

**CONTRACT AMENDMENT NO. 3**

Original Contract 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 one (1) additional Pharmacist position and one (1) Business Analyst position to the Contract, and update the Quality Maintenance Payment (QMP) language in Exhibit E..

**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 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	\$4,785,618.65
State Fiscal Year 2017-18	\$3,245,000.00
State Fiscal Year 2018-19	\$3,360,000.00
State Fiscal Year 2019-20	\$3,360,000.00
State Fiscal Year 2020-21	\$3,360,000.00
State Fiscal Year 2021-22	\$3,360,000.00
State Fiscal Year 2022-23	\$3,360,000.00
State Fiscal Year 2023-24	\$1,116,667.00
<b>Total for All State Fiscal Years</b>	<b>\$30,856,901.00</b>

- B.** Exhibit A, Statement of Work, Section 23, Contract Personnel, is hereby deleted in its entirety and replaced as follows:

### **23. CONTRACT PERSONNEL**

- 23.1. Reference #2114: During the PBMS Implementation Contract Stage, ensure that certain personnel reside locally at the Contractor's facility.
- 23.1.1. All of the following resources shall reside locally at the Contractor's facility during the PBMS Implementation Contract Stage.
- 23.1.1.1. Pharmacy Services Account Manager.
- 23.1.2. Contractor Approach: The Contractor shall provide a Pharmacy Services Account Manager that shall reside locally at the Contractor's facility during the PBMS Implementation Contract Stage.
- 23.1.2.1. The Contractor's Business Analyst and Project Management support resources shall work on program activities at Contractor's headquarters outside of Colorado and shall make all necessary trips to attend on site meetings in Colorado during the PBMS Implementation Contract Stage in order to meet deliverables and ensure a successful implementation.
- 23.1.3. Requirement Stage: PBMS Implementation Contract Stage
- 23.2. Reference #2115: During PBMS Ongoing Operations and Enhancements Contract Stage, ensure that certain personnel reside locally at the Contractor's facility.
- 23.2.1. All of the following resources shall reside in the state at the Contractor's facility during the PBMS Ongoing Operations and Enhancements Contract Stage.
- 23.2.1.1. Pharmacy Services Account Manager.
- 23.2.1.2. Pharmacy Systems Manager.
- 23.2.2. Contractor Approach: The Contractor shall provide a Pharmacy Services Account Manager and Pharmacy Systems Manager who shall reside locally at the Contractor's facility during the PBMS Ongoing Operations and Enhancements Contract Stages.
- 23.2.3. Requirement Stage: PBMS Ongoing Operations and Enhancement Contract Stages

- 23.3. Reference #2116: Provide a Resource Management Plan.
  - 23.3.1. The Resource Management Plan shall include:
    - 23.3.1.1. A description of the proposed organization for each of the Project Phases of the Contract described in Exhibit D, Project Phases.
    - 23.3.1.2. An Organization Chart that identifies positions.
    - 23.3.1.3. Position descriptions and qualifications for each Labor Category identified on the proposed organization charts.
    - 23.3.1.4. A link or reference to the Department approved Training Plan that demonstrates the commitment of the Contractor staff to meet the learning needs of the authorized System users and include a proposed plan for face-to-face training on a mutually agreed upon schedule.
  - 23.3.2. Contractor Approach: The Resource Management Plan shall be a component of the pharmacy implementation Project Management Plan, and shall include a description of the resource needs for each of the 12 phases of the pharmacy implementation. The Implementation Project Management Plan shall be presented by the Contractor to the Department during the implementation kick-off meeting. Following approval of the Implementation Project Management Plan, the Contractor shall develop an all-inclusive Resource Management Plan covering the 12 phases of the pharmacy implementation. The Resource Management Plan shall be developed during the Initiation and Planning phase and shall be approved prior to the start of the Discover and Requirements Validation / Requirements Elicitation Phase. The Resource Management Plan shall be updated through a progressive elaborative approach throughout the pharmacy implementation. The Contractor and Department shall review the Resource Management Plan in each of the 12 phases of the Contract. The Resource Management Plan shall include an organizational chart, and in conjunction with the Project Work Plan and the implementation strategy, as designed by the DDI Project Manager, the Resource Management Plan shall name those responsible for leading each workstream within each of the 12 phases of the Contract. For each person named as a lead within the Resource Management Plan, the plan shall include a description of each position, a description of each person's role and responsibility and their qualifications, as well as a link to the Contractor's training plan to ensure each person named can fully meet their obligations to the Department.
    - 23.3.2.1. For any required component of this plan that is due in a later phase, the Contractor may note that component is due in that later phase and will be included in that phase.
  - 23.3.3. Deliverable: Resource Management Plan
  - 23.3.4. Deliverable Stage: All Contract Stages
- 23.4. Reference #2117: The Resource Management Plan shall also include information for each position.
  - 23.4.1. This additional information shall include at least:
    - 23.4.1.1. Labor Category title.
    - 23.4.1.2. Position description.
    - 23.4.1.3. Required education, training, licensure, and certification.
    - 23.4.1.4. Required experience.
    - 23.4.1.5. Specific skills or knowledge required.



- 23.4.2. Contractor Approach: The Resource Management Plan shall include a biography for each of the named positions. Each biography shall include the person's Labor Category title, a description of their position, the person's education, training, licensure and certification, a description of the person's experience and any skills or knowledge applicable to the person's role. The Contractor shall review each named position with the Department throughout the pharmacy implementation and at least once in each of the 12 implementation phases to ensure the requirements of this Contract are being met by those identified. The Resource Management Plan shall be a living document, initially approved by the Department during the Initiation and Planning phase, but revisited in each of the 12 implementation phases where additional resource biographies may be added by the Contractor or the Department to ensure the pharmacy implementation is being properly managed to meet the requirements of the Contract.
- 23.4.3. Deliverable: Resource Management Plan
- 23.4.4. Deliverable Stage: PBMS Implementation Contract Stage
- 23.5. Reference #2118: The Resource Management Plan shall also include additional information.
  - 23.5.1. The additional information in the Resource Management Plan shall include:
    - 23.5.1.1. A strategy for the organizational structure and team location(s) (specify in-state or out-of-state), and how this structure will contribute to project success.
    - 23.5.1.2. A description for maintaining appropriate staffing levels throughout the term of the Contract and adjusting its resources as necessary to maintain the required level of service.
    - 23.5.1.3. Identification of Subcontractors (if any).
  - 23.5.2. Contractor Approach: The Contractor's organizational structure detailed within the Resource Management Plan shall coincide with the implementation strategy, and this organizational structure shall determine those named as leads for each work stream across the term of the Contract. Furthermore, the organizational structure shall determine those named in the Resource Management Plan and the biographies required to be included. The Resource Management Plan shall list the location of each named person and their responsible team, and shall describe the Contractor's strategy for interacting with the Department to ensure the Contractor's strategy shall contribute to the successful implementation and operations. The Resource Management Plan shall reference the Contractor's staffing plan. The execution of the staffing plan shall ensure appropriate staffing levels are maintained throughout the term of the Contract and the needs of the Contract are met. Should the Contractor involve one or more Subcontractors during the term of the Contract, those Subcontractors shall be identified in the Resource Management Plan and shall be subject to providing the same level of detail as the Contractor, including an organizational chart, biographies for key staff, and a description for maintaining appropriate staff levels. As with the Contractor, the Resource Management Plan including Subcontractors shall be reviewed throughout the term of the Contract and shall be updated as necessary.
  - 23.5.3. Deliverable: Resource Management Plan
  - 23.5.4. Deliverable Stage: All Contract Stages
- 23.6. Reference #2119: Identify and provide resumes for proposed Key Personnel who will be available to perform Work under the Contract.
  - 23.6.1. Any substitutions shall be approved by the Department prior to their assignment to perform Work under the Contract.

- 23.6.2. Key personnel include:
  - 23.6.2.1. Pharmacy Services Account Manager.
  - 23.6.2.2. Business Analyst.
  - 23.6.2.3. Clinical Services Manager.
  - 23.6.2.4. DDI Manager Project.
  - 23.6.2.5. Pharmacy Systems Manager.
  - 23.6.2.6. Pharmacy Call Center Manager.
  - 23.6.2.7. Pharmacist.
  - 23.6.2.8. Point of Sale (POS) Pharmacist.
  - 23.6.2.9. Rebate Manager.
- 23.6.3. Other Key Personnel shall be identified by the Contractor, indicating the Contractor's commitment to team stability.
- 23.6.4. Key Personnel shall be accessible to key Department personnel at all times.
- 23.6.5. Key Personnel will be evaluated yearly.
- 23.6.6. All Key personnel shall be dedicated to the Contract and COMMIT project full-time during the term of the Contract.
- 23.6.7. The Key Personnel required to be located locally are:
  - 23.6.7.1. Pharmacy Services Account Manager.
  - 23.6.7.2. Systems Manager.
- 23.6.8. Contractor Approach: The Contractor shall identify and provide qualified resumes for the key personnel identified in this Contract. Qualified candidates shall be presented to the Department for approval, and subcontractors, if utilized, shall also be presented to the Department for approval.
  - 23.6.8.1. The Pharmacy Services Account Manager shall be located in the Contractor's Denver facility and shall be in place by the beginning of the Implementation Phase of the program. This individual shall have experience in leading Medicaid PBMS services and shall excel in the area of project management and scheduling. The Pharmacy Services Account Manager shall provide a single point-of-contact for all parties involved and researches issues to make informed decisions and shall pull together other resources and meetings to accomplish program goals.
  - 23.6.8.2. The DDI Manager shall also be in place during the Implementation Phase of the program and shall make multiple trips to the Contractor's Denver facility to meet the needs of the Department's Contract deliverables. This individual shall have experience with IT and Operations Project Management with extensive knowledge in managing and leading PBMS solutions.
  - 23.6.8.3. The Pharmacy Systems Manager shall also reside locally in the Contractor's Denver facility and shall be in place by the beginning of the Operations Phase of the program. This role shall center on coordinating system customization and configuration. This individual shall have experience managing the implementation of highly customized enterprise systems and shall



work closely with the Pharmacy Services Account Manager to provide superior support to the Department.

- 23.6.8.4. The Clinical Services Manager shall manage the development of clinical management products and services. The position shall be able to communicate across all departments; have an understanding of the strategic impact of the pharmacy programs for the company, knowledge of how the specialty programs integrate with other clinical initiatives, and expertise with data management. This role shall develop and track the appropriate metrics to monitor the quality of care and the cost impact of the Department's program.
- 23.6.8.5. The Pharmacy Call Center Manager shall manage the Department's dedicated call center team. This role shall focus on day-to-day performance metrics, developing useful management and client reports, and monitoring individual staff performance and quality scores. This individual shall have experience managing and supervising all phases of the Pharmacy Call Center and Help Desk Services; regularly interacting with Providers and Clients to meet their needs and deliver excellent customer service.
- 23.6.8.6. The dedicated Pharmacist role shall provide input and feedback on clinical guidelines and discuss patient care with providers and offer alternatives to non-preferred medications. On an as needed basis, the dedicated Pharmacist shall perform clinical reviews for requests outside of clinical guidelines or FDA-approved indications or other requested analysis.
- 23.6.8.7. The POS Pharmacist role shall present ProDUR results, provide clinical criteria for system edits, assist with system review from a clinical perspective, and work with the call center regarding clinical changes.
- 23.6.8.8. The Business Analyst role shall serve as the liaison between the Department's team business owners, end users, IT, and Claims and Clinical departments.
- 23.6.8.9. All of the above mentioned roles shall be dedicated to the Department program during the term of the Contract and shall be evaluated yearly based on individual and Contract related performance.
- 23.6.8.10. During the Implementation Phase, the dedicated Contractor Team shall have oversight from the Senior Vice President of Implementations and Account Management. This individual shall provide leadership to the Contractor's Team and travel to the Contractor's facility in Denver on a regular basis for interaction with the Department on all Contract related items.
- 23.6.8.11. The Contractor's dedicated team members shall also have matrix reporting relationships with Pharmacy Operations, Project Management, and Clinical Pharmacy.
- 23.6.8.12. There shall also be support staff supporting the Department's program on an allocated basis in order to meet the requirements of the Contract and shall be part of the Resource Management Plan.

23.6.9. Deliverable: Identification and Resumes of Key Personnel

23.6.10. Deliverable Stage: All Contract Stages

23.7. Reference #2120: Key Personnel named shall, at minimum, possess meet the minimum Key Personnel qualifications.

23.7.1. The minimum Key Personnel qualifications are as follows:

- 23.7.1.1. At least five (5) years of experience in the particular named service (e.g., account management, systems management, pharmacist) preferably within in the health care industry.
- 23.7.1.2. Demonstrated experience and knowledge of industry standard and best practices regarding large-scale and enterprise-level projects.
- 23.7.1.3. Specific practical experience their submitted area of expertise.
- 23.7.1.4. At least three (3) years of experience in performing similar services on complex systems-based modern technology or operational systems.
- 23.7.1.5. Extensive experience in technical writing.
- 23.7.1.6. Preferred experience in health care related concepts.
- 23.7.2. **Contractor Approach:** For this project, the Contractor shall identify key talent and have a pool of candidates from which to select that shall meet the qualifications contained in this Contract. These resources shall bring knowledge and best practices based on knowledge of other PBMS implementations. There shall also be back-up resources identified 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 Contractor shall look for similar experienced candidates with PBMS experience that shall meet the qualifications of this Contract. All resumes and potential candidates shall be presented to the Department for approval before appointments or offers are made by the Contractor.
- 23.7.3. **Requirement Stage: All Contract Stages**
- 23.8. **Reference #2121: Provide a Pharmacy Services Account Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.**
- 23.8.1. The Pharmacy Services Account Manager shall serve as the Contract primary point of contact to maintain communication with the Department's MMIS Contract Administrator and Department Management for activities related to contract administration, project management and scheduling, correspondence between the Department and PBMS Operations, and status reporting to the Department.
- 23.8.2. The Onsite Pharmacy Services Account Manager shall be in place at the Effective Date and shall reside at the Contractors Denver facility, and be dedicated to the COMMIT project full-time.
- 23.8.3. **Contractor Approach:** The Contractor shall provide a qualified Pharmacy Services Account Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.
- 23.8.3.1. The Contractor's Pharmacy Services Account Manager shall be in place by the Effective Date.
- 23.8.3.2. The Contractor's Pharmacy Services Account Manager shall be dedicated to this Contract as a full-time resource.
- 23.8.4. **Requirement Stage: All Contract Stages**
- 23.9. **Reference #2122: Provide a DDI Manager for the PBMS Implementation Contract Stage.**



- 23.9.1. The DDI Manager shall manage activities related to, Contractor resources, Deliverable reviews, system development and testing activities during this Contract Stage. The DDI Manager shall be dedicated to the COMMIT project full-time during this Contract Stage.
- 23.9.2. The DDI Manager shall be in place at the Effective Date and shall be dedicated to the COMMIT project full-time.
- 23.9.3. Contractor Approach: The Contractor shall provide a qualified DDI Manager for the PBMS Implementation Contract Stage. The Contractor's DDI Manager shall be in place at the Effective Date and shall be dedicated to this Contract as a full-time resource.
- 23.9.4. Requirement Stage: PBMS Implementation Contract Stage
- 23.10. Reference #2123: Provide a Pharmacy Systems Manager for the PBMS Ongoing Operations and Enhancements Contract Stage.
  - 23.10.1. The Pharmacy Systems Manager shall coordinate PBMS Customization and Configuration. The Pharmacy Systems Manager shall be dedicated to the COMMIT project full-time during these Contract Stages.
  - 23.10.2. The Pharmacy Systems Manager shall be in place at the Effective Date and shall reside at the Contractors Denver facility, and be dedicated to the COMMIT project full-time.
  - 23.10.3. Contractor Approach: The Contractor shall provide a qualified Pharmacy Systems Manager for the PBMS Ongoing Operations and Enhancements Contract Stage. The Contractor's Pharmacy Systems Manager shall be in place at the Effective Date and shall be dedicated to this Contract as a full-time resource.
  - 23.10.4. Requirement Stage: PBMS Ongoing Operations and Enhancements Contract Stage
- 23.11. Reference #2124: Provide a Clinical Services Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.
  - 23.11.1. The Clinical Services Manager shall manage all clinical operations activities encompassed in the Contract; overseeing operational and clinical staff; developing operational and clinical policies and procedures.
  - 23.11.2. The Clinical Services Manager shall be in place at the Effective Date and shall be dedicated to the COMMIT project full-time.
  - 23.11.3. Contractor Approach: The Contractor shall provide a Clinical Services Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.
    - 23.11.3.1. The Contractor's Clinical Services Manager shall manage all clinical operations activities encompassed in the Contract, oversee operational and clinical staff, and develop operational and clinical policies and procedures.
    - 23.11.3.2. The Contractor's Clinical Services Manager shall be in place at the Effective Date and shall be dedicated to this Contract as a full-time resource.
  - 23.11.4. Requirement Stage: All Contract Stages
- 23.12. Reference #2125: Provide a Pharmacy Call Center Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.
  - 23.12.1. The Pharmacy Call Center Manager shall manage all Call Center operations activities encompassed in the Contract; overseeing Contractor Call Center and Help Desk staff; developing Call Center and Help Desk operational policies and procedures.



- 23.12.2. The Pharmacy Call Center Manager shall be in place at the Effective Date and shall be dedicated to the COMMIT project full-time.
- 23.12.3. Contractor Approach: The Contractor shall provide a Pharmacy Call Center Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.
  - 23.12.3.1. The Contractor's Pharmacy Call Center Manager shall manage all call center operations activities, oversee Contractor call center and help desk staff, and develop call center and help desk operational policies and procedures.
  - 23.12.3.2. The Contractor's Pharmacy Call Center Manager shall be in place at the Effective Date and shall be dedicated to this Contract as a full-time resource.
- 23.12.4. Requirement Stage: All Contract Stages
- 23.13. Reference #2126: Provide a Pharmacist for the PBMS Ongoing Operations and Enhancements Contract Stage.
  - 23.13.1. The Pharmacist shall be the Contractor's clinical lead and be available for escalation issues from the Call Center and Help Desk. The Pharmacist shall also run the Preferred Drug List (PDL).
  - 23.13.2. The Pharmacist shall be in place at the Effective Date and shall be dedicated to the COMMIT project full-time.
  - 23.13.3. Contractor Approach: The Contractor shall provide a Pharmacist for the PBMS Ongoing Operations and Enhancements Contract Stage.
    - 23.13.3.1. The Contractor's dedicated Pharmacist shall be the Contractor's clinical lead and be available for escalation issues from the Call Center and Help Desk. This individual shall provide input and feedback on clinical guidelines and discuss patient care with providers and offer alternatives to non-preferred medications. The Pharmacist shall also run the management of the PDL, working in tandem with assigned call center support staff and the Clinical Pharmacist.
    - 23.13.3.2. The Contractor's Pharmacist shall be in place at the Effective Date and shall be dedicated to this Contract as a full-time resource.
  - 23.13.4. Requirement Stage: PBMS Ongoing Operations and Enhancements Contract Stage
- 23.14. Reference #2126A: Provide a Rebate Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage.
  - 23.14.1. The Rebate Manager shall manage all aspects of the drug rebate program, including all federal rebates government and supplemental rebates. The Rebate Manager shall also manage all rebates to be collected on encounters.
  - 23.14.2. The Rebate Manager shall be in place at the Contract effective date.
  - 23.14.3. Contractor Approach: Contractor shall provide a Rebate Manager for the PBMS Implementation Contract Stage and the PBMS Operations and Enhancements Contract Stage. Contractor's Rebate Manager shall be the lead on all aspects of the Department's rebate program, including Federal rebates and supplemental rebate programs. This individual shall also be responsible for managing all rebates collected on encounter claims submitted by MCOs. The Rebate Manager shall be in place at the Contract effective date.
  - 23.14.4. Requirement Stage: All Contract Stages

- 23.15. Provide a POS Pharmacist for the PBMS Ongoing Operations and Enhancements Contract Stage.
- 23.15.1. The POS Pharmacist shall present ProDUR results, provide clinical criteria for system edits, assist with system review from a clinical perspective, and work with the call center regarding clinical changes.
- 23.15.2. The Pharmacist shall be dedicated to the COMMIT project full-time.
- 23.15.3. Contractor Approach: The Contractor shall provide a POS Pharmacist for the PBMS Ongoing Operations and Enhancements Contract Stage.
  - 23.15.3.1. The Contractor's POS Pharmacist shall reduce unnecessary costs and improve program efficiencies by performing additional review and implementation of drug edits at the POS.
    - 23.15.3.1.1. The POS Pharmacist shall review key pipeline drugs with the intent of adding the drugs to the PDL when they are released to market.
    - 23.15.3.1.2. The POS Pharmacist shall be responsible for all the following cost saving initiatives:
      - 23.15.3.1.2.1. Identifying and analyzing Call Center trends that will lead to efficiencies, including any potential automation of policies.
      - 23.15.3.1.2.2. Review and implementation of edits to reduce unnecessary costs and improve program efficiencies
      - 23.15.3.1.2.3. Analyzing PDL compliance
      - 23.15.3.1.2.4. Identifying cases of fraud, waste, and abuse and recommending processes designed to minimize these issues such as provider education and outreach, and Client Over-Utilization Program (COUP) applications.
      - 23.15.3.1.2.5. The POS Pharmacist shall also be responsible for all of the following:
        - 23.15.3.1.2.5.1. Claims research and reporting related to edits and denials.
        - 23.15.3.1.2.5.2. FDB weekly updates.
        - 23.15.3.1.2.5.3. Submitting CCMs and review testing
        - 23.15.3.1.2.5.4. New Drug and/or new indication testing.
        - 23.15.3.1.2.5.5. Monitoring drug shortages.
        - 23.15.3.1.2.5.6. Writing clinical criteria for the call center or AutoPA requirements
        - 23.15.3.1.2.5.7. Writing, submitting, and review testing for POS edit CCMs
        - 23.15.3.1.2.5.8. Working with the Client/Pharmacy Help Desk on a daily basis to assist with drug changes, additions, and questions.
        - 23.15.3.1.2.5.9. Updating call center documentation.
        - 23.15.3.1.2.5.10. Updating the Billing Manual.
        - 23.15.3.1.2.5.11. Updating PDL documentation.
        - 23.15.3.1.2.5.12. Attending DUR Board meetings to expedite DUR edit and criteria changes.
        - 23.15.3.1.2.5.13. Presenting ProDUR Quarterly results
        - 23.15.3.1.2.5.14. Submitting data for the CMS DUR Annual Report.



- 23.15.4. The Contractor's Pharmacist shall be in place at the Effective Date and shall be dedicated to this Contract as a full-time resource.
- 23.16. Provide a Business Analyst for the PBMS Ongoing Operations and Enhancements Contract Stage.
- 23.16.1. The Business Analyst shall serve as the liaison between the Department's team business owners, end users, IT, and Claims and Clinical departments.
- 23.16.2. Contractor Approach: The Contractor shall provide a Business Analyst for the PBMS Ongoing Operations and Enhancements Contract Stage.
- 23.16.3. The Contractor's Business Analyst shall have the following duties:
- 23.16.4. Developing and documenting workflow, systems requirements, system impact analysis, systems design, process analysis and testing, including reasonableness checks, using software development methodology to provide efficient, cost-effective solutions. The Business Analyst shall also identify the impact of any proposed solutions on existing and future systems.
- 23.16.5. Creating and maintaining standard related reports to support operational and development needs, including:
- 23.16.6. Managing reporting and requests for ad hoc reports to support implementation of system changes.
- 23.16.7. Querying the data warehouse and Magellan databases and preparing user friendly reports according to each requestor's requirements.
- 23.16.8. Creating and maintaining management tools and databases to support CQI, rates, workflow business rules and system configuration, reimbursement, and document management requirements.
- 23.16.9. Developing and maintaining project plans, including:
- 23.16.10. Managing small to medium sized projects and system enhancements impacting data management.
- 23.16.11. Conducting root cause analyses, gathering data to pinpoint problem areas on which to focus, validating that the analysis is data driven, recommending and implementing solutions and evaluating those results, and implementing controls to monitor consistent use of the solution.
- 23.16.12. Participating in design plans for implementation, produces user documentation and training materials. May conduct end user training.
- 23.16.13. Provides status reports that give a detailed description of each projects progress and indicates time devoted to each task of the project; leads status meetings, creating agendas and meeting minutes
- 23.16.14. Identifies reporting needs based on system configuration and workflows and documents reporting requirements and testing of new reports in development prior to implementation to Production.
- 23.16.15. Participates in initiatives or projects that support process improvements, leveraging new system capabilities or the integration of data/other applications into existing systems.
- 23.16.16. Performs other duties as assigned.
- 23.17. Reference #2127: Obtain Department review and approval of the Resource Management Plan and materials and any subsequent updates.

- 23.17.1. The Department will review and approve each update or revision of the Resource Management Plan. Note that the Department's approval of any resource plan does not imply that the staffing levels are sufficient; the Contractor may still have to increase staffing if they are not meeting the Contract requirements.
- 23.17.2. Contractor Approach: As part of the pharmacy implementation Communication Plan, the Contractor shall establish a schedule for reviewing key processes, approaches, documents and artifacts with the Department for agreement and approval. The Contractor shall leverage the communication processes outlined in the Communication Plan to review and initially obtain approval for the Resource Management Plan. Subsequent reviews to The Resource Management Plan shall also be reviewed with the Department following an agreed upon approach. These reviews shall occur throughout the implementation and within each of its 12 phases.
- 23.17.3. Requirement Stage: All Contract Stages
- 23.18. Reference #2128: Provide sufficient staff to perform Work for System development, operations and maintenance, claims/ encounters processing, and Call Center and Help Desk services, as defined in this Contract.
- 23.18.1. The Contractor shall increase staffing levels if requirements or standards are not being met at no additional cost to the Department.
- 23.18.2. Contractor Approach: The Contractor shall maintain a staffing plan throughout the pharmacy implementation and its 12 phases. The pharmacy Staffing Plan shall be reviewed, updated and approved as outlined in the Project Management Plan and Resource Management Plan. The Contractor shall leverage these reviews to assess performance across the pharmacy implementation to ensure it has sufficient staff to perform the work required to meet the obligations of the Contract. The Contractor shall review its staffing to validate it has qualified staff in place throughout the implementation. The Contractor shall ensure its staffing is appropriate to meet the needs of the Contract across system development, operations and maintenance, claims / encounters processing, call center and help desk, and any additional areas agreed upon by the Contractor and the Department. If the standards of the Contract are not being met as per the Project Management Plan and the Resource Management Plan, the Contractor shall make modifications to its Staffing Plan to ensure the standards of the Contract are met at no additional cost to the Department
- 23.18.3. Requirement Stage: All Contract Stages
- 23.19. Reference #2129: Provide sufficient staffing resources to support architecture and design activities to ensure that the PBMS and supporting technical and business activities relying on the PBMS are not interrupted.
- 23.19.1. The Contractor shall increase staffing levels if requirements or standards are not being met at no additional cost to the Department.
- 23.19.2. Contractor Approach: Through the use of a continuous Resource Management Plan that is evaluated throughout the life of the Contract, the Contractor shall ensure sufficient staffing resources to support architecture and design activities to ensure that the PBMS project and supporting technical and business activities relying on the PBMS are not interrupted.
- 23.19.2.1. The Resource Management Plan shall be submitted to the Department for approval.
- 23.19.2.2. The Contractor shall increase staffing levels if requirements or standards are not met at no additional cost to the Department.



- 23.19.3. Requirement Stage: PBMS Ongoing Operations and Enhancements Contract Stage
- 23.20. Reference #2130: Provide the personnel and resources necessary for the automated and/ or manual sampling of claims/ encounters and reference file data, including, but not limited to, the retrieval of historical data for auditing, quality control, and research.
  - 23.20.1. The Contractor shall increase staffing levels if requirements or standards are not being met at no additional cost to the Department.
  - 23.20.2. Contractor Approach: The Contractor shall provide the personnel and resources necessary for the automated and/or manual sampling of claims/encounters and reference file data, including but not limited to, the retrieval of historical data for auditing, quality control, and research.
    - 23.20.2.1. The Contractor shall increase staffing levels if requirements or standards are not being met, at no additional cost to the Department.
  - 23.20.3. Requirement Stage: All Contract Stages
- 23.21. Reference #2131: Support the Department in all testing activities by providing support staff, technical expertise and the tools required to track activities, outcomes, and test results.
  - 23.21.1. Contractor Approach: Testing activities shall continue through the term of the Contract and shall have varied levels through the different phases. The Contractor shall provide the personnel and resources necessary to support the Department in all testing activities by providing support staff, technical expertise and the tools required to track activities, outcomes, and test results. This shall be an interactive process with collaboration between the Contractor and the Department, and testing resources shall be increased during periods of significant testing within the defined Enhancement Hours.
  - 23.21.2. Requirement Stage: All Contract Stages
- 23.22. Reference #2132: Provide the Department the ability to conduct an exit interview with PBMS Staff who resign or the Department shall receive an exit questionnaire completed by the resigning employee.
  - 23.22.1. Contractor Approach: In the case of a staff resignation, the Contractor's Human Resources team shall conduct an exit interview.
    - 23.22.1.1. The Contractor shall make available to the Department the results of the interview in the form of a questionnaire completed by either the resigning employee or by the interviewer. The Contractor shall follow up, fully investigate any issues, and report findings to the Department.
    - 23.22.2. Requirement Stage: All Contract Stages
- 23.23. Reference #2133: Use of Subcontractors shall be clearly explained in the Resource Management Plan, and any Subcontractor shall be identified by the organization's name.
  - 23.23.1. At a minimum, the Subcontractor information shall include all of the following:
    - 23.23.1.1. Name of each Subcontractor.
    - 23.23.1.2. Address of each Subcontractor.
    - 23.23.1.3. The general scope of work to be performed by each Subcontractor.
    - 23.23.1.4. Each Subcontractor's willingness to perform such work.

- 23.23.1.5. A Certification from each Subcontractor that it does not discriminate in its employment practices.
- 23.23.2. The Contractor shall report to the Department annually any information on its use of Subcontractors, certifying that the Subcontractor meets the employment practices mandated by federal and State of Colorado statutes and regulations.
- 23.23.3. In the event that the Contractor hires a new subcontractor within the annual time frame, the Contractor shall notify the Department within thirty (30) Business Days of the hiring process of the new Subcontractor.
- 23.23.4. Contractor Approach: The Contractor expects it shall perform all PBMS requirements as specified in this Contract without the need to hire subcontractors. In the event that The Contractor hires a new subcontractor within the annual time frame, the Contractor shall notify the Department within 30 days and serve as the single point of contact for all services the subcontractor performs. Subcontractors shall be thoroughly evaluated in terms of ability to perform the desired work and ensuring that they do not discriminate in any employment practices. The Contractor shall collaborate with the Department and verify that all Subcontractors meet the employment practices mandated by federal and State of Colorado statutes and regulations.
- 23.23.5. Requirement Stage: All Contract Stages
- 23.24. Reference #2134: The Contractor shall manage and be accountable for the actions, inactions, and performance of all Subcontractors. The Contractor is solely responsible for the Work performed under this Contract including the work of Subcontractors. The Contractor is the Department's single point of contact for all services to be performed under this Contract including services performed by Subcontractors.
- 23.24.1. Contractor Approach: The Contractor expects it shall perform all PBMS requirements as specified without the need to hire Subcontractors.
- 23.24.1.1. In the event that the Contractor elects to engage or utilize a Subcontractor, the Contractor understands that they are solely responsible for all work performed by Subcontractors. The Contractor shall manage and be accountable for the actions, inactions, and performance of all Subcontractors. The Contractor shall be solely responsible for the Work performed under this Contract including the work of Subcontractors.
- 23.24.1.2. In the event that the Contractor elects to engage or utilize a subcontractor to complete the work on the PBMS Project, the Contractor shall be the single point of contact for all services performed under this Contract.
- 23.24.2. Requirement Stage: All Contract Stages
- 23.25. Reference #2135: The Contractor shall manage all aspects of the Contract that affect price, schedule, performance (scope and quality), risk/ issues/ opportunities, and applicable resources. The Contractor shall provide transparency into its management plans and execution. The Department expects an approach such that "if the Contractor sees it, the Department sees it" to minimize asymmetric understanding of the Contract status.
- 23.25.1. Contractor Approach: The Contractor shall provide transparency throughout the term of the Contract and identify potential issues surrounding price, risk/issues/opportunities, and applicable resources. The Contractor's DDI Manager shall leverage the Project Management Plan for Time and Schedule Management and follow the PMI and PMBOK standard processes in this



23.26. Reference #2119: Identify and provide resumes for proposed Key Personnel who will be available to perform Work under the Contract.

23.26.1. Any substitutions shall be approved by the Department prior to their assignment to perform Work under the Contract.

23.26.2. Key personnel include:

23.26.2.1. Pharmacy Services Account Manager.

23.26.2.2. Business Analyst.

23.26.2.3. Clinical Services Manager.

23.26.2.4. DDI Manager Project.

23.26.2.5. Pharmacy Systems Manager.

23.26.2.6. Pharmacy Call Center Manager.

23.26.2.7. Pharmacist.

23.26.2.8. Point of Sale (POS) Pharmacist.

23.26.2.9. Rebate Manager.

C. Exhibit E, Compensation and Quality Maintenance Payments, Section 2.1.1.1.1., is hereby deleted in its entirety and replaced with the following:

<b>DDI QMP Name</b>	<b>DDI QMP Amount</b>
PBMS Implementation Contract Stage QMP	\$560,000.05
CMS Certification QMP	\$240,000.00
CMS Certification QMP (SFY 2019) <ul style="list-style-type: none"><li>• The Contractor shall receive 10% of the CMS Certification QMP upon the receipt, review, and approval as required by the Department of the initial set of certification evidence artifacts.</li><li>• The Contractor shall receive an additional 20% of the CMS Certification QMP upon the transmission of the official letter to CMS requesting system certification by the Department.</li><li>• The Contractor shall receive the remaining 70% of the CMS Certification QMP upon official CMS Certification dating back to the Operational Start Date.</li></ul>	

knowledge area. The schedule shall allow ample time for project team members to complete all tasks.

- 23.25.1.1. Each Milestone task shall be staffed with the appropriate resources. The Contractor shall manage schedule risks by having proper staff assigned to tasks at the right time.
- 23.25.1.2. Status progress shall be communicated as often as needed, in accordance with the Communication Management Plan, as it relates to critical path and key milestones on the schedule.
- 23.25.1.3. The Contractor shall use proven best practice PMI tools and techniques to ensure they develop the schedule with accurately estimated activities and timelines. This approach shall include:
  - 23.25.1.3.1. Developing an activity list along with key milestones
  - 23.25.1.3.2. Leveraging network diagrams to plan activities
  - 23.25.1.3.3. Developing a resource breakdown structure
  - 23.25.1.3.4. Estimating the duration of individual activities
  - 23.25.1.3.5. Developing the project schedule
  - 23.25.1.3.6. The use of stage gates to ensure on time, satisfactory completion of SDLC phases
  - 23.25.1.3.7. Measuring performance and change requests,
- 23.25.1.4. Further, each DDI Project Manager in the Contractor's organization shall be cross-trained to manage project implementations, IT infrastructure projects and other special projects. In the unlikely event the DDI Project Manager is out of the office, another Project Manager shall manage the project. The result shall be that no time will be lost on the project and that the Department shall always have a focal point at the Contractor.
- 23.25.1.5. The Contractor shall review the project schedule with the Department, including the user acceptance testing section, before the start of the project. The Contractor shall develop a risk management plan and risk register that shall, at a minimum, contain: description of the risk, description of the impact to the project, an impact scoring method, a probability of occurrence, description of the mitigation plan, dates and times associated, priorities, etc. Risk management plans shall continuously be updated throughout the project. Risk Management may include, but is not limited to:
  - 23.25.1.5.1. Understanding and clarifying the request for changes to the project and analyzing the impact of each change to the cost and schedule
  - 23.25.1.5.2. Analyzing a change of direction, timelines, deliverables, etc., and the impact of each to the project
  - 23.25.1.5.3. Keeping track of all the different Change Requests that have been received that may be a risk for the project and the status of each
  - 23.25.1.5.4. Deciding whether to accept the change and incorporate the revised definitions into the project plan or reject the change and continue with the current plan
  - 23.25.1.5.5. Communicating with the project team the risk associated with each issue or change.
- 23.25.2. Requirement Stage: All Contract Stages



**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.

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**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.  
(Magellan)

**STATE OF COLORADO:**

John W. Hickenlooper, Governor

By:   
Signature of Authorized Officer

By:   
Kim Bimestefer  
Executive Director  
Department of Health Care Policy and  
Financing

Date: 8/23/2018

Date: 10/17/18

Gregory S. Kasper  
Printed Name of Authorized Officer

**LEGAL REVIEW:**  
Cynthia H. Coffman, Attorney General

SVP/GM Governance M&A  
Printed Title of Authorized Officer

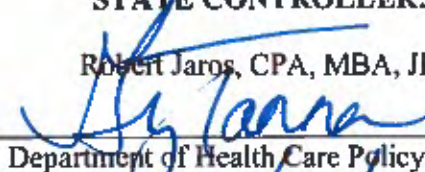
By: \_\_\_\_\_  
Date: \_\_\_\_\_

**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: 10/22/18