March 22, 2018

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)
ATTN: Jennifer Roberts, Senior Procurement Specialist
Procurement Office (First Floor)
701 E. Jefferson, MD 5700
Phoenix, AZ 85034

**Re: AHCCCS, Response to Request for Proposal (RFP), Third Party Liability and Recovery Audit Services for Proposal (RFP) - Optional Add-on Services**

Dear Ms. Roberts:

Since 1974, HMS has developed a flexible, scalable service delivery model designed to improve quality, maximize recoveries, avoid improper payments, and minimize administrative burden for our clients. Our suite of clinical review audits is driven by a robust Statement on Auditing Standards (SAS) analytics engine with automated learning capability at a line-of-business (LOB) level to target claims with the highest potential for findings, which means we only request medical records when there is a likely improper payment. This process results in a high rate of findings while minimizing the provider abrasion that would otherwise result from requesting records inappropriately.

HMS employs a highly-trained team of health data scientists, statisticians, coding specialists, and nurse clinicians to provide expert clinical and statistical analyses to our audit processes. We have clinicians on staff with specialty skillsets to perform reviews, including pharmacists, psychiatrists, certified coders, pharmacy technicians, and a team of physicians supporting nurse reviewers.

We also leverage the knowledge gained from decades of experience providing utilization management and payment integrity services to more than 40 state and Medicaid agencies. We offer AHCCCS a solid record of accomplishment and an attractive ROI performing medical records reviews. Our enhanced clinical review solution is tested, effective, and producing positive outcomes and maximized savings and recoveries.

As demonstrated through HMS's delivery of comprehensive cost containment services for AHCCCS and as described in our proposal, we are capable of responding to the evolving needs of the State. Applying our unique, in-depth knowledge of the present and future service needs of AHCCCS, HMS has identified service areas in which we are confident that we can bring added value to Arizona.

Our Add-On Proposal will provide AHCCCS with the following services:

- Managed Care Performance Solution
- Enhanced Cost Avoidance

# OPTIONAL SERVICE #1: MANAGED CARE PERFORMANCE, POWERED BY MC-TRACK® (MCP)

We understand that AHCCCS leads the country in oversight of its Managed Care contracts that currently represent over 82% of all agency expenditures. In addition, the further integration of Acute Care and behavioral health services under the new contracts will warrant a closer watch on Managed Care Organization (MCO) performance.

HMS has been a long-time partner in achieving real results that contain costs across the Medicaid program and we continue to innovate and bring new solutions to our state Medicaid agency clients. We are pleased to offer our latest solution to generate cost savings: Managed Care Performance, Powered by MC-Track® (MCP).

Our MCP solution is a fully-integrated service for managed care contract compliance and cost containment oversight. The service is offered by HMS in collaboration with Client Network Services, Inc. (CNSI) and easily qualifies for 90% federal matching funds. Through effective collection and validation of managed care plan performance data against contract requirements and external data points, along with dashboard visualization of the trends and compliance, HMS will assist AHCCCS in identifying opportunities to generate cost savings. Savings are generated by driving down Health Plan rates and validating that health plans are providing access and an adequate network of providers for Arizona Medicaid's most vulnerable populations.

MC-Track® leverages a smart-tag driven metadata structure to enable a powerful data collaboration platform. It provides the State an infrastructure to address the Medicaid Information Technology Architecture (MITA) Business Area of Contractor Management, and in particular the "Manage Contract" sub-business process as defined in the MITA Business Architecture version 3.0. MC-Track provides a modular approach in alignment with MITA and CMS Seven Standards and Conditions to incrementally add capabilities to support the evolving needs of the AHCCCS to control costs through better rate setting, quality control, utilization of third party cost avoidance data by the MCOs, and even more compliant sub capitated data to perform third party billings. MC-Track Core can be implemented as a hosted solution (Amazon Web Service) or State in-house data center. MC-Track can access data using defined interfaces at AHCCCS's direction.

Our proposed approach for the Managed Care Performance solution will allow AHCCCS managers and staff to monitor and oversee managed care plan performance consistently and enable them to award incentive payments to high-performing plans or impose penalties on poor performing plans.

In general, the information derived from the processes and managed care performance services powered by MC Track will be used to persuade the AHCCCS MCOs to drive down expensive utilization rates in targeted areas that, in turn, reduces health plan costs and allows state actuaries to adjust rates accordingly.

HMS will implement the MCP Core Solution, powered by MC-Track, which includes three modules: (1) Contract Tracking Database, (2) Health Plan Collaboration Portal, and (3) Dashboard Generation Services. To minimize the burden on AHCCCS Medicaid staff, this comprehensive offering provides both software configuration and critical implementation services including stakeholder engagement, user

training, reporting, monitoring, and analysis. In addition, HMS offers the following optional modules, which can be added at AHCCCS's request:

- Network Adequacy Verification and Validation, including Secret Shopper Surveys
- Independent Validation of encounter data submitted by MCOs (including the sub capitated encounters)

Our drill-down solution provides all the information needed to centralize performance monitoring, including but not limited to, the following:

- Medicaid and CHIP quality indicators
- Network adequacy
- Encounter data validation
- Corrective action plan and performance improvement plan tracking
- Readiness checklist
- Incentives and Penalties
- Customer satisfaction metrics: complaints, grievances, and appeals
- Assignment and publication of AHCCCS's rating system
- Workflow and gap analyses and best practice solutions based on experience across more than 40 state and Medicaid programs

HMS brings Medicaid experts who have run Medicaid programs and have over 40 years in Medicaid analytics to shoulder the implementation workload and then assist with ongoing monitoring and reporting. Our analysts work with our clients and the system on an ongoing basis to determine root causes for underperformance and recommend best practices to address any deficiencies. We work alongside our clients every step of the way to drive overall improvements to population health. HMS's MCP solution provides the most holistic solution available, customized for Medicaid plans.

Measurable results of our service include:

- Increased savings and cost containment
- Compliance with federal and state mandates – current and future
- Operational efficiencies with less burden on staff
- Effective and timely reporting and corrective actions

## Optional Service #2: Enhanced Cost Avoidance Solutions

As healthcare networks are shrinking, the volume of services and pharmaceuticals requiring a prior authorization is increasing, and employee out-of-pocket costs are growing. Accordingly, the opportunity for Medicaid to recapture dollars spent becomes more difficult. In our post-payment recovery efforts, HMS strives to bring back every possible dollar. However, when met with out-of-network, lack of prior authorization, non-covered drug, or service denials carriers we, on behalf of our clients, face an uphill battle.

The best way to get ahead of these trends is to know as much about a Medicaid recipient's third party coverage status as early in the enrollment process, and at more points of intersection. Recognizing an investment would be necessary to support products aimed at closing this gap, HMS has developed Transactional Matching and Verification (TMV), an API-based technology leveraging our matching and

verification expertise that delivers Cost Avoidance Verification (CAV) where CAV will assist Medicaid in avoiding inappropriate expenditures.

We encourage AHCCCS and its health plans to consider the insertion of CAV at the following:

- Point of Enrollment
- Point of Prior Authorization
- Point of Service/Billing

By submitting this proposal, we certify our compliance with the following requirements:

## Request for Confidential/Proprietary Determination

Please see the enclosure, which includes the required summarization of confidential material and page numbers.

## Notification of Add-On Proposal

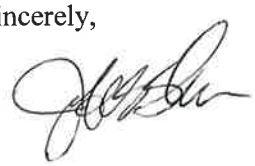
HMS has included under separate cover an Optional Add-on Services proposal.

## Offer Acceptance Period

HMS understands and accepts that we shall hold our offer open for one-hundred and twenty (120) days from the offer due date stated on the Solicitation. We also acknowledge that we shall hold our offer open for one-hundred and twenty (120) days from the Best and Final Offer due date.

As our proposal demonstrates, our solution correlates with AHCCCS's objectives. We anticipate continuing our long-standing relationship with Arizona by leveraging our extensive experience, specialized processes/tools, and commitment to improving the healthcare system. Marnie Basom will continue to serve as our Accountable Executive for this project. Please do not hesitate to contact her via telephone at 208.639.8202 or email at mbasom@hms.com with any questions about HMS or our services. We appreciate the chance to present this proposal and look forward to the opportunity to serve AHCCCS.

Sincerely,



Jeff Sherman
Executive Vice President, Chief Financial Officer, and Treasurer

Enclosure