

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
PROFESSIONAL SERVICES CONTRACT

THIS AMENDMENT No. 3 to PROFESSIONAL SERVICES CONTRACT (PSC) 15-630-8000-0014 is made and entered into by and between the State of New Mexico **Human Services Department**, hereinafter referred to as the "HSD," and **Mercer Health and Benefits, LLC**, hereinafter referred to as the "Contractor".

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:

The purpose of this amendment is to update Capitation Rates for FY17 and FY18, and add services for Mental Health Parity, 1115 Waiver Renewal, MCO Procurement Assistance, and Sub-Contractor.

Section 1, Scope of Work, 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.

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

2. Compensation.

A. The HSD shall pay to the Contractor in full payment for services satisfactorily performed such compensation not to exceed fifteen million three hundred thirty thousand dollars (\$15,330,000) including gross receipts tax, if applicable. 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 HSD shall pay to the Contractor in full payment for services satisfactorily performed such compensation not to exceed three million five hundred thousand dollars (\$3,500,000) including gross receipts tax, if applicable, in FY15.

The HSD shall pay to the Contractor in full payment for services satisfactorily performed such compensation not to exceed five million seven hundred eighty thousand dollars (\$5,780,000) including gross receipts tax, if applicable, in FY16.

The HSD shall pay to the Contractor in full payment for services satisfactorily performed such compensation not to exceed six million fifty thousand dollars (\$6,050,000) including gross receipts tax, if applicable, in FY17.

Exhibit A, Amended Scope of Work, is restated in its entirety with added language **bolded** and *italicized*, attached hereto and referenced herein.

All other sections of PSC 15-630-8000-0014, as amended, remain the same.

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IN WITNESS WHEREOF, the parties have executed this Agreement as set forth below.

By:  Date: 2/22/17
HSD Cabinet Secretary

By:  Date: 2/15/17
HSD Office of General Counsel

By:  Date: 2/14/17
HSD Chief Financial Officer

By:  Date: 2/13/2017
Contractor

The records of the Taxation and Revenue Department reflect that the Contractor is registered with the Taxation and Revenue Department of the State of New Mexico to pay gross receipts and compensating taxes.

ID Number: **03-044671-00-6**

Taxation and Revenue is only verifying the registration and will not confirm or deny taxability statements contained in this contract.

By:  Date: 2-24-17
Taxation and Revenue Department

Exhibit A**Amended Scope of Work**

The Contractor shall perform the following work:

1. Develop, set, and certify actuarially sound capitation rates for all managed care organization (MCO) cohorts under Centennial Care. Capitation rates should be developed based on factual data and may be developed by line of business, i.e. physical health, behavioral health, and long term care services for the Standard Medicaid Services Benefit Plan and physical health and behavioral health for the Alternative Benefit Plan. Rates must be certified by a date specified by the HSD. This work includes, but is not limited to the following:
 - a) Certifying that the rates comply with all requirements for managed care rate setting as described in the Balanced Budget Act of 1997;
 - b) Using a variety of parameters in defining and developing managed care cohorts and capitation rates including, but not limited to, recipients' age, gender, category of eligibility, level of care, and geographic location;
 - c) Identifying medical service utilization patterns by category of service and medical and administrative cost profiles for all managed care cohorts and major lines of business;
 - d) Calculating the actuarially sound high/target/low capitation rate ranges;
 - e) Participating and providing administrative support in the HSDs' rate setting discussions and meetings (some of which will take place in Santa Fe, NM);
 - f) Participating in periodic meetings with HSD staff to discuss the parameters, priorities, methodology, and ongoing results of MCO capitation rate development in each rate cycle.
 - (1) Provide documents and data, as directed by HSD staff, to discuss at these meetings.
 - (2) Work collaboratively with HSD staff to improve the accuracy and efficiency of the existing data sources and new data sources used for capitation rate development.
 - (3) Work collaboratively with HSD staff and other HSD vendors to improve the accuracy and efficiency of capitation rate development methodologies.
 - (4) Provide the HSD with reports and calculations in the format(s) specified by the HSD, including all formulae, databases, data sets, analyses, and documents relevant to the capitation rate setting process.
2. Update the capitation rates based on factual data, trends in pricing, changes resulting from federal and/or state requirements, program changes or changes in coverage, and certify those rates for Centennial Care. Activities related to updating capitation rate setting include, but are not limited to:
 - a) Analyze inflation and economic trends.
 - b) Analyze the financial statement data of the managed care plan with a focus on relevant issues affecting capitation rate development.

- c) Analyze any programmatic changes that will be effective in the FY and use the data to calculate adjustment factors to be applied to the existing capitation rate ranges.
 - d) Calculate the actuarially sound high/target/low capitation rate ranges.
 - e) Produce a report that provides a detailed description of the methodology used for developing the capitation rates.
 - f) Provide actuarial certification as to the soundness of the rates.
 - g) Prepare all presentation material, attend and participate in the meetings to promote approved recommendations.
 - h) Provide the HSD with reports and calculations in the format(s) specified by the HSD, including all formulas, databases, data sets, analyses, and documents relevant to the capitation rate updating process.
 - i) ***Mid-Year Rate Capitation Updates for Calendar Year 17 – Covered under existing scope of work:***
 - 1) ***As necessary, provide data and analysis to support CY17 risk adjusted rates calculations.***
 - 2) ***As necessary, conduct analysis to update contract period CY17 capitation rate ranges, cohort rate adoption and loading of rates for the existing and replacement MMIS.***
 - 3) ***Assist HSD in discussions with the systems staff of managed care organizations and perform such testing of rates as may be necessary.***

 - j) ***Capitation Rate Development for Calendar Year 18 – Covered under existing scope of work:***
 - 1) ***As necessary, provide data and analysis to support CY18 risk adjusted rates calculations.***
 - 2) ***As necessary, assist with the development of contract period CY18 capitation rate ranges, conduct such analysis as may be requested and required.***
 - 3) ***Ensure that proper cohort rates are adopted and that such rates are loaded correctly in the existing and replacement MMIS.***
 - 4) ***Ensure that all cohort rate histories by MCO are transferred to and loaded by the respective replacement MMIS module.***
 - 5) ***Assist HSD in discussions with the systems staff of managed care organizations, and perform such testing of rates as may be necessary.***
3. Assist the HSD in its reporting on aspects of its §1115 Demonstration waiver for Centennial Care. This work includes, but is not limited to the following:
- a) Monitor and report on budget neutrality as required by federal guidelines.
 - b) Evaluate the enrollment and financial performance of Managed Care Organizations and their provider networks.
 - c) Provide encounter data validation analysis as required by the waiver's Standard Terms and Conditions.
4. ***1115 Wavier Renewal and Managed Care Procurement:***
- a) ***Assist with project management for the HSD 1115 waiver application process,***

and ensure that actions and timetables are coordinated with the MMIS Replacement Project.

- b) Perform document development, research and other ad hoc projects necessary to support both the application and the systems testing that will be required to ensure full operational success with respect to waiver changes in the existing and replacement MMIS.*
 - c) Assist HSD with the development of the 1115 waiver application and assist with the data production necessary to address program budget neutrality and cost impact in the replacement MMIS.*
5. Provide the HSD with additional consultation services and complete other work as requested by the HSD which may include, but is not limited to, the following:
- a) Analyzing and ensuring accurate payments and reimbursements related to the Primary Care Physician fee increase under the Affordable Care Act.
 - b) Providing analysis and other consultation as needed in the development of a risk-adjusted payment approach.
 - c) Performing activities related to the reconciliation of the Community Benefit and the Beneficiary Rewards programs under Centennial Care.
 - d) Assist with programmatic activities associated with the implementation of the Centennial Care program such as State Plan Amendments, contract amendments, and regulatory changes including revised Centers for Medicare and Medicaid Services requirements for Home & Community Based Services (HCBS). Required documentation and work includes: draft and final provider surveys; provider training; and, final reports.
 - e) Analyze proposed adjustments to provider reimbursement rates.
 - f) Assist HSD in responding to Centers for Medicare & Medicaid Services (CMS) requirements and pursuing CMS approval of programmatic changes.
6. At the end of the contract period, work cooperatively with the HSD and any of its specified contracting organizations to develop and successfully implement a plan to transition all data, methodologies, documentation, and ongoing projects to the succeeding contracting organization, vendor, or firm or to the state.
7. The Human Services Department, in partnership with the Department of Health, is embarking on a State Innovation Model (SIM) grant project funded by the federal government. In support of the SIM project, the contractor will provide actuarial services as needed during the Model Design process to evaluate potential cost savings and other analyses that can be used to make policy decisions concerning the Model Design.
8. *Contractor shall subcontract with Chris Pruett to provide professional services to HSD as directed by HSD including:*
- a) Omnicaid and other legacy system conversion definition, planning, completeness and testing of conversion files for the replacement MMIS and for acceptance and operation by the new MMIS System Integration module vendors.*
 - b) Omnicaid system data extracts and analysis and reporting tools.*

- c) *Perform research and develop documentation on capitation, eligibility and encounter processing as well as reporting tools, assess the acceptability of such documentation, and outline key measures, changes and tests to be conducted on the capitation, eligibility and encounter processes for conversion and operation in the replacement MMIS environment.*
- d) *Research questions and perform issue resolution on the current MMIS and ensure incorporation into the documentation required for conversion to the replacement MMIS.*
- e) *Assist with review of deliverables and design documents related to ASPEN Amendment 3 for the MCO Enrollment and RTE projects, and assist with testing, including development of scenarios for UAT.*
- f) *Work independently with HSD and its MMIS Replacement Project Consultants, as well as ITD, on the MMISR project.*
- g) *HSD agrees to review work performed, and to coordinate work with the Systems Bureau Chief, her backup for the MMISR project, and such other staff as may be required.*

9. For Procurement Assistance, Contractor shall:

- a) *Assist HSD with development of procurement documents, including requests for proposals (RFP), for the MMIS Replacement Project, for the Centennial Care waiver renewal and its integration into the MMIS Replacement Project.*
- b) *Perform document development, research and other ad hoc projects to support RFPs.*
- c) *Assist with project management for the HSD waiver renewal procurement process.*
- d) *Assist HSD with development of historical data and other materials for the procurement libraries for RFPs.*
- e) *Assist HSD with evaluation of RFP responses, design of SLAs for contracts, testing scenarios and readiness assessment.*

10. For Mental Health Parity, Contractor shall:

- a) *Assist HSD with identifying benefit packages to which Mental Health Parity will apply.*
- b) *Assist HSD in defining mental health, substance use disorder, and medical/surgical benefits and ensure that benefit changes that may be required as a result of Mental Health Parity testing are outlined and communicated to HSD for state plan amendments, policy manual, system documentation, contract and procurement changes.*
- c) *Any changes that may be required as a result of the impact of the Mental Health Parity analysis shall be incorporated into the replacement MMIS and that Conduent conversion files contain all relevant historical data on such benefits.*
- d) *Assist HSD in mapping benefits to four classifications (inpatient, outpatient, emergency care, and prescription drug), as required by the Mental Health Parity regulations.*

- e) Assist HSD in development of evaluation requirements and the project management tools that will be conducted by Centennial Care managed care organizations including:
 - i. financial requirements, quantitative treatment limitations, and annual life-time limits testing.*
 - ii. identify and test mental health/substance abuse disorder non-quantitative treatment limitations testing.**
 - f) Assist HSD to ensure that the current and replacement MMIS systems have the capability and documentation to meet the October 2017 deadline.*
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