ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

Janice K. Brewer
Governor

Thomas Betlach
Director

701 EAST JEFFERSON STREET
PHOENIX, ARIZONA 85034

INTERAGENCY SERVICE AGREEMENT
AHCCCS Contract # YH 13-0024
ADHS Contract # HS332010

This Interagency Service Agreement (ISA) is entered into by and between Arizona Department of Health Services (ADHS), and the Arizona Health Care Cost Containment System (AHCCCS).

AUTHORITY: This agreement is entered into pursuant to A.R.S. §41-2512, 11-951, 11-952, AHCCCS, pursuant to A.R.S. §36-2903 et seq., and ADHS pursuant to 36-104 and 36-132.

WHEREAS AHCCCS and ADHS are duly authorized to execute and administer contracts under the Arizona Revised Statutes as respectively set forth above; and,

WHEREAS by signing this form on behalf of ADHS, the signatory certifies that s/he has the authority to bind the entity to this agreement; and,

WHEREAS AHCCCS and ADHS are authorized by A.R.S. §11-951 et seq. to enter into agreements for the joint exercise of any power common to the contracting parties as to governmental functions necessary to the public health, safety and welfare, and the proprietary functions of such public agencies.

This agreement is the complete and exclusive statement of the understanding between the parties, and it supersedes all proposals, oral or written, and all other documents or communications between the parties relative to the subject matter herein covered, unless such documents or communications are specifically included by reference.

IN WITNESS THEREOF, the parties have executed this Agreement:

ADHS:

Signature: Christine Ruth
Printed Name: Christine Ruth
Title: Chief Procurement Officer
Date: 11/14/12

AHCCCS:

Signature: Meggan Harley
Printed Name: Meggan Harley
Title: Procurement and Contracts Manager
Date: 11/15/12
SCOPE OF WORK

1. PROJECT TITLE: ISA with ADHS for Tribal Subcontractor Claims and Encounters

2. PURPOSE OF THIS AGREEMENT: To establish an agreement between AHCCCS and ADHS that outlines the roles and responsibilities of AHCCCS and ADHS relating to the State's Tribal Subcontractor Claims and Encounters.

3. BACKGROUND
Since 1998, and continuing forward, on behalf of ADHS, AHCCCS has agreed to pay claims submitted by providers for behavioral health services provided to Title XIX and Title XXI members who are behavioral health recipients of Tribal subcontractors. Tribal subcontractors (or their providers) submit claims directly to AHCCCS.

4. TERM OF AGREEMENT: The term of the Agreement is from July 1, 2012 through June 30, 2017 unless otherwise extended by mutual agreement of the parties in a duly authorized and executed amendment.

5. FEES:
   5.1 For the purposes of this agreement, ADHS agrees to pay AHCCCS a fee to reimburse AHCCCS for the costs associated with this service.

   5.2 AHCCCS will set an estimated annual number of claims to be processed and an estimated annual fee to process the claims. On a quarterly basis, ADHS shall submit to AHCCCS 25% of the estimated annual fee. No invoice will be sent to ADHS for this transaction.

   5.3 SFY 2013: For State Fiscal Year 2013 (July 1, 2012 – June 30, 2013) the estimated number of claims to be processed is 475,000. The cost per claim is $2.40. The estimated fee is $1,140,000.

   5.4 Both parties agree to amend this ISA on a yearly basis to add in the estimated claim amount and estimated annual fee.

   5.5 After the end of the fiscal year and once the actual claims volume is calculated, AHCCCS will reconcile the amount paid by ADHS and either reimburse ADHS or invoice ADHS according to the following:

       5.5.1 If the actual claims volume exceeds 110% of the estimated annual claims volume, then ADHS will reimburse AHCCCS for each claim over that threshold.

       5.5.2 If the actual claims volume is less than 90% of the estimated annual claims volume, then AHCCCS will reimburse ADHS for each claim under that threshold.

   5.6 ADHS shall reimburse AHCCCS 2.5% of the annual Data Warehouse hardware/software and support costs (maintenance and replacement, if needed). AHCCCS will invoice ADHS for this transaction.

   5.7 ADHS shall reimburse AHCCCS for the costs of three (3) Cognos Business Intelligence software licenses. AHCCCS will invoice ADHS for this transaction.

   5.8 ADHS shall reimburse AHCCCS for ISD programmer and consultant time to develop a new report,
modify existing reports, time for system modifications specific to processing claims associated with this agreement and to attend meetings with ADHS staff. The charge for ISD time billed pursuant to this agreement will be at the rate of $175 per hour. ADHS shall not be liable for ISD programming or any other costs associated with changes made to the AHCCCS claims processing system pursuant to the Health Insurance Portability and Accountability Act of 1996 unless such costs are directly associated with the Tribal subcontractor payment process and the only reason for the change is for the processing of Tribal claims. In its role as TPA for ADHS, AHCCCS shall not hold ADHS liable for ISD programming or any other costs associated with restoring functionality to the AHCCCS system as a result of programming changes that were not requested by ADHS.

5.9 Additional Services: ADHS shall pay for any additional work requested by ADHS that is performed by AHCCCS which is not described in this agreement at a rate of $175 per hour. Additional work or services may include, but not limited to the creation of reports and schedules, programming, analysis of data, etc. AHCCCS will bill ADHS quarterly for extra services or work performed.

5.10 AHCCCS shall submit invoices to: Cynthia Layne  
Chief Financial Officer  
ADHS/DBHS  
150 N. 18th Avenue, Suite #250  
Phoenix, AZ 85007  
P. 602-542-2879  
Cynthia.Layne@azdhs.gov

5.11 ADHS shall submit payment to: Karen D. MacLean  
Assistant Finance Administrator  
AHCCCS  
701 E. Jefferson Street, MD 5409  
Phoenix, AZ 85034  
P. 602-417-4293  
Karen.MacLean@azahcccs.gov

5.12 To provide money to pay claims, ADHS shall submit payment to AHCCCS as needed, subject to availability of funds.

5.13 AHCCCS reserves the right to suspend or terminate these services if available funds are projected to be insufficient to pay a fee-for-service claims cycle in accordance with the terms herein.

6. CLAIM PROCESSING REQUIREMENTS: In accordance with the Balanced Budget Act of 1997 and 42 CFR 447.45:

6.1 And in accordance with ARS 36-2904 (G), an initial claim for services provided to an AHCCCS recipient must be received by AHCCCS not later than six (6) months from the date of service, or six (6) months after the date of eligibility posting, whichever is later. For inpatient claims, “date of service” means the date of discharge of the patient.

6.2 AHCCCS shall pay all other appropriately reimbursable claims within twelve (12) months of the date of receipt, providing that the original claim was received not later than six (6) months from the date of service or six (6) months after the date of eligibility posting, whichever is later, except in the following circumstances:
(a) This time limitation does not apply to retroactive adjustments paid to providers who are reimbursed under a retrospective payment system, as defined in 42 CFR 447.272.

(b) If a claim for payment under Medicare has been filed in a timely manner AHCCCS may pay a Medicaid claim relating to the same services within six months after AHCCCS, ADHS or the provider receives initial notice of the disposition of the Medicare claim.

(c) The time limitation does not apply to claims from providers under investigation for fraud or abuse.

(d) ADHS may require payments be made at any time in accordance with a court order, to carry out hearing decisions or corrective actions taken to resolve a dispute, or to extend the benefits of a hearing decision, corrective action, or court order to others in the same situation as those directly affected by it.

(e) ADHS may require payments to be made at any time in accordance with ADHS' grievance appeal process.

6.3 AHCCCS will pay ninety percent (90%) of all clean claims from practitioners who are in individual or group practice or who practice in shared health facilities, within thirty (30) days of receipt.

6.4 AHCCCS will pay ninety nine percent (99%) of all clean claims from practitioners who are in individual or group practice or who practice in shared health facilities, within ninety (90) days of the date of receipt.

7 PROVIDER ASSISTANCE AND TRAINING:

7.1 AHCCCS Claims Customer Service and Provider Registration staff will be available to assist the Tribal subcontractor's behavioral health providers with registration, claims processing, research, and overall AHCCCS claims submission and training as outlined in the AHCCCS Fee-for-Service Manual. Such training is to be provided at AHCCCS's Phoenix Office.

7.2 If AHCCCS is required to travel for training, ADHS will reimburse AHCCCS for reasonable and necessary travel costs including, but not limited to, transportation and per diem payments.

8 CLAIMS DATA AND REPORTS:

8.1 AHCCCS shall provide ADHS with the following deliverables:

<table>
<thead>
<tr>
<th>REPORT OR FILE</th>
<th>FREQUENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper remittance advices</td>
<td>Per Claim Processing Cycle</td>
</tr>
<tr>
<td>Encounter data</td>
<td>Monthly</td>
</tr>
<tr>
<td>Report of Claims Processed</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

1 New Day or other electronic file format agreed to between AHCCCS and ADHS.

2 This report is to include:

(a) the number and dollar amount of claims paid, denied, and voided by form type and
(b) the top five denial reasons by form type.
9 **FINANCIAL FUNCTIONS:**

9.1 AHCCCS shall provide ADHS with the “Payment Register by Group Pay” along with the AFIS status of Grant report on a weekly basis. This report should be adjusted to reflect the current or weekly pay cycle for Tribal subcontractor claims processed.

9.2 Payment of the claims is contingent upon sufficient ADHS funds being set aside and made available to AHCCCS in advance.

10 **NOTICES:**

10.1 Any notices or correspondence related to this Agreement shall be sent to the parties or their designees listed below. Parties agree to inform of any changes in contact persons via email within ten (10) days of the change.

   a. **AHCCCS Procurement and Contracts:**
      Meggan Harley, Procurement and Contracts Manager  
      Arizona Health Care Cost Containment System  
      701 East Jefferson St., MD 5700  
      Phoenix, AZ 85034  
      Meggan.Harley@azahcccs.gov  
      P. 602-417-4538  F. 602-417-5957

   b. **ADHS Procurement:**
      Arizona Department of Health Services  
      Chief Procurement Officer  
      1740 West Adams Street, Room 303  
      Phoenix, Arizona 85007  
      Tel: 602-542-1040  
      Fax: 602-542-1741  
      Email: Christine.Ruth@azhds.gov
A. **CONFLICT OF INTEREST**
   This Agreement may be terminated as provided in accordance with A.R.S. § 38-511.

B. **TERMINATION**
   Each party shall have the right to terminate this Agreement by hand-delivering to the other parties written notice of termination at least thirty (30) days prior to the effective date of said termination.

C. **AMENDMENTS OR MODIFICATIONS**
   This Agreement may be amended or modified at any time by mutual agreement. No agent, employee, or other representative of either party is empowered to alter any of the terms of the Agreement, unless done in writing and signed by the authorized representative of the respective parties.

D. **RECORDS**
   Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other “records” relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, Contractor shall produce a legible copy of any or all such records at no cost to the State.

E. **AUDITS AND INSPECTIONS**
   Pursuant to A.R.S. 35-214 at any time during the term of this Contract, and five (5) years Pursuant to A.R.S. 35-214 at any time during the term of this Contract, and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontracts of the Contract or Subcontracts.

F. **NON-AVAILABILITY OF FUNDS**
   Every payment obligation of the State under the Contract is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of this Contract, this Contract may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments of any damages as a result of termination under this paragraph.

G. **APPLICABLE LAW**
   This Contract shall be governed and interpreted by the laws of the State of Arizona, including the Arizona Procurement Code (A.R.S. §41-2501, et. seq.)

H. **ARBITRATION**
   The Parties to this Agreement agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

I. **INDEMNIFICATION**
   The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the
State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence. As both parties are covered by the State under ADOA Risk Management ADHS suggests that this language be removed. As state agencies we are unable to indemnify each other.

J. THIRD PARTY ANTITRUST VIOLATIONS
The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor toward fulfillment of this Contract.

K. PERSONAL USE OF CONTRACTS
State employees and public officers shall not be permitted to purchase materials or services under this Contract for their own personal or business use unless authorized in writing by the Director of the Arizona Department of Administration, pursuant to A.A.C. R2-7-204.

L. NON-DISCRIMINATION
The Contractor shall comply with State Executive Order No. 2009-09 and all other applicable federal and state laws, rules and regulations, including the Americans with Disabilities Act.

M. CANCELLATION FOR CONFLICT OF INTEREST
Pursuant to A.R.S. 38-511, the State may cancel this contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time, while the Contract or an extension of the Contract is in effect, an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation, unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. 38-511.

N. IT 508 COMPLIANCE
Unless specifically authorized in the Contract, any electronic or information technology offered to the State of Arizona under this solicitation shall comply with A.R.S. 41-2531 and 2532 and Section 508 of the Rehabilitation Act of 1973, which requires that employees and members of the public shall have access to and use of information technology that is comparable to the access and use by employees and members of the public who are not individuals with disabilities.

O. OFFSHORE PERFORMANCE OF WORK PROHIBITED
Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or ‘overhead’ services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

P. FEDERAL IMMIGRATION AND NATIONALITY ACT
The contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall
retain the right to perform random audits of contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension and/or debarment of the contractor.

Q. E-VERIFY REQUIREMENTS.
In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A.

R. SCRUTINIZED BUSINESSES.
In accordance with A.R.S. § 35-391 and A.R.S. § 35-393, Contractor certifies that the Contractor does not have scrutinized business operations in Sudan or Iran.