9.16 COMPENSATION

RFP Reference: 20.

The following section affirms our ability to meet AHCCCS's compensation schedule.

COMPENSATION SCHEDULE

RFP Reference: 20.

20. Compensation under this contract will be based upon the Compensation Schedule accepted by AHCCCS contained herein, and is subject to the review and approval of CMS. All Contingency fees calculations shall be based upon the Net Recovery. The RAC's compensation for overpayments will be based on the actual amount recovered and the RAC will be paid a contingency fee percentage of the amount recovered. The amount will be considered recovered only after AHCCCS receives the payments from the providers and after any or all appeals are resolved. The RAC's compensation for underpayments will be based on the amount of the actual underpayment amounts paid to providers identified from the improper payment recovery review process and the Contractor will be paid a contingency fee percentage of the underpayments actually paid to providers. AHCCCS shall make payments to the Contractor in accordance with the terms of this contract provided that the Contractor's performance is in compliance with the terms and conditions of this contract. Payments to the Contractor will be made after all appropriate documentation and/or required data has been received and approved by AHCCCS.

AHCCCS is not exempt from county fees for the filing of Liens. The Contractor shall pay such fees in the course of performing the contract requirements and AHCCCS will reimburse the full amount of the fees. In addition, if the Contractor has expended money for an "expert witness," the reasonable fees and costs of the expert witness will be paid to the Contractor from AHCCCS' settlement amount.

Only recoveries attributable to the Contractor's activities shall be reimbursable on a contingency basis. AHCCCS will not make payment to the Contractor for recoveries that require no action by the Contractor. The following, while not all inclusive, are examples of non-reimbursable activities:

20.1 Third party payments shown on a claim as collected by the provider's action;

20.2 Overpayments refunded voluntarily by a provider that are not part of the Credit Balance recovery effort;

20.3 Cost avoidance from third party resources previously identified in AHCCCS files;

20.4 Claims cost avoided subsequent to the Contractor's initial identification of a third party source; and,

20.5 Recoveries from adjustments to future claims.

Payments may be made by electronic funds transfer, and AHCCCS shall not be liable for any error or delay in transfer or for indirect or consequential damages arising from the use of the electronic funds transfer process. Any charges or expenses imposed by the bank for transfers or related actions shall be borne by the Contractor. All funds received by Contractor pursuant to this contract shall be separately accounted for in accordance with generally accepted accounting principles.

At the beginning of the contract term, the Contractor may be assigned cases in progress that have been partially developed by the previous TPL recovery contractor. These will be identified by AHCCCS at the time of assignment to the Contractor and will be reimbursed the negotiated contracted contingency fee.

HMS affirms our understanding that compensation under this contract will be based upon the Pricing Schedule accepted by AHCCCS and is subject to the review and approval of the Centers for Medicare & Medicaid Services. Further, all contingency fee calculations will be based upon the net recovery. Please see proposal **Section 10.0 Cost** for HMS's proposed pricing schedule.

HMS further understands that AHCCCS will make payments to us in accordance with the terms of the contract, provided that HMS's performance is in compliance with the terms and conditions of that contract. Also, we understand that payments to HMS will be made after all appropriate documentation and/or required data have been received and approved by AHCCCS.

In addition to the above, HMS affirms our understanding of the following:

- AHCCCS and its Health Plans and program contractors are not exempt from county fees for the filing of liens.
- HMS will continue to pay fees associated with the filing of liens in the course of performing contract requirements and AHCCCS will reimburse the full amount of the fees.
- If HMS has expended money for an "expert witness," the reasonable fees and costs of the expert witness will be paid to HMS from AHCCCS's settlement amount.
- Only recoveries attributable to HMS's activities are reimbursable on a contingency basis.
- AHCCCS will not make payment to HMS for recoveries that require no action by HMS.
- Payments will be made by electronic funds transfer, and AHCCCS will not be liable for any error or delay in transfer nor indirect or consequential damages arising from the use of the electronic funds transfer process.
- Any charges or expenses imposed by the bank for transfers or related actions will be borne by HMS.
- All funds received by HMS pursuant to our TPL services contract with AHCCCS will be separately accounted for in accordance with Generally Accepted Accounting Principles.

HMS is AHCCCS's incumbent TPL contractor and has been since 1993. We are eager to continue to serve in that role in the future. Of course, in that capacity, we would continue to work the partially-developed TPL cases that we now have in progress.