



TASK ORDER

YH26-0090

AHCCCS Independent Verification and Validation (IV&V) Services

Issue Date:	May 6, 2026
AHCCCS Procurement Officer:	Lisa Monreal, Senior Procurement Officer Email: procurement@azahcccs.gov
Questions Due:	May 15, 2026 by 03:00 PM Arizona Time
TASK ORDER PROPOSAL DUE DATE:	May 27, 2026 by 3:00 PM Arizona Time

RESPONSE SUBMISSION REQUIREMENTS:

This task order is open to all Contractors under the following contracts: **IT Advisory Assessment Verification and Validation Consulting Services**. Any resultant award of this project will be added to your contract through purchase order release (for the Statewide contract). AHCCCS reserves the right to accept whole or partial responses from one or more respondents.

Please submit your response electronically via **email** to the procurement officer listed above. Please do not submit anything considered "proprietary" or "confidential". Make sure the subject line of your response email reads: "YH26-0090 AHCCCS IV&V Services Task Order Response" along with your company's name.

Late responses will not be considered.

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1. OVERVIEW

- 1.1. The Arizona Health Care Cost Containment System (AHCCCS) serves as the single state Medicaid agency for the State of Arizona. In this role, AHCCCS is responsible for the administration and oversight of Medicaid and related health care programs authorized under federal and state law, including programs operated pursuant to waivers, demonstrations, or other approvals granted by the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services.
- 1.2. For more information regarding AHCCCS see About Us:
<https://www.azahcccs.gov/AHCCCS/AboutUs/index.html>

2. PROJECT DESCRIPTION:

- 2.1. Two (2) projects identified and described herein, with the option to expand to future IV&V projects. The first (1st) project in this task order is for IV&V for the AHCCCS Eligibility System, and the second (2nd) project is IV&V for the HR-1 Community Engagement Requirements. These two projects are anticipated to be the initial efforts supported under this Task Order; however, additional projects may be incorporated through Task Order amendments as new initiatives are approved, funded, or prioritized by the Agency.
- 2.2. The award of this Task Order does not guarantee assignment to any specific project beyond those authorized through formal Task Order amendments. Each project added under this Task Order will be subject to defined scope, timeline, deliverables, and approval consistent with the terms of this Task Order.
- 2.3. AHCCCS has partnered with a vendor to re-platform a new Medicaid Eligibility system within the AHCCCS ServiceNow environment. The implementation of an eligibility system on the ServiceNow platform will allow the state to take advantage of the current investment in the current AHCCCS architecture and ServiceNow platform. This implementation is anticipated to begin in mid-2026. This approach will also allow the state to review current implementations and make improvements to processes. The ServiceNow platform already supplies the necessary components to support Eligibility functionality, and a project is underway to implement the Community Engagement requirements within the current Eligibility solution (HEAplus). Since AHCCCS already uses the ServiceNow platform, base support structures and operational processes are already in place.
- 2.4. The Community Engagement requirements under HR-1 are being implemented within the current Eligibility system, HEAplus. IV&V services will be provided under this task order for the concurrent implementation of the Community Engagement requirements in the current system and the Design, Development and Implementation (DDI) of the new Eligibility system.

3. PURPOSE:

- 3.1. The purpose of this Task Order is to provide IV&V services to deliver an objective assessment the of project management and technical performance; validate testing completeness and outcomes; and support Agency readiness activities of the implementation of the AHCCCS Eligibility System and the HR-1 Community Engagement requirements.

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- 3.2. AHCCCS is seeking an IV&V partner to support the implementation of the new Medicaid Eligibility System within ServiceNow, and Community Engagement implementation within the current Eligibility system (HEAplus), as well as DDI for Community Engagement in the new Eligibility System. Additional projects may be added to the Contractor's scope of work as needed or requested by AHCCCS.

4. RESPONSIBILITIES/TASKS –

The Consultant/Contractor shall:

- 4.1. Provide IV&V services that include, at minimum:
- 4.1.1. Independent assessment of project governance, schedule, budget, scope, risks and issues, and vendor performance.
 - 4.1.2. Independent assessment of the technical solution; this includes assessments of the quality of project delivery, how the solution aligns with AHCCCS architectural standards, interface design, security controls, oversight of defect management and validation of corrective action plans.
 - 4.1.3. Assessment of user involvement and buy-in review, including UAT planning, participation, and acceptance decision processes.
 - 4.1.4. Independent identification, assessment and reporting of project risks. This includes milestone and readiness risks, and recommended corrective and preventative actions to project leadership.
 - 4.1.5. Design Review aligned with the CMS Seven Standards and Conditions.
- 4.2. Provide assessments and reporting for each distinct project covering the following core areas related to the Project, which include at a minimum:
- | | |
|--|--|
| • Schedule Management | • Quality Assurance, Testing & Defect Resolution |
| • Resource Management | • Project Governance & Communications |
| • Scope & Requirements Management | • Financial Management |
| • Technical Solution Management | • Change Management |
| • Data Management / Migration / Conversion | • Risk & Issue Management |
| • Documentation & Deliverable Management | • Security Management |
| • Training, Go-Live & Post Implementation Management | • Case Management |
| • Hearings & Grievance | • Certification Management |
- 4.3. Provide actionable recommendations in each area in the Status Reports, with priority and scoping methodology to be deployed in each Status Report.
- 4.4. Assess the Agency's Eligibility System implementation and testing evidence, including:
- 4.4.1. Conformance to solution requirements and data exchange specifications as provided by the Agency.
 - 4.4.2. Verification that test cases include:

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- 4.4.2.1. Traceability and alignment to approved business requirements and policy intent.
 - 4.4.2.2. Positive/negative responses
 - 4.4.2.3. Error handling, retries, timeoutsAderinsola.Adesuyi@nttdata.com
 - 4.4.2.4. Logging/audit trail adequacy for eligibility determinations
 - 4.4.3. Review of operational readiness in advance of go-live.
 - 4.4.4. Security posture review focusing on protection of sensitive data in transit and at rest, access controls, and operational controls consistent with Agency policies.
 - 4.4.5. (If applicable) Validate that the evidence set supports Agency readiness for CMS oversight checkpoints.
- 4.5. Assess the Agency's implementation of workflow and technical requirements that support the Community Engagement requirements developed by AHCCCS in accordance with CMSHR-1 to bolster community engagement participation. The Community Engagement implementation within AHCCCS' will enhance the current Eligibility system (HEAplus), and transition to the new solution during Design, Development, and Implementation (DDI).
- 4.6. Provide IV&V Governance Framework Documentation
- 4.6.1. The IV&V governance documentation (e.g., IV&V framework or methodology) that describes how IV&V activities will be performed under this Task Order.
 - 4.6.2. The IV&V governance documentation shall include, at a minimum:
 - 4.6.2.1. Definitions for issues and risks, including how issues and risks are differentiated.
 - 4.6.2.2. A documented methodology for identifying, assessing, and reporting issues and risks.
 - 4.6.2.3. A methodology for determining risk severity levels that considers both likelihood and impact.
 - 4.6.2.4. Clearly defined risk severity levels (e.g., High, Medium, Low) and how those levels are applied consistently.
 - 4.6.3. The IV&V governance documentation shall describe how the Contractor monitors risks across all projects it is assessing for the Agency and shall document a process for identifying similar or recurring risks across multiple projects and for elevating or escalating those risks to the Agency when systemic or cross-project concerns are identified.
- 4.7. Maintain an issue and risk register for the duration of the Task Order. The issue and risk register shall include, at a minimum:
- 4.7.1. A description of each issue or risk,
 - 4.7.2. Assigned risk severity level,
 - 4.7.3. Impacted area(s),
 - 4.7.4. Recommended mitigation or corrective action,
 - 4.7.5. Current status, and
 - 4.7.6. Trend information (e.g., new, increasing, decreasing, stable, resolved)
- 4.8. Immediately notify the Agency upon identification of any high-severity issues or risks and shall not wait for a scheduled reporting cycle.

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- 4.8.1. Follow documented escalation thresholds and notification timelines as defined in its IV&V governance documentation. Escalated risks shall include a description of the issue or risk, its potential impact, and recommended mitigation or decision points requiring Agency attention.

- 4.9. Provide Operational Readiness Review (ORR) / Go Live Readiness

- 4.9.1. Provide independent readiness assessments prior to production deployment, including:
 - 4.9.1.1. Readiness checklist validation and gap analysis
 - 4.9.1.2. Cutover / deployment plan review
 - 4.9.1.3. Contingency/rollback plan review
 - 4.9.1.4. Support model readiness (help desk, tiering, escalation)
 - 4.9.1.5. Training readiness verification (materials, completion metrics)
 - 4.9.1.6. Data conversion readiness (if applicable)

(This work supports broader Certification readiness and evidence expectations.)

- 4.10. Provide Ongoing Reporting & Metrics

- 4.10.1. Where the project is subject to CMS SMC ongoing reporting expectations, the Contractor shall:
 - 4.10.1.1. Review the Agency's operational reporting artifacts for completeness and consistency (e.g., metric definitions, operational reporting approach).
 - 4.10.1.2. Validate that metrics and evidence are measurable and align to module outcomes as defined in certification/intake documentation.

5. Independence & Conflict of Interest (COI) Requirements

The Contractor shall:

- 5.1. Be independent from the State and from any project implementation vendor(s) unless an exception is granted by the Agency (as applicable).
- 5.2. Disclose any actual or potential COI within five (5) business days of Task Order award and throughout performance.
- 5.3. Certify it does not simultaneously perform design/development/configuration activities for AHCCCS for the same modules/interfaces under review.
- 5.4. Maintain separation (organizational and personnel) from implementation vendors to preserve independence.
- 5.5. Perform Independent Verification and Validation (IV&V) services in a manner that is objective, unbiased, and independent.
- 5.6. Not perform project management, system integration, development, implementation, or decision-making activities for the project being assessed under this Task Order.
- 5.7. Disclose any actual or potential conflicts of interest related to this Task Order promptly and in writing.

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6. PROJECT DELIVERABLES with TIMEFRAMES/DUE DATES:

- 6.1. Table 1.0 outlines the expected IV&V Deliverables included within the Scope of Work. The selected vendor will follow a deliverable submission review and acceptance process established by AHCCCS and shall be required to report required deliverables by due dates to AHCCCS for compliance. AHCCCS may terminate the Task Order for default under applicable termination clauses in the IT Research, Advisory, Assessment, Verification and Validation Services contract after two (2) notices of nonconformance to the deliverable dates. AHCCCS will provide access to applications as appropriate to the IV&V vendor and will provide security forms and templates for status reporting, readiness scoring, and memo formats to align with internal governance and CMS evidence packaging under SMC.
- 6.2. Deliverables will be accepted when they:
 - 6.2.1. Meet content requirements described in Section 4
 - 6.2.2. Provide clear evidence, analysis, findings, and recommendations
 - 6.2.3. Include traceability to reviewed artifacts and interviews
 - 6.2.4. Are delivered in approved formats (Word/PDF; optional Excel for metrics/defects)
- 6.3. The Agency retains sole authority for UAT certification and production acceptance decisions.
- 6.4. IV&V services will be performed in a manner that ensures consistent oversight, independent validation, and alignment with AHCCCS governance standards across both projects, while allowing for project-specific tailoring based on scope, complexity, and implementation timing.
- 6.5. In addition, this Task Order is structured to support potential future projects that may arise during the three-year term. At AHCCCS's discretion, IV&V services may be extended to additional initiatives, enhancements, or system modifications through:
 - 6.5.1. Written tasking or amendment; and
 - 6.5.2. Adjustments to deliverables, schedules, and reporting requirements as mutually agreed to;
 - 6.5.3. This approach ensures continuity of IV&V support, scalability of services, and the flexibility necessary to address evolving program and system needs throughout the Task Order period.

Table 1.0: IV&V Deliverables

Deliverable Name	Due Date	Description
IV&V Work Plan	Within 15 days after kickoff	The IV&V Work Plan outlines the approach, schedule, cadence, and review methods proposed. The Work Plan must be provided to the Agency within 15 days of project kickoff and provided to CMS at a cadence established by CMS, or as requested. The IV&V Work Plan should be developed in alignment with the Eligibility Solution vendor's project plan. The work plan must include: - Proposed high-level schedule - Stakeholder management plan, including interviews - Risk framework, escalation and mitigation plans - A plan for mapping to established Agency milestones

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IV&V Checklist(s)	Ongoing for each periodic review	The IV&V Checklists document the project elements reviewed, observed, monitored and discussed. The checklists should align to industry standards for project management, software and systems development and lifecycles, and risk management using disciplines such as PMBOK and IEEE.
Initial IV& V Report	Within 60 days after project start	The Initial IV&V Report documents the Contractor's initial findings after project kickoff. The Initial IV&V Report will be delivered to State and Federal oversight for comments and review. The final report will be delivered within 60 days of project start.
Quarterly IV&V Status Report	By the 15 th of each month following the end of the federal fiscal quarter, for both Eligibility System and CE implementations	A quarterly status report that includes, at a minimum: • Overall status (R/Y/G) for scope/schedule/budget/quality/risk • Top risks and mitigations • Data Conversion risk & issue, with recommended mitigations • Testing/UAT progress assessment • Defect trends and analysis • Recommendations and decisions needed
Monthly Status Report	Monthly	The Contractor shall provide monthly status reports at a cadence established by AHCCCS and in accordance with established templates and processes. The status report shall include results, findings and observations documented for each reporting period, and include status updates on previously identified observations. Monthly reports are to be summarized and may include: • Significant risks and issues • Governance observations and associated project impact • Project schedule • Implementation deliverables • Project recommendations • Compliance concerns
Weekly Status Report	Weekly	The Contractor shall provide weekly status reports at a cadence established by AHCCCS and in accordance with established templates and processes. The status report shall include results, findings and observations documented for each reporting period, and include status updates on previously identified observations.
Testing Evidence Review memos	As requested/ as needed – at least per each major test phase	Testing Evidence Review memos shall be delivered to the State for each major testing phase, and as requested by AHCCCS, and shall include: • MTP review memo • Integration/System Testing review memo

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		• UAT readiness memo (preUAT entry criteria) • UAT results validation memo (postUAT)
Independent UAT Certification Assessment Memorandum	Phase Gate Deliverable	Must include: • UAT scope, participants, environments, entry/exit criteria • Script coverage and results summary • Defect summary by severity and closure verification approach • Residual risk statement and go/no-go recommendation • Required remediation actions (if any)
ORR / Go Live Readiness Assessment Report	Phase Gate Deliverable	The Operational Readiness Review/Go-Live Readiness Assessment Report must include: • Readiness domain scoring • Gaps and required actions • Cutover and contingency assessment • Operational support readiness • Stakeholder alignment • Integration readiness
Ad Hoc Briefings	Upon Request	The Contractor shall provide briefings to Agency leadership and as required, to CMS, summarizing IV&V findings and risk posture.
Reporting & Communication Requirements	Upon Request	• The IV&V Contractor shall deliver findings directly to CMS at the same time as the findings are delivered to the Agency when IV&V is federally required/triggered. • The Contractor shall participate in: ○ Weekly project status meetings ○ Biweekly testing/defect triage meetings (during test cycles) ○ Monthly executive steering meetings (as requested)
Service Levels / Performance Standards	Per established SLAs	The Contractor shall meet the following minimum standards: • Deliverable timeliness: 95% on time submission against agreed schedule

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		• Issue responsiveness: acknowledge critical issues within 1 business day; provide written analysis within 5 business days unless otherwise agreed • Quality: deliverables must be complete, internally consistent, and include evidence-based conclusions and actionable recommendations
Security, Privacy, and Access Controls	Per established SLAs	The Contractor shall: • Comply with Agency security policies for access to systems, data, and environments • Use least privilege access; maintain access logs • Protect sensitive information in all work products • Return/destroy Agency data upon request and at Task Order completion
Ongoing Monitoring	Ongoing/ As requested	The Contractor shall continuously monitor all project elements including work plans, schedules, implementation deliverables, project risks & issues, system testing, data integration, case and member management, and transition to operations.
Close Out Report	Within 30 days of Go Live	The Contractor shall deliver a Project Closeout Report for each implementation supported under this Task Order within thirty (30) days of the applicable system or functional go-live, unless otherwise directed by AHCCCS. The Closeout Report shall serve as the final, comprehensive independent assessment of the implementation's overall quality, compliance, and performance, and shall summarize IV&V findings and recommendations accumulated across the full project lifecycle, including but not limited to planning, design, development, testing, deployment, and transition to operations. This deliverable shall apply to current and future initiatives authorized under this Task Order and may be tailored, at AHCCCS's discretion, based on project scope, complexity, and implementation approach.

7. PROJECT TIMELINE (Task Order Period: Sept 2026 – Sept 2029):

7.1. Year 1: Sept 2026 – Sept 2027

Initiation, Planning, and Early Implementation

7.1.1. Task Order Kickoff:

7.1.1.1. Contract initiation, onboarding/training, and knowledge transfer.

7.1.1.2. Finalization of IV&V Management Plan, communication protocols, and reporting cadence

7.1.2. **Eligibility System – Implementation Year 1**

7.1.2.1. IV&V oversight of system requirements validation, design, and development activities

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- 7.1.2.2. Risk assessments, schedule and cost monitoring, and architecture reviews.
 - 7.1.2.3. Initial testing readiness assessments
- 7.1.3. **Community Engagement Participation Rollout (Current System)**
 - 7.1.3.1. IV&V support throughout the six (6) month rollout period
 - 7.1.3.2. Verification of business rules, stakeholder readiness, operational impacts, and compliance
 - 7.1.3.3. Early findings and recommendations delivered to AHCCCS leadership.
- 7.1.4. **Deliverables:**
 - 7.1.4.1. IV&V Management Plan
 - 7.1.4.2. Monthly Status Reports
 - 7.1.4.3. Risk and Issue Logs
 - 7.1.4.4. Community Engagement Participation IV&V Assessment Report
- 7.2. Year 2: Sept 2027 – Sept 2028
 - 7.2.1. **Eligibility System – Full Implementation and Go-Live Support**
 - 7.2.1.1. IV&V oversight of system integration, testing, user acceptance, and data migration
 - 7.2.1.2. Go-live readiness assessments and independent risk validation.
 - 7.2.1.3. Monitoring of vendor performance against contract requirements.
 - 7.2.2. **Operational Readiness and Transition Support**
 - 7.2.2.1. Review of training, operational procedures, and support models
 - 7.2.2.2. Independent confirmation of system stability and performance post deployment
 - 7.2.3. **Ongoing Support**
 - 7.2.3.1. Executive level briefings and decision support
 - 7.2.3.2. Continuous risk mitigation recommendations
 - 7.2.4. **Deliverables:**
 - 7.2.4.1. Go-Live Readiness Assessment
 - 7.2.4.2. Independent Risk & Performance Reports
 - 7.2.4.3. Monthly and Quarterly IV&V Reports
- 7.3. Year 3: Sept 2028 – Sept 2029 Post-Implementation Review
 - 7.3.1. **Post-Implementation IV&V**
 - 7.3.1.1. Validation of system outcomes against business objectives
 - 7.3.1.2. Assessment of long-term system performance, security, and compliance
 - 7.3.2. **Lessons Learned and Continuous Improvement**
 - 7.3.2.1. Identification of process improvements and optimization opportunities
 - 7.3.2.2. Support for corrective actions and stabilization efforts, if required
 - 7.3.3. **Task Order Closeout**
 - 7.3.3.1. Final IV&V assessment, documentation, and knowledge transfer
 - 7.3.3.2. Closeout reporting and executive summary

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7.3.4. Deliverables:

- 7.3.4.1. Post-Implementation Review Report
- 7.3.4.2. Lessons Learned and Continuous Improvement Recommendations
- 7.3.4.3. Final IV&V Task Order Report

8. Key Positions and Staffing

8.1. AHCCCS has identified key positions for the Task Order. The Offeror is also required to propose an overall staffing structure that will support the requirements, specifications, and expectations laid out within this Task Order. Therefore, the Offeror is encouraged to propose staffing positions deemed as critical to the success of the contract, whether those positions or descriptions are listed within the following subsections.

8.1.1. Key Staff required:

- 8.1.1.1. Project Manager
- 8.1.1.2. Eligibility & Enrollment Subject Matter Expert (SME)
- 8.1.1.3. Quality Lead
- 8.1.1.4. Technical Subject Matter Acquaintance (SMA)
- 8.1.1.5. Key staff must demonstrate:
 - 8.1.1.5.1. Prior Medicaid/MES or large public sector eligibility systems IV&V experience;
 - 8.1.1.5.2. Experience assessing testing/UAT programs and readiness gating;
 - 8.1.1.5.3. Experience with interfaces and data exchanges (API/SOAP, batch, message queues); and
 - 8.1.1.5.4. Experience producing executive-ready risk reports and recommendations.

9. EVALUATION CRITERIA:

This Task Order will be evaluated on the following criteria, listed in their relative order of importance:

- 9.1. Experience and Capacity.
- 9.2. Methodology and Approach.
- 9.3. Pricing proposal.

10. HOW TO RESPOND TO THIS TASK ORDER:

10.1. Required Elements:

- 10.2. Cover letter with signature of authorized company representative, including contract number and contact information.
- 10.2. Name and contact information of the person responsible for response to this task order.
- 10.3. **Experience and Capacity of the Firm and Key Personnel** – (limit 2 pages, excluding resumes)
Describe the following:
 - 10.3.1. The firm's knowledge and experience with IV&V, State Medicaid Technology Projects, and projects of comparable size and complexity.
 - 10.3.2. The firm's knowledge and experience with projects of similar scope and complexity.
 - 10.3.3. Experience of the proposed staff with this type of project, with list of names and classification of personnel expected to perform specific activities, including use of subcontractors;

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10.3.4. Submit key staff resumes for work history for the last five (5) years, their roles in each position, and two (2) individual references for each key staff personnel assigned to the project. Include emails and contact information for references.

10.4. Methodology and approach (Limit 10 pages)

10.4.1. Proposed methodology and approach to fulfill the requirements of this project.

10.4.2. Description of how you will satisfy each of the minimum criteria established.

10.4.3. Description of required and any recommended deliverables.

10.5. Project Cost – Complete Attachment A: Pricing Schedule and submit with your proposal. The costs should be inclusive of all deliverables and work to be performed under the Scope of Work.

10.5.1. The project cost not to exceed (NTE) amount is based on the proposal submitted. Billing shall be based on Deliverables in Section 6.0, not to exceed agreed upon contracted total price.

10.6. Please submit your response electronically via **email** to the procurement officer listed on the front page with the subject line “**YH26-0090 AHCCCS IV&V Services Task Order Response**” along with your company’s name.

10.7. Please do not submit anything considered “proprietary” or “confidential” in any part of your submission with the exception of 9.4.4.

11. AWARD

11.1. AHCCCS anticipates awarding the response to the contractor(s) with the most advantageous response(s).

11.2. This project will be procured through Arizona Statewide Contract listed on the page #1 of this task order. All terms and conditions of the statewide contract (the “base contract”) shall apply to this project.

11.3. Vendors who are contracted with AHCCCS for technical or strategic advisory or governance scopes of work are precluded from award.

11.4. AHCCCS may provide Protected Health Information (PHI) to the Contractor in connection with this task order. Therefore, the attached HIPAA Business Associate Addendum is incorporated into this Task Order (if applicable).

11.5. Confidentiality: The Contractor shall safeguard all information regarding this Task Order as confidential. The Contractor shall establish and maintain procedures and controls preapproved by AHCCCS for the purpose of assuring that information contained in its records or obtained from AHCCCS or others carrying out their functions related to this Task Order shall not be used or disclosed, except as required to perform duties under this Task Order.

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12. INVOICING:

- 12.1. Invoices shall be electronically submitted to:
AHCCCS Accounts Payable AHCCCSDBFAdminPayables@azahcccs.gov
- 12.2. Each invoice shall have adequate supporting documentation attached as required by this task order.
- 12.3. Each invoice shall provide the following information, as applicable:
 - 12.3.1. Statewide Contract number, Task Order number, and the Purchase Order number.
 - 12.3.2. Description of services performed for each fee
 - 12.3.3. Name of AHCCCS contact person for this task order.
 - 12.3.4. Date(s) services were performed.
 - 12.3.5. Adequate supporting documentation attached as required by this Task Order.
 - 12.3.6. Signature of authorized person.

HIPAA BAA

Updated April 2020

This Addendum is made part of this Contract between the Arizona Health Care Cost Containment System ("AHCCCS") and the Contractor, referred to as "Business Associate" in this Addendum.

AHCCCS and Business Associate agree that the underlying Contract shall comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (the "CFR"), as amended. In the event of conflicting terms or conditions, this Addendum shall supersede the underlying Contract.

1. DEFINITIONS

The following terms used in this Addendum shall have the same meaning as those terms in the HIPAA rules set forth in Title 45, Parts 160 and 164 of the CFR: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

Business Associate agrees to:

- 2.1. Not use or disclose protected health information ("PHI") other than as permitted or required by this Addendum or as required by law.
- 2.2. Use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of protected health information other than as provided by this Addendum.
- 2.3. Report to AHCCCS any use or disclosure of PHI not provided for by this Addendum of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR §164.410, and any security incident of which it becomes aware in the following manner.
 - 2.3.1. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI that is not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make an initial report to the AHCCCS Privacy Official not more than twenty-four (24) hours after Business Associate learns of such unauthorized use or disclosure. The initial report shall include all of the following information to the extent known to the Business Associate at the time of the initial report:
 - A. A description of the nature of the unauthorized use or disclosure, including the number of individuals affected by the unauthorized use or disclosure.
 - B. A description of the PHI used or disclosed.

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- C. The date(s) on which the unauthorized use or disclosure occurred.
- D. The date(s) on which the unauthorized use or disclosure was discovered.
- E. Identify the person(s) who used or disclosed the PHI in an unauthorized manner.
- F. Identify the person(s) who received PHI disclosed in an unauthorized manner.
- G. A description of actions, efforts, or plans undertaken by the Business associate to mitigate the harm of the unauthorized disclosure.
- H. A description of corrective actions undertaken or planned to prevent future similar unauthorized use or disclosure.
- I. An assessment of whether a breach, as defined in 45 CFR 164.402, including, if necessary, an assessment of the probability of harm, and
- J. Such other information, as may be reasonably requested by the AHCCCS Privacy Official.

Business Associate shall provide AHCCCS with supplemental reports promptly as new information becomes available, as assessments and action plans are developed, and as action plans are implemented. In any event, Business Associate shall provide a comprehensive written report including all of the information listed above no later than twenty (20) days after discovery of the unauthorized use or disclosure.

- 2.3.2. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
- 2.3.3. Sanctions. Business Associate shall have and apply appropriate sanctions against any employee, subcontractor or agent who uses or discloses AHCCCS PHI in violation of this Addendum or applicable law.
- 2.4. In accordance with 45 CFR §164.502(e)(1)(ii) and §164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions and requirements that apply to the Business Associate with respect to such information;
- 2.5. Make available PHI in a designated record set to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.524.
- 2.6. Make any amendment(s) to PHI in a designated record set as directed or agreed to by AHCCCS pursuant to 45 CFR §164.526 or take other measures as necessary to satisfy AHCCCS' obligations under 45 CFR §164.526.
- 2.7. Maintain and make available the information required to provide an Accounting of Disclosures to AHCCCS as necessary to satisfy AHCCCS' obligations under 45 CFR §164.528.

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- 2.8. To the extent Business Associate is to carry out one of more of AHCCCS' obligations under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to AHCCCS in the performance of such obligation(s); and
- 2.9. Make its internal practices, books and records available to AHCCCS and the Secretary for purposes of determining compliance with the HIPAA rules.

3. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

- 3.1. Business Associate may only use or disclosure PHI as necessary to perform the services and obligations set forth in the underlying Contract.
- 3.2. Business Associate may use or disclose protected health information as required by law.
- 3.3. Business Associate agrees to make uses and disclosures and requests for protected health information consistent with Minimum Necessary, as required at 45 § CFR 164.502(b) and 164.514(d).
- 3.4. Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 CFR Part 164 if done by AHCCCS, except for the specific uses and disclosures set forth below (3.5 and 3.6).
- 3.5. Business Associate may use protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate; and
- 3.6. Business Associate may provide data aggregation services relating to the health care operations of AHCCCS.

4. PROVISIONS FOR AHCCCS TO INFORM BUSINESS ASSOCIATE OF PRIVACY PRACTICES AND RESTRICTIONS

- 4.1. AHCCCS shall notify Business Associate of any limitation(s) in the AHCCCS Notice of Privacy Practices (found at www.azahcccs.gov) under 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI;
- 4.2. AHCCCS shall notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI; and
- 4.3. AHCCCS shall notify Business Associate of any restriction on the use or disclosure of PHI that AHCCCS has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

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5. TERM AND TERMINATION

- 5.1. Term: This Addendum is effective upon the effective date of the underlying Contract and shall terminate on the date AHCCCS terminates the contract for cause as authorized in paragraph (b) of this Section, or for any other reason permitted under the contract, whichever is sooner.
- 5.2. Termination for Cause: Business Associate authorizes termination of the Contract by AHCCCS if AHCCCS determines that Business Associate has breached a material term of this Addendum and Business Associate has not cured the breach or ended the violation within the time specified by AHCCCS.
- 5.3. Obligations of Business Associate Upon Termination: Upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate, with respect to PHI received from AHCCCS, or created, maintained, or received by Business Associate on behalf of AHCCCS, shall:
 - 5.3.1. Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities.
 - 5.3.2. Destroy or return to AHCCCS all remaining PHI that the Business Associate still maintains in any form.
 - 5.3.3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI.
 - 5.3.4. Not use or disclose the PHI retained by Business Associate other than for the purposes for which such protected health information was retained and subject to the same conditions set out in this Addendum that applied prior to termination; and
 - 5.3.5. Destroy or return to AHCCCS the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal and contractual responsibilities.
- 5.4. Survival: The obligations of Business Associate under this Section shall survive the termination of the Contract.

6. INDEMNIFICATION AND MISCELLANEOUS

- 6.1. Indemnification: Business Associate shall indemnify, hold harmless and defend AHCCCS from and against any and all claims, losses, liabilities, costs, civil and criminal penalties, and other expenses resulting from, or relating to, the acts or omissions of Business Associate, its employees, agents, and sub-contractors in connection with the representations, duties and obligations of Business Associate under this Addendum. The parties' respective rights and obligations under this Section shall survive termination of the Contract.

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- 6.2. Regulatory References: A reference in this Addendum to a section in the HIPAA rules means the section as in effect or as amended.
- 6.3. Amendment: The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for compliance with the requirements of the HIPAA rules or any other applicable law.

Interpretation: Any ambiguity in this Addendum shall be interpreted to permit compliance with the HIPAA rules.

End of Document

END OF SOLICITATION