

CONTRACT AMENDMENT NO. 2

Original Contract Routing Number 2016000000000002089

1. PARTIES

This Amendment to the above-referenced Original Contract (hereinafter called the "Contract") is entered into by and between Magellan Medicaid Administration, Inc. (Magellan), 11013 W. Broad Street, Suite 500, Glen Allen, VA 23060, (hereinafter called "Contractor"), and the STATE OF COLORADO, acting by and through the Department of Health Care Policy and Financing, 1570 Grant Street, Denver, Colorado 80203 (hereinafter called "Department" or "State").

2. EFFECTIVE DATE AND ENFORCEABILITY

This Amendment shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee (hereinafter called the "Effective Date.") The Department shall not be liable to pay or reimburse Contractor for any performance hereunder, including, but not limited to, costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

3. FACTUAL RECITALS

The Parties entered into the Contract to develop and install the Pharmacy Benefits Management System (PBMS) and to provide services related to the PBMS. The purpose of this Amendment is to add funding for postage and to make corrections or changes for clarification.

4. CONSIDERATION

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Amendment.

5. LIMITS OF EFFECT

This Amendment is incorporated by reference into the Contract, and the Contract and all prior amendments thereto, if any, remain in full force and effect except as specifically modified herein.

6. MODIFICATIONS

The Contract and all prior amendments thereto, if any, are modified as follows:

A. Section 7, PAYMENTS TO CONTRACTOR, subsection A. Maximum Amount, is hereby deleted in its entirety and replaced with the following:

A. Maximum Amount

The maximum amount payable under this Contract to Contractor by the State is shown in the following table, as determined by the State from available funds. Payments to Contractor are limited to the unpaid obligated balance of the Contract at the rates set forth in **Exhibit E, Compensation and Quality Maintenance Payments**. The maximum amount payable by the State to Contractor is:

State Fiscal Year 2015-16	\$4,909,615.35
State Fiscal Year 2016-17	\$4,768,618.65
State Fiscal Year 2017-18	\$3,245,000.00
State Fiscal Year 2018-19	\$3,005,000.00
State Fiscal Year 2019-20	\$3,005,000.00
State Fiscal Year 2020-21	\$3,005,000.00
State Fiscal Year 2021-22	\$3,005,000.00
State Fiscal Year 2022-23	\$3,005,000.00
State Fiscal Year 2023-24	\$1,005,000.00
Total for All State Fiscal Years	\$28,953,234.00

The State Fiscal Year amounts in the table in this section are based on State appropriations. Based on the timing of the invoicing and payment, the Contractor may receive amounts paid in a different State Fiscal Year than when the amounts were actually earned by the Contractor. Any changes to the maximum amount payable under the Contract or Quality Maintenance Payments Specified in Exhibit E, shall require a formal written amendment, in accordance with State Fiscal Rules and State Controller Policies and Guidelines.

B. Section 15, REMEDIES, subsection F, Other Damages, is hereby deleted in its entirety and replaced with the following:

F. Other damages

- i. Following February 25, 2018, damages shall be imposed if claims processing is not fully operational and the PBMS is not operational as described in Exhibit C, Requirements, and Contractor is determined to be at fault for the delay based on the outcome resulting from the Dispute Process (as described in §20.E). Damages will be assessed on a monthly basis based on the increase in the incremental difference between the amount that must be paid to the current MMIS contractor and the contractual amount to be paid to Contractor. Contractor and the State will in good faith mitigate, to the extent possible, any damages. Contractor will not be paid any amount during such delay. This Section 15.F.i. may only be modified through a formal Contract amendment under Section 19.H.i and the date may not be extended through the use of the Project Management Plan.
- ii. If CMS certification is not granted within eighteen (18) months of the first day of the PBMS Ongoing Operations and Enhancements Contract Stage, and Contractor is determined to be at fault for the delay based on the outcome resulting from the Dispute Process (as described in Section §20.E) Contractor will reimburse the Department an amount equal to the difference between the 75% Federal Financial Participation rate for a CMS certified system and the 50% Federal Financial Participation rate the Department incurred for operating an non-CMS certified system during the period the system is not certified by CMS. If CMS certifies the MMIS back to Operational Start Date, then the State will equitably reimburse Contractor for the amounts that were assessed under this Section (ii).

C. Section 16, NOTICES AND REPRESENTATIVES, is hereby deleted in its entirety and replaced with the following:

16. NOTICES AND REPRESENTATIVES

Each individual identified below is the principal representative of the designating Party. Unless otherwise required by a specific provision of this Contract, all notices required to be given hereunder shall be hand delivered with receipt required or sent by certified or registered mail to such Party's principal representative at the address set forth below. In addition to, but not in lieu of, a hard-copy notice, notice also may be sent by e-mail to the e-mail addresses, if any, set forth below. Either Party may from time to time designate by written notice substitute addresses or persons to whom such notices shall be sent. Unless otherwise provided herein, all notices shall be effective upon receipt.

For the State: Parrish Steinbrecher, Deputy Office Director, Health Information Office
Department of Health Care Policy and Financing
1570 Grant Street
Denver, Colorado 80203
Parrish.Steinbrecher@state.co.us

For Contractor: Jenni Pandak, Senior Director, Account Management
Magellan Medicaid Administration, Inc.
11013 West Broad Street, Suite 500
Glen Allen, VA 23060
JSPandak@magellanhealth.com

D. Exhibit A, STATEMENT OF WORK, Sections 4.2., 4.2.1., and 4.5., are hereby deleted in their entirety and replaced with the following:

4.2. The Contractor shall provide at least one (1) FTE to provide two-thousand and eighty (2,080) hours of Customization work under this Contract on an annual basis during the Ongoing Operations and Enhancement Contract Stage. In addition, the Contractor shall provide at least two (2) FTEs to provide four-thousand, one-hundred and sixty (4,160) hours of Configuration work under this Contract on an annual basis during the Ongoing Operations and Enhancement Contract Stage. The Contractor shall provide at least one (1) FTE to support the Configuration and Customization work under this Contract on an annual basis during the Ongoing Operations and Enhancement Contract Stage. This support shall include Testing and Validation, Business Analysis, Technical Writing, System Documentation and Project Management required to support the Configuration and Customization hours described herein. The hours of work associated with the FTEs that the Contractor shall provide are shown in the following table, but the Contractor may adjust the hours between types of FTEs as necessary.

4.2.1. Included Enhancement Hours Table

Enhancement Position	Included Hours each year
Customization Staff	2,080
Configuration Staff	4,160
Testing and Validation Staff	1,000

Business Analyst Staff	1,000
Technical Writing and System Documentation Staff	500
Project Management Staff	500
Total Annual Hours	9,240

4.5. Enhancement Hours shall be prorated on a monthly basis during the final Contract Year, without affecting the Monthly Payments as described in Exhibit E.

E. Exhibit A, STATEMENT OF WORK, Sections 4.6. through 4.8., are hereby added as follows:

4.6. The Contractor shall provide six-thousand, one-hundred and forty-three (6,143) Enhancement Hours for the first year of the Ongoing Operations and Enhancement Contract Stage, which shall start on February 25, 2017, and end on June 30, 2017, a period of approximately four (4) months. These hours shall be decremented by no more than forty (40) hours during the Implementation Contract Stage for the "J-Code OIG Audit Project," which was finalized via email transmittal on September 6, 2016.

4.7. All subsequent years of the Ongoing Operations and Enhancement Contract Stage shall include the full annual allocation of nine-thousand, two-hundred and forty (9,240) Enhancement Hours, and shall be accounted for based on the Colorado State Fiscal Year (July 1 to June 30 of each year).

4.8. Enhancement Hours required to support mandated industry changes as specified by the National Council for Prescription Drug Programs (NCPDP) and/or CMS shall not be decremented against annual Enhancement Hours. The Contractor shall develop and provide a solution to meet the required NCPDP and/or CMS mandate(s), and shall deploy that solution to the Colorado PBMS. Any customized features requested and approved by the Department over and above the defined solution shall be treated as customization work, and the associated Enhancement Hours for those customized features shall be decremented against annual Enhancement Hours.

F. Exhibit A, STATEMENT OF WORK, Sections 5.1.2.1., 5.1.2.2., 5.1.2.2.2., and 5.1.2.2.3., are hereby deleted in their entirety and replaced with the following:

5.1.2.1. THIS REQUIREMENT INTENTIONALLY DELETED

5.1.2.2. The Contractor shall submit each deliverable to the Department for review. The Department will review each deliverable and may approve the deliverable or may direct the Contractor to make changes to the deliverable.

5.1.2.2.2. After the development and the Contractor's quality review of a draft or new deliverable, the deliverable is ready for the Department to review. Based on the Contractor's standard deliverable management process, the first draft review allows ten (10) Business Days for the Department to review and provide comments or approve the deliverable. After the first draft review is complete and no comments are received by the end of the ten (10) Business Days, the Contractor will request signatory approval from the Department. The

Department and the Contractor may mutually agree upon an extension of the ten- (10)-Business Day review period for large deliverables.

- 5.1.2.2.3. If the Department returns comments or rejects the deliverable, the Contractor shall complete the Department's requested changes to the document and a second review process begins once the Contractor has completed the Department's requested changes and delivered the changed deliverable to the Department. The second review process allows five (5) Business Days for the Department to review and provide comments on the changes (without the addition of new modification requests) or approve the document. After the second review is complete and no comments are received by the end of the five (5) Business Days, the Contractor will request signatory approval from the Department. The Department and the Contractor may mutually agree upon an extension of the five- (5)-Business Day review period for large deliverables.

G. Exhibit C, REQUIREMENTS, Sections 8.1.3. through 8.1.3.2., are hereby added as follows:

8.1.3. Reference Amendment 2-2016: The Department and Contractor recognize that the Legacy System Contractor rebate data may need to be modified to address missing or discrepant data in order to be loaded into Contractor's eRebate system. The Contractor shall document the specific issues, risks, and approach to data modification in a Rebate Data Modification Document, which shall be submitted to the Department for approval prior to Go-Live.

8.1.3.1. Deliverable: Rebate Data Modification Document

8.1.3.2. Deliverable Stage: PBMS Implementation Contract Stage

H. Exhibit C, REQUIREMENTS, Section 24.4.1., is hereby deleted in its entirety and replaced with the following:

24.4.1. Contractor Approach: The Contractor's DDI Project Manager and Account Manager shall facilitate weekly status meetings in an agreed upon meeting space or by teleconference/virtual meeting place for the Contractor and Department throughout the PBMS implementation. The DDI Project Manager and Account Manager shall solicit meeting topics from all members of the project team, including the Department, and shall provide an agenda prior to each meeting occurrence. The Contractor shall present the current project status dashboard, and shall cover milestones recently achieved and milestones to be accomplished over the next reporting period. The DDI Project Manager and Account Manager shall also facilitate conversation around issues and challenges, and shall discuss any actionable plan when necessary. The Contractor's project status reporting shall include an update on the overall health of the project and a discussion of issues or risks that may affect schedule, budget, or deliverables during each phase of the project. The DDI Project Manager and Account Manager shall track action items and provide meeting minutes as specified in the Communication Management Plan. Furthermore, the DDI Project Manager and Account Manager shall ensure actionable items are assigned, tracked and fulfilled prior to the next status meeting. The Contractor shall provide the meeting space and conference line/virtual meeting place.

I. Exhibit C, REQUIREMENTS, Sections 26.1.1. through 26.1.3., are hereby deleted in their entirety and replaced with the following:

- 26.1.1. Agenda and status report shall be delivered as specified in the Communication Management Plan.
- 26.1.2. Minutes shall be distributed as specified in the Communication Management Plan.
- 26.1.3. Contractor Approach: The Contractor shall provide weekly reports on project status and updates through regularly scheduled operational meetings. Agendas and updated reports shall be sent to all key personnel as specified in the Communication Management Plan and Contractor shall provide meeting minutes and follow-up as specified in the Communication Management Plan. Contractor shall work with the Department to support and provide assistance to determine which key metrics it would like available in a dashboard format.

J. Exhibit C, REQUIREMENTS, Sections 52.4. through 52.4.2., are hereby added as follows:

- 52.4. Reference Amendment 2-2016: The Contractor shall develop and submit for Department approval a Preferred Drug List (PDL) Overview Document.
- 52.4.1. Deliverable: PDL Overview Document
- 52.4.2. Deliverable Stage: PBMS Implementation Contract Stage

K. Exhibit C, REQUIREMENTS, Sections 55.7.1. and 55.7.3., are hereby deleted in their entirety and replaced with the following:

- 55.7.1. The Contractor shall deliver the agenda to the Department as specified in the Communication Management Plan. The Contractor shall deliver all meeting minutes to the Department as specified in the Communication Management Plan.
- 55.7.3. Contractor shall send out an agenda as specified in the Communication Management Plan which contains the call time, phone number and the items for discussion.

L. Exhibit E, COMPENSATION AND QUALITY MAINTENANCE PAYMENTS, Sections 1.1.1.3.2. through 1.1.1.3.2.4.7., are hereby deleted in their entirety and replaced with the following:

- 1.1.1.3.2. Not included in the Contractor's licensing to the State are the following applications, licenses held by the Contractor for which the Contractor is not receiving additional payment, and which are part of the shared infrastructure being leveraged for the CO PBMS:
 - 1.1.1.3.2.1. FirstRxSM
 - 1.1.1.3.2.2. FirstTraxSM

- 1.1.1.3.2.3. eRebateSM
- 1.1.1.3.2.4. MRxExploreSM
 - 1.1.1.3.2.4.1. The number of MRxExploreSM licenses is the same as the number of Cognos licenses listed in Exhibit E, Section 1.1.1.3.1.
- 1.1.1.3.2.5. MRxAssistSM
- 1.1.1.3.2.6. All other, shared services infrastructure software on which the PBM solutions will be running, such as the following:
 - 1.1.1.3.2.6.1. Cognos Server Software
 - 1.1.1.3.2.6.2. Operating System Software
 - 1.1.1.3.2.6.3. Enterprise Service Bus Software
 - 1.1.1.3.2.6.4. Application Server Software
 - 1.1.1.3.2.6.5. Informatica ETL Software
 - 1.1.1.3.2.6.6. Citrix Server Software
 - 1.1.1.3.2.6.7. Database Server Software including but not limited to Oracle and MS SQL Server

M. Exhibit E, COMPENSATION AND QUALITY MAINTENANCE PAYMENTS, Section 1.1.2.1., is hereby deleted in its entirety and replaced with the following:

1.1.2.1. Maximum Pass-Through Postage Table

State Fiscal Year	Maximum Annual Pass-Through Postage Amount
SFY 2016-17 (July 1 2016-June 30 2017)	\$26,668.00
SFY 2017-18 (July 1 2017-June 30 2018)	\$80,000.00
SFY 2018-19 (July 1 2018-June 30 2019)	\$80,000.00
SFY 2019-20 (July 1 2019-June 30 2020)	\$80,000.00
SFY 2020-21 (July 1 2020-June 30 2021)	\$80,000.00
SFY 2021-22 (July 1 2021-June 30 2022)	\$80,000.00
SFY 2022-23 (July 1 2022-June 30 2023)	\$80,000.00
SFY 2023-24 (July 1 2023-Oct 31 2023)	\$80,000.00

N. Exhibit E, COMPENSATION AND QUALITY MAINTENANCE PAYMENTS, Section 2.1.1.2.4.1.1., is hereby deleted in its entirety and replaced with the following:

2.1.1.2.4.1.1. Ongoing Operations QMP Performance Standards Table

	<p>The monthly QMP amount for each Performance Standard listed below may be earned by the Contractor for each month of each year of the Ongoing Operations and Enhancement Contract Stage. The Ongoing Operations and Enhancement Stage consists of the following years:</p> <p>Year 1: February 25, 2017 – June 30, 2017 Year 2: July 1, 2017 – June 30, 2018 Year 3: July 1, 2018 – June 30, 2019 Year 4: July 1, 2019 – June 30, 2020 Year 5: July 1, 2020 – June 30, 2021 Year 6: July 1, 2021 – June 30, 2022 Year 7: July 1, 2022 – June 30, 2023 Year 8: July 1, 2023 – June 30, 2024</p>
<p>Performance Standard</p> <p>Staff Retention and Backfill if Vacancy performance standard - The Contractor shall provide backup resources during the planning stages for training in the case that any key personnel would leave the program for any unforeseen reason. Recruiting shall begin immediately for the Pharmacy Services Account Manager and the Pharmacy Systems Manager who shall both be located at the Contractor's Denver facility.</p>	<p>\$1,388.89</p>
<p>System availability performance standard – the PBMS was available to PBMS users ninety-nine and one-half percent (99.5%) of time during normal service hours each month.</p>	<p>\$1,388.89</p>
<p>Claim adjudication accuracy performance standard - 99.9% of all claims were processed with no errors each month.</p>	<p>\$1,388.89</p>
<p>Business Continuity Performance Standard –</p> <ul style="list-style-type: none"> • No mission critical services (priority 1 as described in the Business Continuity and Disaster Recovery Plan) were interrupted during the month. • All core services that are required to be maintained with limited service disruption (priority 2 as described in the Business Continuity and Disaster Recovery Plan) were recovered within eight (8) hours following the event that resulted in those services being unavailable -OR- no priority 2 services were interrupted during the month. • Systems and data where service disruption will cause serious injury to government operations, staff, or citizens (priority 3 as described in the Business Continuity and Disaster Recovery Plan) were all recovered within forty-eight (48) hours following any event that results in those 	<p>\$1,388.89</p>

<p>services being unavailable -OR- no priority 3 services were interrupted during the month.</p> <ul style="list-style-type: none"> • Systems and data required for moderately critical agency services and IT functions where damage to government operations, staff, and citizens would be significant but not serious (priority 4 as described in the Business Continuity and Disaster Recovery Plan) were all recovered within five (5) Business Days following any event that results in those services being unavailable -OR- no priority 4 services were interrupted during the month. • Systems and data required for less critical support systems (priority 5 as described in the Business Continuity and Disaster Recovery Plan) were all recovered on timeframe as mutually agreed upon by the Department and Contractor -OR- no priority 5 services were interrupted during the month... • As described in the Business Continuity and Disaster Recovery Plan, the call center was fully operational within twenty-four (24) hours following any event that caused the call center to become not operational and the alternate site was fully operational within five (5) Business Days -OR- the call center was operational at all required times during the month and the Contractor did not need to use an alternate site. 	
<p>Colorado specific staff were be available from 8:00 a.m. to 5:00 p.m. Mountain Time, each Business Day during the month. The Clinical Key Personnel were available during stated business hours during the month.</p>	\$1,388.89
<p>Reference 2554 - The Contractor maintained a sufficient number of telephone lines, technology, and personnel so that at least ninety-five percent (95%) of all calls are answered/queued within fifteen (15) seconds. The Contractor shall achieve an Average Speed of Answer of no more than sixty (60) seconds, measured monthly.</p>	\$1,388.89
<p>Reference 2398 - For pharmacy claims submitted electronically by a Provider, all POS Claims were adjudicated for payment or denial within an average of three (3) seconds or less of receipt during the month. For claims submitted on paper by a Provider, all paper claims were direct data entered and adjudicated by the Contractor accurately within seventy-two (72) hours upon receipt during the month.</p>	\$1,388.89
<p>100% of Prior Authorization Requests were responded to within twenty-four (24) hours following receipt.</p>	\$1,388.89
<p>All telephone calls and emails received from Providers were responded to within one (1) Business Day and were resolved</p>	\$1,388.88

<p>within three (3) Business Days during the month. A response does not mean resolution is provided; instead it may include a simple acknowledgement of the inquiry or referral to another representative as long as the representative responds within the same timeframe. If the response is a referral to another representative, the response shall provide a target completion or resolution date.</p>	
<p>Total monthly amount of all possible QMPs for each month of each year of the Ongoing Operations and Enhancement Contract Stage</p>	<p>\$12,500.00</p>

7. START DATE

This Amendment shall take effect on its Effective Date.

8. ORDER OF PRECEDENCE

Except for the Special Provisions and the HIPAA Business Associates Addendum, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the Contract, the provisions of this Amendment shall in all respects supersede, govern, and control. The most recent version of the Special Provisions incorporated into the Contract or any amendment shall always control other provisions in the Contract or any amendments.

9. AVAILABLE FUNDS

Financial obligations of the state payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, or otherwise made available to the Department by the federal government, state government and/or grantor.

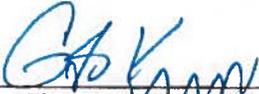
THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

THE PARTIES HERETO HAVE EXECUTED THIS AMENDMENT

Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.

CONTRACTOR:
Magellan Medicaid Administration, Inc.

STATE OF COLORADO:
John W. Hickenlooper, Governor

By: 
Signature of Authorized Officer

By: 
Susan E. Birch, MBA, BSN, RN
Executive Director

Date: 3/16/2017

Date: 3/22/17
For Susan Birch
Financing

GREGORY S. KNAPP
Printed Name of Authorized Officer

LEGAL REVIEW:
Cynthia H. Coffman, Attorney General

Magellan
SVP/GM Government Markets
Printed Title of Authorized Officer

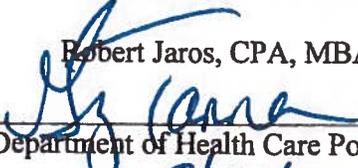
By: _____
Date: _____

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER:

Robert Jaros, CPA, MBA, JD

By: 
Department of Health Care Policy and Financing

Date: 3/31/17

