregated by KCHIP Separate Insurance Program, children of public employees enrolled in KCHIP Separate Insurance Program, TMA in their second (2<sup>nd</sup>) six (6) months of

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- E. Accept premium payments via check, money order, electronic funds transfer, and credit/debit card.
- F. Provide daily notification to the Department of the daily amount transferred to the State Treasurer.

### **Section 30.180—Payment Accounts Management**

The Vendor Shall:

- A. Notify the Department on a weekly basis of any refunds that shall be made as a result of information received by the Vendor of families who have paid more than what is owed for their payment period. The notification shall include addresses and whether the refund is for an enrollee in the KCHIP Separate Insurance Program, children of public employees enrolled in KCHIP Separate Insurance Program, and TMA in their second (2<sup>nd</sup>) six (6) months of eligibility. Actual refunds shall be the responsibility of the Department for Medicaid Services.
- B. Notify and adjust families' payment accounts when they have submitted payments for amounts less than what is owed.
- C. Not accept payments in amounts less than the monthly premium.
- D. Adjust the payment accounts and premium vouchers of families who decide to change the frequency of their premium payments.

### **Section 30.190—Imaging and Correspondence Handling**

The Vendor shall:

- A. Utilize document-imaging technology to create and maintain copies of all individual instruments received for purposes of archiving and retrieval. The imaging system shall record date information for each image. The Vendor may propose an alternative method for capturing date information, subject to cabinet approval.
- B. Host, support and maintain the imaging system.
- C. Provide secure web-access to the imaging system for DMS staff and provide training documents on how to access.
- D. Submit to DMS all requests for access to the imaging system for approval.

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- E. Support and maintain the security credentials for all individuals granted access, whether Vendor staff or DMS staff.
- F. Retain these images until provided written approval to destroy, or archive from the department all documentation relating to any payments, as well as any payment-related attachments, including envelopes, are to be imaged on the same day received.

### **Section 30.200—Reporting**

The Vendor shall

- A. Produce reports that are accurate, legible, uniform in appearance, clean, presentable, and in a format approved by the Department.
- B. Correct any report errors at no cost to the Department.
- C. Provide detailed monthly financial reports to the Department that shall include the following:
  - 1. Segregated to account for activity in the following categories: the KCHIP Separate Insurance Program, children of public employees enrolled in KCHIP Separate Insurance Program, TMA, and the Medicaid Works Program.
  - 2. Data:
    - ✎ Total Collections
    - ✎ NSF
    - ✎ Overpayments/Refunds
    - ✎ Prepayments/Discounts
    - ✎ Any additional information as needed.
- D. Produce ad hoc reports as requested by the Department within five (5) business days of receiving the request.

### **Section 30.210—Customer Service**

The Vendor shall:

- A. Ensure that offices providing services under the terms of this Contract are open and staffed on all days that Kentucky State Government is open and staffed.
- B. Provide customer service through a toll-free telephone line for program

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enrollees and their families who have questions, concerns, or complaints related to premium issues and billing.

- C. Establish a toll-free customer service telephone line, which is operational and staffed 8:00 am to 5:00 PM Eastern Time, Monday through Friday excluding state approved holidays at a minimum. The state prefers that the vendor offer some weekend customer service hours.
- D. Provide customer service representatives who are fully competent on program operations and who have access to Vendor's billing system so that information provided to callers is fully up to date.
- E. Provide voice mail after hours and holidays and ensure that voice mail is checked, and responded to within one (1) business day of the received message.
- F. Establish help desk procedures to provide services for limited or non-English speaking enrollees, and for deaf or hearing-impaired enrollees.
- G. Provide monthly reports on the operation of the toll-free telephone line to the Department that shall include the number of calls received, the reason for the call, length of each call, time or number of rings before calls are answered, and the number of abandoned calls, calls of complaint, reason for complaint, action taken to address complaint, and resolution status.

### **Section 30.220—Disaster Recovery**

The Vendor shall maintain a Disaster Recovery Plan that demonstrates ability to maintain a system operational environment that ensures readiness to re-establish production environment in the event of a disaster and disaster recovery. Disaster means an occurrence of any kind whatsoever that adversely affects in whole or in part, the functionality, efficiency, accessibility, reliability, or security of the system. The selected respondent shall take the steps necessary to fully recover the data and/or system from the effects of a disaster and to reasonably minimize the recovery period. A summary of the Disaster Recovery plan must be included in the proposal.

### **Section 30.230—General Requirements**

The Vendor shall

- A. Expand the system to include additional Medicaid/KCHIP programs or aid categories that may be authorized by the Kentucky General Assembly. In this occurrence the Commonwealth shall negotiate a contract amendment with the Vendor to provide the additional service(s).

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- B. Provide a liaison and a back-up liaison who shall be the primary point of contact with the Department and who shall be readily available to address any issues that may arise on a daily basis. Phone calls from the Department that cannot be answered immediately shall be returned within a two (2) hour window (during normal business hours).
- C. Submit all documentation and printed materials developed by Vendor for the Department for approval by the Department prior to dissemination. The Department may reproduce any of these materials as needed.
- D. Provide all supplies required for the services provided under the Contract.
- E. Preserve and make available to the Department all records pertaining to the Contract. If the Contract is completely or partially terminated, all records relating to the work shall be preserved and made available to the Department for a period of at least five (5) years from the date of final statement.
- F. Records which relate to appeals, litigation or the settlement of claims as a result of the performance of this Contract to which exception has been taken by the State Auditor or any of his duly authorized representatives, shall be retained by the Vendor until such appeals, litigations, claims or exceptions have been disposed for a minimum of five (5) years.

### **Section 30.240—Turnover/Deliverables**

The Vendor shall turnover all completed and contract deliverable work including all working documents to CHFS no later than the end of the contract period. All material and information gathered during the term of this contract is the sole property of CHFS and cannot be used by the Vendor in any other work conducted outside of this contract. Turnover/Deliverable documents shall include, but are not limited to, the documents listed in Section 30.065 of this RFP. Each document turned over to CHFS shall consist of documents in two (2) media:

- ✂ One (1) copy in MS Word/Excel/Project format on an electronic media (disk or copy on file server/e-mail to CHFS); and
- ✂ One (1) copy in MS Word/Excel/Project on a CD/DVD media and in hard copy if requested.

All documents shall be in MS Word 2000 unless they are financial documents to be utilized for funding purposes. Those documents shall be created in MS Excel 2000. The Project Work Plan shall be submitted in MS Project 2000 format.

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The CHFS must ensure that program stakeholders do not experience any adverse impact from the transfer of the responsibility of providing services to Premium Payment client from the Vendor to either CHFS or to a successor vendor. Therefore the Vendor shall:

- A. Four (4) months before the end of the initial contract period or any extension thereof, develop and implement a CHFS approved Turnover Plan covering the possible turnover of the records and information maintained to either CHFS or a successor vendor. The Turnover Plan shall be a comprehensive document detailing the proposed schedule, activities, and resource requirements associated with the turnover tasks. The Turnover Plan shall be approved by CHFS prior to implementation;
- B. As part of the Turnover Plan, the Vendor shall provide CHFS with copies of all relevant data, documentation, or other pertinent information necessary, as determined by CHFS, for CHFS or a subsequent vendor to assume the operational activities successfully. This shall include current correspondence, documentation of ongoing outstanding issues, and other operations support documentation. The plan shall describe the Vendor's approach and schedule for transfer of inventories and operational support information, as applicable. The information shall be supplied on media specified by CHFS and according to the schedule approved by CHFS. CHFS is not limited or restricted in the ability to require additional information from the Vendor or modify the Turnover schedule as necessary.
- C. Thirty (30) calendar days following turnover of operations, provide CHFS with a Turnover Results Report documenting the completion and results of each step of the Turnover Plan. CHFS shall not consider Turnover complete until this document is approved by CHFS. If the Vendor does not provide the required relevant data, data utilization logs, documentation, or other pertinent information necessary for the subsequent vendor to assume the operational activities successfully, the Vendor shall agree to reimburse CHFS for all reasonable costs, including, but not limited to, transportation, lodging, and subsistence for all state and federal representatives, or their agents, employees or Vendors to carry out their inspection, audit, review, analysis, reproduction and transfer functions at the location(s) of such records;
- D. Pay all additional costs incurred by CHFS that are the result of the Vendor's failure to provide the requested records, data utilization logs, data or documentation within the periods agreed to in the Turnover Plan.

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## Section 30.250—Department for Medicaid Services (DMS) Responsibilities

The Department will:

- A. Supply the Vendor with eligibility data through KAMES.
- B. Provide the Vendor with all related program information required by the Vendor for accomplishing its Contract responsibilities.
- C. Provide the Vendor with a contact person who will coordinate the activities required under the Contract.
- D. Monitor the performance of the Vendor for compliance with the terms, conditions, and performance criteria included in the Contract.

**END OF SECTION 30**

|            |                                       |                                                                                  |                                |
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## SECTION 40—TERMS AND CONDITIONS

Any Vendor who has concerns regarding any terms and conditions in this RFP should submit written questions to the Commonwealth Buyer as stated in Section 10.050 of this RFP. After reviewing the questions and answers, it will become a business decision on the part of the Vendor on whether or not to proceed with the expense of preparing a response.

Proposals that take exception/deviations to Section 40 may be deemed non-responsive.

### Section 40.000—Beginning of Work

The Contractor shall not commence any billable work until a valid Contract has been executed as discussed in Section 40.010.

### Section 40.010—Contract Components and Order of Precedence

The Commonwealth's acceptance of the Contractor's offer in response to the Solicitation, indicated by the issuance of a Contract Award by the Office of Procurement Services, shall create a valid Contract between the Parties consisting of the following:

1. Any written Agreement between the Parties;
2. Any Addenda to the Solicitation;
3. The Solicitation and all attachments thereto, including Section 40--Terms and Conditions of a Contract with the Commonwealth of Kentucky;
4. General Conditions contained in 200 KAR 5:021 and Office of Procurement Services' FAP110-10-00;
5. Any Best and Final Offer;
6. Any clarifications concerning the Contractor's proposal in response to the Solicitation;

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7. The Contractor's proposal in response to the Solicitation.

**In the event of any conflict between or among the provisions contained in the Contract, the order of precedence shall be as enumerated above.**

#### **Section 40.020—Final Agreement**

The Contract represents the entire agreement between the parties with respect to the subject matter hereof. Prior negotiations, representations, or agreements, either written or oral, between the parties hereto relating to the subject matter hereof shall be of no effect upon this Contract.

#### **Section 40.030—Agencies to Be Served**

This contract shall be for use by the following agencies of the Commonwealth of Kentucky:

**Cabinet for Health and Family Services, Department for Medicaid Services**

No shipments shall be made except upon receipt by Vendor of an official Delivery Order from a using agency.

#### **Section 40.040—Contract Provisions**

If any provision of this Contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the Commonwealth and the Contractor shall be relieved of all obligations arising under such provision. If the remainder of this Contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

#### **Section 40.050—Type of Contract**

The contract proposed in response to this Solicitation shall be on the basis of a **firm fixed unit price** for the elements listed in this Solicitation. This Solicitation is specifically not intended to solicit proposals for contracts on the basis of cost-plus, open-ended rate schedule, nor any non-fixed price arrangement.

#### **Section 40.060—Term of Contract and Renewal Options**

The initial term of the Contract shall be for a period of **three (3) years** from the effective date of the Award of Contract.

This Contract may be renewed at the completion of the initial Contract period for **two (2) additional one (1) year periods** upon the mutual agreement of the Parties. Such mutual agreement shall take the form of an addendum to the Contract under Section 40.080—Changes and Modifications to the Contract.

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The Commonwealth reserves the right not to exercise any or all renewal options. The Commonwealth reserves the right to extend the contract for a period less than the length of the above-referenced renewal period if such an extension is determined by the Commonwealth Buyer to be in the best interest of the Commonwealth.

#### **Section 40.070—Multiyear Contracts**

If this Contract is for a term that extends beyond the end of the biennium in which the Contract was made, payment and performance obligations for succeeding fiscal years are subject to the availability of funds therefore. When funds are not appropriated or otherwise made available to support continuation of performance of the Contract beyond the biennium, the Contract for such subsequent year(s) may be canceled and the Contractor shall be reimbursed in accordance with Section 40.270—Provisions for Termination of the Contract.

#### **Section 40.080—Changes and Modifications to the Contract**

Pursuant to KRS 45A.210(1) and 200 KAR 5:311, no modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the Contractor and the Commonwealth, and incorporated as a written amendment to the Contract and processed through the Office of Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change pursuant to KRS 45A.210(1) and 200 KAR 5:311. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the Contract.

If the Contractor finds at any time that existing conditions made modification of the Contract necessary, it shall promptly report such matters to the Commonwealth Buyer for consideration and decision.

#### **Section 40.090—Changes in Scope**

The Commonwealth may, at any time by written order, make changes within the general scope of the Contract. No changes in scope are to be conducted except at the approval of the Commonwealth through the process described in Section 40.080—Changes and Modifications to the Contract.

#### **Section 40.100—Contract Conformance**

If the Commonwealth Buyer determines that deliverables due under the Contract resulting from this Solicitation are not in conformance with the terms and conditions of the Contract and the mutually agreed-upon project plan, the Buyer may request the Contractor to deliver assurances in the form of additional Contractor resources and to demonstrate that other major schedules will not be affected. The Commonwealth shall determine the quantity and quality of such additional resources and failure to comply may constitute default by the Contractor.

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#### **Section 40.110—Assignment**

The Contractor shall not assign the Contract in whole or in part or any payment arising there from without the prior written consent of the Commonwealth Buyer. Any purported assignment is void.

#### **Section 40.120—Notices**

After the Award of Contract, all programmatic communications with regard to day-to-day performance under the contract are to be made to the Agency technical contact(s) identified below:

**Lisa Lee, Director**  
**Division of Children's Health Insurance Program (KCHIP)**  
**Department for Medicaid Services (DMS)**  
**275 East Main Street 6 W-D**  
**Frankfort, KY 40601**  
**Telephone: (502) 564-6890**  
**Email: [lisa.lee@ky.gov](mailto:lisa.lee@ky.gov)**

After the Award of Contract, all communications of a contractual or legal nature are to be made to the Commonwealth Buyer.

#### **Section 40.130—Payment**

The Commonwealth will make payment within thirty (30) working days of receipt of Contractor's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the Agency Contact Person or his representative.

#### **Section 40.140—Contractor Cooperation in Related Efforts**

The Commonwealth of Kentucky may undertake or award other contracts for additional or related work, services, supplies, or commodities, and the Contractor shall fully cooperate with such other contractors and Commonwealth employees. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees.

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#### **Section 40.150—Subcontractors**

The Vendor shall assume responsibility for all contractual activities offered in this proposal whether or not the Vendor performs them. Further, CHFS shall consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including but not limited to payment of any and all costs resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Vendor shall notify the state and identify the subcontractor(s), including name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's abilities. CHFS reserves the right to approve subcontractors for this project and to require the Vendor to replace subcontractors found to be unacceptable. The Vendor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

#### **Section 40.160—Contractor Affiliation**

"Affiliate" shall mean a branch, division, or subsidiary that is effectively controlled by another party. If any affiliate of the Contractor shall take any action that, if done by the Contractor, would constitute a breach of this agreement, the same shall be deemed a breach by such party with like legal effect.

#### **Section 40.170—Commonwealth Property**

The Contractor shall be responsible for the proper custody and care of any Commonwealth-owned property furnished for Contractor's use in connections with the performance of this Contract. The Contractor shall reimburse the Commonwealth for its loss or damage, normal wear and tear excepted.

#### **Section 40.180—Insurance**

The Contractor shall provide professional liability insurance for its professional employees, public liability, property damage, and workers' compensation insurance, insuring as they may appear, the interest of all parties of agreement against any and all claims which may arise out of the Contractor's operations under the terms of this Contract. In the event any carrier of such insurance exercises cancellation, notice of such cancellation shall be made immediately to the Commonwealth Buyer.

#### **Section 40.190—Confidentiality of Contract Terms**

The Contractor and the Commonwealth agree that all information communicated between them before the effective date of the Contract shall be received in strict confidence and shall not be necessarily disclosed by the receiving party, its agents, or employees without prior written consent of the other party. Such material will be kept confidential subject to Commonwealth and Federal public information disclosure laws.

Upon signing of the Contract by all Parties, terms of the Contract become available to

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the public, pursuant to the provisions of the Kentucky Revised Statutes.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

#### **Section 40.200—Confidential Information**

The Contractor shall comply with the provisions of the Privacy Act of 1974 and instruct its employees to use the same degree of care as it uses with its own data to keep confidential information concerning client data, the business of the Commonwealth, its financial affairs, its relations with its citizens and its employees, as well as any other information which may be specifically classified as confidential by the Commonwealth in writing to the Contractor. All Federal and State Regulations and Statutes related to confidentiality shall be applicable to the Contractor. The Contractor shall have an appropriate agreement with its employees to that effect, provided however, that the foregoing will not apply to:

- Information, which the Commonwealth has released in writing from being maintained in confidence;

- Information which at the time of disclosure is in the public domain by having been printed and published and available to the public in libraries or other public places where such data is usually collected; or

- Information, which, after disclosure, becomes part of the public domain as defined above, through no act of the Contractor.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

#### **Section 40.210—Advertising Award**

The Contractor shall not refer to the Award of Contract in commercial advertising in such a manner as to state or imply that the firm or its services are endorsed or preferred by the Commonwealth of Kentucky.

#### **Section 40.220— Patent or Copyright Infringement**

The Contractor shall report to the Commonwealth promptly and in reasonable written detail, each notice of claim of patent or copyright infringement based on the performance of this Contract of which the Contractor has knowledge.

The Commonwealth agrees to notify the Contractor promptly, in writing, of any such claim, suit or proceeding, and at the Contractor's expense give the Contractor proper and full information needed to settle and/or defend any such claim, suit, or proceeding.

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If, in the Contractor's opinion, the equipment, materials, or information mentioned in the paragraphs above is likely to or does become the subject of a claim or infringement of a United States patent or copyright, then without diminishing the Contractor's obligation to satisfy any final award, the Contractor may, with the Commonwealth's written consent, substitute other equally suitable equipment, materials, and information, or at the Contractor's options and expense, obtain the right for the Commonwealth to continue the use of such equipment, materials, and information.

The Commonwealth agrees that the Contractor has the right to defend, or at its option, to settle and the Contractor agrees to defend at its own expense, or at its option to settle, any claim, suit or proceeding brought against the Commonwealth on the issue of infringement of any United States patent or copyright or any product, or any part thereof, supplied by the Contractor to the Commonwealth under this agreement. The Contractor agrees to pay any final judgment entered against the Commonwealth on such issue in any suit or proceeding defended by the Contractor.

If principles of governmental or public law are involved, the Commonwealth may participate in the defense of any such action, but no costs or expenses shall be incurred for the account of the Contractor without the Contractor's written consent.

The Contractor shall have no liability for any infringement based upon:

- the combination of such product or part with any other product or part not furnished to the Commonwealth by the Contractor

- the modification of such product or part unless such modification was made by the Contractor

- the use of such product or part in a manner for which it was not designed

#### **Section 40.230—Permits, Licenses, Taxes and Commonwealth Registration**

The Contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of all Federal, State, and local governments in which work under this Contract is performed.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this Contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof. However, the Contractor need not be registered as a prerequisite for responding to the RFP. Additional local registration or license may be required.

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The Contractor shall pay any sales, use, and personal property taxes arising out of this Contract and the transaction contemplated hereby. Any other taxes levied upon this Contract, the transaction, or the equipment or services delivered pursuant hereto shall be borne by the Contractor.

#### **Section 40.240—Contract Claims**

The Parties acknowledge that KRS 45A.225 to 45A.290 governs contract claims.

#### **Section 40.250—Rights and Remedies**

The rights and remedies of the Commonwealth provided in Section 40 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **Section 40.260—EEO Requirements**

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The Contractor shall comply with all terms and conditions of the Act. A copy of the EEO forms may be obtained by downloading them from the E-Procurement website at <https://eprocurement.ky.gov>. Select **STANDARD ATTACHMENTS AND GENERAL TERMS** and scroll down the page to **Attachment #4**. (See Section 50.140 of this RFP for the forms that must be completed and submitted with Technical Proposal). Direct coordination with the EEO Office is approved to discuss EEO requirements and forms. The EEO office's telephone number is (502) 564-2874 and fax (502) 564-1055.

The Commonwealth will review the EEO Forms (or equivalent, if applicable) upon receipt. If a Vendor is under-utilized or in non-compliance, the Vendor shall receive notification from the Commonwealth. The Vendor shall have five (5) days from receipt of such notice to submit an affirmative action plan. Failure to submit an affirmative action plan within the timeframe specified may result in the disqualification of the Vendor's response. In any event, a Vendor shall not be eligible for an award of contract without complying with the EEO requirements.

If the Vendor is exempt from submitting the EEO Forms, the Vendor must state such in its transmittal letter (Section 50.150 of this RFP). Exemption from EEO Form submission, under KRS 45.590, does not obviate any other requirements of KRS 45.570.

#### **Section 40.270—Provisions for Termination of the Contract**

Any Contract resulting from this Solicitation shall be subject to the termination provisions set forth in 200 KAR 5:312.

#### **Section 40.280—Bankruptcy**

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In the event the Contractor becomes the subject debtor in a case pending under the Federal Bankruptcy Code, the Commonwealth's right to terminate this Contract may be subject to the rights of a trustee in bankruptcy to assume or assign this Contract. The trustee shall not have the right to assume or assign this Contract unless the trustee (a) promptly cures all defaults under this Contract; (b) promptly compensates the Commonwealth for the monetary damages incurred as a result of such default, and (c) provides adequate assurance of future performance, as determined by the Commonwealth.

#### **Section 40.290—Conformance with Commonwealth & Federal Laws/Regulations**

**This Contract is subject to the laws of the Commonwealth of Kentucky and where applicable Federal law. Any litigation with respect to this Contract shall be brought in state or federal court in Franklin County, Kentucky.**

#### **Section 40.300—Recycling**

The Contractor is required to comply with the recycling requirements of 200 KAR 5:330.

#### **Section 40.310—Funding Limitations**

If any or all responses received exceed the amount of funding available, then the Finance and Administration Cabinet, Office of Procurement Services, reserves the right to cancel this RFP.

#### **Section 40.320—Accessibility**

Vendor hereby warrants that the products or services to be provided under this Contract comply with the accessibility requirements of section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1194. Vendor further warrants that the products or services to be provided under this Contract comply with existing federal standards established under Section 255 of the Federal Telecommunications Act of 1996 (47 U.S.C. § 255), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1193, to the extent the Vendor's products or services may be covered by that act. Vendor agrees to promptly respond to and resolve any complaint regarding accessibility of its products or services, which is brought to its attention.

**END OF SECTION 40**

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## SECTION 50—PROCUREMENT PROCESS AND REQUIREMENTS

### Section 50.000—Rules of Procurement

To facilitate this procurement, various rules have been established. They are described in the following paragraphs.

**Vendors shall review and comply with the general bidding requirements listed under “Laws, Policies, and Procedures” and “Standard Attachments and General Terms” located on the eProcurement Web page at <https://eprocurement.ky.gov>.**

### Section 50.010—Approach

The procurement process will provide for the evaluation of proposals and selection of the successful proposal in accordance with State law and regulations. KRS Chapter 45A of the Kentucky Model Procurement Code provides the regulatory framework for the procurement of services by State agencies.

### Section 50.020—Independent Price Determination

A proposal shall not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Offeror or with any competitor. In addition, the Offeror is prohibited from making multiple proposals in a different form.

Should conflict of interest be detected any time during the contract, the contract shall be null and void and the Contractor shall assume all costs of this project until such time that a new Contractor is selected.

Vendor must complete the following certified statement and submit it with Cost Proposal.

I, \_\_\_\_\_, representing \_\_\_\_\_

(Print name)

(Company name)

**certify that the price in this proposal was arrived without any conflict of interest, as described above.**

\_\_\_\_\_

Signature / Date

### Section 50.030—No Contingent Fees

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No person or selling agency shall be employed, retained, or given anything of monetary value to solicit or secure this contract, excepting bona fide employees of the Offeror or bona fide established commercial or selling agencies maintained by the Offeror for the purpose of securing business. For breach or violation of this provision, the Commonwealth shall have the right to reject the proposal or cancel the contract without liability.

#### **Section 50.040—Cancellation of This Solicitation**

In accordance with KRS 45A.105, this Solicitation may be canceled at any time and for any reason, or all bids or proposals rejected, if it is determined in writing that such action is in the best interest of the Commonwealth. Receipt of proposal materials by the Commonwealth or submission of a proposal to the Commonwealth confers no rights upon the Proposer nor obligates the Commonwealth in any manner.

#### **Section 50.050—Cost of Preparing Proposal**

Costs for developing the proposals are solely the responsibility of the Offerors. The Commonwealth of Kentucky shall not provide any reimbursements for such costs.

#### **Section 50.060—Waiver of Minor Irregularities**

The Commonwealth reserves the right to waive minor irregularities in proposals providing such action is in the best interest of the Commonwealth.

Where the Commonwealth may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Offeror from full compliance with the RFP specifications and other contract requirements if the Offeror is awarded the contract.

#### **Section 50.070—Clarifications of Proposals**

The Commonwealth reserves the right to request clarification of proposals pursuant to 200 KAR 5:306, Section 6.

#### **Section 50.080—Best and Final Offers**

The Commonwealth reserves the right, at its discretion, to request Best and Final offers for technical and/or cost proposals. However, Offerors are cautioned to propose their best possible offers at the outset of the process, as there is no guarantee that any Offeror will be allowed an opportunity to submit a Best and Final technical and/or cost offer.

#### **Section 50.090—Rules for Withdrawal of Proposals**

Prior to the date specified for receipt of offers, a submitted proposal may be withdrawn by submitting a signed written request for its withdrawal to the Commonwealth Buyer.

#### **Section 50.100—Disposition of Proposals**

|            |                                |                                                                               |                         |
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All proposals become the property of the Commonwealth of Kentucky. The successful proposal shall be incorporated into the resulting contract by reference. Disposal of unsuccessful proposals shall be at the discretion of the Commonwealth Buyer.

#### **Section 50.110—Commonwealth’s Right to Use Proposal Ideas**

The Commonwealth of Kentucky shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposals received in response to the RFP. Selection or rejection of the proposal will not affect this right.

#### **Section 50.120—Protest**

The Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective Offerors in connection with the solicitations or selection for award of a contract.

Any actual or prospective Offeror or Contractor, who is aggrieved in connection with solicitation or selection for award of a contract, may file protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and in any event within two (2) calendar weeks after such aggrieved person knows or should have known of the facts giving rise thereto. (See Section 10.090 of this RFP). All protests or notices of other controversies must be in writing and shall be addressed to:

**Jonathan Miller, Secretary  
COMMONWEALTH OF KENTUCKY  
FINANCE AND ADMINISTRATION CABINET  
New Capitol Annex  
702 CAPITOL AVE RM 383  
FRANKFORT KY 40601  
(502) 564-4240  
Fax: (502) 564-6785**

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

#### **Section 50.130—Proposal Submission Requirements**

Each qualified Offeror shall submit only one (1) proposal. Alternate proposals shall not be allowed. Failure to submit as specified shall result in a non-responsive proposal.

The Vendor must complete the **"Vendor" box** on the face of the Solicitation. An

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authorized representative of the Vendor shall sign where indicated on the face of the Solicitation. If the solicitation is not signed the proposal shall be deemed non-responsive.

Proposals shall be submitted in two (2) parts: the Technical Proposal and the Cost Proposal. The format and content of each are specified in Sections 50, 60, and 70.

**Proposals shall include one (1) marked original and seven (7) copies of the Technical Proposal under sealed cover and one (1) marked original and three (3) copies of the Cost Proposal under separate sealed cover. If the Technical Proposal and Cost Proposal are not submitted under separate cover, the proposal may be deemed non-responsive. If any costs/pricing is included in the Technical Proposal, the proposal may be deemed non-responsive. Any information submitted in accordance with Section 50.220—Vendor Response and Proprietary Information shall include two (2) copies and be sealed separately and included with the Technical Proposal. Additional copies of Proprietary Information will be requested if deemed necessary by the Commonwealth Buyer. The Vendor shall provide two (2) CDs containing the Technical Proposal response in Microsoft Word 7.0 or higher format and two (2) CDs containing the Cost Proposal pricing in Microsoft Word 7.0 or higher format. Should differences be determined to exist between the hardcopy proposal and the electronic version, the hardcopy shall prevail. DO NOT INCLUDE PROPRIETARY INFORMATION IN THE ELECTRONIC COPIES. Pricing shall only be provided on the Cost Proposal. Proposals are due on Friday, 6 February 2009 at 3:30 pm ET.**

**ANY PROPOSAL RECEIVED AFTER FRIDAY, 6 FEBRUARY 2009 AT 3:30 PM ET SHALL BE REJECTED.**

Vendor must complete the following certified statement and submit with Technical Proposal:

I, \_\_\_\_\_, representing \_\_\_\_\_

(Print name)

(Company name)

certify that the diskettes/CDs submitted have been properly scanned for infected viruses. The virus software and version used was \_\_\_\_\_.

\_\_\_\_\_

**Signature / Date**

Proposals shall be submitted to:

**Amy Monroe Richardson, CPPB**

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**Commonwealth Buyer**

**COMMONWEALTH OF KENTUCKY**  
**FINANCE AND ADMINISTRATION CABINET**  
**Office of Procurement Services**  
**702 CAPITOL AVE RM 373**  
**FRANKFORT KY 40601**

The outside cover of the package containing the Technical Proposal shall be marked:

**PREMIUM COLLECTION SERVICES FOR KCHIP**  
**SOLICITATION NUMBER: RFP-758-0800001625**  
**TECHNICAL PROPOSAL**  
**Name of Offeror**

The outside cover of the package containing the Cost Proposal shall be marked:

**PREMIUM COLLECTION SERVICES FOR KCHIP**  
**SOLICITATION NUMBER: RFP-758-0800001625**  
**COST PROPOSAL**  
**Name of Offeror**

The Commonwealth shall accept all proposals properly submitted. However, the Commonwealth reserves the right to request necessary amendments, reject any or all proposals in whole or in part, reject any proposal in whole or in part that does not meet mandatory requirements or cancel this RFP, according to the best interest of the Commonwealth.

Unless requested by the Commonwealth, the Commonwealth may not accept any addenda, revisions, or alterations to proposals after the Solicitation closing time and date.

All submitted Technical and Cost Proposals shall remain valid for a minimum of six (6) months after the proposal due date.

**Section 50.140—Format of Technical Proposal**

The Technical Proposal must be arranged and labeled in the manner set forth below. Failure to sign the face of the solicitation shall result in a non-responsive proposal.

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-Transmittal Letter (see Section 50.150 of this RFP);

-Completed and signed face of the Solicitation;

-Signed face of all Addenda, if applicable;

-EEO Documents if applicable;

- Required Affidavit for Offerors (Campaign Finance Law Compliance Form & KRS 45A.485 Certification Form)

-Response to technical portion of the RFP (See Section 60 of this RFP)

Note to Vendors: Go to <https://eprocurement.ky.gov>, “**Laws, Policies, and Procedures**” and “**Standard Attachments and General Terms**” to download and complete the following forms: EEO-1, EEO Employee Data Sheet and EEO, Subcontractor Report Form (Attachment 4) AND **Required Affidavit for Offerors** (Attachment 2)

#### **Section 50.150—Transmittal Letter**

The Transmittal Letter shall be on the Vendor’s letterhead, notarized and signed by an agent authorized to bind the Vendor. If the Transmittal Letter is not sign and notarized, the proposal may be deemed non-responsive. The transmittal letter shall include the following:

-A statement that **deviations** are included, if applicable;

-A statement that **proprietary information** is included, if applicable;

-A sworn statement that, if awarded a contract as a result of this Solicitation, the Vendor shall comply in full with all requirements of the **Kentucky Civil Rights Act**, and shall submit all data required by KRS 45.560 to 45.640;

-A sworn statement pursuant to KRS 11A.040 that the Vendor has not knowingly violated any provisions of the **Executive Branch Code of Ethics**;

-A sworn statement of that the Vendor complies with Section 50.170—Prohibitions of Certain **Conflicts of Interest**;

-A statement of certification in accordance with Section 50.180—Certification Regarding **Debarment, Suspension, and Proposed Debarment**;

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-The name, address, telephone number, fax number, and email address of the **contact person** for this RFP. The address shall be one in which the major overnight delivery services will deliver; and

-The name, address, telephone number, fax number and email address of the **contact person** to serve as a point of contact for day-to-day operations.

-**Subcontractor** information to include name of company, address, telephone number and contact name, if applicable. Include a description of the work the subcontractor shall be performing.

#### **Section 50.160—Format of Cost Proposal**

The Cost Proposal shall be submitted as prescribed in Section 70.

#### **Section 50.170—Prohibitions of Certain Conflicts of Interest**

In accordance with KRS 45A.340, the contractor represents and warrants, and the Commonwealth relies upon such representation and warranty, that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services. The contractor further represents and warrants that in the performance of the contract, no person, including any subcontractor, having any such interest shall be employed.

In accordance with KRS 45A.340 and KRS 11A.040(4), the contractor agrees that it shall not knowingly allow any official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this contract to voluntarily acquire any ownership interest, direct or indirect, in the contract prior to the completion of the contract.

#### **Section 50.180—Certification Regarding Debarment and Suspension**

In accordance with Federal Acquisition Regulation 52.209-5, the Vendor shall certify, in the Transmittal Letter (Section 50.150 of this RFP), that to the best of its knowledge and belief, the Vendor and/or its Principals is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any State or Federal agency.

"Principals", for the purposes of this certification, means officers, directors, owners, partners, and persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of subsidiary, division, or business segment, and similar positions).

#### **Section 50.190—Disclosure of Violation of Statutes**

Required Report of Prior Violations of Tax and Employment Laws information and forms

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can be found at <https://eprocurement.ky.gov>, “Laws, Policies, and Procedures” and “Standard Attachments and General Terms”.

Pursuant to KRS 45A.485, contractors are required to reveal final determinations of violation of certain statutes incurred within the last five (5) years and be in continuous compliance with those statutes during the contract. Where applicable, the Vendor is required to complete and submit Report of Prior Violations of Tax and Employment Laws with the Technical Proposal.

#### **Section 50.200—Vendor’s Exceptions to Terms and Conditions of the Solicitation**

An offer in response to this Solicitation that includes terms contrary to the terms and conditions in Section 40 of the Solicitation or takes any exceptions to the terms and conditions of Section 40 may be considered non-responsive. Purchase or Sales Agreements, supplied by the Vendor making an offer, in reply to the Solicitation, may not be accepted.

#### **Section 50.210—Deviations to Other Provisions of the Solicitation**

The provisions appearing elsewhere in this Solicitation shall become part of any resulting contract. Any deviations from the provisions of the Solicitation must be specifically identified by the Vendor in its proposal, which if successful, shall become part of the Contract. Such deviations shall not be in conflict with the basic nature of Technical and Cost requirements of this Solicitation. Deviations must be submitted as stated in Section 50 of this Solicitation. The Commonwealth reserves the right to reject any and/or all deviations in whole or in part. Deviations to the Terms and Conditions set forth in Section 40 of this Solicitation may not be accepted.

#### **Section 50.220—Vendor Response and Proprietary Information**

The RFP specifies the format, required information, and general content of proposals submitted in response to the RFP. The Finance and Administration Cabinet shall not disclose any portions of the proposals prior to contract award to anyone outside the Finance and Administration Cabinet, representatives of the agency for whose benefit the contract is proposed, representatives of the Federal Government, if required, and the members of the evaluation committees. After a contract is awarded in whole or in part, the Commonwealth shall have the right to duplicate, use, or disclose all proposal data submitted by Vendors in response to this RFP as a matter of public record. Although the Commonwealth recognizes the Vendor's possible interest in preserving selected data, which may be part of a proposal, the Commonwealth must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 et sequitur.

Informational areas, which normally might be considered proprietary, shall be limited to individual personnel data, customer references, selected financial data, formulae, and financial audits, which, if disclosed, would permit an unfair advantage to competitors. If

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a proposal contains information in these areas that a Vendor declares proprietary in nature and not available for public disclosure, the Vendor shall declare in the Transmittal Letter (Section 50.150) the inclusion of proprietary information and shall noticeably label as proprietary each sheet containing such information. Proprietary information shall be submitted under separate sealed cover marked "Proprietary Data". Proposals containing information declared by the Vendor to be proprietary, either in whole or in part, outside the areas listed above may be deemed non-responsive to the RFP and may be rejected.

The Commonwealth of Kentucky shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposal received in response to this RFP. Selection or rejections of the proposal will not affect this right.

## **END OF SECTION 50**

## **SECTION 60—TECHNICAL PROPOSAL EVALUATION**

### **Section 60.000—Technical Proposal Evaluation**

The Commonwealth shall conduct a comprehensive, fair, and impartial evaluation of all proposals. The Commonwealth may reject any proposal that is incomplete or in which there are significant inconsistencies or inaccuracies. The Commonwealth reserves the right to reject all proposals.

The Commonwealth has established a Proposal Evaluation Committee to review,

|            |                                |                                                                              |                         |
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evaluate, and verify information submitted by the Offeror. The Commonwealth reserves the right to alter the composition of the committees or to designate other staff to assist in the evaluation process.

Each Vendor is responsible for submitting all relevant, factual, and correct information with their offer to enable the evaluator(s) to afford each Vendor the maximum score based on the available data submitted by the Vendor. This information must be attached with cross-references to the appropriate location in the Solicitation (i.e. page number, paragraph, subject, etc.).

The Commonwealth shall evaluate the proposals by assigning scores in the categories according to established criteria using a consensus or group scoring methodology.

### **Section 60.010—Technical Scoring Criteria**

The Technical Proposal – is worth five hundred (500) points. Proposals must score seventy percent (70%) of the total possible points. Any technical proposal not meeting the minimum score of 350 points out of the 500 possible points shall be deemed non-responsive, without evaluation of the cost proposal. Each proposal will be evaluated based on the categories listed below.

#### **Proposal Quality**

Overall organization, completeness, and quality of proposal including cohesiveness, conciseness, and clarity of response.

#### **Experience in the area(s) proposed**

Quality and depth of the firm's expertise and its prior capability in providing similar services.

#### **Professional Staff**

Quality and depth of the professional staff's expertise. Staffing commitment of firm. Commitment of time and resources to CHFS. Proposal demonstrates the availability of resources adequate to provide requested services for the Cabinet.

#### **Premium Collection services – Feasibility of proposed approaches**

Information provided by client references, if necessary.

### **Section 60.020—References**

The Vendor shall fully complete the reference form (Attachment A) for three (3) references. At least one (1) of the references shall be from the public sector. All references shall be from accounts similar to the scope and complexity of this RFP.

If complete and accurate information is not provided, the Vendor's reference may not be

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considered for evaluation and may receive a score of zero (0).

References' telephone number and email address shall be included on the reference form otherwise the reference may receive a score of zero (0). If the reference does not have an email address, please state such on the reference form.

The Commonwealth, not the Vendor, shall attempt to contact references for a maximum of five (5) business days; however, it is the Vendor's responsibility to ensure that a reference is aware of and anticipates being contacted by the Commonwealth. If a reference is unable to be reached, or is not available within the designated timeframe, that reference shall receive a score of zero (0). If it is determined as the result of a reference check that a reference is not qualified in accordance with the requirements of this RFP, the reference shall receive a score of zero (0).

All references shall be valid and within the United States.

References shall not include Commonwealth of Kentucky staff including employees and/or contractors.

## **Section 60.030—Technical Proposal submission requirements**

### **1. General Format Guidelines**

The following general format guidelines apply to both the technical and cost proposals:

- A. The following should be shown on each page of the proposal:
  - ✂ Proposal for Premium Collection Services (RFP-758-0800001625)
  - ✂ Bidder's name
  - ✂ Page number
- B. Page numbering should be done by proposal chapter and include reference to the total number of pages for that chapter (e.g., Chapter 1, Page 1 of 10).
- C. The state prefers the use of 12 point Arial for all text and between 10 point Arial and 12 point Arial for information presented in tables.
- D. The font size should be eight (8) point or larger for all figures and exhibits.
- E. The text should be single spaced and left justified.

|            |                                |                                                                         |                         |
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E. Margins should be one (1) inch on the top, bottom, left, and right.

G. Pages, other than foldouts, should not exceed 8.5 inches by 11 inches.

H. Foldouts should be limited to a size no larger than 11 inches by 17 inches.

## 2. Page limits

The executive summary in the technical proposal has a recommended length of ten (10) pages. To ensure bidders stay within page limits:

- ✎ A single-sided page counts as one (1) page.
- ✎ A single-sided foldout will be counted as two (2) pages.

Although no chapters of the bidder's proposal are page limited, each bidder is strongly encouraged to submit a proposal with content directly related to describing how it will meet the requirements contained within the RFP. Marketing material and other information the bidder deems of value can be placed in a supporting documentation binder.

## 3. Bidder's Technical Proposal Format

This section specifies the format for the bidder's technical proposal. This format must be adhered to. Failure to follow the format may result in disqualification.

The bidder's technical proposal must be presented based on the following outline:

### Table of Contents

A Table of Contents must be placed immediately after the Transmittal letter. This table should direct the reader to the pages for all Sections of the proposal. Follow the format listed below, using the Section headings to organize the proposal.

### Chapter 1 - Executive Summary

The executive summary should describe the salient features of the bidder's technical proposal including an overview of the bidder's company background and qualifications.

The executive summary should highlight the contents of the technical proposal to provide a broad understanding and facilitate the evaluation of the technical proposal. The executive summary should include conclusions and generalized recommendations. Such conclusions and recommendations or any other information in the executive summary will not be evaluated and will not be a factor in the selection of the successful bidder.

### Chapter 2 – Past and Current Performance

This section presents requirements related to past and current performance.

This chapter shall include:

- a. A statement of experience that includes:

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- i. Company profile.
- ii. Number of years in business.
- iii. Description of services to be provided.
- a. Complete list of all Subcontractors.
- b. A statement of experience for all subcontractors that includes:
  - Company profile.
  - Number of years in business.
  - Description of services to be provided.
- c. A statement that provides an explanation, and indicates the current status or disposition, of any litigation or other legal proceedings relating to your entity (organization, officers, partners, employees, shareholders, or principals) within the last five (5) years.
- d. A statement that provides a description of any disputes or complaints filed within the past ten (10) years by a State or Federal Government entity.
- e. A statement that describe any sanctions levied against your entity in the last (10) ten years by a State or Federal Government entity.
- f. A statement of whether, during the preceding five (5) year period, your entity has defaulted on any Contract. If your entity has defaulted on any Contract, identify each such Contract, provide a description of the facts and circumstances of the default, and provide the name, address, and telephone number of a contact person with the company with whom your entity had the Contract.

### Chapter 3 – Project Staffing

This section presents requirements related to project staffing.

This chapter shall include:

- a. Approach to staff management including;
  - Description of industry standards followed.
  - Lines of responsibility.
  - Tools and processes used.
  - How those tools and processes were applied on past projects.
- b. A list of each individual assigned to each key staff position and describe the individual' responsibilities.
- c. The resume for the person proposed for each key staff position.
- d. A declaration if key staff positions are combined or shared and how all job duties will be accomplished.
- e. For each key staff position, the bidder shall list the percentage of time allocated to the Kentucky Project.
- f. List any current or former Kentucky state employee that is/are being proposed by the bidder and will be participating on the Kentucky EBT Project.
- g. An organizational chart showing the proposed project team.

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## Chapter 4 – Approach to Project Management

This section presents bidder requirements related to project management. Each bidder will explain its project management approach as required in the following. This explanation will include discussions of specific areas of project management such as risk management, quality assurance, and schedule management. A bidder will also be required to submit a preliminary work plan.

Requirements include:

- a. The bidder shall submit its approach to project management in its technical proposal that includes:
  - Description of industry standards followed.
  - Lines of responsibility.
  - Tools and processes used.
  - How those tools and processes were applied on past projects.
- b. The bidder shall submit its approach to risk management in its technical proposal that includes:
  - Description of industry standards followed.
  - Lines of responsibility.
  - Tools and processes used (i.e., risk management planning, identification, risk analysis, risk response planning, and risk monitoring and control).
  - How those tools and processes were applied on past projects.
- c. The bidder shall submit its approach to quality management in its technical proposal that includes:
  - Description of industry standards followed.
  - Lines of responsibility within the bidder's organization.
  - Process for ensuring quality deliverables.
  - Project metrics that will be collected and monitored.
  - Tools and processes used.
  - How those tools and processes were applied on past projects.
- d. The bidder shall submit its approach to managing its subcontractors in its technical proposal that includes a description on how the bidder will ensure subcontractors' compliance with contractual terms and how the bidder will manage and monitor risk, quality, and schedule for subcontractor activities and deliverables.
- e. The bidder shall submit a preliminary work plan in its technical proposal that presents the activities, duration, and resources needed to conduct all activities associated with implementation.

## Chapter 5 – Response to Scope

Bidders may find all business and technical requirements in Section 30, Scope of Work. The bidder must respond to each section in the same order that they are presented in Section 30. Each major section shall be divided into subsections (A, B, C ...) in the same order as presented. The state seeks responses that demonstrate an understanding of each required area and explains how the requirements for that functional area will be met. Therefore the bidder must indicate that it will comply with the requirements of the section, present an understanding of the requirements, and

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present how those requirements will be met.

It is important to note that simply “parroting” back the requirements is not considered sufficient.

Bidders should use the following outline in preparing this chapter:

- a. Section 30.000 – 30.080
  - i. Statement of Compliance with Requirements
  - ii. Understanding of Requirements
  - iii. Description of How Requirements Will Be Met
- b. Section 30.090 – Contract Start-Up
  - i. Statement of Compliance with Requirements
  - ii. Understanding of Requirements
  - iii. Description of How Requirements Will Be Met
- c. Section 30.100 – Project Work Plan & Schedule
  - i. Statement of Compliance with Requirements
  - ii. Understanding of Requirements
  - iii. Description of How Requirements Will Be Met
- d. Section 30.110 – Administration and Key Personnel
  - i. Statement of Compliance with Requirements
  - ii. Understanding of Requirements
  - iii. Description of How Requirements Will Be Met
- e. Section 30.120(A-E) – CHFS Contract Start-up and Planning Responsibilities
 

**No submission required for this section.**
- f. Section 30.130(A-J) – Data Migration and Interface Implementation Requirements
  - i. Statement of Compliance with Requirements
  - ii. Understanding of Requirements
  - iii. Description of How Requirements Will Be Met
- g. Section 30.140 (A-J) – System Requirements
  - i. Statement of Compliance with Requirements
  - ii. Understanding of Requirements
  - iii. Description of How Requirements Will Be Met

**The bidder shall use the outline listed in a – g above for all remaining sections as indicated below. Major Sections should be subdivided by subsection within the individual section.**
- h. Section 30.150 Premium Vouchers and Notices (A-K)
- i. Section 30.160—Sample Timeline
- j. Section 30.170—Premium Collection (A-F)
- k. Section 30.180—Payment Accounts Management (A-D)
- l. Section 30.190—Imaging and Correspondence Handling (A-F)
- m. Section 30.200—Reporting (A-D)

|                   |                                |                                                                               |                                |
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n. Section 30.210—Customer Service (A-G)

o. Section 30.220—Disaster Recovery

p. Section 30.230—General Requirements (A-F)

q. Section 30.240—Turnover/Deliverables

r. Section 30.205—Department for Medicaid Services (DMS) Responsibilities

**No submission required for this section.**

#### **Section 60.040—Evaluation Weighting and Scoring**

| <b>Criteria</b>                                                                                       | <b>Points Possible</b> |
|-------------------------------------------------------------------------------------------------------|------------------------|
| Past & Current Performance (includes reference scoring)<br>(Section 60.020, 60.030, and Attachment A) | 100 Points             |
| Project Staffing<br>(Section 60.030)                                                                  | 100 Points             |
| Project Management<br>(Section 60.030)                                                                | 50 Points              |
| Response to Scope of Work                                                                             | 250 Points             |
| <b>Total Points Possible</b>                                                                          | <b>500 Points</b>      |

**Proposals scoring less than 350 points may be eliminated from further consideration.**

**END OF SECTION 60**

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## SECTION 70—COST PROPOSAL EVALUATION

Vendors shall ONLY provide cost on the Cost Proposal. Vendors shall submit the following with the Cost Proposal otherwise the proposal may be deemed non-responsive:

### Attachment B - Cost Proposal Form

Bidders are required to provide a price for each of the following items:

- ✂ Start-up/Implementation cost
- ✂ Ongoing operations – cost per family per month

### Section 70.000—Scored Evaluation of Cost Proposal

Cost information will only be evaluated for responsive bids. If a bidder's proposal has been deemed noncompliant during the earlier steps, cost information will not be opened.

The following cost components will be scored, with the maximum score for the cost proposal being 500 points of the overall 1000 points.

Start-up/Implementation cost and ongoing operations (cost/family/month) – 50 percent of overall points with a maximum possible score of 500 points.

### Section 70.010— Start-up/Implementation Costs and Ongoing Operations Cost

The bidder's start-up/implementation cost will be converted to a cost/family/month amount and added to the bidder's ongoing operations – cost/family/month. The resulting sum will be used as the basis for scoring bidder's cost.

#### A. Start-up/Implementation Cost

The bidder must provide its cost for start-up/implementation. This price must include all costs for, but not limited to:

All activities associated with start-up/implementation of the Premium Collections Services.

This cost is a fixed-price cost. No additional start-up/implementation costs will be paid

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by the state. The bidder shall enter its start-up/implementation cost in the appropriate cell in **Attachment B**, Premium Collection Costs.

### **B. Ongoing Operations – Cost per family per month**

Kentucky expects all administrative and ongoing operational costs for the term of the contract to be included in the cost/family/month.

The cost/family/month includes all activities necessary to perform the services detailed in Section 30 of this RFP.

No additional billing will be allowed, with the exception of change orders jointly agreed to by the state and the Contractor.

The bidder is advised the cost/family/month proposed shall not change during the life of the contract with the exception of increases or decreases that may occur as a result of change orders jointly agreed to by the state and the Contractor.

### **C. Implementation Cost Scoring**

The bidder's implementation cost will be converted into a cost/family/month amount using the following formula:

Bidder Implementation Cost divided by 468,000<sup>1</sup> = Bidder Transition cost/family/month.

### **D. Calculating the Implementation and Cost/Family/Month Score**

The formula for calculating the implementation and cost/family/month cost is:

Bidder implementation cost/family/month + Bidder cost/family/month = Bidder implementation and cost/family/month.

The bidder with the lowest implementation and cost/family/month cost will receive the maximum points (500 points).

The formula for scoring the other bidders is:

Lowest implementation and cost/family/month x 500 divided by Bidder Implementation and cost/family/month. = Bidder Implementation and cost/family/month score.

### **Transition and Best Price CPCM Evaluation and Scoring Example**

| <b>Bidder</b> | <b>Transition and Best Price CPCM</b> | <b>Calculation</b> | <b>Cost Points Awarded</b> |
|---------------|---------------------------------------|--------------------|----------------------------|
|               |                                       |                    |                            |

<sup>1</sup> 468,000 is derived by multiplying the average number of premium collections per month, 13,000 by the initial term of the contract (36 months). The average number of premium collections per month 13,000, are used only for evaluation purposes.

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| A                 | 1.75                           | KCHIP<br><u>1.75 X 500</u><br>1.75                                      | 500                            |
| B                 | 2.00                           | <u>1.75 X 500</u><br>2.00                                               | 437.5                          |
| C                 | 2.25                           | <u>1.75 X 500</u><br>2.25                                               | 388.89                         |

### **Section 70.020—Cost Proposal Form**

The bidder shall enter all costs in the table in Attachment B and include it with the cost proposal.

### **END OF SECTION 70**

### **SECTION 80—NEGOTIATIONS**

#### **Section 80.000—Negotiations**

The Commonwealth reserves the right pursuant to KRS 45A.085 to negotiate a contract with the top-ranked Vendor. In the event the Commonwealth cannot reach agreement with the top-ranked Vendor, it may proceed to negotiate with the next highest ranked Vendor, and so on. It is the Commonwealth's intent to award a contract to the Vendor with whom successful negotiations are completed.

#### **Section 80.010—Items to Be Negotiated**

Terms and conditions that may be negotiated at the sole discretion of the Commonwealth include but are not limit to issues related to the Technical and/or Cost Proposals.

### **END OF SECTION 80**

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## **SECTION 90—RANKING OF PROPOSALS AND AWARD OF CONTRACT**

### **Section 90.000—Best Interest of the Commonwealth**

The Commonwealth will rank the proposal in the manner set forth within this Solicitation. However, the Commonwealth reserves the right to reject any or all proposals in whole or in part based on the best interest of the Commonwealth.

### **Section 90.010—Total Points Possible for Proposals**

| <b>Criteria</b>       | <b>Points Possible</b> |
|-----------------------|------------------------|
| Technical Proposal    | 500 Points             |
| Cost Proposal         | 500 Points             |
| Total Points Possible | 1,000 Points           |

**END OF SECTION 90**

|                   |                                       |                                                                                  |                                |
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**END OF RFP**

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## ATTACHMENT A

### VENDOR REFERENCE FORM

|                         |
|-------------------------|
| Bidder Name:            |
|                         |
| Reference Company Name: |
|                         |
| Type of Business:       |
|                         |
| Address:                |
|                         |
|                         |

|                                                  |                                |                                                                         |                                |
|--------------------------------------------------|--------------------------------|-------------------------------------------------------------------------|--------------------------------|
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| Contact Name:                                    |                                | KCHIP                                                                   |                                |
|                                                  |                                |                                                                         |                                |
| Phone Number for Contact:                        |                                |                                                                         |                                |
|                                                  |                                |                                                                         |                                |
| E-mail Address for Contact:                      |                                |                                                                         |                                |
|                                                  |                                |                                                                         |                                |
| Period Of Time Doing Business With This Company: |                                |                                                                         |                                |
| From:                                            |                                | To:                                                                     |                                |
|                                                  |                                |                                                                         |                                |
| Type of Business/Services Provided:              |                                |                                                                         |                                |
|                                                  |                                |                                                                         |                                |
|                                                  |                                |                                                                         |                                |

## ATTACHMENT B

### COST PROPOSAL FORM

| COST SUMMARY            |                               |       |
|-------------------------|-------------------------------|-------|
| CONTRACT YEAR           | PHASE/OPERATIONS YEAR         | PRICE |
| 1. Pre – 07/2009        | Start-up/Implementation costs |       |
| 2. Operations Years 1-3 | cost/family/month rate        |       |
| Corporation Name:       |                               |       |
|                         |                               |       |

|                   |                                       |                                                                         |                                |
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|                   |                                       | KCHIP                                                                   |                                |
| Printed Name:     |                                       | Title:                                                                  | Date:                          |
| Signature:        |                                       |                                                                         |                                |

Note: Assume premium collections for an average of 13,000 active families per month. For purposes of this RFP, “active family” refers to a family whose account is conditional or open as of the last day of the month included in a monthly billing period.

## APPENDIX A

### PRELIMINARY FILE ELEMENTS FROM KAMES TO VENDOR

Record – Type

Monthly – type-record

Daily – type – record

Recipient – enrollment – status

Conditionally approved

|                             |                                |                                                                               |                                |
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Denied

KAMES – recipient – ID

Enrollee – name

enrollee – last-name

enrollee – first-name

enrollee – middle-initial

KAMES – Case – ID

KAMES – case number

KAMES – case gross adjusted income

KAMES – category identifier

category – Transitional Medical Assistance

category – Kentucky Children’s Health Insurance

category – Medicaid Works Program

KAMES – linked cases

KAMES – Payer – ID

Payers – names

Payers – last – name

Payers – first – name

Payers – middle – initial

Payers – address - line - 1

Payers – address – line – 2

Payers – city

Payers – state

Payers – zip

Premium – begin – date

Premium – end – date

DCBS – local – office – name

DCBS – local – office – address

DCBS – local – office – address 2

DCBS – local – office – city

DCBS – local – office – state

DCBS – local – office – zip

DCBS – local – office – phone

DCBS – recipient – language – indicator

DCBS – case worker – ID

DCBS – start and end dates of eligibility

## APPENDIX B

### PRELIMINARY FILE ELEMENTS FROM VENDOR TO KAMES

Transaction – type

|                   |                                |                                                                               |                                |
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Monthly – type – record

Daily – type – record

KAMES – recipient/s – ID

recipient – Names

recipient – Last – Name

recipient – First – Name

recipient – Middle – Initial

KAMES – payers – ID

Payers – address – line – 1

Payers – address – line – 2

Payers – city

Payers – state

Payers – zip

KAMES – case – ID

KAMES – case number

KAMES – linked cases

KAMES – category – identifier

category – Transitional Medical Assistance

category – Kentucky Children’s Health Insurance

category – Public Employee

category – Medicaid Works Program

Action – type

Payment – type – record

Failure – to-pay-record

Correction – record

Vendor – new- enrollee – confirm – date

Payment – receive – date

Payment – deposit date

Payment – amount

Payment – frequency

Payment – date denied insufficient funds

Payment – date back payments made

Payment – begin – date

Payment – through – date

|            |                                       |                                                                                  |                                |
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## APPENDIX C

### KCHIP PPC PAYMENT NOTICES SAMPLE

The Attachment indicated may be downloaded by accessing the “Attachment” link found on the Solicitation Details View page where this RFP was downloaded. Once the Attachment link is accessed, select the file name you wish to download, and select the “Download Attachment” hyperlink. For assistance with downloading these attachments please contact the Commonwealth Buyer, Amy Monroe Richardson at 502-564-6524.

|            |                                |                                                                               |                         |
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## APPENDIX D

### PRIVACY AND SECURITY OF PROTECTED HEALTH, CONFIDENTIAL AND SENSITIVE INFORMATION

The Cabinet for Health Services, in each of its organizational components, and by each of its agents or employees, will act as a responsible steward of all information. The Cabinet will take reasonable and prudent measures to insure the privacy and security of protected health, confidential and sensitive information. All medical information will be handled in accord with applicable law, this includes but is not limited to The Health Insurance Portability and Accountability Act of 1996, other applicable Federal Law, The Kentucky Revised Statutes and the regulations promulgated thereunder. Medical information will only be collected, used, distributed or disclosed for the betterment of public or individual health and in support of the payment, integrity, accountability, reliability, quality and delivery of health services.

At all times, every employee will strive to protect the confidentiality, integrity and accuracy of all information maintained by the Cabinet in any form. It is the **responsibility of** every employee of the Cabinet for Health Services, whether or not they may be a **state merit or non-merit employee, a volunteer, a co-op, an intern, or a contractual entity and its employees** to diligently safeguard protected health, confidential and sensitive information. Each person engaged in the duties of the Cabinet shall be deemed charged with the obligation to comply fully with their assigned tasks but to do so while limiting their access to, and knowledge of, protected health, confidential and sensitive information to the minimum necessary for the accurate and timely completion of their duties.

**Protected health, confidential and sensitive information is information that is either protected by law (see “Employee Privacy, Confidentiality and Security Agreement”) or is of such personal or private nature that it is normally not treated as public record. Neither the Cabinet, nor any of its agents or employees will obtain, maintain, release, use, disclose or distribute any information in any form in contravention of currently applicable State or Federal law and the regulations promulgated thereunder. Employees who violate these standards may be subject to progressively severe disciplinary action up to and including suspension or dismissal.**

The Privacy and Security Agreement lists and briefly describes many of the major laws and regulations pertaining to confidential information. There is information not covered specifically by these laws, which is also sensitive and must be safeguarded because of the potential for its misuse. Examples include, but are not limited to the following: social security number, home address, home telephone number, date of birth, height, weight, race, gender, political affiliation, employment history and any other information of a purely personal nature. In addition, a department or office may also have additional requirements necessary to protect information germane to that organizational unit’s necessary functions.

#### RESPONSIBILITY

An employee’s responsibility extends to all situations where employees are accessing, using, circulating, maintaining, disclosing and disposing of reports or documents that contain protected confidential or sensitive information.

Specifically,

1. Employees shall not release, protected health, confidential and sensitive information to themselves or to other persons, entities or employees outside the scope of their duties.
2. Employees shall not seek access to, or inquire about protected health, confidential and sensitive information in excess of the minimum necessary to efficiently discharge responsibilities within the

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| <b>0800001625</b><br><b>scope of their duties</b> | <b>Document Phase</b><br>Final | <b>Document Description</b><br>Medicaid Premium Collection Services for KCHIP | <b>Page</b><br><b>70 of 73</b> |
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3. At no time will employees allow the use of their USER ID or Password by another person to access computer data. Allowing access includes but is not limited to leaving a written notation of a USER ID or Password on or near a computer terminal.
4. Employees shall familiarize themselves with the laws pertaining to confidential information described on the revised November 2002 Employee Protected Health, Confidentiality and Security Agreement in order to comply with those restrictions.
5. Employees shall familiarize themselves with what types of information are considered protected health, confidential, personal or sensitive information and do their utmost to protect it. For an example, when documents or reports are circulated that contain such information, the sender will alert the receiver(s) to insure the confidentiality of the data.
6. Employees will not include protected health, confidential, personal or sensitive information on documents or reports if it is not necessary.
7. Employees will not notify directly, or indirectly through third persons, the potential time or occurrence of inspections or surveys of any facility or place of business, that are required by law or regulation to be unannounced, and will otherwise conduct themselves so that any inspection or survey shall be unannounced.
8. Employees when sending mail or other correspondence containing protected health, confidential, personal or sensitive information to any person, the sender will indicate "Personal and Confidential" on the envelope to insure that only the addressee opens it.
9. Employees will take reasonable and appropriate measures to protect identifying numbers. Of particular concern is the social security number because it appears on a myriad of documents and reports, it is one of the most difficult pieces of data to protect but all employees should do their utmost to safeguard it.
10. When no specific guidance is provided regarding responding to requests for information and a written request for information is received, only release the information with the written authorization of the affected party.
11. When no specific guidance is provided regarding responding to an oral or unwritten request for information - where no written request for information is received - only release the information after verifying and documenting the authorization of the affected party.
12. Whenever reasonable and practical, protected health, confidential, personal or sensitive information should not be included on e-mails. (See "the Internet and Electronic Mail" procedure elsewhere in the Procedures Manual.)
13. Whenever reasonable and practical, restricted, protected, internal or privileged reports and documents should be maintained in a secured container.
14. All employees should dispose of documents that contain protected health, confidential, personal or sensitive information correctly. The documents or reports should be placed in a "shred" box that is removed from the work site and destroyed prior to disposal or recycling, rather than placing the documents in a regular solid waste or recycling receptacle.
15. Employees should understand there may be other information that should be protected that is not specifically listed in this procedure or on the "Employee Privacy and Security of Protected Health, Confidential and Sensitive Information Agreement". When in doubt, the employees should consult with their supervisor or the Office of General Counsel at (502) 564-7905 before releasing it.
16. Employees shall not disclose protected health, confidential, personal or sensitive information even after their employment with the Cabinet ceases. State and Federal law regarding protected health, confidential, personal or sensitive information also applies OUTSIDE the employment relationship.

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17. Employees should be aware that disregard of the privacy and security of protected health, confidential, personal or sensitive information might result in disciplinary action, up to and including dismissal. Additionally, employees may subject themselves to civil and criminal liability for the disclosure of confidential information to unauthorized persons.

#### PROCEDURE FOR “NEW” COMMONWEALTH EMPLOYEES

All new Cabinet employees will be given a copy of this procedure and the revised “Employee Privacy and Security of Protected Health, Confidential and Sensitive Information Agreement” at orientation. The Agreement will be explained fully by the orientation instructor or supervisor before the employee signs it. The Agreement will be placed in the employee’s folder in the appropriate Personnel Administrator’s Office.

#### AA. PROCEDURE FOR “CONTRACTUAL” EMPLOYEES

On the first day of employment, individuals employed contractually will report first to Trinta Cox (for those working in the Human Resources Complex or the Health Services Building), Tresa Straw (for those working in the Fair Oaks Complex) or Jeanette Wilhoite (for those working in the Division of Laboratory Services). Upon arrival, the individual will be asked to read and sign the “Employee Privacy and Security of Protected Health, Confidential and Sensitive Information Agreement”. They will then be given a signed memorandum approving them to report for duty to their designated workstation. Under no circumstances is a supervisor to allow a contractual employee to begin working until a signed memorandum has been presented.

#### PROCEDURE FOR “CURRENT” EMPLOYEES

**All current employees will be provided a copy of this procedure and required to sign the “Employee Privacy and Security of Protected Health, Confidential and Sensitive Information Agreement”, which will be placed in their personnel folder in the appropriate Personnel Administrator’s Office.**

PLEASE PRINT:

\_\_\_\_\_  
Last Name, First Name, & M.I.

\_\_\_\_\_  
Social Security #

I understand that I may be allowed access to confidential information and/or records in order that I may perform my specific job duties. I further understand and agree that I am not to disclose confidential information and/or records without the prior consent of the appropriate authority(ies) in the Cabinet for Health Services.

**I understand that all USERID/Passwords to access computer data are issued on an individual basis. I further understand that I am solely responsible for all information obtained, through system access, using my unique identification. At no time will I allow use of my USERID/Password by any other person.**

I understand that accessing or releasing confidential information and/or records, or causing confidential information and/or records to be accessed or released, to myself, other individuals, clients, relatives, etc., outside the scope of my assigned job duties would constitute a violation of this agreement and may result in disciplinary action taken against me, up to and including dismissal. I further understand that employees may subject themselves to civil and criminal liability, as well as disciplinary action, for the disclosure of confidential information to unauthorized persons.

**I understand that the following is not an exhaustive list of all confidential information, but is an attempt to include most of the major examples of such information. In the event of doubts about whether certain information is covered by confidentiality requirements, I understand that I should consult my supervisor or the Office of the General Counsel.**

Under **KRS 194A.060**, all records and reports of CHS (or CHR) which directly or indirectly identify a patient or client, or former patient or client, of the Cabinet, are confidential.

Under **KRS 216.530** all inspections of long-term care facilities shall be unannounced.

Under HIPAA, an individual’s health care information must be used by the Cabinet and its employees and agents only for legitimate health purposes like treatment and payment. 45 C.F.R. § 160.101 et seq. and specifically §§ 164.500, 164.501, 164.514 established standards for privacy of health information under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Health information that must be kept private and secure is called Protected Health Information (PHI). HIPAA establishes in Federal Law the basic principle that an individual’s medical records belong to that individual and, with certain exceptions, cannot be used, released or disclosed without the explicit permission of that individual or their legal guardian. This includes disclosing PHI in even casual or informal conversation not related to a legitimate health purpose (like treatment or payment) at any time whether at work or not. HIPAA gives consumers of Cabinet programs and services the right to an explanation of their privacy rights, the right to see their medical records (with some exceptions), the right to request corrections to these records, the right to control the release of information from their records and the right to documented explanations of disclosures by the Cabinet and by

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others who may have access to this information. Those who violate KHR rules laid down by HIPAA are subject to federal penalties. For non-criminal violations of the privacy standards, including disclosures made in error, there are civil monetary penalties of \$100 per violation up to \$25,000 per year, per standard. Criminal penalties are imposed for violations of the statute that are done knowingly (on purpose) — up to \$50,000 and one year in prison for obtaining or disclosing protected health information; up to \$100,000 and up to five years in prison for obtaining or disclosing protected health information under “false pretenses;” and up to \$250,000 and up to 10 years in prison for obtaining protected health information with the intent to sell, transfer or use it for commercial advantage, personal gain or malicious harm.

Under **KRS 214.420**, all information in the possession of local health departments or CHS concerning persons tested for, having, or suspected of having sexually transmitted diseases, or identified in an epidemiologic investigation for sexually transmitted diseases, is strictly confidential. A general authorization for the release of medical or other information is not sufficient to authorize release of this information. Breach of this confidentiality is considered a violation under KRS 214.990.

Under **KRS 214.181**, no test results relating to human immunodeficiency virus are to be disclosed to unauthorized persons.

Under **KRS 222.271**, treatment records of alcohol and drug abuse patients are confidential.

Under **KRS 216.2927**, raw data used by the Kentucky Health Policy Board are confidential. This includes data, data summaries, correspondence, or notes that could be used to identify an individual patient, member of the general public, or employee of a health care provider.

Under **KRS 202A.091**, court records relating to hospitalization of the mentally ill are confidential. Violation of the confidentiality of these records is a Class B misdemeanor under KRS 202A.991.

Under **KRS 202B.180**, court records relating to mental retardation admissions are confidential. Violation of the confidentiality of these records is a Class A misdemeanor under KRS 202B.990.

Under **KRS 210.235**, all records which directly or indirectly identify any patient, former patient, or person whose hospitalization has been sought, are confidential.

Under **KRS 211.902**, the names of individuals are not to be disclosed in connection with lead poisoning records, except as determined necessary by the Cabinet Secretary.

Under **KRS 211.670**, lists maintained by hospitals, and all information collected and analyzed, relating to the Kentucky birth surveillance registry (concerning birth defects, stillbirths, and high risk conditions) are to be held confidential as to the identity of the patient. Violation of this confidentiality is a Class A misdemeanor under KRS 211.991.

Under **KRS 213.131**, unauthorized disclosure or inspection of vital records is unlawful. Violation of the confidentiality laws for vital statistics is a Class B misdemeanor under KRS 213.991.

Under **KRS 434.850**, accessing any computer or computerized information without authorization, or causing any such access without authorization, is a Class A misdemeanor.

Under **KRS 205.8465(4)**, No employee of the state Medicaid Fraud Control Unit, the Office of the Attorney General, the Office of the Inspector General, or the Cabinet for Health Services shall notify the alleged offender of the identity of the person who in good faith makes a report required or permitted by KRS 205.8451 to 205.8483 nor shall the employee notify the alleged offender that a report has been made alleging a violation of KRS 205.8451 to 205.8483 until such time as civil or criminal proceedings have been initiated or a formal investigation has been initiated. Any information or report concerning an alleged offender shall be considered confidential in accordance with the Kentucky Open Records Law, KRS 61.870 to 61.844.

Confidentiality of family planning services is required by **42 C.F.R. § 59. Section 59.11** states: “All information as to personal facts and circumstances obtained by the project staff about individuals receiving services must be held confidential and may not be disclosed without the individual’s consent, except as may be necessary to provide services to the patient or as required by law, with appropriate safeguards for confidentiality. Otherwise, information may be disclosed only in summary, statistical, or other form which does not identify particular individuals.” The confidentiality rules applicable to all programs or projects supported in whole or in part by federal financial assistance, whether by grant or by contract, are found at 42 C.F.R. § 50.310, which states: “Information in the records or in the possession of programs or projects which is acquired in connection with the requirements of this subpart may not be disclosed in a form which permits the identification of an individual without the individual’s consent except as may be necessary for the health of the individual or as may be necessary for the Secretary [of Health and Human Services] to monitor the activities of those programs or projects. In any event, any disclosure shall be subject to appropriate safeguards which minimize the likelihood of disclosures of personal information in an identifiable form.”

Under **42 C.F.R. § 431.305**, the following types of information relating to Medicaid applicants and recipients are confidential: “(1) Names and addresses; (2) Medical services provided; (3) Social and economic conditions or circumstances; (4) Agency evaluation of personal information; (5) Medical data, including diagnosis and past history of disease or disability; and (6) Any information received for verifying income eligibility and amount of medical assistance payments (see Sec. 435.940ff). Income information received from SSA or the Internal Revenue Service must be safeguarded according to the requirements of the agency that furnished the data. (7) Any information received in connection with the identification of legally liable third party resources under Sec. 433.138 of this chapter.”

I understand that other types of information may also be protected by confidentiality, and that if in doubt as to confidentiality, I should not volunteer information before making certain that the information may be disclosed.

By affixing my signature to this document, I acknowledge that I have been apprised of the relevant laws, regulations, and policies concerning access, use, maintenance, and disclosure of confidential information and/or records which shall be made available to me through my employment in the Cabinet for Health Services. I further agree that it is my responsibility to assure the confidentiality of all information that has been issued to me in confidence even after my employment with the agency has ended.

I have read the above, received a copy of the Cabinet’s Confidentiality Policy and understand my responsibilities.

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|                                                       |               |
|-------------------------------------------------------|---------------|
| _____<br>Supervisor Signature                         | _____<br>Date |
| _____<br>Manager, Director, or Commissioner Signature | _____<br>Date |

Revised: 11-06-02