

**CONTRACT AMENDMENT NO. 1**

Original Contract Number 14-62450

**1. PARTIES**

This Amendment to the above-referenced Original Contract (hereinafter called the "Contract") is entered into by and between Public Knowledge, LLC, 1911 S.W. Campus Drive # 457, Federal Way, WA, 98023, (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 provide Independent Verification and Validation (IV&V) Services for the Medicaid Management Information System ((MMIS) Design, Development and Implementation. The purpose of this Amendment is to update the Statement of Work to include new requirements from the 2016 Medicaid Enterprise Certification Toolkit (MECT) published by the Centers for Medicare and Medicaid Services (CMS).

**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 Department is shown in the following table, as determined by the Department from available funds. Payments to Contractor are limited to the unpaid obligated balance of the Contract at the rates set forth in **Exhibit B**. The maximum amount payable by the Department to Contractor is:

<b>Initial Term</b>	
State Fiscal Year 2013-14	\$725,500.00
<b>Option Years</b>	
State Fiscal Year 2014-15	\$1,042,500.00
State Fiscal Year 2015-16	\$990,000.00
State Fiscal Year 2016-17	\$1,014,000.00
<b>Total for All State Fiscal Years</b>	<b>\$3,772,000.00</b>

**B. Exhibit A, Statement of Work, Section 2.1.7.4.1.2., is hereby added as follows:**

2.1.7.4.1.2. The Contractor staff approved to hold the Key Personnel position of Project Lead is Lindsay Espenship. Should this Key Personnel position become vacant, the Contractor shall follow the requirements for refilling Key Personnel positions outlined in Exhibit A, Section 2.1.7.2.

**C. Exhibit A, Statement of Work, Sections 2.1.14. through 2.1.14.3. are hereby deleted in their entirety and replaced as follows:**

2.1.14. Conflict of Interest

2.1.14.1. Throughout the term of the Contract, the Contractor shall abide by all of the following sections from Section 1 of Appendix C of the 2016 MECT:

2.1.14.1.1. Any contractor (and its subcontractors) serving in the role of IV&V service contractor / provider to the Colorado Medicaid Management Innovation and Transformation (COMMIT) project is prohibited from soliciting, proposing, or being awarded any project management, quality assurance, software design, development, or other manner of planning, design, development, or implementation phase activity on the COMMIT project for which these IV&V services are being procured.

2.1.14.1.2. This exclusion is executed in accordance with federal regulations at 45 CFR 95.626, which require that this IV&V effort, "... be conducted by an entity that is independent from the State (unless the State receives an exception from CMS or the federal Department of Health and Human Services)".

- 2.1.14.1.3. For purposes of clarity, the Center for Medicaid and CHIP Services (CMCS) defines “the State” in the above regulatory citation as being a state’s IT project, and the umbrella agency or department. The primary purpose of this exclusion is to ensure the IV&V service provider avoids any real or perceived conflicts of interest. For federal purposes, the scope of IV&V includes planning, management, and other programmatic activities in conformance with the term’s usage in federal regulations at 45 CFR 95.626.
- 2.1.14.1.4. IV&V is the set of verification and validation activities performed by an agency not under the control of the organization developing the software. IV&V services must be provided and managed by an organization that is technically and managerially independent of the subject software development project. This independence takes two mandatory forms.
  - 2.1.14.1.4.1. First, technical independence requires that the IV&V services provider organization, its personnel, and subcontractors are not and have not been involved in the software development or implementation effort or in the project’s initial planning and/or subsequent design. Technical independence helps ensure that IV&V review reports are free of personal or professional bias, posturing, or gold plating.
  - 2.1.14.1.4.2. Second, managerial independence is required to make certain that the IV&V effort is provided by an organization that is departmentally and hierarchically separate from the software development and program management organizations. Managerial independence helps ensure that the IV&V service provider can deliver findings and recommendations to state and federal executive leadership and management without restriction, fear of retaliation, or coercion (e.g., reports being subject to prior review or approval from the development group before release to outside entities, such as the federal government).
- 2.1.14.2. If the Contractor becomes aware of a conflict of interest relating to this Contract, the Contractor shall inform the Department within one (1) Business Day.
- 2.1.14.3. If the Contractor has a conflict of interest at any point during the term of the Contract, the Department may, in its sole discretion, terminate the Contract for cause.

**D. Exhibit A, Statement of Work, Section 3.0, Independent Verification and Validation Services, Subsection 3.2, Reporting Requirements, Paragraph 3.2.4., 2016 MECT IV&V Services, is hereby added as follows:**

**3.2.4. 2016 MECT IV&V Services**

**3.2.4.1. Overview of the MMIS Certification Lifecycle**

- 3.2.4.1.1. The Medicaid Enterprise Certification Lifecycle (MECL) administered by CMS contains four lifecycle phases and three types of Certification Milestone Reviews.
- 3.2.4.1.2. Milestone Reviews occur at different phases of system / module development.
- 3.2.4.1.3. The types of Milestone Reviews are:
  - 3.2.4.1.3.1. The Project Initiation Milestone Review
  - 3.2.4.1.3.2. The Operational Milestone Review
  - 3.2.4.1.3.3. The MMIS Certification Final Review.
- 3.2.4.1.4. The lifecycle and its Milestone Reviews are explained in detail in the 2016 MECT.
- 3.2.4.1.5. The COMMIT project shall include one (1) Operational Milestone Review, as determined by the Department's release plan.
- 3.2.4.1.6. The Contractor shall review mapping documentation from all COMMIT project vendors, as required by the Medicaid Information Technology Architecture (MITA) Business Area Checklists.
- 3.2.4.1.7. The Contractor shall review COMMIT project outputs and report progress in the CMS IV&V report template.
- 3.2.4.1.8. The Contractor shall evaluate each vendor separately, as well as the comprehensive project health and status of COMMIT system integration.
- 3.2.4.1.9. The Contractor shall be available to review the final Operational Milestone Review with the Department, CMS, and MITRE Corporation teams.
- 3.2.4.1.10. The Contractor shall execute all report revisions as identified by the Department or CMS.
- 3.2.4.1.11. The Contractor shall attend all meetings pertaining to the Operational Milestone Review as required by the Department or CMS.
- 3.2.4.1.12. DELIVERABLE: Operational Milestone Review
- 3.2.4.1.13. DUE: As determined by the Department's release plan
- 3.2.4.2. Progress Reports
  - 3.2.4.2.1. Periodically, the Contractor shall produce exception-based MMIS IV&V Progress Reports that objectively illustrate the strengths and weaknesses of the project and provide recommendations for correcting any identified weaknesses.

- 3.2.4.2.2. The Contractor shall prepare MMIS IV&V Progress Reports in advance of Milestone Reviews with CMS.
- 3.2.4.2.3. The Contractor shall interview and observe COMMIT project management staff, and the COMMIT project development contractor staff (including any subcontractors).
- 3.2.4.2.4. The Contractor shall observe project meetings and activities to understand the processes, procedures, and tools used in the MMIS program and COMMIT project environments.
- 3.2.4.2.5. The Contractor shall review and analyze all applicable and available documentation for adherence to accepted, contractually-defined industry standards.
- 3.2.4.2.6. The Contractor shall fill out the reviewer comment portion of the Medicaid Enterprise Certification Checklists and append them to the MMIS IV&V Progress Report.
  - 3.2.4.2.6.1. In preparation for the Milestone Reviews, the Contractor shall evaluate State documents and evidence along with any working modules / code applicable to that particular review, and complete the reviewer comments portion of the Medicaid Enterprise Certification Checklists.
  - 3.2.4.2.6.2. The Contractor shall append the completed checklists to the MMIS IV&V Progress Report.
- 3.2.4.2.7. The Contractor shall deliver the MMIS IV&V Progress Reports at least two (2) weeks prior to a scheduled Milestone Review.
- 3.2.4.2.8. The Contractor shall provide the MMIS IV&V Progress Reports to CMS at the same time they are presented to the Department. This reporting process, in accordance with federal regulations, includes final report issuance as well as all draft report submissions.
- 3.2.4.2.9. The Contractor shall review and document the COMMIT project management methodology and approach.
- 3.2.4.2.10. The Contractor shall evaluate each vendor separately, as well as the comprehensive project health and status of COMMIT system integration.
- 3.2.4.2.11. The Contractor shall incorporate report revisions as identified by the Department or CMS.
- 3.2.4.2.12. DELIVERABLE: MMIS IV&V Progress Report for the Operational Milestone Review.
- 3.2.4.2.13. DUE: No later than January 16, 2017.

3.2.4.3. Oversight

3.2.4.3.1. The Contractor shall be part of the larger oversight of the day-to-day operations and management of the COMMIT project.

3.2.4.3.2. The Contractor shall have complete access to COMMIT documents, facilities, and staff during normal business hours as required to carry out its oversight role.

3.2.4.3.3. The Contractor shall have access to all key staff on site at the COMMIT project location(s) daily, as needed to observe meetings, review deliverables and documentation, and conduct interviews, etc., to ensure a high level of integrity and confidence in the Contractor's COMMIT oversight and monitoring.

3.2.4.3.4. The Contractor shall review project and MMIS system processes and progress in areas including, but not limited to, the following:

3.2.4.3.4.1. Project Management

3.2.4.3.4.1.1. Progress against budget and schedule

3.2.4.3.4.1.2. Risk management

3.2.4.3.4.1.3. Inclusion of State goals / objectives and all federal MMIS requirements in requests for proposal and contracts

3.2.4.3.4.1.4. Adherence to the State's Software Development Lifecycle (SDLC)

3.2.4.3.4.1.5. Incorporation of the standards and conditions for Medicaid Information Technology into design and development

3.2.4.3.4.1.6. Reasonability, thoroughness, and quality of Medicaid Information Technology Architecture (MITA) self-assessment, concept of operations, information architecture, and data architecture

3.2.4.3.4.1.7. Reflection of the Department's MITA goals and plans into actual MMIS design and development

3.2.4.3.4.1.8. Configuration management that is robust and includes State or developer configuration audits against configuration baseline

3.2.4.3.4.1.9. Change management

3.2.4.3.4.1.10. Adherence to service level agreements (SLAs)

3.2.4.3.4.2. Modular Development

- 3.2.4.3.4.2.1. Completeness and reasonability of MMIS concept of operations, architecture, and designs
- 3.2.4.3.4.2.2. Accuracy of capture of interfaces and data sharing requirements with systems external to the MMIS
- 3.2.4.3.4.2.3. Viability and completeness of the data transition plan
- 3.2.4.3.4.2.4. Traceability of requirements through design, development, and testing
- 3.2.4.3.4.2.5. Adequacy of system security and privacy policies, plans, technical designs, and implementations
- 3.2.4.3.4.2.6. Coverage and integrity of all system testing, including stress testing and testing of interfaces between modules and with external partner systems
- 3.2.4.3.4.2.7. Capacity management, including consideration of future vendors' support and release plans for underlying databases, software, and hardware
- 3.2.4.3.4.2.8. Adequacy of disaster recovery planning
- 3.2.4.3.5. The Contractor shall evaluate and make recommendations about the State artifacts that are required for Milestone Reviews.
- 3.2.4.3.5.1. A list of required artifacts is included in the 2016 MECT.

**E.** Exhibit B, Rates, is hereby deleted in its entirety and replaced with Exhibit B-1, Rates, attached hereto and incorporated by reference into the Contract. All references within the Contract to Exhibit B, shall be deemed to reference to Exhibit B-1.

**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 Associate 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**

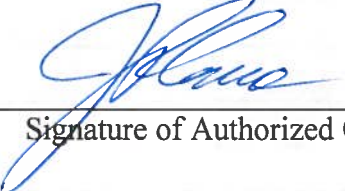
Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.

**CONTRACTOR:**

Public Knowledge, LLC

**STATE OF COLORADO:**

John W. Hickenlooper, Governor

By:   
Signature of Authorized Officer

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

Date: 12-28-2016

FOR SUSAN BIRCH  
Department of Health Care Policy and Financing  
Date: 12/29/16

Jim Plane  
Printed Name of Authorized Officer

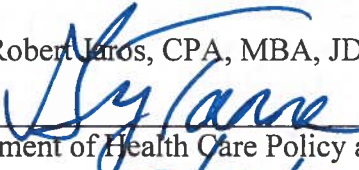
Partner, Public Knowledge, LLC  
Printed Title of Authorized Officer

**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: 12/29/16

**Exhibit B-1, Rates**

**Deliverables in the Initial Contract Year SFY 2013-14**

	<b>Quantity</b>	<b>Compensation Amount</b>
IV&V Management Plan (§3.1.1.1.2.1)	1	\$24,500.00
Initial Risk Analysis and Mitigation Plan Review Report (§3.1.2.1.3.1)	1	\$16,500.00
Work Breakdown Structure (§3.1.4.1.1)	1	\$24,500.00
Each Monthly Management Briefing (§3.1.2.4.2.1) \$39,000.00 each.	Up to 8	\$312,000.00
Monthly Delivery of both the Monthly Management Briefing Report (§3.2.2.2.1) and the Staffing Report (§3.2.3.2.1) \$43,500.00 each month.	Up to 8	\$348,000.00
<b>Total</b>		<b>\$725,500.00</b>

**Deliverables in Contract Year SFY 2014-15**

	<b>Quantity</b>	<b>Compensation Amount</b>
Initial Performance Standard Planning Document (§3.1.2.1.1.1)	1	\$16,500.00
Updated Performance Standard Planning Document (§3.1.2.1.2.1) \$9,000.00 each	2	\$18,000.00
Updated Risk Analysis and Mitigation Plan Review Report (§3.1.2.1.3.3) \$9,000.00 each	2	\$18,000.00
Each Monthly Management Briefing (§3.1.2.4.2.1) \$39,000.00 each.	12	\$468,000.00
Monthly Delivery of both the Monthly Management Briefing Report (§3.2.2.2.1) and the Staffing Report (§3.2.3.2.1) \$43,500.00 each month.	12	\$522,000.00
<b>Total</b>		<b>\$1,042,500.00</b>

**Deliverables in Contract Year SFY 2015-16**

	<b>Quantity</b>	<b>Compensation Amount</b>
Monthly Management Briefing (§3.1.2.4.2.1) \$39,000.00 each.	12	\$468,000.00
Delivery of both the Monthly Management Briefing Report (§3.2.2.2.1) and the Staffing Report (§3.2.3.2.1) \$43,500.00 each month.	12	\$522,000.00
<b>Total</b>		<b>\$990,000.00</b>

**Deliverables in Contract Year SFY 2016-17**

	<b>Quantity</b>	<b>Compensation Amount</b>
Monthly Management Briefing (§3.1.2.4.2.1) \$39,000.00 each.	12	\$468,000.00
Delivery of both the Monthly Management Briefing Report (§3.2.2.2.1) and the Staffing Report (§3.2.3.2.1) \$43,500.00 each month.	12	\$522,000.00
Operational Milestone Review (§3.2.4.1.12) \$19,500.	1	\$19,500.00
Certification Progress Report for the Operational Milestone Review (§3.2.4.2.12) \$4,500.	1	\$4,500.00
<b>Total</b>		<b>\$1,014,000.00</b>

