HEALTHY PENNSYLVANIA PROGRAM

PRIVATE COVERAGE ORGANIZATION AGREEMENT

BETWEEN

COMMONWEALTH OF PENNSYLVANIA

AND

[“PCO X”].

HEALTHY PENNSYLVANIA
PRIVATE COVERAGE ORGANIZATION AGREEMENT

Table of Contents

- **D.** Coordination of Care
- **E.** PCO Responsibility for Reportable Conditions
- **F.** PCO Outreach Materials
- **G.** Member Incentives and Encouraging Employment
- **H.** Explanation of Benefits
- **I.** PCO Enrollment Procedures
- **J.** Newborn Coverage
- **K.** Change in Status
- **L.** Membership Files
    - **1.** Monthly Files
    - **2.** Daily File
- **M.** Enrollment and Disenrollment Updates
    - **1.** Weekly Enrollment/Alert Reconciliation File
    - **2.** Disenrollment Effective Dates
- **N.** PCO Identification Cards
- **O.** Member Information
- **P.** External Review and Member Complaint and Grievance Processes
- **Q.** Provider Relations and Provider Dispute Resolution
- **R.** Certification of Authority and County Operational Authority
- **S.** Administration
    - **1.** Member Restriction Program
    - **2.** Contracts and Subcontracts
    - **3.** Records Retention
    - **4.** Fraud and Abuse
        - a. Written Compliance Plan
        - b. Fraud and Abuse Unit
        - c. Procedure for ID Fraud and Abuse
        - d. Education Plan
        - e. Duty to Cooperate with Oversight Agencies
        - f. Prohibited Affiliations
        - g. Subcontracts
        - h. Reporting Requirements
    - **5.** Management Information Systems
    - **6.** Department Access and Availability
- **T.** Quality Assurance and Utilization Review Requirements
- **U.** Mergers, Acquisitions, Mark, Insignia, Logo and Product Name
    - **1.** Mergers and Acquisitions
    - **2.** Mark, Insignia, Logo, and Product Name Changes
- **V.** Provider Network
- **W.** Advance Directives

SECTION VI: PROGRAM OUTCOMES AND DELIVERABLES

SECTION VII: FINANCIAL REQUIREMENTS

- **A. Financial Standards**
  - **1.** Net Worth Requirements and Solvency Protection
  - **2.** Risk Based Capital
  - **3.** Change in Independent Actuary or Independent Auditor
  - **4.** Member Liability
- **B.** Commonwealth Capitation Payments
  - **1.** Payments for Services
    - **a.** Capitation Rates
    - **b.** Capitation Payments
  - **2.** Program Changes
- **C.** No Appeals Relating to Actuarially Sound Rates
- **D.** Other Financial Requirements
  - **1.** Retroactive Eligibility Period
  - **2.** In-Network Services
  - **3.** Payments for Out-of-Network Providers
  - **4.** Payments to FQHCs and Rural Health Centers (RHCs)
  - **5.** Third Party Liability
    - **a.** Cost Avoidance Activities
    - **b.** Post-Payment Recoveries
  - **6.** Requests for Additional Data
  - **7.** Accessibility to TPL Data
  - **8.** Audits
    - **a.** Annual Entity-Wide Financial Audit
    - **b.** Annual Private Coverage Financial Audit
    - **c.** Other Financial and Performance Audits
  - **9.** Restitution

SECTION VIII: REPORTING REQUIREMENTS

SECTION IX: REPRESENTATIONS AND WARRANTIES OF THE PCO

- **A.** Accuracy of Application
- **B.** Disclosure of Interests
- **C.** Disclosure of Change in Circumstances

SECTION X: CONFIDENTIALITY

SECTION XI: GENERAL

- **A.** Rights of the Department and the PCO
- **B.** Waiver
- **C.** Invalid Provisions
- **D.** Notice
- **E.** Counterparts
- **F.** Headings
- **G.** No Third Party Beneficiaries

Appendices

1----Healthy Pennsylvania Program RFA #04-14
2----Application
3a—ACA Health Insurer's Fee
3d---Risk Corridor
3f---Capitation Rates

AGREEMENT EXHIBITS

A. Terms and Conditions

B. Essential Health Benefits Package

C. Disclosure of Lobbying Activities Form

D. Reporting Requirements

E. Automatic-Assignment

SECTION I: INCORPORATION OF DOCUMENTS

A. Term

The term of the Agreement shall commence on [January 1, 2015] and shall remain in effect for three (3) years, subject to the other provisions of this Agreement. The Department, in its sole discretion, may renew the Agreement for two (2) additional 1 year periods. The Effective Date shall be fixed after the Agreement has been fully executed by the PCO and by the Commonwealth and all approvals required by Commonwealth procurement procedures have been obtained. No agency employee has the authority to verbally direct the commencement of work. The Department, may, upon notice to the PCO, extend the term of the Agreement for up to three (3) months upon the same terms and conditions to prevent a lapse in Agreement coverage, and only for the time necessary to enter into a new Agreement.

B. Operative Documents

The PCO will provide services for the Healthy Pennsylvania Program in accordance with this Agreement and its attached Exhibits and Appendices. These Exhibits and Appendices are incorporated and made part of this Agreement. With regard to the governance of such documents, it is agreed that:

1. In the event that any of the terms of this Agreement conflict with, or are inconsistent with, the terms of Appendix 1, RFA # 04-14, the terms of this Agreement shall govern;

2. In the event that any of the terms of this Agreement conflict with, or are inconsistent with, the terms of Appendix 2, Application, the terms of this Agreement shall govern;

3. In the event that any of the terms of Appendix 1, RFA # 04-14 conflict with, are inconsistent with, the terms of Appendix 2, Application, the terms of Appendix 1, RFA # 04-14 shall govern.

4. In the event that any of the terms of the Agreement conflict with, or are inconsistent with, the terms of any Appendix or Exhibit to the Agreement, the terms of the Agreement shall govern.

C. Operational Updates and Department Communications

1. PCO Operations Memos (PCO OPS Memos)

The Department will issue PCO OPS Memos via the Department's Intranet Systems to provide clarification to policies and procedures

for the Healthy Pennsylvania Programs. The PCO must comply with the Department's directions in a timely manner.

2. DPW Web Site

MA Bulletins, RFPs, Program information and other Department communications are available on the DPW Web site at http://www.dpw.state.pa.us/. The PCO is responsible to monitor the site regularly for any Healthy Pennsylvania Program related information.

SECTION II: DEFINITIONS

Abuse — Any practices that are inconsistent with sound fiscal, business, or medical practices, and result in unnecessary costs to the Healthy Pennsylvania Program, or in reimbursement for services that fail to meet professionally recognized standards or Agreement obligations (including the terms of the Agreement, and the requirements of state or federal law and regulations) for health care in a managed care setting. The Abuse can be committed by the PCO, subcontractor, Provider, State employee, or a Member, among others. Abuse also includes Member practices that result in unnecessary cost to the Healthy Pennsylvania Program, the PCO, a subcontractor, or Provider.

Actuarially Sound Rates —

- Have been developed in accordance with generally accepted actuarial principles and practices;
- Are appropriate for the populations to be covered and the services to be furnished under the agreement;
- Have been certified by actuaries credentialed by the American Academy of Actuaries and follow practice standards established by the Actuarial Standards Board.

Adverse Benefit Determination--The determination made by a health care plan or by a utilization review program, that a health care service is not medically necessary.

Affiliate — Any individual, corporation, partnership, joint venture, trust, unincorporated organization or association, or other similar organization (hereinafter "Person"), controlling, controlled by or under common control with the PCO or its parent(s), whether such common control be direct or indirect. Without limitation, all officers, or persons, holding five percent (5%) or more of the outstanding ownership interests of PCO or its parent(s), directors or subsidiaries of PCO or parent(s) shall be presumed to be Affiliates for purposes of the RFA and Agreement. For purposes of this definition, "control" means the

possession, directly or indirectly, of the power (whether or not exercised) to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, other ownership interests, or by contract or otherwise including but not limited to the power to elect a majority of the directors of a corporation or trustees of a trust, as the case may be.

A person with an employment, consulting or other arrangement for the provision of items and services that is significant and material to the PCO's obligations under this Agreement.

Base Capitation Payments—The base capitation payment is equal to the initial capitation rates indicated on Appendix 3f of this Agreement.

Behavioral Health (BH) Services — Mental health and/or substance abuse services which are provided by the PCO.

Beneficiaries—Healthy Pennsylvania Program eligible adults aged 21-64 that are not medically frail and have not otherwise been determined to meet Medicaid eligibility requirements.

Business Days — A Business Day includes Monday through Friday except for those days recognized as federal holidays or Pennsylvania State holidays.

Capitation — A fee the Department pays periodically to a PCO for each Member enrolled in its health plan to provide coverage of medical services, whether or not the Member receives the services during the period covered by the fee.

Centers for Medicare and Medicaid Services (CMS) — The federal agency within the United States Department of Health and Human Services responsible for oversight of MA Programs.

Certificate of Authority — A document issued jointly by the state Departments of Health and Insurance authorizing an entity to establish, maintain and operate an HMO in Pennsylvania.

Claim — A bill from a Provider of a medical service or product that is assigned a unique identifier (i.e. Claim reference number). A Claim does not include an Encounter form for which no payment is made or only a nominal payment is made.

Clean Claim—A claim for payment for a health care service which has no defect or impropriety. A defect or impropriety shall include lack of required substantiating documentation or a particular circumstance requiring special treatment which prevents timely payment from being made on the claim. The

term shall not include a claim from a health care provider who is under investigation for fraud or abuse regarding that claim.

Client Information System (CIS) — The Department's database of Recipients and Beneficiaries. The data base contains demographic and eligibility information for all Recipients & Beneficiaries.

County Assistance Offices (CAO) — The county offices of the Department that administer all benefit programs, including MA and Healthy Pennsylvania Program, on the local level. Department staff in these offices perform necessary functions such as determining and maintaining Recipient and Beneficiary eligibility.

Daily Membership File — An electronic file in a HIPAA compliant 834 format using data from DPW/CIS that is transmitted to the PCO on state work days. This 834 Daily File includes TPL information and is transmitted via the Department's PROMIS*e*™ contractor.

Deliverables — Those documents, records, reports, processes, materials and systems required to be furnished to the Department for review and/or approval pursuant to the terms of this Agreement.

Denial of Services — Any determination made by the PCO in response to a request for approval which: disapproves the request completely; or approves provision of the requested service(s), but for a lesser amount, scope or duration than requested; or disapproves provision of the requested service(s), but approves provision of an alternative service(s); or reduces, suspends or terminates a previously authorized service. An approval of a requested service which includes a requirement for a concurrent review by the PCO during the authorized period does not constitute a Denial of Service.

Denied Claim — An Adjudicated Claim that does not result in a payment obligation to a Provider.

Department — The Department of Public Welfare (DPW) of the Commonwealth of Pennsylvania.

Disenrollment — The process by which a Member's ability to receive services from a PCO is terminated.

Eligibility Period — A period of time during which a Beneficiary is eligible to receive benefits. An Eligibility Period is indicated by the eligibility start and end dates as communicated by the Department. A blank eligibility end date signifies an open-ended Eligibility Period.

Encounter — Any covered health care service provided to a PCO Member, regardless of whether it has an associated Claim.

Encounter Data — A record of any covered health care service provided to a PCO Member and includes Encounters reimbursed through Capitation, Fee-for-Service, or other methods of compensation regardless of whether payment is due or made.

Enrollment — The process by which a Member's coverage by a PCO is initiated.

Enrollment Assistance Program (EAP) — The program that provides Enrollment Specialists to assist Beneficiaries in selecting the PCO and Primary Care Practitioner (PCP) and in obtaining information regarding Physical and Behavioral Health Services and service Providers.

Family Planning Services — Services which enable individuals voluntarily to determine family size, to space children and to prevent or reduce the incidence of unplanned pregnancies. Such services are made available without regard to marital status, age, sex or parenthood.

Federally Qualified Health Center (FQHC) — An entity which is receiving a grant as defined under the Social Security Act, 42 U.S.C. 1396d(l) or is receiving funding from such a grant under a contract with the recipient of such a grant, and meets the requirements to receive a grant under the above-mentioned sections of the Act.

Fraud — Any type of intentional deception or misrepresentation made by an entity or person with the knowledge that the deception could result in some unauthorized benefit to the entity, him/herself, or some other person in a managed care setting. Fraud can be committed by any person or entity, including the PCO, a subcontractor, a Provider, a State employee, or a Member, among others.

Government Liaison — The Department's primary point of contact within the PCO. This individual acts as the day to day manager of contractual and operational issues and works within the PCO and with DPW to facilitate compliance, solve problems, and implement corrective action.

Health Care Provider — Any health care professional duly licensed or certified under Commonwealth statute regulating a particular branch of health care practice, including, but not limited to, a doctor of dental surgery, doctor of medicine, doctor of optometry, doctor of osteopathy, doctor of podiatry, doctor of chiropractic, licensed physical therapist, licensed clinical social worker, licensed occupational therapist, licensed professional counselor, certified registered nurse anesthetist, certified registered nurse practitioner, certified enterostomal therapy nurse, certified community health nurse, certified psychiatric mental

health nurse, certified clinical nurse specialist, licensed psychologist, licensed speech-language pathologist and licensed audiologist.

Health Maintenance Organization (HMO) — A Commonwealth licensed risk-bearing entity which combines delivery and financing of health care and which provides basic health services to enrolled Members for a fixed, prepaid fee.

Information Resource Management (IRM) — A program planned, developed, implemented and managed by DPW's Bureau of Information Systems, the purpose of which is to ensure the coordinated, effective and efficient employment of information resources in support of DPW business goals and objectives.

In-Plan Services — Services which are the responsibility of the PCO under the Health Pennsylvania Program.

Master Provider Index (MPI) — A component of PROMISe™ which is a central repository of Provider profiles and demographic information that registers and identifies Providers uniquely within the Department of Public Welfare.

Medical Assistance (MA) — The Medical Assistance Program authorized by Title XIX of the federal Social Security Act, 42 U.S.C. 1396 et seq., and regulations promulgated thereunder, and 62 P.S. §441.1 et seq. and regulations at 55 PA Code Chapters 1101 et seq.

Member — An individual who is enrolled with a PCO under the Healthy Pennsylvania Program and for whom the PCO has agreed to arrange the provision of Physical Health and Behavioral Health Services under the provisions of the Healthy Pennsylvania Program.

Member Record — A record contained on the Daily Membership File or the Monthly Membership File that contains information on eligibility, PCO coverage, and other data which help establish the covered services for which a Member is eligible.

Member Restriction — If a Member is determined to be mis-utilizing or otherwise abusing services provided under the Healthy Pennsylvania Program, they can be member restricted (locked-in) to a specific Provider(s) to obtain all of his/her services in an attempt to ensure appropriately managed care.

Monthly Membership File — An electronic file in a HIPAA compliant 834 format using data from DPW/CIS that is transmitted to the PCO on a monthly basis. This 834 Monthly File does not include TPL information and is transmitted via the Department's data contractor.

Network — All contracted or employed Providers in the PCO who are available to provide covered services to Members.

Network Provider — A PCO Health Care Provider who has a written contract with and is credentialed by a PCO and who participates in the PCO's Provider Network.

Net Worth— The excess of total admitted assets over total liabilities, but not including fully subordinated debt.

Non-participating Provider — A provider, whether a person, firm, corporation or other entity, not participating in the PCO's Network.

Nursing Facility — A general, county or hospital-based nursing facility, which is licensed by the DOH, enrolled in the MA Program and certified for Medicare participation. The Provider types and specialty codes are as follows:

- General – PT 03, SC 030
- County – PT 03, SC 031
- Hospital-based – PT 03, SC 382
- Certified Rehab Agency – PT 03, SC 040

Open-ended — A period of time that has a start date but no definitive end date.

Other Resources — With regard to TPL, Other Resources include, but are not limited to, recoveries from personal injury claims, liability insurance, first-party automobile medical insurance, and accident indemnity insurance.

Out-of-Network Provider — See "Non-participating Provider".

Physical Health (PH) Services — Those medical and other related services, provided to Members, for which the PCO has assumed coverage responsibility under this Agreement.

Primary Care Practitioner (PCP) — A specific physician, physician group or a CRNP responsible for supervising, prescribing, and providing primary care services; locating, coordinating and monitoring other medical care and rehabilitative services and maintaining continuity of care on behalf of a member.

Primary Care Practitioner (PCP) Site — The location or office of PCP(s) where Member care is delivered.

Prior Authorization or Prospective Utilization Review — A determination made by the PCO to approve or deny payment for a Provider's request to provide

a service or course of treatment of a specific duration and scope to a Member prior to the Provider's initiation or continuation of the requested service.

Private Coverage Organization—An HMO that has an approved agreement to provide health care services consistent with the Healthy Pennsylvania Program.

Provider — A person, firm or corporation which provides health care services or supplies.

Provider Agreement — Any written agreement between the PCO and a Provider to provide medical or professional services to members to fulfill the requirements of this Agreement.

Provider Reimbursement (and) Operations Management Information System electronic (PROMISe™) — A claims processing and management system implemented by the Department that supports the Fee-for-Service, Managed Care Medical Assistance and Healthy Pennsylvania delivery programs.

Quality Assurance (QA) — An ongoing, objective and systematic process of monitoring, evaluating and improving the quality, appropriateness and effectiveness of care.

Region—The nine (9) separate ACA Rating Areas in Pennsylvania.

Related Parties — Any entity that is an Affiliate of the PCO or subcontracting PCO and (1) performs some of the PCO or subcontracting PCO's management functions under contract or delegation; or (2) furnishes services to Members under a written agreement; or (3) leases real property or sells materials to the PCO or subcontracting PCO at a cost of more than $2,500.00 during any year of a PCO Agreement with the Department.

Start Date--The first date on which Members are eligible for medical and behavioral health services under this Agreement, and on which the PCO s are operationally responsible and financially liable for the provision of services to Members.

Subcapitation — A fixed per capita amount that is paid by the PCO to a Network Provider for each Member identified as being in their capitation group, whether or not the Member received medical services.

Subcontract — Any contract between the PCO and an individual, business, university, governmental entity, or nonprofit organization to perform part or all of the PCO’s responsibilities under this Agreement. Exempt from this definition are salaried employees, utility agreements and Provider Agreements, which are not considered Subcontracts for the purpose of this Agreement.

Substantial Financial Risk — Financial risk set at greater than twenty-five percent (25%) of potential payments for covered services, regardless of the frequency of assessment (i.e., collection) or distribution of payments. The term "potential payments" means the maximum anticipated total payments that the physician or physician group could receive if the use or cost of referral services were significantly low. The cost of referrals, then, must not exceed that twenty-five percent (25%) level, or else the financial arrangement is considered to put the physician or group at Substantial Financial Risk.

Third Party Liability (TPL) — The financial responsibility for all or part of a Member's health care expenses of an individual entity or program (e.g., Medicare) other than the PCO.

Third Party Resource (TPR) — Any individual, entity or program that is liable to pay all or part of the medical cost of injury, disease or disability of a member. Examples of Third Party Resources include: government insurance programs such as Medicare or CHAMPUS (Civilian Health and Medical Program of the Uniformed Services); private insurance coverage or similar coverage, and court-ordered medical support.

Title XVIII (Medicare) — A federally-financed health insurance program administered by the Centers for Medicare and Medicaid Services (CMS) pursuant to 42 U.S.C. 1395 et seq., covering almost all Americans sixty-five (65) years of age and older and certain individuals under sixty-five (65) who are disabled or have chronic kidney disease.

Utilization Review (UR) — An objective and systematic process for planning, organizing, directing and coordinating health care resources to provide medically appropriate, timely and quality health care services in the most cost-effective manner.

Voided Member Record — A Member Record used by the Department to advise the PCO that a certain related Member Record previously submitted by the Department to the PCO should be voided. A Voided Member Record can be recognized by its illogical sequence of PCO membership start and end dates with the end date preceding the Start Date.

AGREEMENT ACRONYMS

ACA—The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended
CLIA—Clinical Laboratory Improvement Act
DOH—Pennsylvania Department of Health
EAP—Enrollment Assistance Program
EOB—Explanation of Benefits

HIPAA—Health Insurance Portability and Accountability Act
OB/GYN—Obstetrics/Gynecology Provider
PCO—Private Coverage Organization
PID—Pennsylvania Insurance Department
PM/PM—Per Member per Month
RFA—Request for Application

SECTION III: RELATIONSHIP OF PARTIES

A. Basic Relationship

The PCO, its employees, servants, agents, and representatives shall not be considered and shall not hold themselves out as the employees, servants, agents or representatives of the Department or the Commonwealth of Pennsylvania. The PCO, its employees, servants, agents and representatives do not have the authority to bind the Department or the Commonwealth of Pennsylvania and they shall not make any claim or demand for any right or privilege applicable to an officer or employee of the Department or the Commonwealth of Pennsylvania, unless such right or privilege is expressly delegated to the PCO herein.

The PCO is responsible for all taxes and withholdings of all of its employees. In the event that any employee or representative of the PCO is deemed an employee of the Department by any taxing authority or other governmental agency, the PCO agrees to indemnify the Department for any taxes, penalties or interest imposed upon the Department by such taxing authority or other governmental agency.

B. Nature of Agreement

The PCO must arrange for the provision of medical, Behavioral Health and related services to Members through qualified Providers in accordance with this Agreement, including but not limited to, the operational and financial standards, as well as any functions expressly delegated to the PCO herein.

The DPW will determine the number of PCOs operating in the Healthy Pennsylvania Program and may qualify, during the term of this Agreement, additional HMOs through an open process.

SECTION IV: APPLICABLE LAWS AND REGULATIONS

A. Certification and Licensing

The PCO must require that each of its Network Providers complies with all certification and licensing laws and regulations applicable to the Provider's profession or entity.

B. General Laws and Regulations

1. The PCO must comply with Titles VI and VII of the Civil Rights Act of 1964, 42 U.S.C §2000d and §2000e et seq.; Title IX of the Education Amendments of 1972, 20 U.S.C. §1681 et seq.; Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §701 et seq.; the Age Discrimination Act of 1975, 42 U.S.C. §6101 et seq.; the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.; Title XXVII of the Public Health Service Act (requirements relating to health insurance coverage); the ACA, 42 U.S.C. §300gg et seq; the Health Insurance Portability and Accountability Act of 1996 (HIPAA); the Health Information Technology for Economic and Clinical Health (HITECH) Act; the HIPAA Privacy Rule and the HIPAA Security Rule, 45 CFR Parts 160, 162, and 164 (HIPAA Regulations); the Pennsylvania Human Relations Act of 1955, 71 P.S. §941 et seq.; and Article XXI of the Insurance Company Law of 1921, as amended, 40 P.S. 991.2102 et seq.; and Act 106 of 1989, 40 P.S. §§ 908-1—908-8 Drug and Alcohol Use and Dependency Coverage.

2. The PCO must comply with the Terms and Conditions found in Exhibit A of this Agreement, Terms and Conditions.

3. The PCO must comply with all applicable laws, regulations, and policies of the Pennsylvania DOH and the PID.

4. The PCO must comply with applicable Federal and State laws that pertain to Member rights and protections. The PCO and its staff must take those rights and protections into account when furnishing services to Members. The PCO must require its Network Providers to take those rights and protections into account when furnishing services to Members. The PCO must have written policies regarding Members' rights to:

- **a.** Receive information on available treatment options and alternatives.
- **b.** Participate in health care decisions, including the right to refuse treatment.
- **c.** Be free from restraint or seclusion.
- **d.** Request and receive a copy of his or her medical records and to request that they be amended or corrected.

5. The PCO and its subcontractors must respect the conscience rights of individual Providers and Provider organizations, as long as these conscience rights are made known to the PCO in advance, and comply with the current Pennsylvania laws prohibiting discrimination on the basis of the refusal or willingness to participate in certain abortion and sterilization-related activities as outlined in 40 P.S. §§991.2121 and 991.2171; and 43 P.S. §955.2 and 18 Pa. C.S. §3213(d).

6. The PCO must maintain the highest standards of integrity in the performance of this Agreement and must take no action in violation of state or federal laws, regulations, or other requirements that govern procurements with the Commonwealth.

7. Nothing in this Agreement shall be construed to permit or require the Department to pay for any services or items which are not or have ceased to be compensable under the laws, rules and regulations governing the Healthy Pennsylvania Program at the time such services are provided. The administration of the Healthy Pennsylvania Program is dependent on Federal approval of the Commonwealth's Healthy Pennsylvania Section 1115 Demonstration Waiver Application as well as other factors. The requirements of this agreement may need to be changed based upon Federal approval and other requirements.

8. The PCO must comply with 42 CFR 438, Sections 438.726 and 438.730 describing conditions under which CMS may deny payments for new enrollees.

C. Limitation on the Department's Obligations

The obligations of the Department under this Agreement are limited and subject to the availability of funds.

D. Health Care Legislation

The PCO will comply with future changes in federal and state law, federal and state regulations, and all requirements and procedures related to changes in the Healthy Pennsylvania Program. This includes, but is not limited to, laws, regulations, requirements, procedures, and timelines related to the extension of the prescription drug rebate, required by Section 1927 of the Social Security Act (the Federal Drug Rebate Program), to include covered outpatient drugs dispensed to individuals eligible for Healthy Pennsylvania Program who are enrolled in the PCO and for whom the PCO is responsible for coverage of outpatient drugs.

SECTION V: PROGRAM REQUIREMENTS

A. In-Plan Services

PCOs may only operate in Regions approved by the Department. The Deputy Secretary for the Office of Medical Assistance Programs will notify the PCO of those Regions for which it has been approved to provide services. This approval will become part of this Agreement.

1. Amount, Duration and Scope

The PCO must provide Physical and Behavioral Health Services which are, at a minimum, included in the Healthy Pennsylvania Program essential health benefits package designated in Exhibit B of this Agreement. If services or Beneficiaries are added to the Healthy Pennsylvania Program, or if covered services or Beneficiaries are expanded or eliminated, the PCO will implement on the date the PCO is notified by the Department to commence or discontinue services. If the scope of services or Members that are the responsibility of the PCO is changed, covered services or the definition of Beneficiaries is expanded or reduced; the Department will determine whether the change is sufficient that an actuarial analysis might conclude that a rate change is appropriate. If yes, the Department will arrange for the actuarial analysis, and the Department will determine whether a rate change is appropriate. The Department will take into account the actuarial analysis, and the Department will consider input from the PCO, when making this determination. At a minimum, the Department will adjust the rates as necessary to maintain actuarial soundness of the rates. If the Department makes a change, the Department will provide the analysis used to determine the rate adjustment. If the scope of services or Members that are the responsibility of the PCO is changed, upon request by the PCO, the Department will provide written information on whether the rates will be adjusted and how, along with an explanation for the Department's decision.

The PCO may not arbitrarily deny or reduce the amount, duration or scope of a service solely because of a Member's diagnosis, type of illness or condition.

The PCO must pay Medicare deductibles and coinsurance amounts relating to any Medicare-covered service for qualified Medicare beneficiaries. If no contracted PCO rate exists or if the Provider of the service is an Out-of-Network Provider, the PCO must pay deductibles and coinsurance up to the applicable PCO fee schedule for the service.

The PCO, its subcontractors and Providers are prohibited from balance billing Members for Medicare deductibles or coinsurance. The PCO must ensure that a Member who is eligible for both the Healthy Pennsylvania Program and Medicare benefits can access a Medicare product or service from the Medicare Provider of his/her choice. The PCO is responsible to pay any Medicare coinsurance and deductible amount, whether or not the Medicare Provider is included in the PCO's Provider Network and whether or not the Medicare Provider has complied with the authorization requirements of the PCO.

2. Self-Referral/Direct Access

PCOs must provide Members with direct access to OB/GYN services in accordance with 40 P.S. §991.2111(7) and 28 Pa. Code §9.682. The PCO must have a system in place that does not erect barriers to care for pregnant women and does not involve a time-consuming authorization process or unnecessary travel.

When a pregnant Member is receiving care from an Out-of-Network OB-GYN at the time of Enrollment, the Member may continue to receive services from that Provider throughout the pregnancy and postpartum care related to the delivery, in accordance with 28 Pa. Code §9.684.

The PCO must comply with 40 P.S. §991.2111 and 28 Pa. Code §9.683 regarding standing referrals or specialists as PCPs for its Members with special health care needs as defined by state law.

3. Emergency Services

The PCO must comply with Sections 2102 and 2116 of the Insurance Company Law of 1921 40 P.S. §991.2102 and 991.2116, and 28 Pa. Code §9.672 and 31 Pa. Code §154.14 pertaining to coverage and payment of Emergency and Stabilization Services.

4. Nursing Facility Services

In any plan year, the PCO is responsible for up to 120 days of nursing facility care (including hospital reserve or bed hold days). The days need not be consecutive.

5. Co-Payments

The PCO will require its Network Providers to collect co-payment in accordance with PCO OPS Memos.

6. Family Planning

The PCO may not restrict a Member's choice of provider for family planning services.

7. Abortions

The PCO may only provide for abortion in cases of rape, incest or when the life of the Member is in danger.

8. Laboratory Services

The PCO must use laboratory testing sites that have a CLIA certification along with a CLIA identification number.

9. Authorization of Services

To the extent that the PCO requires prior authorization or prospective utilization review of a service, it must comply with 28 Pa. Code §§9.751-9.753, including but not limited to the requirements for written policies and procedures.

B. Issuance of Temporary Supply of Medication

If the PCO requires Prior Authorization as a condition for payment for an outpatient prescription drug and a Member's prescription for such a drug lacks prior authorization when presented to a pharmacist, the PCO must instruct the pharmacist to dispense a seventy-two (72) hour supply of the medication.

On a case by case basis, the Department may waive the seventy-two (72) hour supply requirement for medications and treatments under concurrent clinical review and treatments that are outside the parameter of use approved by the FDA or accepted standards of care.

The requirement that the Member be given at least a seventy-two (72) hour supply of a medication does not apply when a pharmacist determines that the taking of the prescribed medication, either alone or along with other medication that the Member may be taking, would jeopardize the health or safety of the Member.

C. Continuity of Care

The PCO must comply with Section 2117 of the Insurance Company Law of 1921, 40 P.S. §991.2117, 28 Pa. Code §9.684 and 31 Pa. Code §154.15 regarding continuity of care requirements. For purposes of the notice requirements under 28 Pa. Code §9.684, the PCO must make a good faith effort to provide such notice within fifteen (15) days of the termination notice.

D. Coordination of Care

The PCO is responsible for coordination of care for individuals enrolled in Healthy Pennsylvania Program. The PCO must provide seamless and continuous coordination of care across a continuum of services for the individual Member with a focus on improving health care outcomes. To the extent possible and appropriate, the PCO will allow each Member to select his or her health care professional.

E. PCO Responsibility for Reportable Conditions

The PCO must work with DOH State and District Office Epidemiologists in partnership with the designated county/municipal health department staffs to ensure that reportable conditions are appropriately reported in accordance with 28 Pa. Code Chapter 27. The PCO must designate a single contact person to facilitate the implementation of this requirement.

F. PCO Outreach Materials

The PCO must have and use outreach materials in accordance with Section 2136 of the Insurance Company Law of 1921, 40 P.S. §991.2136 and 31 Pa. Code §154.16. Upon request by the Department, the PCO must develop or modify existing outreach materials which can be used by the EAP contractor to assist Beneficiaries in choosing a PCO and PCP. The PCO must modify or develop such materials in the form and content required by the Department.

The PCO must provide copies of all Member outreach material to the Department thirty (30) calendar days prior to use.

The PCO will be responsible for bearing the cost of reprinting Healthy Pennsylvania Program PCO outreach materials, if the PCO makes a change involving content prior to the annual revision of the EAP materials.

G. Member Incentives and Encouraging Employment

The PCO will develop a Member incentives program that is related to improving Member health outcomes and encouraging employment. The

Department must approve the use of the incentive program in writing prior to its use. The PCO may not offer remunerations as provided by 42 C.F.R. §1003.102(b)(13).

H. Explanation of Benefits

The PCO must provide EOB information to its Members. The PCO must make the EOB information available within 45 days of payment or denial of a claim. The EOB information must specify the services paid or denied; including the description, date of service, place of service, provider name and ID, and the amount paid, and contact information for questions the Member may have about the EOB.

I. PCO Enrollment Procedures

The PCO must have written policies and procedures for coordinating Enrollment information with the Department's EAP contractor. The PCO must receive advance written approval from the Department regarding these policies and procedures. The PCO's submission of new or revised policies and procedures for review and approval by the Department does not void any existing policies and procedures which have been prior approved by the Department for operation in a Healthy Pennsylvania Program Region. Unless otherwise required by law, the PCO may continue to operate under such existing policies and procedures until such time as the Department approves the new or revised version thereof.

The PCO must enroll any Beneficiary who selects or is assigned to the PCO in accordance with the Enrollment/Disenrollment dating rules that are determined and provided by the Department on the Department's Intranet site regardless of the Beneficiary's race, color, creed, religion, age, sex, national origin, ancestry, marital status, sexual orientation, income status, program membership, grievance status, health status, pre-existing condition, physical or mental disability or anticipated need for health care.

J. Newborn Coverage

The Department will enroll each baby born to a Member into the HealthChoices MA Managed Care Program effective the date of birth. The PCO is responsible for coverage of the inpatient *Normal Newborn* stay for the Member's baby. The PCO is not responsible for:

1. Physician services provided for the newborn.
2. An inpatient claim other than a *Normal Newborn* stay.
3. An inpatient claim for a complex newborn.
4. A metabolic screening.

5. Any medical product or service other than an inpatient *Normal Newborn* stay.

K. Change in Status

The PCO must report to the Department on a weekly Enrollment/Alert file the following: pregnancy (not on CIS), death, newborn (not on CIS) and return mail alerts in accordance with this Agreement.

The PCO must report to the appropriate CAO using the CAO notification form any changes in the status of families or individual Members within ten (10) Business Days of their becoming known. These changes include phone number, address, pregnancy, death and family addition/deletion. The PCO must include a detailed explanation of how the information was verified on the form.

L. Membership Files

1. Monthly File

The Department will provide an 834 Monthly Membership File for each PCO on the next to the last Saturday of each month. The file contains the Eligibility Period, PCO coverage, and other Beneficiary demographic information. The PCO must reconcile this membership file against its internal membership information and notify the Department of any discrepancies found within the data on the file within thirty (30) Business Days, in order to resolve problems.

Beneficiaries without an indication of prospective coverage will not be the responsibility of the PCO unless a subsequent 834 Daily Membership File indicates otherwise. Beneficiaries with an indication of future month coverage will not be the responsibility of the PCO if an 834 Daily Membership File received by the PCO prior to the beginning of the future month indicates otherwise.

2. Daily File

The Department will provide to the PCO an 834 Daily Membership File that contains records for each PCO member where data for that Member (contained in the 834 file layout) has changed that day. The file contains add, termination and change records, and demographic changes, eligibility changes, Enrollment changes, Members enrolled through the automatic assignment process, and TPL information. The PCO must process this file within 24 hours of receipt.

The PCO must reconcile this file against its internal membership information and notify the Department of any discrepancies within thirty (30) Business Days in order to resolve problems.

M. Enrollment and Disenrollment Updates

1. Weekly Enrollment/Alert Reconciliation File

The Department will provide, every week by electronic file transmission, information on Members enrolled or disenrolled from the PCO. This file also provides dispositions on alerts submitted by the PCO. The PCO must use this file to reconcile alerts submitted to the Department.

2. Disenrollment Effective Dates

Member Disenrollments will become effective on the date specified by the Department. The PCO must have written policies and procedures for complying with Disenrollment decisions made by the Department.

The PCO cannot disenroll Members, except as specified by the Department. Any requests for disenrollment made by Members must be referred to the Department.

N. PCO Identification Cards

The PCO must issue its own identification card to enrolled Members prior to coverage period.

O. Member Information

The PCO must provide information to its Members in a form that is easily understandable and complies with §2715 of the ACA (adding 42 U.S.C. §300gg-15 to the PHSA), 45 C.F.R. §146.20 and §2136 of the Insurance Company Law of 1921, 40 P.S. §991.2136 and 31 Pa. Code §154.16, including but not limited to language and format requirements.

P. External Review and Member Complaint and Grievance Processes

The PCO must comply with the external review process set forth in the §1001 of ACA (PHSA §2719) and 42 C.F.R. §147.136. Insofar as the complaint and grievance processes are not preempted by the ACA, the PCO must also comply with 40 P.S. §991.2141 et seq., relating to Complaints; 40 P.S. §991.2161 et seq. relating to grievances; 28 Pa.

Code §9.701 et seq. relating to complaints and grievances; and 31 Pa. Code §154.17 relating to complaints, for resolving and processing Member complaints and grievances. The PCO must require each of its subcontractors to comply with the same provisions.

Q. Provider Relations and Provider Dispute Resolution

The PCO and its Network Providers must have written provider agreements that comply with 28 Pa. Code §9.722 requirements.

The PCO must comply with 40 P.S. §991.2113 relating to medical gag clause prohibition.

The PCO must develop, implement, and maintain a Provider Dispute Resolution Process to insure that resolution of all issues regarding PCO Provider Contracts are handled between the PCO and the Provider and do not involve the Department.

R. Certification of Authority and County Operational Authority

The PCO must maintain a Certificate of Authority to operate as an HMO in Pennsylvania. The PCO must provide to the Department a copy of its Certificate of Authority upon request.

The PCO must also maintain operating authority in each county for each Region in which it has been approved to provide services. The PCO must provide to the Department a copy of the DOH correspondence granting operating authority for each county for each such Region upon request.

The PCO must report the loss of certification or authority to the Department immediately upon notification by the DOH or PID.

S. Administration

The PCO must comply with the program standards regarding PCO Administration.

1. Member Restriction Program

The PCO may implement a Member Restriction Program. The purpose of this Program is to identify Members that over-utilize or mis-utilize plan services. If implemented, the PCO will identify Members for this program through review of information such as medical and pharmacy claims data, diagnoses and other documentation such as medical records. The PCO may restrict Members to obtain services from a single designated provider for a period up to five (5) years. The

PCO must provide written notice of the restriction to the Member and the designated provider. The PCO must provide Members with an opportunity to change their designated provider within thirty (30) days of the request from the member.

2. Contracts and Subcontracts

PCO may use subcontractors to perform and/or arrange for the performance of services to be provided to Members. Any such subcontracts must be in writing and must specify the responsibilities and activities of the subcontractor.

The PCO must make all Subcontracts available to the Department based upon a request by the Department.

3. Records Retention

The PCO must retain program records, including financial records, supporting documents, statistical records and all other records relating to this Agreement for a period of five (5) years beyond expiration or termination of the Agreement, unless otherwise authorized by the Department. For those records relating to litigation or the settlement of claims arising out of performance or expenditures under this Agreement, the PCO shall retain these records until such litigation, claim, or exceptions have reached final disposition. Upon twenty-one (21) calendar days' notice from the Department, the PCO must provide copies of all requested records to the Department. This twenty-one (21) days period does not apply to records requested by the state or federal government for purposes of fiscal or other audits or Fraud and/or Abuse reviews. The retention requirements in this section do not apply to DPW-generated Remittance Advices.

4. Fraud and Abuse

a. The PCO must have a written fraud and abuse compliance plan that contains, at a minimum the following elements:

- Written policies, procedures, and standards of conduct that articulate the PCO's commitment to comply with all Federal and State requirements.
- The designation of a compliance officer and a compliance committee that are accountable to senior management.
- Effective training and education for the compliance officer and PCO employees.

- Effective lines of communication between the compliance officer and PCO employees.
- Enforcement of standards through well publicized disciplinary guidelines.
- Provisions for internal monitoring and auditing.
- Provisions for prompt response to detected offenses and the development of corrective action initiatives.

b. Fraud and Abuse Unit

The PCO must maintain a Fraud and Abuse unit within the organization comprised of experienced Fraud and Abuse reviewers. This unit shall have the primary purpose of preventing, detecting, investigating, and reporting suspected Fraud and Abuse that may be committed by Network Providers, Members, employees, or other third parties with whom the PCO contracts.

c. Procedure for Identifying Fraud and Abuse

The policies and procedures must also contain the following:

i. A description of the methodology and standard operating procedures used to identify and investigate Fraud and Abuse, including a method for verifying with Members whether services billed by Providers were received, and to recover overpayments or otherwise sanction Providers.

ii. A description of specific controls in place for Fraud and Abuse detection, including an explanation of the technology used to identify aberrant billing patterns, Claims edits, post processing review of Claims, and record reviews.

d. Education Plan

The PCO must create and disseminate written materials for the purpose of educating employees, managers, Providers, subcontractors and subcontractors' employees about health care Fraud laws, the PCO's policies and procedures for preventing and detecting Fraud and Abuse and the rights of employees to act as whistleblowers.

e. Duty to Cooperate with Oversight Agencies

The PCO must cooperate fully with oversight agencies responsible for Fraud and Abuse detection and prosecution activities. Such agencies include, but are not limited to, the Department, Office of

Attorney General's Medicaid Fraud Control Section, the Pennsylvania State Inspector General, the CMS Office of Inspector General, and the United States Justice Department. Such cooperation must include providing access to all necessary case information, computer files, and appropriate staff.

f. Prohibited Affiliations

The PCO may not knowingly have a Relationship with the following:

- An individual or entity who is barred, suspended, or otherwise excluded from participating in procurement activities under the Federal Acquisition Regulation, 48 CFR Parts 1-51, or from participating in non- procurement activities under regulations issued under Executive Order No. 12549 or under guidelines implementing Executive Order No. 12549.

- An individual who is an Affiliate.

The PCO may not employ or enter into any type of contractual or provider relationship with an individual or entity who is precluded from participation in a federally funded health care program.

The PCO must immediately notify the Department, in writing, if a Provider or subcontractor with whom the PCO has entered into an agreement is subsequently suspended, terminated or voluntarily withdraws from participation in the PCO as a result of suspected or confirmed Fraud or Abuse. The PCO must also immediately notify the Department, in writing, if it terminates or suspends an employee as a result of suspected or confirmed Fraud or Abuse. The PCO must inform the Department, in writing, of the specific underlying conduct that led to the suspension, termination, or voluntary withdrawal. Provider Agreements must carry notification of the prohibition and sanctions for submission of false Claims and statements.

g. Subcontracts

i. The PCO will require that all Network Providers and subcontractors take such actions as are necessary to permit the PCO to comply with the Fraud and Abuse requirements listed in this Agreement.

ii. To the extent that the PCO delegates oversight responsibilities to a third party (such as a Pharmacy Benefit Manager), the PCO must require that such third party complies with the Fraud and Abuse requirements listed in this Agreement.

iii. As part of its Contracting or Subcontracting, with the exception of Provider contracts, the PCO agrees that it must ensure that all subcontracts meet all applicable federal and state laws, regulations and requirements identified in this Agreement.

iv. The PCO agrees that its contracts with all subcontractors must be consistent, as may be applicable, with DOH regulations governing HMO Contracting with Integrated Delivery Systems at 28 Pa. Code §§9.721-9.725 and PID regulations at 31 Pa. Code §§ 301.301-301.314.

h. Reporting Requirements

The PCO shall submit fraud and abuse information to the state. At a minimum, the information must include the number of fraud and abuse complaints made to the PCO that warrant preliminary investigation and for each complaint, the identity and type of the provider, the source and nature of the complaint, the approximate dollars involved and the disposition of the complaint.

5. Management Information Systems

The PCO must have a comprehensive, automated and integrated health management information system (MIS) that is capable of meeting the requirements listed below and throughout this Agreement. The PCO must comply with Management Information System and System Performance Review Standards for MIS and Systems Performance Review (SPR) Standards provided by the Department on the Department's Intranet.

a. The PCO must have at a minimum the following components to its MIS or the capability to link to other systems containing this information: Membership, Provider, Claims processing, Authorization, reference files.

b. The PCO must have an MIS sufficient to support data reporting requirements specified in this Agreement.

c. The membership management system must have the capability to receive, update and maintain the PCO's

membership files consistent with information provided by the Department. The PCO must have the capability to provide daily updates of membership information to subcontractors or Providers with responsibility for processing Claims or authorizing services based on membership information.

d. The PCO's Provider file must be maintained with detailed information on each Provider sufficient to support Provider payment and also meet the Department's reporting and Encounter Data requirements.

e. The PCO's Claims processing system must have the capability to process Claims consistent with timeliness and accuracy requirements required by law.

f. The PCO's Authorization system must be linked with the Claims processing component.

g. The PCO's MIS must be able to maintain its Claims history with sufficient detail to meet all Department reporting and Encounter requirements.

h. The PCO must have sufficient telecommunication capabilities, including secured electronic mail, to meet the requirements of this Agreement.

i. The PCO must have the capability to electronically transfer data files with the Department and the EAP contractor. The PCO must use a secure FTP product that is compatible with the Department's product.

j. The PCO's MIS must be bi-directionally linked to the other Department operational systems listed in this Agreement, in order to ensure that data captured in Encounter records accurately matches data in Member, Provider, Claims and Authorization files, and in order to enable Encounter Data to be utilized for Member profiling, Provider profiling, Claims validation, Fraud and Abuse monitoring activities, and any other research and reporting purposes defined by the Department. The Encounter Data system must have a mechanism in place to receive and process the U277 and NCPDP response files; and to store the PROMISe ICN associated with each processed Encounter Data record returned on the files.

k. The PCO must comply with all applicable information technology standards as defined in the Department's Information Resource Management (IRM) Standards. This includes compliance with the IRM Business Partner Network Connectivity Provisioning Standards for connectivity to the Commonwealth's network. The current IRM Standards are available to the PCO via a secured Internet site. The PCO's MIS must be compatible with the Department's MIS. The PCO must also comply with the Department's Se-Government Data Exchange Standards as defined in the IRM Standards. In addition, the PCO must comply with any changes made to the IRM Standards. Whenever possible, the Department will provide advance notice of at least sixty (60) days prior to the implementation of MIS or IRM changes. For more complex changes, every effort will be made to provide additional notice.

l. At the Department's request, the PCO must be able to document its ability to expand Claims processing or MIS capacity as Member enrollment increases.

m. The PCO must designate staff with appropriate skill level and experience to participate in DPW directed development and implementation activities.

n. Subcontractors must meet the same MIS requirements as the PCO and the PCO will be held responsible for MIS errors or noncompliance resulting from the action of a subcontractor. The PCO must provide its subcontractors with the appropriate files and information to meet this requirement.

o. The PCO's MIS shall be subject to review and approval during the Department's Healthy Pennsylvania Readiness Review process as referenced in Section VI of this Agreement, Program Outcomes and Deliverables.

p. Prior to any major modifications to the PCO's MIS, including upgrades and/or new purchases, the PCO must inform the Department in writing of the potential changes. The PCO must include a work plan detailing recovery effort and use of parallel system testing.

q. The PCO must be able to accept and generate HIPAA compliant transactions as requested by Providers or the Department.

r. The PCO must have a disaster recovery plan in place, and written policies and procedures documenting the disaster recovery plan including information on system backup and recovery in the event of a disaster.

s. The PCO shall make all collected MIS data available to the Department and upon request, to CMS.

6. Department Access and Availability

The PCO must provide Department access to administrative policies and procedures pertaining to operations under this Agreement, including, but not limited to;

- Policies and procedures developed to ensure compliance with requirements under this Agreement.
- Operations policies and procedures.

The PCO must designate an appropriate staff member to act as the government liaison. The government liaison is the single point of contact with the Department.

T. Quality Assurance and Utilization Review Requirements

The PCO will comply with 28 Pa. Code §§9.654 and 9.674 regarding external quality assurance assessments. Upon submission of the annual DOH quality assurance and utilization review reports, the PCO must submit a copy to the Department for review and analysis by the Department's quality oversight personnel.

U. Mergers, Acquisitions, Mark, Insignia, Logo and Product Name

1. Mergers and Acquisitions

The Department must be notified at least forty-five (45) calendar days in advance of the legal effective date of a merger or acquisition of the PCO.

2. Mark, Insignia, Logo, and Product Name Changes

The PCO must submit mark, insignia, logo, and product name changes within thirty (30) calendar days of projected implementation.

V. Provider Network

The PCO must establish and maintain adequate Provider Networks to serve Members in the PCO Regions for which it has been approved. These Provider Networks must satisfy the requirements of 40 P.S. §991.2111 and 28 Pa. Code §§9.671-9.685 relating to availability and access to services. Provider Networks must include, but not be limited to: hospitals, specialty clinics, facilities for high-risk deliveries, specialists, physicians, pharmacies, emergency transportation services, long-term care facilities, rehabilitation facilities, home health agencies, certified hospice providers, DME suppliers, and Behavioral Health Providers in sufficient numbers to make available all services in a timely manner. The PCO will require each physician in its Network to have a unique identifier.

The PCO will comply with requirements at 40 P.S. §991.2121 and 28 Pa. Code §§9.761-.9.763 for provider credentialing. Upon request, the PCO must demonstrate that its Network Providers are credentialed.

The PCO must monitor its Network Providers to verify compliance with access standards and take corrective action if it identifies non-compliance.

For services within the scope of this Agreement, the PCO must provide for a second opinion from a qualified Network Provider or arrange for the Member to obtain a second opinion outside of the Provider Network at no cost to the Member.

The PCO will provide the Department with copies of DOH access reports including changes to its Network Providers as required by 28 Pa. Code §9.679.

W. Advance Directives

The PCO must maintain written policies and procedures with respect to advance directives as defined by 20 Pa. C.S. §5421 et seq. and must provide Members with written information concerning state law, included any limits regarding implementation as a matter of conscience. Within ninety (90) days of changes in state law, the PCO must update its information.

SECTION VI: PROGRAM OUTCOMES AND DELIVERABLES

The PCO must obtain Department's prior written approval of all systems, processes and materials prior to the operational date of the Initial Term and throughout the duration of the Agreement unless otherwise specified by the Department.

The Department may require the PCO to resubmit for Department approval previously approved Deliverables, as needed, to conform to the Agreement or applicable law. If the PCO makes changes to previously approved Deliverables, these Deliverables must be resubmitted for Department review and approval unless otherwise specified by the Department. Unless otherwise specified by the Department, previously approved deliverables remain in effect until approval of new versions.

The Department will conduct initial on-site Readiness Reviews, to determine the PCO's ability to comply with this Agreement. Upon request by the Department, as part of the readiness review, the PCO must provide detailed written descriptions of how the PCO will comply with Agreement requirements and standards. The Department may require additional Readiness Reviews during the course of the Agreement if the PCO systems and processes change substantially.

SECTION VII: FINANCIAL REQUIREMENTS

A. Financial Standards

As proof of financial responsibility and adequate protection against insolvency, the PCO agrees to the following requirements.

1. Net Worth Requirements and Solvency Protection

The PCO must comply with all financial standards and requirements included in this Agreement, in addition to those of the PID.

The PCO must maintain SAP-basis Net Worth equal to the highest of the amounts determined by the following "Three (3) Part Test" as of the last day of each calendar quarter:

- $10.00 million;
- 6.000% of revenue earned by the licensed HMO during the most recent four (4) calendar quarters; or
- 6.000% of revenue earned by the licensed HMO during the current quarter multiplied by three (3).

Revenue, for the purpose of the Net Worth requirement calculation, is defined as the total gross Direct Business Premiums, for all Pennsylvania lines of business, reported in Schedule T, "Premiums and Other Considerations," of the PID report.

For the purpose of this requirement, Net Worth amounts, as of the last day of each calendar quarter, shall be determined in accordance with statutory accounting principles as specified or accepted by the PID. The Department will accept PID determinations of Net Worth amounts, and in the absence of such determination, will rely on required financial statements filed by the PCO with PID to determine Net Worth amounts.

2. Risk Based Capital (RBC)

The RBC ratio is defined as the Total Adjusted Capital figure in Column 1 from the page titled Five Year Historical Data in the Annual Statement for the most recent year filed most recently with the PID divided by the Authorized Control Level Risk-based Capital figure.

The PCO must maintain a RBC ratio of 2.0.

3. Change in Independent Actuary or Independent Auditor

The PCO must notify the Department in writing within ten (10) calendar days when its contract with an independent auditor or actuary has ended. The notification must include the date of and reason for the change or termination. If the change or termination occurred as a result of a disagreement or dispute, the nature of the disagreement or dispute must be disclosed. In addition, the name of the replacement auditor or actuary, if any, must be provided.

4. Member Liability

The PCO is prohibited from holding a Member liable for the following:

a. Debts of the PCO in the event of the PCO's insolvency.

b. Services provided to the Member in the event of the PCO failing to receive payment from the Department for such services.

c. Services provided to the Member in the event of a Health Care Provider with a contractual, referral or other arrangement with the PCO failing to receive payment from the Department or the PCO for such services.

d. Payments to a Provider that furnishes compensable services under a contractual, referral or other arrangement with the PCO in excess of the amount that would be owed by the Member if the PCO had directly provided the services.

B. Commonwealth Capitation Payments

1. Payments for Services

The obligation of the Department to make payments shall be limited to Capitation payments and any other payments provided by this Agreement.

The PCO agrees that the Commonwealth or Department may set off the amount of any state tax liability or other obligation of the PCO or its subsidiaries to the Commonwealth against any payments due PCO under any contract or agreement with the Commonwealth or the Department.

a. Capitation Rates

i. The Department will pay the PCO based on a schedule of PMPM capitation rates.

ii. At a minimum the Department will annually propose a schedule of PMPM capitation rates to the PCO that will apply to a time period subsequent to the end date of the rate schedule in this Agreement, or that is intended to replace the schedule of rates in the Agreement. When new rates are proposed by the Department, the Department will make itself available to consider and discuss PCO input. The Department may choose to impose strict deadlines for a PCO proposal, completion of discussions, or PCO signature on an amendment that provides updated rates or other terms.

iii. The Department will risk adjust the rates provided by Appendix 3f, Capitation Rates, beginning January 2016, or at some later date determined by the Department. The Department will share detailed information with the PCO on the risk adjusted rate methodology. The PCO will accept capitation rates that are adjusted upward or downward, using rate adjustment factors computed by the Department, consistent with the risk adjustment methodology shared by the Department with the PCO.

b. Capitation Payments

i. The Department will divide the PMPM capitation rate to determine a per diem capitated rate. By the fifteenth (15) of each month the Department will make a per diem

capitated rate payment to the PCO, for each Member enrolled in the PCO, for the 1st day in the month the Member is enrolled in the PCO and for each subsequent day through and including the last day of the month. The Department will also make a payment to the PCO for each Member enrolled in the PCO on any day prior to the 1st day of the current month for which the Department has not previously made payment.

ii. The Department will not make a Capitation payment for a Member Month if the Department notifies the PCO before the first of the month that the individual's PCO eligibility or PCO Enrollment ends prior to the first of the month.

iii. The Department will recover Capitation payments made for Members who were later determined to be ineligible for the Healthy Pennsylvania Program for up to twelve (12) months after the service month for which payment was made. The Department will recover Capitation payments made for deceased Members for up to eighteen (18) months after the service month for which payment was made.

2. Program Changes

Amendments, revisions, or additions to state or federal regulations, laws, 1115 waiver submission, guidelines, or policies shall, insofar as they affect the scope or nature of benefits available to Beneficiaries, amend the PCO's obligations as specified herein, unless the Department notifies the PCO otherwise. The Department will inform the PCO of any changes, amendments, revisions, or additions.

If the scope of Beneficiaries or services, inclusive of limitations on those services that are the responsibility of the PCO is changed, the Department will determine whether the change is sufficient that an actuarial analysis might conclude that a rate change is appropriate. If yes, the Department will arrange for the actuarial analysis, and the Department will determine whether a rate change is appropriate. The Department will take into account the actuarial analysis, and the Department will consider input from the PCO, when making this determination. At a minimum, the Department will adjust the rates as necessary to maintain actuarial soundness of the rates. If the Department makes a change, the Department will provide the analysis used to determine the rate adjustment. If the scope of services or beneficiaries that are the responsibility of

the PCO is changed, upon request by the PCO, the Department will provide written information on whether the rates will be adjusted and how, along with an explanation for the Department's decision.

The Department will appropriately adjust the rates provided by Appendix 3f, Capitation Rates, to reflect change in an Assessment, Premium Tax, Gross Receipts Tax, or similar tax.

Capitation rates and any other payments made under the Agreement year will remain the same as rates for the previous Agreement Year, unless the Agreement is amended to provide different rates, and unless the rates are modified to reflect changes to the scope of services or beneficiaries in the manner described in the preceding paragraphs.

C. No Appeals Relating to Actuarially Sound Rates

By executing the Agreement, the PCO has had opportunity to review the rates set forth in Appendix 3f, Capitation Rates, and accepts the rates for the relevant Agreement period.

D. Other Financial Requirements

1. Retroactive Eligibility Period

The PCO shall not be responsible for any payments owed to Providers for services that were rendered prior to the effective date of a Member's Enrollment into the PCO.

2. In-Network Services

In-network services are services obtained from a Network Provider. The PCO must make timely payment for clean claims submitted by Network Providers in accordance with 40 P.S. §991.2166 and 31 Pa. Code §154.18.

Except as required by law, the PCO is not financially liable for services rendered to treat a non-emergency condition in a hospital emergency room.

4. Payments for Out-of-Network Providers

The PCO must pay non-participating providers as may be required by law and regulations, including but not limited to 40 P.S. §991.2116, Pa. Code §9.672 and 31 Pa. Code §154.14 relating to

emergency services, and 40 P.S. §991.2217 and 28 Pa. Code §§9.679 relating to access and 9.684 relating to continuity of care.

If the PCO chooses to cover out-of-network services, it assumes the full financial risk for these services.

4. Payments to FQHCs and Rural Health Centers (RHCs)

The PCO must provide Members access to FQHCs and RHCs within its Provider Network. The PCO must pay FQHCs and RHCs rates no less than the Fee-for-Service Prospective Payment System (PPS) rate(s), as determined by the Department. The PCO must include in its Provider Network every FQHC and RHC located within its Regions that are willing to accept PPS rates as payment in full.

5. Third Party Liability (TPL)

The PCO must comply with the TPL requirements.

a. Cost Avoidance Activities

i. The PCO must take measures to avoid initial payment of Claims, whenever possible, where federal or private insurance-type resources are available. The PCO must report all funds that are cost avoided to the Department via Encounter Data submissions. The use of the appropriate HIPAA 837 Loop(s) for Medicare and Other Insurance Paid (OIP) shall indicate that TPL has been pursued and the amount which has been cost-avoided.

ii. The PCO may not deny or delay approval of otherwise covered treatment or services based upon TPL considerations. The PCO may neither unreasonably delay payment nor deny payment of Claims unless the probable existence of TPL is established at the time the Claim is adjudicated.

b. Post-Payment Recoveries

i. Post-payment recoveries are categorized by (a) health-related insurance resources and (b) Other Resources. Health-related insurance resources are ERISA health benefit plans, Blue Cross/Blue Shield subscriber contracts, Medicare, private health

insurance, workers compensation, and health insurance contracts.

ii. The PCO must pursue, collect, and may retain recoveries of (1) claims involving Workers' Compensation or (2) claims where the liable party has improperly denied payment based upon either lack of a medically necessary determination or lack of coverage. The PCO must develop and implement cost-effective procedures to identify and pursue cases that are susceptible to collection through either legal action or traditional subrogation and collection procedures.

6. Requests for Additional Data

The PCO must provide, at the Department's request, such information not included in the Encounter Data submissions that may be necessary for the administration this Agreement.

7. Accessibility to TPL Data

The Department will provide the PCO with access to data maintained on the TPL file.

8. Audits

a. Annual Entity-Wide Financial Audit

The PCO shall provide to the Department a copy of its annual entity-wide financial audit, performed by an independent, licensed Certified Public Accountant. Such audit shall be made in accordance with Generally Accepted Auditing Standards. Such audit shall be submitted to the Office of Medical Assistance Programs (OMAP), Bureau of Managed Care Operations (BMCO) via email at FinancialGatekeeper@pa.gov within 30 days from the date the auditor signed the report.

b. Annual Private Coverage Financial Audit

The PCO shall bear the costs of an audit of its annual Financial Statements for its Healthy Pennsylvania Program Private Coverage plan. The audit must be performed by an independent, licensed Certified Public Accountant and shall be completed in accordance with Generally Accepted Government Auditing Standards. The contract audit shall be digitally submitted to

OMAP, BMCO, Division of Financial Analysis via email at FinancialGatekeeper@pa.gov no later than 180 days after the contract year has ended.

c. Other Financial and Performance Audits

The Department and other state and federal agencies and their authorized representatives may, at reasonable times, inspect the books, documents, papers and records and perform additional financial or performance audits or other reviews of the PCO, its subcontractors or providers.

9. Restitution

The PCO must make full and prompt restitution to the Department, as directed by the Department, for any payments received in excess of amounts due to the PCO under this Agreement whether such overpayment is discovered by the PCO, the Department, or a third party.

SECTION VIII: REPORTING REQUIREMENTS

The PCO must comply with state and federal reporting requirements that are set forth in this section and throughout the Agreement and Exhibit D.

Exhibit D to this Agreement details the reports required by the Department to enable oversight of the PCO. All specifications for reports, including but not limited to submission dates, content, data, etc. will be communicated to the PCO by the Department.

The Department may require additional ad hoc reports from the PCO as necessary to ensure compliance with federal and state laws, regulations and Department needs.

SECTION IX: REPRESENTATIONS AND WARRANTIES OF THE PCO

A. Accuracy of the Application

The PCO warrants that the representations made to the Department in the Application are true and correct and that all of the information submitted to the Department in or with the Application is accurate and complete in all material respects. The PCO agrees that such representations are continuing ones, and that it is the PCO's obligation to notify the Department within ten (10) Business Days, of any material fact, event, or condition which arises or is discovered subsequent to the date of the PCO's submission of the

Application, which affects the truth, accuracy, or completeness of such representations.

B. Disclosure of Interests

The PCO must disclose to the Department, in writing, the name of any person or entity having a direct or indirect ownership or control interest of five percent (5%) or more in the PCO. The PCO must inform the Department, in writing, of any change in or addition to the ownership or control of the PCO. Such disclosure must be made within thirty (30) days of any change or addition. The PCO agrees that failure to comply with this provision in any material respect, or making of any misrepresentation which would cause the PCO to be precluded from participation in the Healthy Pennsylvania Program, shall entitle the Department to recover all payments made to the PCO subsequent to the date of the misrepresentation.

C. Disclosure of Change in Circumstances

The PCO will report to the Department, as well as the DOH and PID, within ten (10) Business Days of when the PCO becomes aware of any change in circumstances that may have a material adverse effect upon financial or operational conditions of the PCO or PCO's parent(s). Such reporting must be provided upon the occurrence of, by way of example and without limitation, the following events, any of which must be presumed to be material and adverse:

1. Suspension or debarment of PCO, PCO's parent(s), or any Affiliate or Related Party of either, by any state or the federal government;

2. Knowingly having a person act as a director, officer, partner or person with beneficial ownership of more than five percent (5%) of the PCO's Equity who has been debarred from participating in federal procurement activities under federal regulations.

3. Notice of suspension or debarment or notice of an intent to suspend/debar issued by any state or the federal government to PCO, PCO's parent(s), or any Affiliate or Related Party of either; and

4. Any new or previously undisclosed lawsuits or investigations by any federal or state agency involving PCO, PCO’s parent(s), or any Affiliate or Related Party of either, which would have a material impact upon the PCO’s financial condition or ability to perform under this Agreement.

SECTION X: CONFIDENTIALITY

A. The PCO must comply with all applicable federal and state laws regarding the confidentiality of protected health information. The PCO must require all of its subcontractors to comply with all applicable federal and state laws regarding the confidentiality of protected health information. The PCO must comply with the Management Information System and System Performance Review (SPR) Standards, available on the Department's Intranet, regarding maintaining confidentiality of data. The federal and state laws with regard to confidentiality of protected health information include, but are not limited to: Mental Health Procedures Act, 50 P.S. 7101 et seq.; Confidentiality of HIV-Related Information Act, 35 P.S. 7601 et seq.; 45 CFR Parts 160 and 164 (HIPAA Standards for Privacy of Individually Identifiable Health Information); Pennsylvania Drug and Alcohol Abuse Control Act, 71 P.S. 1690.101 et seq.; 42 U.S.C. 1396a(a)(7); 62 P.S. §404; 31 Pa. Code Ch. 146b; 55 Pa. Code §105.1 et seq.; and 42 CFR §431.300 et seq.

B. The PCO is liable for any state or federal fines, financial penalties, or damages levied upon the Department for a breach of confidentiality due to the improper release of protected health information or intentional conduct of the PCO in relation to the PCO's systems, staff, or other area of responsibility.

C. The PCO will return all data and material obtained in connection with this Agreement and the implementation thereof, including confidential data and material, at the Department's request. No material may be used by the PCO for any purpose after the expiration or termination of this Agreement. The PCO also agrees to transfer all such information to a subsequent PCO at the direction of the Department.

D. The PCO considers the following to be confidential information; its financial reports and information, marketing plans, Provider rates, trade secrets, information or materials relating to the PCO's software, databases or technology, and information or materials licensed from, or otherwise subject to contractual nondisclosure rights of third parties, which would be harmful to the PCO's competitive position. This information shall not be disclosed by the Department to other parties except as required by law or except as may be determined by the Department to be related to the administration and operation of the Healthy Pennsylvania Program. The Department will notify the PCO when it determines that disclosure of information is necessary for the administration of the Healthy Pennsylvania Program. The PCO will be given the opportunity to respond to such a determination prior to the disclosure of the information.

The PCO is entitled to receive all information relating to the health status of its Members in accordance with applicable confidentiality laws.

E. The Department may elect from time to time to share with the PCO an internal Business Requirements Document (BRD) or an internal Business Design Document (BDD). The Department may also elect to share Fee-for-Service (FFS) inpatient hospital rates and cost-to-charge ratio information with the PCO. The PCO shall not use this information for a purpose other than support for the PCO's mission to perform its responsibilities per its Agreements with the Department and related responsibilities provided by law. The PCO may share a BRD, a BDD, or the FFS inpatient hospital rates and cost-to-charge ratio information provided by the Department with another party, provided that the other party does not use the information for a purpose other than support for the PCO's mission to perform its responsibilities per this Agreement and any other related responsibilities provided by law

SECTION XI: GENERAL

A. Rights of the Department and the PCO

The rights and remedies of the Department provided herein shall not be exclusive and are in addition to any rights and remedies provided by law.

Except as otherwise stated in Appendix A, Terms and Conditions, the rights and remedies of the PCO provided herein shall not be exclusive and are in addition to any rights and remedies provided by law.

B. Waiver

No waiver by either party of a breach or default of this Agreement shall be considered as a waiver of any other or subsequent breach or default.

C. Invalid Provisions

Any provision of this Agreement which is in violation of any state or federal law or regulation shall be deemed amended to conform with such law or regulation, pursuant to the terms of this Agreement, except that if such change would materially and substantially alter the obligations of the parties under this Agreement, any such provision shall be renegotiated by the parties. The invalidity or unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other terms or provisions hereof.

D. Notice

Any written notice to any party under this Agreement shall be deemed sufficient if delivered personally, or by facsimile, telecopy, electronic or digital transmission (provided such delivery is confirmed), or by recognized overnight courier service (e.g., UPS, Federal Express, etc.), with confirmed receipt, or by

certified or registered United States mail, postage prepaid, return receipt requested, sent to the address set forth below or to such other address as such party may designate by notice given pursuant to this section:

To the Department via U.S. Mail:

Department of Public Welfare
Director, Bureau of Managed Care Operations
P.O. Box 2675
Cherry Wood Building # 33, 2nd Floor
DGS Annex Complex
Harrisburg, Pennsylvania 17105

To the Department via UPS, FedEx, DHL or other delivery service:

Department of Public Welfare
Director, Bureau of Managed Care Operations
Cherry Wood Building # 33, 2nd Floor
49 Beech Drive
DGS Annex Complex
Harrisburg, Pennsylvania 17110

With a Copy to:

Department of Public Welfare
Office of Legal Counsel
3rd Floor West, Health and Welfare Building
Forster and 7th Street
Harrisburg, Pennsylvania 17120
Attention: Chief Counsel

To the PCO.

E. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original for all purposes, and all of which, when taken together shall constitute but one and the same instrument.

F. Headings

The section headings used herein are for reference and convenience only, and shall not enter into the interpretation of this Agreement.

G. No Third Party Beneficiaries

This Agreement does not, nor is it intended to, create any rights, benefits, or interest to any third party, person, or organization.

This draft HPA Agreement Appendix 3d has been updated April 28, 2014.

APPENDIX 3d

Risk Corridor

This Appendix establishes a risk corridor arrangement (Arrangement) between the Department and the PCO.

I. Covered Members

This Arrangement applies collectively to all Members included in the PCO in all Regions.

II. Covered Costs

Covered Costs include the cost of all medical products and services paid by the PCO for this population. Non-medical products and services, including administrative services and the cost of taxes, are not covered by this Arrangement.

III. Payment by the PCO to the Department

For each calendar Agreement year, the PCO will pay the Department an amount equal to 80.0 percent (80.0%) of the excess between 85.0 percent (85.0%) of the revenue paid or payable per this Agreement specific to the Agreement year, less the actual medical cost paid by the PCO for this population for the same calendar Agreement year. This paragraph does not apply if the following paragraph is applicable.

If the PCO had an Agreement with the Department to cover this population in the previous calendar year, and if the previous year's medical costs paid by the PCO for this population were greater than 85.0 percent (85.0%) of the revenue paid or payable by the Department per this Agreement specific to the Agreement year, then the PCO will pay the Department an amount equal to 80.0 percent (80.0%) of the excess between 85.0 percent (85.0%) of the revenue specific to both this and the previous calendar Agreement years less the actual medical cost paid by the PCO for this population specific to both this and the previous calendar Agreement years.

Revenue is defined as the total payments paid or payable by the Commonwealth to the PCO per this Agreement for the applicable program period.

IV. Payment by the Department to the PCO

The Department will pay the PCO an amount equal to 80.0 percent (80.0%) of the amount by which the actual medical cost paid by the PCO for this population specific to this Agreement year exceeds 95.0 percent (95.0%) of the revenue paid or payable by the Department specific to this Agreement year. Exception: The Department will have no obligation specific to this Agreement Year if the actual medical cost paid by the PCO for this population specific to the previous Agreement year was less than 85.0 percent (85.0%) of the revenue paid or payable by the Department specific to the previous

Agreement year.

V. Calculation of Payment by the PCO to the Department

The Department will perform the calculations in this section for each calendar Agreement year to determine an obligation by the PCO to the Department.

A. The Department will perform this calculation to determine whether an obligation might apply:

	Medical costs paid for dates of service within this calendar Agreement year
Divided by	Revenue for this calendar Agreement year
Equals	Medical Loss Ratio

If the Medical Loss Ratio equals or exceeds 85.0 percent (85.0%), the PCO has no obligation to the Department. In this event, sections B and C below are not applicable.

B. The Department will perform this calculation for the initial calendar Agreement year. The Department will also perform this calculation for each subsequent calendar Agreement year if the Medical Loss Ratio for the previous calendar Agreement year was less than 85.0 percent (85.0%).

	Revenue for this calendar Agreement year
Multiplied by	0.85
Equals	Minimum medical expense figure
Less	Medical costs paid for dates of service within this calendar Agreement year
Equals	Excess revenue received
Multiplied by	0.80
Equals	Total Due to Department

C. The Department will perform this calculation for each subsequent calendar Agreement year if the Medical Loss Ratio for the previous calendar Agreement year was greater 85.0 percent (85.0%).

	Revenue for this calendar Agreement year and the previous calendar Agreement year
Multiplied by	0.85
Equals	Minimum medical expense figure
Less	Medical costs paid for dates of service within this calendar Agreement year and the previous calendar Agreement year
Equals	Excess revenue received
Multiplied by	0.80

Equals	Total Due to Department

VI. Calculation of Payment by the Department to the PCO

The Department will perform the calculations in this section for each calendar Agreement year to determine an obligation by the Department to the PCO.

A. The Department will perform this calculation to determine whether an obligation might apply:

	Medical costs paid for dates of service within the previous calendar Agreement year
Divided by	Revenue paid or payable by the Department specific to the previous calendar Agreement year
Equals	Medical Loss Ratio for the Previous Calendar Agreement Year

If the Medical Loss Ratio for the Previous Calendar Agreement Year is less than 85.0 percent (85.0%), the Department has no obligation to the PCO. In this event, section B below is not applicable.

B. The Department will perform this calculation for each calendar Agreement year, unless it is not applicable per section VI.A above.

	Revenue paid or payable by the Department specific to this calendar Agreement year
Multiplied by	0.95
Equals	Medical Expense Threshold
	Medical costs paid for dates of service within this calendar Agreement Year
Minus	Medical Expense Threshold
Multiplied by	0.80
Equals	Total Due to PCO, if this is a positive number

If the Total Due to PCO is a positive number, the Department has an obligation to the PCO in this amount.

VII. Claims Notification

The Department will determine the data source for calculations. Upon request, the PCO will provide a file that includes information specified by the Department.

Only those claims paid by the PCO will be included in the reimbursement calculation. There will be no allowance made for any claims that were incurred by the PCO but were

not paid. The Department will utilize information on claims paid through November 30 of the following year at a minimum. The Department will include in a calculation of medical costs the capitation payments made by the PCO for medical products and services.

VIII. Payments

The PCO must submit payment to the Department within fifteen calendar days of the date of notification of the PCO's obligation to the Department, as identified above. Alternatively, the Department may choose to recover any obligation due from the PCO by offsetting a subsequent monthly capitation payment.

If the Department has an obligation to the PCO, it will initiate payment within fifteen calendar days after final determination.

Exhibit A

TERMS AND CONDITIONS

1. INDEPENDENT CONTRACTOR

In performing the services required by the Agreement, the PCO will act as an independent contractor and not as an employee or agent of the Commonwealth.

2. COMPLIANCE WITH LAW

The PCO shall comply with all applicable federal and state laws and regulations and local ordinances in the performance of the Agreement.

3. ENVIRONMENTAL PROVISIONS

The PCO shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations, including, but not limited to, the Clean Air Act, 42 U.S.C. §7401 et seq; the Water Pollution Control Act, 33 U.S.C. §1251 et seq.; the Clean Streams Law Act, 35 P.S. §691.601 et seq.; the Pennsylvania Solid Waste Management Act, 35 P.S. §6018.101 et seq.; and the Dam Safety and Encroachment Act, 32 P.S. §693.1.

4. COMPENSATION/EXPENSES

The PCO must perform the specified services at the price(s) in the Agreement. All services shall be performed within the time period(s) specified in the Agreement. The PCO shall be compensated only for work performed to the satisfaction of the Commonwealth. The PCO shall not be allowed or paid travel or per diem expenses.

5. TAXES

The Commonwealth is exempt from all excise taxes imposed by the Internal Revenue Service and has accordingly registered with the Internal Revenue Service to make tax free purchases under Registration No. 23740001-K. No exemption certificates are required and none will be issued. The Commonwealth is also exempt from Pennsylvania state sales tax, local sales tax, public transportation assistance taxes and fees and vehicle rental tax. The Department of Revenue regulations provide that exemption certificates are not required for sales made to governmental entities and none will be issued.

6. PATENT, COPYRIGHT, AND TRADEMARK INDEMNITY

The PCO warrants that it is the sole owner or author of, or has entered into a suitable legal agreement concerning either: a) the design of any product or process provided or used in the performance of the Agreement which is covered by a patent, copyright, or trademark registration or other right duly authorized by state or federal law or b) any copyrighted matter in any report document or other material provided to the commonwealth under the Agreement. The PCO shall defend any suit or proceeding brought against the Commonwealth on account of any alleged patent, copyright or trademark infringement in the United States of any of the products provided or used in the performance of the Agreement. This is upon condition that the Commonwealth shall provide prompt notification in writing of such suit or proceeding; full right, authorization and opportunity to conduct the defense thereof; and full information and all reasonable cooperation for the defense of same. As principles of governmental or public law are involved, the Commonwealth may participate in or choose to conduct, in its sole discretion, the defense of any such action. If information and assistance are furnished by the Commonwealth at the PCO's written request, it shall be at the PCO's expense, but the responsibility for such expense shall be only that within the PCO's written authorization. The PCO shall indemnify and hold the Commonwealth harmless from all damages, costs, and expenses, including attorney's fees that the PCO or the Commonwealth may pay or incur by reason of any infringement or violation of the rights occurring to any holder of copyright, trademark, or patent interests and rights in any products provided or used in the performance of the Agreement. If any of the products provided by the PCO in such suit or proceeding are held to constitute infringement and the use is enjoined, the PCO shall, at its own expense and at its option, either procure the right to continue use of such infringement products, replace them with non-infringement equal

performance products or modify them so that they are no longer infringing. If the PCO is unable to do any of the preceding, The PCO will remove all the equipment or software which are obtained contemporaneously with the infringing product, or, at the option of the Commonwealth, only those items of equipment or software which are held to be infringing, and to pay the Commonwealth: 1) any amounts paid by the Commonwealth towards the purchase of the product, less straight line depreciation; 2) any license fee paid by the Commonwealth for the use of any software, less an amount for the period of usage; and 3) the pro rata portion of any maintenance fee representing the time remaining in any period of maintenance paid for. The obligations of the PCO under this paragraph continue without time limit. No costs or expenses shall be incurred for the account of the PCO without its written consent.

7. OWNERSHIP RIGHTS

The Commonwealth shall have unrestricted authority to reproduce, distribute, and use any submitted report, data, or material, and any software or modifications and any associated documentation that is designed or developed and delivered to the Commonwealth as part of the performance of the Agreement.

8. ASSIGNMENT OF ANTITRUST CLAIMS

The PCO and the Commonwealth recognize that in actual economic practice, overcharges by the PCO's suppliers resulting from violations of state or federal antitrust laws are in fact borne by the Commonwealth. As part of the consideration for the award of the Agreement, and intending to be legally bound, the PCO assigns to the Commonwealth all right, title and interest in and to any claims the PCO now has, or may acquire, under state or federal antitrust laws relating to the products and services which are the subject of this Agreement.

9. HOLD HARMLESS/INDEMNIFICATION

The PCO shall hold the Commonwealth harmless from and indemnify the Department and the Commonwealth and their respective employees, agents, and representatives against any and all liabilities, losses, settlements, claims, demands and actions based upon or arising out of any activities performed by the PCO and its employees and agents under this Agreement and shall, at the request of the Commonwealth, defend any and all actions brought against the Commonwealth based upon any such claims or demands. This provision includes but is not limited to any and all liabilities, losses, settlements, claims, demands and actions based upon or arising out of disputes of any kind between the PCO and its subcontractors with Members, agents, clients, or any defamation, malpractice, Fraud, negligence, or intentional misconduct caused or alleged to have been caused by the PCO or its agents, subcontractors, employees, or representatives in the performance or omission of any act or responsibility assumed by the PCO pursuant to this Agreement. The Commonwealth or the Department must give the PCO prompt notice of any such claim of which it learns. Pursuant to the Commonwealth Attorneys Act (71 P.S. Section 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense. If OAG delegates the defense to the Contractor, the Commonwealth will cooperate with all reasonable requests of Contractor made in the defense of such suits

The PCO must indemnify and hold harmless the Department and the Commonwealth of Pennsylvania from any audit disallowance imposed by the federal government resulting from the PCO's failure to follow state or federal rules, regulations, or procedures unless prior authorization was given by the Department. The Department shall provide timely notice of any disallowance to the PCO and allow the PCOI an opportunity to participate in the disallowance appeal process and any subsequent judicial review to the extent permitted by law. Any payment required under this provision shall be due from the PCO upon notice from the Department. The indemnification provision hereunder shall not extend to disallowances which result from a determination by the federal government that the terms of this Agreement are not in accordance with federal law.

Notwithstanding the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld. The Commonwealth may, in its sole discretion, allow the Contractor to control the defense and any related settlement negotiations

The obligations under this paragraph shall survive termination or expiration of this Agreement.

10. DEFAULT

a. The Commonwealth may, subject to the provisions of Paragraph 11, Force Majeure, and in addition to its other rights under the Agreement, declare the PCO in default by written notice thereof to the PCO, and may impose intermediate sanctions (as provided in Paragraph 12 Sanctions) and may terminate (as provided in Paragraph 13, Termination Provisions, the whole or part of this Agreement for any of the following reasons:

1) Breach of a material provision of this Agreement;
2) Failure to meet applicable requirements of 42 U.S.C. §1396b(m) or §1396u-4;
3) Substantial failure to provide essential health benefit services that the PCO is required to provide under law or this Agreement to a Member;
4) Imposing premiums or charges on Members in excess of those permitted under the Healthy Pennsylvania Program;
5) Discrimination against a Beneficiary or Member based on health status or need for health care services
6) Misrepresentation or falsification of information furnished to CMS, the Department, Members, Beneficiaries or health care providers;
7) Distribution of marketing materials, either directly or indirectly, that that contain false or materially misleading information;
8) Failure to comply with requirements of 28 Pa.Code §9.722(f)regarding physician payments;
9) Failure to comply with financial requirements of section VII.A. of this Agreement.
10) Failure to maintain valid joint DOH and PID Certificate of Authority as an HMO;
11) Notification that the PCO's authority to operate is subject to suspension, revocation or sanctions or that the authority has been suspended, limited or revoked;
12) Failure to maintain DOH County Operational Authority;
13) Failure to maintain compliance with applicable federal and state laws regulating health insurance coverage in the individual market;
14) The commission of an act of theft or fraud against the Department, any state agency or the federal government;
15) Suspension, debarment or preclusion from participation in a federally funded health care program of the PCO, the PCO's Affiliates, a director, officer, partner of the PCO or a person with an ownership interest in the PCO of 5% or more;
16) Adverse material change in circumstances as described in Section IX.C of this Agreement relating to Disclosure of Change in Circumstances.

b. DPW will provide the PCO with written notice of a default which provides for a period of forty-five (45) days in which to implement corrective action and cure the deficiency. If corrective action is not implemented to the satisfaction of Department within the forty-five (45) day cure period or such longer period as may be approved by the Department, Department may terminate the Agreement as provided in Paragraph #13 Termination. .

c DPW will not provide the PCO with an opportunity to cure and may instead proceed directly under the Agreement's Termination provisions for deficiencies described in Subparagraphs 11.a.10 relating to the PCO's Certificate of Authority, 10.a.11 relating to suspension, revocations or sanction of operating authority,10.a.12 relating to county operational authority, 10.a.13 compliance with health insurance laws, 10.a.14 relating to theft or fraud, and 10.a.15 relating only to suspension, debarment or preclusion of PCO.

d. In the event that the Department terminates this Agreement in whole or in part as provided in Subparagraph a., the Department may procure, upon such terms and in such manner as it determines, services similar or identical to those so terminated, and the PCO shall be liable for any reasonable excess costs for such similar or identical services included within the terminated part of the Agreement.

e. If the Agreement is terminated as provided in Subparagraph a. above, the Department, in addition to any other rights, may require the PCO to transfer title and deliver immediately in the manner directed by the Department, such partially completed work, including, where applicable, reports, working papers and other documentation, as the PCO has specifically produced or specifically acquired for the performance of the Agreement. Except as provided below, payment for completed work accepted by the Department shall be at the Agreement price. Except as provided below, payment for partially completed work including, where applicable, reports and working papers, delivered to and accepted by the Commonwealth shall be in an amount agreed upon by the PCO and Project Officer. The Department may withhold from amounts otherwise due the PCO for such completed or partially completed works, such sum as the Project Officer determines to be necessary to protect the Commonwealth against loss.

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

g. The Commonwealth's failure to exercise any rights or remedies provided in this paragraph shall not be construed to be a waiver by the Commonwealth of its rights and remedies in regard to the event of default or any succeeding event of default.

11. FORCE MAJEURE

Neither party will incur liability to the other if its performance of any obligation under this Agreement is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but are not limited to, acts of God or war, changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes.

The PCO shall notify the Department orally within five (5) days and in writing within ten (10) days of the date on which the PCO becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe such cause(s) and its effect on performance, (ii) state whether performance under the Agreement is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The PCO shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as the Department may reasonably request. After receipt of such notification, the Department may elect to cancel the Agreement or to extend the time for performance as reasonably necessary.

In the event of a declared emergency by competent governmental authorities, the Commonwealth by notice to the PCO, may suspend all or a portion of the Agreement.

12. SANCTIONS

In addition to Termination as provided under Section 13, the Department may impose the following intermediate sanctions when it determines that a PCO is in default as described in Subparagraphs 10.a.2 relating to applicable requirements of 42 U.S.C. §§1396b(m) or §1396u-4; 10.a.3 relating to provision of essential health benefit services; 10.a.4 relating to imposition of premiums or charges; 10.a.5 relating to Member discrimination; 10.a.6 relating to misrepresentation or falsification of information; 10.a.7 relating to marketing materials and 10.a.8 relating to physician payments:

a. Imposing civil monetary penalties of a minimum of $1000 per day for noncompliance up to the limits describe in 42 C.F.R. §438.704;

b. Submission of a corrective action plan;

c. Limitations on enrollment of new Beneficiaries;

d. Suspension of payments for Members enrolled after the effective date of the sanction.

13. TERMINATION PROVISIONS

The Commonwealth has the right to terminate this Agreement for any of the following reasons.

a. **TERMINATION FOR CONVENIENCE UPON NOTICE:** The Department shall have the right to terminate this Agreement for its convenience if the Department determines termination to be in its best interest upon giving one hundred twenty (120) days advance written notice to the PCO. The effective date of the termination shall be the last day of the month in which the one hundred twentieth (120th) day falls. This 120-day requirement shall not apply if the Agreement being terminated is replaced by another agreement with the PCO to operate a Healthy Pennsylvania Program in the same Regions.

b. **NON-APPROPRIATION OR NON-APPROVAL:** The Department's obligation to make payments during any state fiscal year succeeding the current fiscal year is subject to the availability and appropriation of funds. When funds (state or federal) are not appropriated or made available to support continuation of performance in a subsequent fiscal year period,

the Department shall have the right to terminate the Agreement. The Department may terminate this Agreement immediately upon the occurrence of any of the following events:

(1) Notification by CMS of the withdrawal of Federal Financial Participation (FFP) for all or part of the costs of this Agreement;
(2) Notification of an unavailability of funds for the Healthy Pennsylvania Program;
(3) Notification that the federal approvals necessary for the Healthy Pennsylvania Program will not be provided or will not be retained;

c. **TERMINATION FOR CAUSE:** The Department shall have the right to terminate the Agreement pursuant to Section 11, Default, upon written notice to the PCO. The Department shall also have the right, upon written notice to the PCO, to terminate the Agreement for other cause as specified in this Agreement or by law. If it is later determined that the Commonwealth erred in terminating the Agreement for cause, then, at the Commonwealth's discretion, the Agreement shall be deemed to have been terminated for convenience under the Subparagraph 14.a. relating to termination for convenience.

d. **TERMINATION BY THE PCO:** The PCO may terminate this Agreement, in whole or part, effective December 31 of any Agreement year following six (6) months advance written notice to the Department of its intent to partially or discontinue participation in the Healthy Pennsylvania Program.

14. RESPONSIBILITIES UPON TERMINATION OR EXPIRATION OF AGREEMENT

a. **CONTINUING OBLIGATIONS**: For services or items rendered prior to the expiration or termination of the Agreement, the PCO's obligations under this Agreement and the Department's obligation to pay survive the termination or expiration of the Agreement. The PCO's obligations include but are not limited to:

(1) Record retention and access requirements;
(2) Being responsible for Claims other than Claims for inpatient hospital services with dates of services through and including the day of termination or expiration;
(3) Being responsible for Claims for inpatient hospital services through the date of discharge or thirty-one (31) days after termination or expiration of the Agreement, whichever is earlier;
(4) Being responsible for services rendered through and including the day of expiration or termination for which payment has been denied and subsequently approved;
(5) Being responsible for services requested prior to the expiration or termination of the Agreement that are subject to an internal claims and appeal, an external review process, or a grievance and are subsequently approved through the review or grievance process;
(6) Arranging for the orderly transfer or Member care and records, including the coordination of care for those Members undergoing treatment for an acute condition;
(7) Provide the Department with outstanding Encounter Data

b. **NOTICE TO MEMBERS**: If no subsequent agreement with the PCO is effective, if practical, the PCO must notify Members of the termination or expiration of this Agreement at least forty-five (45) prior to the date of termination or expiration.

c. **TRANSITION OF RESPONSIBILITIES**: Upon termination of the Agreement and with the consent of the non-terminated PCO, the Department may transfer the PCO's Members to another PCO operating in the applicable Region. During the final quarter of this Agreement, the PCO will work cooperatively and supply information to the Department and any successor PCO.

d. **PAYMENT UPON TERMINATION**: If either party terminates this Agreement, the Department will withhold ten percent (10%) of one month capitation payment due the PCO. Once the Department has determined that the PCO has substantially complies with the requirements of this section, it will pay the withheld amount to the PCO. The Department will notify the PCO of its determination by the first (1st) day of the fifth (5th) month after the termination of the Agreement. If the Department determines that the PCO has not substantially complied, the Department will notify the PCO of its subsequent determinations by the first (1st) day of each

subsequent month.

15. ASSIGNABILITY AND SUBCONTRACTING

a. Subject to the terms and conditions of this Paragraph 20, this Agreement shall be binding upon the parties and their respective successors and assigns.

b. The PCO shall not subcontract with any person or entity to perform all or any part of the work to be performed under this Agreement without the prior written consent of the Project Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.

c. The PCO may not assign, in whole or in part, this Agreement or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of the Project Officer, which consent may be withheld at the sole and absolute discretion of the Project Officer.

d. Notwithstanding the foregoing, the PCO may, without the consent of the Project Officer, assign its rights to payment to be received under the Agreement, provided that the PCO provides written notice of such assignment to the Project Officer together with a written acknowledgement from the assignee that any such payments are subject to all of the terms and conditions of this Agreement.

e. For the purposes of this Agreement, the term "assign" shall include, but shall not be limited to, the sale, gift, assignment, pledge, or other transfer of any ownership interest in the PCO provided, however, that the term shall not apply to the sale or other transfer of stock of a publicly traded company.

f. Any assignment consented to by the Project Officer shall be evidenced by a written assignment agreement executed by the PCO and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of the Agreement and to assume the duties, obligations, and responsibilities being assigned.

g. A change of name by the PCO, following which the PCO's federal identification number remains unchanged, shall not be considered to be an assignment hereunder. The PCO shall give the Contracting Officer written notice of any such change of name.

16. NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of the Agreement, the PCO will:

a. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the Agreement or any subcontract, the PCO, each subcontractor, or any person acting on behalf of the PCO or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

b. Neither the PCO nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the Agreement on account of gender, race, creed, or color.

c. The PCO and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.

d. The PCO and each subcontractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the Agreement relates.

e. The PCO and each subcontractor shall, within the time periods requested by the Commonwealth, furnish all necessary employment documents and records and permit access to their books, records, and accounts by the contracting agency and the Bureau of Small Diverse Business Opportunities (BDBO), for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. Within fifteen (15) days after award of any Agreement, the PCO shall be required to complete, sign and submit Form STD-21, the "Initial Contract Compliance Data" form. If the contract is a construction contract, then the Contractor shall be required to complete, sign and submit Form STD-28, the "Monthly Contract Compliance Report for Construction Contractors", each month no later than the 15th of the month following the reporting period beginning with the initial job conference and continuing through the completion of the project. Those contractors who have fewer than five employees or whose employees are all from the same family or who have completed the Form STD-21 within the past 12 months may, within the 15 days, request an exemption from the Form STD-21 submission requirement from the contracting agency.

f. The PCO shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.

g. The Commonwealth may cancel or terminate the Agreement and all money due or to become due under the Agreement may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the PCO in the Contractor Responsibility File.

17. INTEGRITY PROVISIONS

It is essential that those who seek to contract with the Commonwealth observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth procurement process. In furtherance of this policy, the PCO agrees to the following:

a. The PCO shall maintain the highest standards of honesty and integrity during the performance of this Agreement and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to the PCO or that govern procurement by the Commonwealth.

b. The PCO shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to the PCO employee activity with the Commonwealth and Commonwealth employees, and which is distributed and made known to all the PCO employees.

c. The PCO, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq*.; the *State Adverse Interest Act, 71 P.S. §776.1 et seq*.; and the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq*., or to breach any other state or federal law or regulation.

d. The PCO, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person at the direction or request of any Commonwealth official or employee.

e. The PCO, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.

f. The PCO, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any Commonwealth official or employee.

g. The PCO, its affiliates, agents, employees, or anyone in privity with him or her shall not accept or agree to accept from any person, any gratuity in connection with the performance of work

under the Agreement, except as provided in the Agreement.

h. The PCO shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to the PCO's financial interest prior to Commonwealth execution of the Agreement. The PCO shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than the PCO's submission of the Agreement signed by the PCO.

i. The PCO, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, the PCO under this Agreement without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104*, or other applicable law or as otherwise provided in this Agreement. Any information, documents, reports, data, or records secured by the PCO from the Commonwealth or a third party in connection with the performance of this contract shall be kept confidential unless disclosure of such information is:

1) Approved in writing by the Commonwealth prior to its disclosure; or
2) Directed by a court or other tribunal of competent jurisdiction unless the Agreement requires prior Commonwealth approval; or
3) Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
4) Necessary for purposes of the PCO's internal assessment and review; or
5) Deemed necessary by the PCO in any action to enforce the provisions of this Agreement or to defend or prosecute claims by or against parties other than the Commonwealth; or
6) Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain: or
7) Otherwise required by law.

j. The PCO certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the Commonwealth agency contracting officer in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:

1) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
2) Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by the PCO or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:

    a) obtaining;
    b) attempting to obtain; or
    c) performing a public contract or subcontract.

    The PCO's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.

3) Violation of federal or state antitrust statutes.
4) Violation of any federal or state law regulating campaign contributions.
5) Violation of any federal or state environmental law
6) Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
7) Violation of the *Act of June 2, 1915 (P.L.736, No. 338)*, known as the *Workers' Compensation Act,* 77 P.S. 1 *et seq*.
8) Violation of any federal or state law prohibiting discrimination in employment.
9) Debarment by any agency or department of the federal government or by any other state.
10) Any other crime involving moral turpitude or business honesty or integrity.

The PCO acknowledges that the Commonwealth may, in its sole discretion, terminate the Agreement for cause upon such notification or when the Commonwealth otherwise learns that the PCO has been officially notified, charged, or convicted.

k. If this Agreement was awarded to the PCO on a non-bid basis, the PCO must, (as required by *Section 1641* of the *Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to the PCO by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:

1) Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars ($1,000) by any individual during the preceding year; or
2) Any employee or members of his immediate family whose political contribution exceeded one thousand dollars ($1,000) during the preceding year.

To obtain a copy of the reporting form, the PCO shall contact the Bureau of Commissions, Elections and Legislation, Division of Campaign Finance and Lobbying Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.

l. The PCO shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq*., and the regulations promulgated pursuant to that law. The PCO employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the PCO employees to the registration and reporting requirements of the law. Actions by outside lobbyists on the PCO's behalf, no matter the procurement stage, are not exempt and must be reported.

m. When the PCO has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, the PCO shall immediately notify the Commonwealth contracting officer or Commonwealth Inspector General in writing.

n. The PCO, by submission of its bid or proposal and/or execution of this Agreement and by the submission of any bills, invoices or requests for payment pursuant to the Agreement, certifies and represents that it has not violated any of these contractor integrity provisions in connection with the submission of the bid or proposal, during any Agreement negotiations or during the term of the Agreement.

o. The PCO shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged the PCO non-compliance with these provisions. The PCO agrees to make identified the PCO employees available for interviews at reasonable times and places. The PCO, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the PCO's integrity and compliance with these provisions. Such information may include, but shall not be limited to, the PCO's business or financial records, documents or files of any type or form that refers to or concern this Agreement.

p. For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other Agreement with the PCO, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend the PCO from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

q**.** For purposes of these Integrity Provisions, the following terms shall have the meanings found in this Paragraph.

1) "Confidential information" means information that a) is not already in the public domain; b) is not available to the public upon request; c) is not or does not become generally known to the PCO from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through a act or omission of the PCO; or e) has not been independently developed by the PCO without the use of confidential information of the Commonwealth.
2) **"**Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this Agreement.
3) **"**PCO" means the individual or entity that has entered into this Agreement with the Commonwealth, including those directors, officers, partners, managers, and owners having more than a five percent interest in Contractor.
4) "Financial interest" means:
   (a) Ownership of more than a five percent interest in any business; or
   (b) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.
5) "Gratuity" means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18*, the *4 Pa. Code §7.153(b)*, shall apply.
6) "Immediate family" means a spouse and any unemancipated child.
7) "Non-bid basis" means a contract or agreement awarded or executed by the Commonwealth without seeking bids or proposals from any other potential bidder or offeror.
8) "Political contribution" means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

18. PCO RESPONSIBILITY PROVISIONS

a. The PCO certifies, for itself and all its subcontractors, that as of the date of its execution of this Agreement, that neither the PCO, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the PCO cannot so certify, then it agrees to submit, along with its Application, a written explanation of why such certification cannot be made.

b. The PCO also certifies, that as of the date of its execution of this Agreement, it has no tax liabilities or other Commonwealth obligations.

c. The PCO's obligations pursuant to these provisions are ongoing from and after the effective date of the Agreement through the termination date thereof. Accordingly, the PCO shall have an obligation to inform the Commonwealth if, at any time during the term of the Agreement, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

d. The failure of the PCO to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Agreement with the Commonwealth.

e. The PCO agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for Investigations of compliance with the terms of this or any other agreement between the PCO and the Commonwealth, which results in the suspension or debarment of the PCO. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The PCO shall not be responsible for investigative costs for investigations that do not result in suspension or debarment.

f. The PCO may obtain a current list of suspended and debarred Commonwealth contractors by either searching the internet at **htfp://www.dgs.state.pa.us** or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No. (717) 783-6472
FAX No. (717) 787-9138

19. AMERICANS WITH DISABILITIES ACT

a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., the PCO understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Agreement or from activities provided for under this Agreement on the basis of the disability. As a condition of accepting this Agreement, the PCO agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

b. The PCO shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the PCO's failure to comply with the provisions of subparagraph a above.

20. COVENANT AGAINST CONTINGENT FEES

The PCO warrants that no person or selling agency has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the PCO for the purpose of securing business. For breach or violation of this warranty, the Department shall have the right to terminate the Agreement without liability or in its discretion to deduct from the Agreement price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

21. APPLICABLE LAW

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The PCO consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The PCO agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

22. INTEGRATION

The Agreement, including all referenced documents, constitutes the entire agreement between the parties. No agent, representative, employee or officer of either the Commonwealth or the PCO has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with the Agreement, which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions, unless specifically permitted by the Agreement. No negotiations between the parties, nor any

custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Agreement. No modifications, alterations, changes, or waiver to the Agreement or any of its terms shall be valid or binding unless accomplished by a written amendment signed by both parties. All such amendments will be made using the appropriate Commonwealth form.

23. RIGHT TO KNOW LAW 8-K-1532

a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Agreement. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.

b. If the Commonwealth needs the PCO's assistance in any matter arising out of the RTKL related to this Agreement, it shall notify the PCO using the legal contact information provided in this Agreement. THE PCO, at any time, may designate a different contact for such purpose upon reasonable prior written notice to the Commonwealth.

c. Upon written notification from the Commonwealth that it requires the PCO's assistance in responding to a request under the RTKL for information related to this Agreement that may be in the PCO's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the PCO shall:

1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the PCO's possession arising out of this Agreement that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and

2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Agreement.

d. If the PCO considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the PCO considers exempt from production under the RTKL, the PCO must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the PCO explaining why the requested material is exempt from public disclosure under the RTKL.

e. The Commonwealth will rely upon the written statement from the PCO in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the PCO shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.

f If the PCO fails to provide the Requested Information within the time period required by these provisions, the PCO shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the PCO's failure, including any statutory damages assessed against the Commonwealth.

g. The Commonwealth will reimburse the PCO for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.

h. The PCO may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the PCO shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the PCO's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the PCO agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

i. The PCO's duties relating to the RTKL are continuing duties that survive the expiration of this Agreement and shall continue as long as the PCO has Requested Information in its possession.

24. LOBBYING DISCLOSURE

The PCO is required to complete and return a "Lobbying Certification Form" and a "Disclosure of Lobbying Activities Form" found in Exhibit C of this Agreement, Lobbying Certification and Disclosure.

25. INSURANCE

Prior to the Effective Date of the Agreement and and continuing throughout the term of the Agreement, the PCO shall provide the Department with current certificates of insurance. These certificates shall contain a provision that the coverages afforded under the policies will not be cancelled or changed until at least thirty (30) days' written notice has been given to the Department.

a. The PCO shall accept full responsibility for the payment of premiums for Workers' Compensation, Unemployment Compensation, Social Security, and all income tax deductions required by law for its employees who are performing services under this contract. As required by law, an independent contractor is responsible for Malpractice Insurance for health care personnel. The PCO shall provide insurance Policy Number and Provider'' Name, or a copy of the policy with all renewals for the entire contract period.

b. The PCO shall, at its expense, procure and maintain during the term of the Agreement, the following types of insurance, issued by companies acceptable to the Department and authorized to conduct such business under the laws of the Commonwealth of Pennsylvania:

(1) Worker's Compensation Insurance for all of the Contractor's employees and those of any subcontractor, engaged in work at the site of the project as required by law;

(2) Public liability and property damage insurance to protect the Commonwealth, the PCO, and any and all subcontractors from claim for damages for personal injury (including bodily injury), sickness or disease, accidental death and damage to property, including loss of use resulting from any property damage, which may arise from the activities performed under this Agreement or the failure to perform under this contract whether such performance or nonperformance be by the PCO, by any subcontractor, or by anyone directly or indirectly employed by either. The limits of such insurance shall be in an amount not less than $500,000 each person and $2,000,000 each occurrence, personal injury and property damage combined. Such policies shall be occurrence rather than claims-made policies and shall name the Commonwealth of Pennsylvania as an additional insured. The insurance shall not contain any endorsements or any other form designated to limit or restrict any action by the Commonwealth, as an additional insured, against the insurance coverage in regard to work performed for the Commonwealth.

c. The PCO must require that each of the Health Care Providers with which the PCOI contracts maintains professional malpractice and all other types of insurance in such amounts as required by all applicable laws. The PCO must provide to the Department, upon the Department's request, certificates evidencing such insurance coverage.

26. DISPUTES

In the event that a dispute arises between the PCO and the Department relating to this Agreement, the PCO must send written notice of its initial level dispute to the Project Officer. The PCO shall state in detail the basis for its dispute. The Bureau Director of the Bureau of Managed Care Operations will make a determination in writing of his/her interpretation and will send to the PCO within forty-five (45) days of the PCO's written dispute unless the time for the determination is extended by consent of the parties. This determination is final, conclusive, and binding on the PCO, and unreviewable in all respects unless the PCO files a written appeal under 55 Pa.Code Chapter 41 with the Department's Bureau of Hearings and Appeals. The PCO must file any such appeal within thirty (30) days of the Project Officer's written determination or if no determination is issued and no extension of time was agreed upon, within sixty (75) days of the PCO's written notice of initial dispute.

Notice of initial level dispute must be sent to:

Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Managed Care Operations
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675
Attn: PCO Project Officer

Pending a final resolution of a dispute, the PCO shall proceed diligently with the performance of the Agreement in a manner consistent with the determination of the Project Officer and the Department willl compensate the PCO pursuant to the terms of the Agreement.

At any time after the initial dispute is filed, either party may request mediation through the Commonwealth Office of General Counsel Dispute Resolution Program.

If the Bureau Director or the Project Officer requests mediation and the other party agrees, the Project Officer shall promptly make arrangements for mediation.

Exhibit B

This provides an outline of the benefit package that Healthy PA Private Coverage Organizations are responsible to provide in calendar year 2015. This information is current as of May 1, 2014 and is subject to change.

- **Physician Services**
  - Primary Care Physician Visits
  - Specialist Office Visits
  - Pre-Natal Maternity
  - Maternity – Delivery and Post-Partum Care
  - Allergy Treatment
  - Allergy Testing

- **Preventative Care**
  - Routine Adult Physical Exams/Immunizations
    (Limited to one exam every 12 months.)
  - Routine Gynecological Exams
    (Limited to one routine exam and pap smear per 365 days.)
  - Routine Mammograms
    (Recommended: One annual mammogram for covered females age 40 and over.)
  - Women's Health
    (Includes: Screening for gestational diabetes;
    HPV (Human Papillomavirus) DNA testing;
    counseling for sexually transmitted infections;
    counseling and screening for human immunodeficiency virus;
    screening and counseling for interpersonal and domestic violence;
    breastfeeding support, supplies and counseling; and
    contraceptive methods and counseling.
    Limitations may apply.)
  - Routine Digital Rectal Exams/Prostate Specific Antigen Test
    (Recommended for covered males age 40 and over.
    Age and frequency schedules may apply.)
  - Colorectal Cancer Screening
    (For all members age 50 and over. Frequency schedule applies.)
  - Routine Eye Exam at Specialist
    (Limited to one routine exam per 24 months.)
  - Routine Hearing Screening at PCP
    (Covered only as part of a physical exam.)

- **Diagnostic Procedures**
  - Diagnostic Laboratory
  - Diagnostic X-ray for Complex Imaging Services
    (Includes MRA/MRS, MRI, PET and CAT scans.)

- **Emergency Medical Care**
  - Urgent Care Provider
    (Non-Urgent use of Urgent Care Provider is not covered)
  - Emergency Room
    (Non-Emergency care in an Emergency Room is not covered)
  - Emergency Ambulance
    (Non-Emergency Ambulance is not covered)

- **Hospital Care**
  - Inpatient Coverage
    (Including maternity and transplants)
  - Outpatient Surgery

- **Mental Health Services**
  - Inpatient Serious Mental Illness
  - Outpatient Serious Mental Illness
  - Inpatient Non-Serious Mental Illness
  - Outpatient Non-Serious Mental Illness

- **Alcohol/Drug Abuse Services**
  - Inpatient Detoxification
  - Outpatient Detoxification
  - Inpatient Rehabilitation
  - Outpatient Rehabilitation
  - Residential Treatment Facility

❖ Other Services

- Skilled Nursing Facility
  (Limited to 120 days per member per calendar year.)
- Home Health Care
  (Limited to 60 visits per member per calendar year,
  no more than 3 intermittent visits per day by a Home Health Care Agency,
  1 visit equals a period of 4 hours or less.)
- Infusion Therapy
  (Provided in the home or physician's office.)
- Infusion Therapy
  (Provided in an outpatient hospital department of
  freestanding facility.)
- Hospice Care – Inpatient
- Hospice Care – Outpatient
- Outpatient Physical and Occupational Therapy
  (Physical and Occupational Therapy limited to 30 visits [combined]
  per member per calendar year.)
- Outpatient Speech Therapy
  (Limited to 30 visits per member per calendar year.)
- Subluxation (Chiropractic)
  (Limited to 20 visits per member per calendar year.)
- Treatment of Autism
  (Includes coverage for habilitative care and Applied Behavioral Analysis.)
- Vision Corrective Lenses/Contact Lenses Allowance
  ($100 per 24-month period)
- Durable Medical Equipment
  (Maximum benefit of $2,500 per member per calendar year.)

❖ Family Planning

- Infertility Treatment
  (Coverage for only the diagnosis and surgical treatment of the underlying medical cause. Comprehensive Infertility Services are not covered. Advanced Reproductive Technology [ART] is not covered. This includes In-Vitro Fertilization (IVF), Zygote Intra-Fallopian Transfer [ZIFT], Gamete Intra-embryo transfers [GIFT], Intra-Cytoplasmic Sperm Injection [ICSI] or ovum microsurgery.)
- Vasectomy
- Tubal Ligation

- **Pharmacy = Prescription Drug Benefits**
  - Prescription Drugs
    Up to a 30-day supply
  - Prescription Drugs (Retail or Mail Order)
    31-90 supply
  - Specialty Care Drugs
    (Self-injectable, infused and oral specialty drugs)
  - Diabetic supplies, oral fertility drugs, contraceptive drugs and devices obtainable from a pharmacy.
  - Formulary generic FDA-approved Women's Contraceptives

What's Not Covered

This plan does not cover all health care expenses and includes exclusions and limitations. The following is a partial list of services and supplies that are generally not covered.

1. Cosmetic surgery, including breast reduction.
2. Custodial care.
3. Dental care and x-rays.
4. Donor egg retrieval.
5. Experimental and investigational procedures (except for coverage for medically necessary routine patient care costs for Members participating in a cancer clinical trial.)
6. Hearing aids
7. Home births
8. Immunizations for travel or work.
9. Implantable drugs and certain injectable drugs, including injectable infertility drugs.
10. Infertility services including artificial insemination and advanced reproductive technologies such as IVF, ZIFT, GIFT, ICSI and other related services unless specifically listed as covered in your plan documents.
11. Non-medically necessary services or supplies
12. Orthotics, except diabetic orthotics.
13. Over-the-counter medications (except as provided in a hospital) and supplies
14. Radial keratotomy or related procedures
15. Reversal of Sterilization
16. Services for the treatment of sexual dysfunction or inadequacies, including therapy, supplies, counseling and prescription drugs.
17. Special duty nursing
18. Therapy or rehabilitation other than those listed as coved in the plan documents.
19. Weight control services and supplements, appetite suppressants and other medications; food or food supplements, exercise programs, exercise or other equipment; and other services and supplies that are primarily intended to control weight or treat obesity, including Morbid Obesity, or for the purpose of weight reduction, regardless of the existence of comorbid conditions.

LOBBYING CERTIFICATION FORM

Certification for Contracts, Grants, Loans, and Cooperative Agreements

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

(1) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure of Lobbying Activities, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under *Section 1352, Title 31, U. S. Code.* Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than **$100,000** for such failure.

SIGNATURE: _____

TITLE: _____

DATE: _____

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:	2. Status of Federal Action:	3. Report Type:
☐ a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	☐ a. bid/offer/application b. initial award c. post-award	☐ a. initial filing b. material change **For Material Change Only:** year _____ quarter _____ date of last report _____

4. Name and Address of Reporting Entity:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
☐ **Prime** ☐ **Subawardee** Tier _____, *if known*: **Congressional District**, *if known*: 4c	 **Congressional District**, *if known*:
6. Federal Department/Agency:	**7. Federal Program Name/Description:** CFDA Number, *if applicable*: _____
8. Federal Action Number, *if known*:	**9. Award Amount,** *if known*: $
10. a. Name and Address of Lobbying Registrant (*if individual, last name, first name, MI*):	**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*):
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____
Federal Use Only:	Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

PRINT

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

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

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.

6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizationallevel below agency name, if known. For example, Department of Transportation, United States Coast Guard.

7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.

10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).

11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

HPA Reports and Data

Last update: 04/18/14

pennsylvania
DEPARTMENT OF PUBLIC WELFARE

Report / Data Title	Frequency	Purpose
Program Income Statements	Quarterly	Provides summary of how the PCO is performing in the program. Provides MCO summary revenue, medical cost, administrative cost by rating group.
HEDIS	Annual	HEDIS data is used for many different purposes of PCO performance reporting.
CAHPS (Adult)	Annual	CAHPS provides information about PCO member satisfaction.
Capitation/Reimbursement Data File		
820 Capitation	Monthly	820 Capitation
Encounter Data Files		
837 I	According to file schedule	837 I
837 D	According to file schedule	837 D
837 P	According to file schedule	837 P
NCPDP	According to file schedule	NCPDP

HPA Reports and Data

Last update: 04/18/14

Report / Data Title	Frequency	Purpose
Additional reports and data being considered, but no final determination, pending feedback from CMS on QHP reporting :		
Annual Financial Audit	Annual	Assurance that statements provided to DPW are accurate and complete.
Annual Contract Audit	Annual	Assurance that statements provided to DPW are accurate and complete. Management attestation of specific program requirements.
Maternity Outcomes Counts	Annual	Numbers of normal births and C-sections
Annual and Quarterly Certification Statements	Annual & Quarterly	These are submitted with each report by the CEO or CFO certifying that the reports are complete, truthful and accurate to the best of his/her knowledge.
Enrollment Table	Quarterly	Provides enrollment breakdown by month by rating group. Used for PMPM calculations. Reviewed by DPW to ensure PCO enrollment is in synch with DPW.
Electronic Lag Reports	Quarterly	Provides breakdown of costs by both payment and service month. Used to estimate claims not yet paid that are part of medical expense. Also provides rebates, subcapitation payments and settlements.
Inpatient , Physician and Dental Statistics	Quarterly	Provides insight into hospital and other professional trend in unit price and utilization.
Pharmaceutical Price and Utilization Statistics	Quarterly	Provides insight into pharmacy trend in unit price and utilization.
ER Utilization Reports	Quarterly	Provides insight into ER trend in utilization.
PA Insurance Department Quarterly and Annual Reports	Quarterly /Annual	Data for solvency and financial strength monitoring. Organization of the company. Other lines of business.
Subcapitation Summary and Detail Data Reports	Quarterly	Provides details of any PCP, Dental, vision and Lab subcapitation arrangements.
Organizational Chart	Annual with Semiannual Updates	Organizational Chart
DOH Complaints and Grievances Report	Quarterly	DOH Complaints and Grievances Report

HPA Reports and Data

Last update: 04/18/14

Report / Data Title	Frequency	Purpose
Member Complaints and Grievances Summary/Total Expedited Member Grievances	Quarterly	Member Complaints and Grievances Summary/Total Expedited Member Grievances - this report provides statistical information and disposition of cases. This report relates to consumer protection and will be modified for use in the PCO depending upon specific PCO requirements.
Provider Network Report of Deletions and Additions	Annual and Quarterly Updates	Provider Network Report of Deletions and Additions.
Subcontractor Identification	Annual and Updates as needed	Subcontractor Identification
Identification and location of service sites (start up only)	Annual	Identification and location of service sites (start up only) - provides information on BH provider network
BH Provider Network Report	Annual	BH Provider Network Report provides current information on the BH provider network
Inpatient Mental Health and Drug and Alcohol Utilization Reports	Annual	Inpatient Mental Health and Drug and Alcohol Utilization Reports
Coordination Agreements with other BH and PH managing entities in PA	Annual	Coordination Agreements with other BH and PH managing entities in PA will be needed to ensure coordination for members that transition from one health care delivery system to another.
Capitation/Reimbursement Data File		
MCO Payment Summary File	Monthly	MCO Payment Summary File
Data File		
Service History Data	Weekly	Service History Data
Eligibility/CIS Data Files		
834 Daily Eligibility File	Daily	834 Daily Eligibility File
834 Monthly Eligibility File	Monthly	834 Monthly Eligibility File
Encounter Data Files		
NCPDP Response	Daily	NCPDP Response
Daily EDI Claims Submission Statistics	Daily	Daily EDI Claims Submission Statistics
Weekly EDI Claims Submission Statistics	Weekly	Weekly EDI Claims Submission Statistics
Monthly EDI Claims Submission Statistics	Monthly	Monthly EDI Claims Submission Statistics
BES Accepted Transaction Report	Daily	BES Accepted Transaction Report
277	Daily	277
BES Rejected Transaction Report	Daily	BES Rejected Transaction Report
Monthly Rejected Encounter Activity Report	Monthly	Monthly Rejected Encounter Activity Report
997 BES Report	Daily	997 BES Report
Drug Rebate Supplemental File	Monthly	Drug Rebate Supplemental File
Mercer Extracts from Promise	Weekly	Encounter Extracts
Enrollment/Disenrollment Data Files		
Enrollment/Disenrollment File	Weekly	Enrollment/Disenrollment File
Enrollment/Disenrollment File Reconciliation	Weekly	Enrollment/Disenrollment File Reconciliation

Report / Data Title	Frequency	Purpose
Pending enrollment file	Weekly	Pending enrollment file
Provider Data Files		
Automated Provider Directory	Daily/Weekly	Automated Provider Directory
Response to the Automated Provider Directory	Daily/Weekly	Response to the Automated Provider Directory
Third Party Liability Data File		
TPL File	Monthly	TPL File

EXHIBIT E
AUTOMATIC ASSIGNMENT

Any eligible beneficiary who does not select a Private Coverage Organization (PCO) and is mandated into the Healthy Pennsylvania Program will be subject to the auto-assignment process as described below. The auto-assignment process does not negate the eligible beneficiary's option to change his/her PCO within the specified timeframe. The formula will direct a straight equal distribution of the auto-assignment pool in all Healthy Pennsylvania Regions monthly based on the number of PCOs in the Region. For example, if there are five PCOs in the Region, each PCO would receive 20% of the eligible beneficiaries available in the auto-assignment pool.

Eligible beneficiaries who lose eligibility and regain it will automatically be re-enrolled in their previously selected PCO, as long as the eligible beneficiary's eligibility status or geographical residence is still valid for participation in that same PCO.

Once assigned to a PCO with a start-date for PCO membership, a PCO member can only transition to a new PCO during the annual enrollment period identified by the Department for the Healthy Pennsylvania Program.

Eligible beneficiaries who move from one Healthy Pennsylvania Region to another will remain in the PCO in which they were enrolled prior to their move, if the PCO is also operational in the Region to which they move.

The Department reserves the right to reassess the distribution process and to modify it in accordance with sound programmatic management principles. The Department shall institute such modifications at any time following appropriate notification to the PCOs via executive correspondence.