

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
PROFESSIONAL SERVICES CONTRACT
AMENDMENT No. 4**

THIS AMENDMENT No. 4 (Amendment) to Professional Services Contract (PSC) 19-630-8000-0003 (Agreement) is made by and entered into by and between the State of New Mexico, **Human Services Department**, hereinafter referred to as the "HSD" or the "Procuring Agency", and **McKinsey & Company Inc. Washington D.C.**, hereinafter referred to as the "Contractor", and collectively referred to as the "Parties."

The purpose of this Amendment is to:

1. Increase compensation for seven (7) additional Deliverables in FY21;
2. Extend the term to June 30, 2022; and
3. Add to the Scope of Work Deliverable 13 through Deliverable 19.

UNLESS OTHERWISE SET OUT BELOW, ALL OTHER PROVISIONS OF THE ABOVE REFERENCED AGREEMENT REMAIN IN FULL EFFECT AND IT IS MUTUALLY AGREED BETWEEN THE PARTIES THAT THE FOLLOWING PROVISIONS OF THAT AGREEMENT ARE AMENDED AS FOLLOWS:

Section 1, Scope of Work, Exhibit A, is amended to read as follows:

1. Scope of Work.

The Contractor shall perform all services detailed in Exhibit A, Amended Scope of Work, attached to this Agreement and incorporated herein by reference.

Section 2, Compensation, Paragraph A, is amended to read as follows:

2. Compensation.

A. The HSD shall pay to the Contractor in full payment compensation not to exceed nineteen million two hundred seventy nine thousand nine hundred eighty two dollars (\$19,279,982) including gross receipts tax, for services satisfactorily performed as set forth in Exhibit A, Amended Scope of Work. This amount is a maximum and not a guarantee that the work assigned to be performed by Contractor under this Agreement shall equal the amount stated herein. The New Mexico gross receipts tax, if applicable, levied on the amounts payable under this PSC shall be paid by the Contractor. The parties do not intend for the Contractor to continue to provide services without compensation when the total compensation amount is reached. The Contractor is responsible for notifying the HSD when the services provided under this Agreement reach the total compensation amount. In no event will the Contractor be paid for services provided in excess of the total compensation amount without this Agreement being amended in writing prior to those services in excess of the total compensation amount being provided.

The total amount payable to the Contractor under this Agreement for services satisfactorily performed shall not exceed three million five hundred fifty thousand dollars (\$3,550,000) including GRT, if

applicable, in FY19.

The total amount payable to the Contractor under this Agreement for services satisfactorily performed shall not exceed six million four hundred fifty six thousand seven hundred thirty four dollars (\$6,456,734) including GRT, if applicable, in FY20.

The total amount payable to the Contractor under this Agreement for services satisfactorily performed shall not exceed nine million two hundred seventy three thousand two hundred forty eight dollars (\$9,273,248) including GRT, if applicable, in FY21.

Section 3, Term, is amended to read as follows:

3. Term.

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE SPD CRB. This Agreement shall terminate June 30, 2022, unless terminated pursuant to paragraph 4 (Termination), or paragraph 5 (Appropriations). This Agreement may be extended for one additional (1) one-year period. In accordance with Section 13-1-150 NMSA 1978, no contract term for a professional services contract, including extensions and renewals, shall exceed four years, except as set forth in Section 13-1-150 NMSA 1978.

Exhibit A, Amended Scope of Work, Section VII, Deliverables, is amended by adding Deliverables 13 thru 19, attached hereto and referenced herein.

All other Articles and Deliverables of PSC 19-630-8000-0003, as amended, remain unchanged.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date of the signature

by the required approval authorities below:

By: DocuSigned by: David Scrase Date: 6/10/2020
David Scrase, HSD Cabinet Secretary

By: DocuSigned by: Paul Britz Date: 6/9/2020
Paul Britz, HSD Acting General Counsel

By: DocuSigned by: Danny Sandoval Date: 6/8/2020
Danny Sandoval, HSD Chief Financial Officer

By: [Signature] Date: June 8, 2020
Contractor

The records of the Taxation and Revenue Department reflect that the Contractor is registered with the NM Taxation and Revenue Department to pay gross receipts and compensating taxes:

CRS ID Number: 03-405436-00-7

By: Taxation and Revenue Department Date: 6/10/2020
Ann Marie Lucero
A1E23200AE974AA...

Approved for compliance with the Department of Information Technology Act, Chapter 9, Article 27 NMSA 1978 and Executive Orders relating to Information Technology issued by the Governor of the State of New Mexico.

By: N/A Date: _____
John Salazar, Cabinet Secretary Designate and State Chief Information Officer
Department of Information Technology

This Agreement has been approved by the SPD Contracts Review Bureau:

By: [Signature] Date: 09/02/20

EXHIBIT A
AMENDED SCOPE OF WORK

VII. Deliverables:

The Contractor will support and assist the New Mexico Human Services Department (HSD) with implementing its Transformation agenda.

The following SOW includes a set of Deliverables to be completed no later than Q4 2021.

These deliverables are additive to the Deliverables defined in the HSD task order, and Amendments 1 and 2 to that task order.

HSD and the Contractor will meet to confirm and potentially further detail out the specifics of the Deliverables based on HSD's needs. In particular, upon request once every two (2) months the Contractor will review its work with HSD/Medicaid Assistance Division (MAD) Leadership, to align on the scope & timing of the Deliverables' tasks, based on the evolving context.

The following section describes the mandatory tasks and subtasks to be performed by the Contractor for each Deliverable under the terms of this Agreement. The Contractor must perform each task and/or sub-task but is not limited to performing only the identified task(s) or sub tasks in a given project area at the Contractor's discretion. The Parties hereby agree that the Deliverable(s) are the controlling items and that the Contractor's obligation is to perform and provide the Deliverables as described below.

Deliverable 13: Sustained output in the context of a fast-paced Business Transformation Council (BTC) approach, Phase II

<u>Deliverable Name</u>		<u>Due Date</u>	<u>Cost</u>
Sustained output in the context of a fast-paced BTC approach, Phase II		No Later Than 60 Days After Amendment 4 Approval	Total compensation not to exceed \$1,104,025.20 including GRT
Task Item	Sub Tasks	Description	
Sustained output in the context of a fast-paced BTC approach, Phase II	Support Business Transformation Council and Journey Redesign teams to ensure timely completion of redesigns	<ol style="list-style-type: none"> 1. Support cataloging of processes associated to the Unified Public Interface (UPI), including Unified Portal and Consolidated Customer Support Center (CCSC), and to the Health Insurance Exchange (NMHIX) 2. Support teams (BTC “tracks”) onboarding and launch in Q2 2020, including facilitating up to 2 “bootcamps” (i.e. refining material, setting agenda, presenting) 3. Support BTC SteerCo through continued journey redesigns of 3 rounds (each round has up to 5 journey redesigns), facilitating up to 10 SteerCo meetings (incl. support on critical decision where needed), helping prepare material, facilitating discussion, helping tackle potential follow-ups (e.g., clarification of journey impact with redesign lead) 4. Support journey redesign output review to help ensure that the journeys from the new 3 rounds identified meet the level of innovation expected by HSD leadership, based on “innovation checklist”/ agreed criteria (e.g., no or minimal printed paper, use of self- service reporting when possible, etc.) 5. Support 1 selected track each round with up to 4 remote meetings per week, to help move forward on journey mapping and redesign - including facilitating the track meetings when needed 6. Support reporting and oversight of quick wins implementation (incl. quick-wins already identified and new ones identified during redesigns), including tracking impact on a main key performance indicator (KPI) to be agreed (e.g., total number of staff-hours per year), and MMISR requirements mapping 	

Deliverable 14: Sustained output in the context of a fast-paced Business Transformation Council (BTC) approach, Phase III

<u>Deliverable Name</u>		<u>Due Date</u>	<u>Cost</u>
Sustained output in the context of fast-paced BTC approach, Phase III		No Later Than 120 Days After Amendment 4 Approval	Total compensation not to exceed \$1,104,025.20 including GRT
Task Item	Sub Tasks	Description	
Sustained output in the context of a fast-paced BTC approach, Phase III	Support for quality assessment and refinement of journey redesign work products	<ol style="list-style-type: none"> 1. Support end-to-end journeys review & redesign for all 5 stakeholder groups (i.e. 5 end-to-end redesigns) of journey redesigns performed for MAD (e.g., all journeys impacting providers), in order to help identify and tackle gaps, open points, potential enhancements 2. Update up to 2 times overall mapping of journeys to MAD processes and MITA categories (incl. new processes highlighted from MAD prior to BTC re-launch) 3. Continue the support of reporting and oversight of quick wins implementation (incl. quick-wins already identified and new ones identified during redesigns), including tracking impact on a main key performance indicator (KPI) to be agreed (e.g., total number of staff-hours per year), and MMISR requirements mapping 	

Deliverable 15: Sustained output in the context of a fast-paced Business Transformation Council (BTC) approach, Phase IV

<u>Deliverable Name</u>		<u>Due Date</u>	<u>Cost</u>
Sustained output in the context of fast-paced BTC approach, Phase IV		No Later Than 180 Days After Amendment 4 Approval	Total compensation not to exceed \$1,104,025.20 including GRT
<u>Task Item</u>	<u>Sub Tasks</u>	<u>Description</u>	
Sustained output in the context of a fast-paced BTC approach, Phase IV	Support for quality assessment and refinement of journey redesign work products, Phase II	<ol style="list-style-type: none"> 1. Support preparation for discussions that HSD/ MAD leadership will have with different MMISR modules vendors (e.g., with 4 workshops, each focused on a module), to help ensure requirements needed from HSD are implemented or addressed; <i>note that McKinsey will not be present during discussions with module vendors</i> 2. Support creation of plan forward for further journeys to be redesigned, including tie-in with potential other transformational journeys (and implications for MMISR) from within HSD (e.g., Income Services Department (ISD), Child Support Enforcement Division (CSED)) and beyond HSD (e.g., CYFD) 3. Participate in up to 2 meetings per week on MMISR modules' status, and support discussions on refinement of MMISR schedule to include e.g., milestones to capture requirements from journey redesigns, leadership priorities (e.g., integration with state-based exchange for enrollment year 2021) 	

Deliverable 16: Organizational Change Management, Phase II

<u>Deliverable Name</u>	<u>Due Date</u>	<u>Cost</u>
Organizational Change Management, Phase II	No Later Than 90 Days After Amendment 4 Approval	Total compensation not to exceed \$292,493.09 including GRT
<u>Task Item</u>	<u>Sub Tasks</u>	<u>Description</u>
Organizational Change Management, Phase II	Support implementation of BTC OCM initiatives	<ol style="list-style-type: none"> 1. Support, during BTC redesigns, alignment of key stakeholders such as BTC Chair and Co-chair, Organizational Change Management (OCM) lead, Communications lead, and refinement of OCM plan through up to 4 meetings across the duration of redesigns 2. Support, during BTC redesign, tracking of OCM initiatives implemented for tracks (e.g., bootcamp, dedicated trainings), including supporting the implementation of 1 initiative selected by HSD/MAD leadership (e.g., showroom)

Deliverable 17: Organizational Change Management, Phase III

<u>Deliverable Name</u>	<u>Due Date</u>	<u>Cost</u>
Organizational Change Management, Phase III	No Later Than 180 Days After Amendment 4 Approval	Total compensation not to exceed \$552,012.60 including GRT
<u>Task Item</u>	<u>Sub Tasks</u>	<u>Description</u>
Organizational Change Management, Phase III	Prepare scale-up of OCM plan to MAD organization in anticipation of MMISR roll-out	<ol style="list-style-type: none"> 1. Launch the second OHI survey across MAD and compare results with previous OHI survey (from end of 2018) in order to identify progress and areas of attention; in particular, status will be compared to needs and initiatives identified in Q1 2019 plan, in order to help identify what is needed for the organization beyond BTC OCM 2. Based on OHI results, prepare and run up to 2 dedicated workshops to align on key areas (e.g., move from ad-hoc reporting to inform processes to self-service reporting to, where applicable, automated processes with ex-post or automatically flagged reviews only) and selected initiatives for MAD in anticipation of MMISR roll-out (and in line with the initial OCM plan presented in Q1

		2019) 3. Update mapping of latest OCM plan to template indicated by HSD/ MAD leadership
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Deliverable 18: MAD Leadership counseling, Phase III

<u>Deliverable Name</u>		<u>Due Date</u>	<u>Cost</u>
MAD Leadership counseling, Phase III		No Later Than 200 Days After Amendment 4 Approval	Total compensation not to exceed \$105,692.65 including GRT
<u>Task Item</u>	<u>Sub Tasks</u>	<u>Description</u>	
MAD Leadership counseling, Phase III	Refine MAD's 4-year strategic plan, Phase II	<ol style="list-style-type: none"> 1. Help refine, based on outcome from Legislative session and overall MMISR context, the full MAD strategic plan, including actions, owners, associated timeline – e.g., organizing up to 3 MAD leadership workshops 2. Refine, if needed based on overall context, priorities for the current fiscal year and associated KPIs 3. Support up to 2 meetings with state stakeholders to align on MAD's strategic priorities 	

Deliverable 19: Organizational structure best suited for MAD's transformation

<u>Deliverable Name</u>		<u>Due Date</u>	<u>Cost</u>
Organizational structure best suited for MAD's transformation		No Later Than 230 Days After Amendment 4 Approval	Total compensation not to exceed \$1,104,025.20 including GRT
Task Item	Sub Tasks	Description	
Organizational structure best suited for MAD's transformation	Design MAD's organizational future state	<ol style="list-style-type: none"> 1. Highlight for MAD leadership's consideration the potential role changes required based on the new MMISR modules, prioritizing module reviews based on implementation timeline (i.e. starting with Quality Assurance) 2. In association with each potential role change, support MAD leadership in identifying the full set of implications (including cases of shared accountability, potential moves from one Bureau to the other, etc.) 3. Organize up to 1 workshop per MMISR module to align on expected changes, actions to take (incl. timely communication to involved staff members), and associated timeline 4. Create a comprehensive overview of role changes/ evolutions based on full set of initiatives within MAD's Transformation 5. Organize up to 3 workshops to align on expected changes, actions to take, and associated timeline 	