0.0 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION [RFP SECTION 2.3]

2.3.1 Public Information

Subject to exceptions provided by Montana law, all information received in response to this RFP, including copyrighted material, is public information. Proposals will be made available for public viewing and copying shortly after the proposal due date and time. The exceptions to this requirement are: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by the State; and (3) other constitutional protections. See 18-4-304, MCA.

2.3.2 Procurement Officer Review of Proposals

Upon opening the proposals in response to this RFP, the procurement officer will review the proposals for information that meets the exceptions in Section 2.3.1, providing the following conditions have been met:

- Confidential information (including any provided in electronic media) is clearly marked and separated from the rest of the proposal.
- The proposal does not contain confidential material in the cost or price section.
- An affidavit from the Offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each proposal containing trade secrets. Counsel must use the State of Montana "Affidavit for Trade Secret Confidentiality" form in requesting the trade secret claim. This affidavit form is available on SFSD website at: http://vendorresources.mt.gov/VendorForms or by calling (406) 444-2575.

Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors shall pay all of its legal costs and related fees and expenses associated with defending a claim for confidentiality should another party submit a "right to know" (open records) request.

We have provided the completed "Affidavit for Trade Secret Confidentiality" as instructed. Per the instructions noted in RFP Section 2.3.2 and the Q&A, we have provided a redacted version of our response marked "Redacted." The below Table 1 provides a listing of such material in our proposal.

Table 1. List of Items for Redaction

Section	Page or ID Number	Description of Item to Redact	Reason
1.0 Executive Summary	1-9 – 1-10	Table 1-1. MPATH Risks and Mitigation Strategies	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
2.3.3 CMdS – Designed for Modular Blueprint	2-15	Figure 2.3.3-1. CMdS Support for Modular Frameworks	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
2.3.3 CMdS – Designed for Modular Blueprint	2-16	Figure 2.3.3-2. CMdS Solution Overview	CONDUENT TRADE SECRET

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Section	Page or ID Number	Description of Item to Redact	Reason
			Contains trade secret information regarding Conduent's proprietary solution.
2.4 Technology Standards	2-25	Figure 2.4-1. Workflow Example	CONDUENT TRADE SECRET Screenshot of Conduent proprietary computer software
2.4 Technology Standards	2-26	Figure 2.4-2. Screenshot of the User Assignments Dashboard	CONDUENT TRADE SECRET Screenshot of Conduent proprietary computer software
2.4 Technology Standards	2-32	Figure 2.4-4. Payout Web Page	CONDUENT TRADE SECRET Screenshot of Conduent proprietary computer software
2.7 Future MPATH Environment	2-43	Figure 2.7-1. SOA Platform and SI ESB Integration	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
2.8.1 Governing Stakeholders	2-45	Figure 2.8.1-1. Conduent Governance Structure	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel and resources.
3.1 Draft Project Work Plan	All Pages	Draft Project Work Plan	CONDUENT TRADE SECRET Contains trade secret information regarding how to implement Conduent's proprietary solution.
4.2.1 Technical and Information Architecture Requirements	Introductory Narrative, page 4.2-3	Figure 4.2.1-1. High Level Overview of CMdS' Tools	CONDUENT TRADE SECRET Contains trade secret information regarding the architecture of Conduent's proprietary computer software.
4.2.1 Technical and Information Architecture Requirements	Introductory Narrative, page 4.2-4	Figure 4.2.1-2. CMdS Integration Architecture	CONDUENT TRADE SECRET Contains trade secret information regarding the Aachitecture of Conduent's proprietary computer software.
4.2.1.1 Compliance	CMP15	Figure 4.2.1.1-2. SOA Platform and SI ESB Integration	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.2 Security	SEC08	Figure 4.2.1.2-4. Last Update	CONDUENT TRADE SECRET Screenshot of Conduent proprietary computer software.
4.2.1.2 Security	SEC15	Figure 4.2.1.2-7. Sample Security Event Report	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.1.2 Security	SEC28	Figure 4.2.1.2-10. Managing Role-based Access Control (RBAC)	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.2 Security	SEC62	Figure 4.2.1.2-11. CMdS Enterprise Login	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.3 Hosting and Environments	Introductory Narrative, page 4.2-99	Figure 4.2.1.3-1. Conduent's Cloud-Native Approach	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.3 Hosting and Environments	ENV03	Figure 4.2.1.3-2. Exchange Partners	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.3 Hosting and Environments	ENV09	Figure 4.2.1.3-3. CMdS High Availability Architecture	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT01	Figure 4.2.1.4-1. CMdS Error Notification	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT35	Figure 4.2.1.4-2. API End-Point Management	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.4 Integration	INT63	Figure 4.2.1.4-3. CMdS Business Process Orchestration	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.4 Integration	INT65	Figure 4.2.1.4-4. CMdS Data Federation..	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.4 Integration	INT70	Figure 4.2.1.4-5. CMdS Fault Tolerant Architecture	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT78	Figure 4.2.1.4-6: CMdS Component deployment flexibility	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT87	Figure 4.2.1.4-7. Context-sensitive help.	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.1.4 Integration	INT88	Figure 4..2.1.4-8. Loosely-coupled Services	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT107	Figure 4.2.1.4-9. CMdS Infrastructure	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT110	Figure 4.2.1.4-10. CMdS Error Notification Process	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT111	Figure 4.2.1.4-11. CMdS Cloud Native Architecture	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT115	Figure 4.2.1.4-12. The Conduent Digital Hub	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT124	Figure 4.2.1.4-13. CMdS Modular Integration	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4 Integration	INT126	Figure 4.2.1.4-14: CMdS Data Federation	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.4.3.1 Attachment L	All Pages	Attachment L – Technology Matrix	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's security, practices, and solution.
4.2.1.5 Data Management	DM02	Figure 4.2.1.5-1. Suppressing Generation of Documents with Member Identification	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM04	Figure 4.2.1.5-2. Interface Load Transaction Errors	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM04	Figure 4.2.1.5-3. Global Audit Search	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM56	Figure 4.2.1.5-5. Enrollment Processing Exception Detail Report Layout	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.1.5 Data Management	DM05	Figure 4.2.1.5-6. Storing Relationships Created in Other Systems	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM09	Figure 4.2.1.5-7. Audit Trail	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM11	Figure 4.2.1.5-8. Narrative Descriptions of Codes and Abbreviations	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM14	Figure 4.2.1.5-9. Voiding a Record	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM17	Figure 4.2.1.5-10. Text Management	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM17	Figure 4.2.1.5-11. Rates	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM17	Figure 4.2.1.5-12. Maintaining Codes and Associated Reference Files	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM22	Figure 4.2.1.5-13. Entity Search in CMdS	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM22	Figure 4.2.1.5-14. Member Search in CMdS	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM44	Figure 4.2.1.5-15. Member Eligibility and Enrollment	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM61	Figure 4.2.1.5-16. Collecting Data for 1115 Waivers	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM62	Figure 4.2.1.5-17. Managing Provider IDs	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM65	Figure 4.2.1.5-18. Service Authorization Search by Member Criteria	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM69	Figure 4.2.1.5-19. Rate Search Leveraging Rules Management	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.1.5 Data Management	DM70	Figure 4.2.1.5-20. Text Management CARC maintenance	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.5 Data Management	DM145	Figure 4.2.1.5-22. CMdS Conceptual Data Model	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.5 Data Management	DM140	Figure 4.2.1.5-23. Logging, Tracking, and Reporting Required Data Items	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software
4.2.1.6 Interfaces	INR01	Figure 4.2.1.6-1. Conduent EDI Gateway	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.6 Interfaces	INR04	Figure 4.2.1.6-2. The Conduent Digital Hub	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.7 Business Rules	BR03	Figure 4.2.1.7-3. Business Rules Catalog	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.7 Business Rules	BR12	Figure 4.2.1.7-4. Graphical Representation of Business Rule Flow and Orchestration	CONDUENT TRADE SECRET Contains screen shots of Conduent's proprietary solution.
4.2.1.7 Business Rules	BR13	Figure 4.2.1.7-5. Business Rules to Process Mapping	CONDUENT TRADE SECRET Contains screen shots of Conduent's proprietary solution.
4.2.1.7 Business Rules	BR13	Figure 4.2.1.7-6. Provider Maintenance Sample Use Case	CONDUENT TRADE SECRET Contains screen shots of Conduent's proprietary solution.
4.2.1.7 Business Rules	BR14	Figure 4.2.1.7-7. Rule Report	CONDUENT TRADE SECRET Contains screen shots of Conduent's proprietary solution.
4.2.1.7 Business Rules	BR16	Figure 4.2.1.7-8. Natural Language Business Rules	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.7 Business Rules	BR21	Figure 4.2.1.7-9. Business Rule Maintenance and Deployment	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.8 Correspondence Management	CR01	Figure 4.2.1.8-1. Letter Generation Request.	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.1.8 Correspondence Management	CR03	Figure 4.2.1.8-2. Graphical Comparison of 1D and 2D Barcodes	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.8 Correspondence Management	CR10	Figure 4.2.1.8-3. Examples of Provider and Member Letters	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.9 Enterprise Content Management	ECM01	Figure 4.2.1.9-1. Paper Claims Data Capture	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.9 Enterprise Content Management	EMC05	Figure 4.2.1.9-2. Searching for Imaged Documents	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.1.10 Workflow	Introductory Narrative, page 4.2-213	Figure 4.2.1.10-1 .Splash Page	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.10 Workflow	WKF01	Figure 4.2.1.10-3. Rules Engine Configuration	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.10 Workflow	WKF03	Figure 4.2.1.10-4. Editing a Workflow	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.1.10 Workflow	WKF16	Figure 4.2.1.10-5. Workflow Details	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software
4.2.2.1 Project Management	PMT10	Figure 4.2.2.1-1. Customizable Status Report Template	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.2.1 Project Management	PMT11	Figure 4.2.2.1-3. QMS Artifact Depth Example: Communication Event Schedule	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.2.1 Project Management	PMT11	Figure 4.2.2.1-4. QMS Focus on Key Performance Areas Example: Risk Management Contingency Plan Trigger	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.2.1 Project Management	PMT11	Figure 4.2.2.1-5. QMS Ease of Use Example: Key Quality Management Content	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.2.1 Project Management	PMT13	Figure 4.2.2.1-7. Sample Action Item Tracking	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.2.4 Design, Configuration & Build	DCB07	Figure 4.2.2.4-1. CMdS Online Help	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.2.5 Data Conversion, Cleansing and Migration	DOC06	Figure 4.2.2.5-3 Informatica Conversion Error Report	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.2.8 Implementation and Acceptance	IA03	Figure 4.2.2.8-2. Operational Readiness Review Process Flow	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.2.8 Implementation and Acceptance	IA06	Figure 4.2.2.8-3. ORR Checklist Template	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.3 Certification	CERT14	Figure 4.2.3-3. Certification Document Repository	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.4 Operations, Maintenance and Configuration	OMC04	Figure 4.2.4-3. Mass Adjustment Request	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.5 Key Personnel and Resources	Introductory Narrative	Experience Matters Graphic and Table 4.2.5-1 Key Personnel	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proposed key personnel and performance.
4.2.5 Key Personnel and Resources	KR04	Figure 4.2.5-1. Core DDI and Certification Phases Organization Chart and all text up to Core – Operations, Maintenance and Configuration Organization	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR04	Figure 4.2.5-2. Core Operations, Maintenance and Configuration	CONDUENT TRADE SECRET

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Section	Page or ID Number	Description of Item to Redact	Reason
		Organization Chart and all text up to Option A – Financial Organization	Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR04	Figure 4.2.5-3. Option A Financial Organization Charts and all text up to Option B – Call Center Organization	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR04	Figure 4.2.5-4. Option B Call Center Organization Charts and all text up to Option C – Federal Reporting Organization	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR04	Figure 4.2.5-5. Option C Federal Reporting Organization Chart and all text through the fourth bullet – Federal Reporting Manager	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR08	Response to KR08 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR09	Response to KR09 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR11	Response to KR11 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR12	Response to KR12 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR13	Response to KR13 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR14	Response to KR14 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR15	Response to KR15 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.5 Key Personnel and Resources	KR16	Response to KR16 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR22	Response to KR22 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR28	Response to KR28 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR29	Response to KR29 – Entire Response including table(s)	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR35	Response to KR35 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR36	Response to KR36 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR37	Response to KR37 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR38	Response to KR38 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR39	Response to KR39 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR41	Response to KR41 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.5 Key Personnel and Resources	KR42	Response to KR42 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.5 Key Personnel and Resources	KR43	Response to KR43 – Entire Response	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
4.2.7 Project Deliverables and Documentation	DOC41	Figure 4.2.7-11. Setting Deliverable Expectations Yields Faster Review Cycles	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.8 Performance Standards	All Pages	Entire Section	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.8.1 Performance Standards Attachment J	All Pages	Entire Document	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
4.2.10 Edits, Processing, and Adjustments	EPA02	Figure 4.2.10-1. Suspense Release Request	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA05	Figure 4.2.10-2. Category of Service Configuration	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA05	Figure 4.2.10-3. Duplicate Check Edit Configuration	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA05	Figure 4.2.10-4. Benefit Plan Limit and Mapset Configuration	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA06	Figure 4.2.10-5. Service Authorization with Utilization	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA11	Figure 4.2.10-6. Claim Line Service Authorization	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA14	Figure 4.2.10-8. Mass Adjustment Entry	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA19	Figure 4.2.10-9. Procedure Include/Exclude	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA19	Figure 4.2.10-10. Member Lock-In	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA20	Figure 4.2.10-11. Duplicate Check Configuration User Interface	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.10 Edits, Processing, and Adjustments	EPA26	Figure 4.2.10-12. Claim Exception Detail	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA26	Figure 4.2.10-13. Claim History	CONDUENT TRADE SECRET Screenshot of Conduent's poprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA27	Figure 4.2.10-14. Automated Authorization Letters	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA29	Figure 4.2.10-15. TPL Matrix Edit Configuration	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA34	Figure 4.2.10-17. End-To-End EDI Solution	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA35	Figure 4.2.10-18. Professional Claim Entry	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA35	Figure 4.2.10-19. Attachment Upload	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA37	Figure 4.2.10-20. Claim Inquiry Advanced Selection Web Page	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA38	Figure 4.2.10-21. Exception Overrides	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.10 Edits, Processing, and Adjustments	EPA43	Figure 4.2.10-23. Advance Claim Inquiry Search	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
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4.2.16.1 Fiscal Management	FSCM162	Table 4.2.16.1-10. 1099 Report Library	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
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4.2.16.2 Financial Reporting	FS05	Figure 4.2.16.2-5. Accounts Receivable Detail by Reason Code Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
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4.2.18 Option C. Federal Reporting	Intro/page 4.2-863	Figure 4.2.18-1. Our MARS and T-MSIS Solution Overview	CONDUENT TRADE SECRET Contains Conduent internal security, best practices and solution.
4.2.18 Option C. Federal Reporting	FDRP01	Figure 4.2.18.1-1. MR-O-30A Monthly Adjudicated Timely Processing Detail Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
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4.2.18 Option C. Federal Reporting	FDRP77	Figure 4.2.18.1-81. MR-O-18A Provider Exception Frequency Analysis – Provider Summary Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP77	Figure 4.2.18.1-82. MR-O-18B Provider Exception Frequency Analysis – Top N Errors by Provider ID Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP77	Figure 4.2.18.1-83. MR-O-18C Prov Error Freq Analysis – All/Forced/Denied Exception Codes Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP78	Figure 4.2.18.1-84. MR-O-15 Provider Claims Filing Analysis by Provider Type Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP78	Figure 4.2.18.1-85. MR-O-16 Provider Claims Filing Analysis by Provider ID Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP80	Figure 4.2.18.1-86. MR-O-06 Provider Participation Analysis Summary Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP80	Figure 4.2.18.1-87. MR-O-12A Provider Participation Analysis – Provider Type Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP80	Figure 4.2.18.1-88. MR-O-12B Provider Participation Analysis – Provider Specialty Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP81	Figure 4.2.18.1-89. MR-O-19 Provider Ranking List Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP82	Figure 4.2.18.1-90. MR-O-22C Member Participation Summary by Benefit Plan/COE	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.18 Option C. Federal Reporting	FDRP83	Figure 4.2.18.1-91. MR-O-22A Member Participation Summary by Fund/COS Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP84	Figure 4.2.18.1-92. MR-O-23 Recipient Ward/County Participation Analysis Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP85	Figure 4.2.18.1-93. Member Copayment by Aid Category Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP86	Figure 4.2.18.1-94. SUR Ranking Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP87	Figure 4.2.18.1-95. MR-O-17C Third Party Payment Analysis by Provider Type	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP88	Figure 4.2.18.1-96. MR-O-10A Claims Processing Thruput Analysis – Details Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP88	Figure 4.2.18.1-97. MR-O-10B Claims Processing Thruput Analysis – Summary Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP93	Figure 4.2.18.1-98. Provider Activity Spike Detection – Increased Activity	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP95	Figure 4.2.18.1-99. Claims Random Sampling Request	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP95	Figure 4.2.18.1-100. Claims Random Sampling Results	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP96	Figure 4.2.18.1-101. CMdS-Federal Reporting FADS Home Page	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP100	Figure 4.2.18.1-102. Member Dollars by Calendar Quarter Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP103	Figure 4.2.18.1-103. Frequency Distribution Histogram	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP104	Figure 4.2.18.1-104. FADS Dashboard Portal Page	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.2.18 Option C. Federal Reporting	FDRP104	Figure 4.2.18.1-105. Institutional Claims Browse and Search Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP105	Figure 4.2.18.1-106. Billing Provider Dollars by Calendar Quarter Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP106	Figure 4.2.18.1-107. Ranking Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP110	Figure 4.2.18.1-108. SUR Ranking Member Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP110	Figure 4.2.18.1-109. SUR Profile Provider Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP111	Figure 4.2.18.1-110. SUR Frequency Distribution Histogram Member Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP113	Figure 4.2.18.1-111. SUR Study Member Profile Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP115	Figure 4.2.18.1-112. SUR Member Profile	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP136	Figure 4.2.18.1-113. SUR Frequency Distribution Histogram Provider Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP136	Figure 4.2.18.1-114. SUR Study Provider Profile	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP136	Figure 4.2.18.1-115. SUR Provider Profile	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP139	Figure 4.2.18.1-117. SUR Provider Profile	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.2.18 Option C. Federal Reporting	FDRP162	Figure 4.2.18.1-118. Procedure Code Ranking Report	CONDUENT TRADE SECRET Screenshot of Conduent's proprietary computer software.
4.4 References	All Pages	References Contact Information	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's reference contacts, resources and performance.

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Section	Page or ID Number	Description of Item to Redact	Reason
4.5 RFP Section 4.2.2 Company Profile and Experience	4.5-17	Figure 4.5-4. Conduent Organizational Structure	CONDUENT TRADE SECRET Contains Conduent internal organization, best practices and management best practices for the proposed solution.
4.6 RFP Section 4.2.3 Resumes	All Pages	All Bios and Resumes	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel, resources, and performance.
Attachment F – Requirements Response Matrix	All Pages	Requirements Response Matrix, All Responses in Column G through Column L	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
Attachment H – Resource Allocation Schedules	All Pages	Resource Allocation Schedules, All Tabs Except Revision History and Instructions	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's key personnel and resources.
Attachment L – Technology Matrix	All Pages	Technology Matrix Tab L1 – Technology Matrix and Tab L2 – Interfaces	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.
Attachment M – Contract Exceptions	All Pages	All exceptions to the contract	CONDUENT TRADE SECRET Contains trade secret information regarding Conduent's proprietary solution.

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DEPARTMENT OF ADMINISTRATION
STATE FINANCIAL SERVICES DIVISION
STATE PROCUREMENT BUREAU
http://sfsd.mt.gov/

STEVE BULLOCK
GOVERNOR

STATE OF MONTANA

MITCHELL BUILDING, ROOM 165
PO BOX 200135

(406) 444-2575
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TTY Users-Dial 711

HELENA, MONTANA 59620-0135

AFFIDAVIT FOR TRADE SECRET CONFIDENTIALITY

District of Columbia

)ss.

~~County of~~ _____)

Christopher Scott Morrow (Affiant), being first duly sworn under oath, and representing Conduent State Healthcare, LLC (hereafter "Vendor"), hereby deposes and says that:

1. I am an attorney licensed to practice in the State of Virginia, representing the Vendor referenced in this matter, and have full authority from the Vendor to submit this affidavit and accept the responsibilities stated herein.

2. I am aware that the Vendor is submitting a proposal to the State of Montana (State) for RFP # 20-630-8000-0001. Public agencies in Montana are required by Montana law to permit the public to examine documents that are kept or maintained by the public agencies, other than those legitimately meeting the provisions of Montana's Uniform Trade Secrets Act, Mont. Code Ann. §§ 30-14-401, *et seq.*, and that the State is required to review claims of trade secret confidentiality.

3. I have read and am familiar with the provisions of Montana's Uniform Trade Secrets Act, am familiar with the case law interpreting it, and understand that all information received in response to this RFP will be available for public examination except for:

(a) trade secrets meeting the requirements of the Act; and
(b) matters involving individual safety as determined by the State.

4. I am aware that in order for the Vendor to claim confidential material, this affidavit must be fully completed and submitted to the State, and the following conditions must be met by the Vendor:

(a) information to be withheld under a claim of confidentiality must be clearly marked and separated from the rest of the proposal;
(b) the proposal may not contain trade secret matter in the cost or price; and
(c) the Vendor's explanation of the validity of this trade secret claim is attached to this affidavit.

5. I and the Vendor accept that, should the State determine that the explanation is incomplete, inadequate or invalid, the submitted materials will be treated as any other document in the agency's possession, insofar as its examination as a public record is concerned. I and the Vendor are solely responsible for the adequacy and sufficiency of the explanation. Once a proposal is opened, its contents

cannot be returned to the Vendor if the Vendor disagrees with the State's determination of the issue of trade secret confidentiality.

6. I, on behalf of the Vendor, warrant that the Vendor will be solely responsible for all legal costs and fees associated with any defense by the State of the Vendor's claim for trade secret protection in the event of an open records request from another party which the Vendor chooses to oppose. The Vendor will either totally assume all responsibility for the opposition of the request, and all liability and costs of any such defense, thereby defending, protecting, indemnifying and saving harmless the State, or the Vendor will immediately withdraw its opposition to the open records request and permit the State to release the documents for examination. The State will inform the Vendor in writing of any open records request that is made, and the Vendor will have three working days from receipt of the notice to notify the State in writing whether the Vendor opposes the request or not. Failure to provide that notice in writing will waive the claim of trade secret confidentiality, and allow the State to treat the documents as a public record.

Documents that, in the opinion of the State, do not meet all the requirements of the above will be available for public inspection, including any copyrighted materials.

Affiant's Signature

Signed and sworn to before me on 6th of February (date) by

Christopher Scott Morrow (Affiant's name).

Notary Public for the State of District of Columbia: SS

My Commission Expires: November 14, 2022

TONIA JEANETTE BOONE NOTARY PUBLIC EXP. 11-14-22 DISTRICT OF COLUMBIA

Claims Processing and Management Services

for Montana's Program for Automating and Transforming Healthcare (MPATH)

RFP Number: DPHHS-RFP-2020-0254T
Due Date: February 18, 2020

Submitted by:
Conduent State Healthcare, LLC
12410 Milestone Center Drive
Germantown, MD 20876

Portions of this proposal (marked "Conduent Proprietary Information") contain proprietary information, ideas, know-how, concepts, processes, and trade secrets that are the sole property of Conduent. Pages containing proprietary content are designated in the footer as "Conduent Proprietary Information" and the specific content is identified with a light blue background, when only portions of the page are protected. The proprietary contents of this proposal are intended solely for use in the procurement process and may not be disclosed except to persons who are involved in the evaluation of the proposal or award of the contract. The contents may not be duplicated, used, or disclosed in whole or in part for any purpose except the procurement process. Release of Conduent proprietary, confidential, and trade secret information would place Conduent at a serious and irreparable competitive disadvantage in future procurements by providing competitors with information that Conduent maintains strictly confidential and which is unavailable to any third-party except under restrictions contained in a nondisclosure agreement or protections that cover this information under applicable law. If a third-party makes a request for disclosure of any of the contents of this proposal, please notify Conduent immediately so that Conduent will have an opportunity to provide assistance in protecting the proprietary contents of this proposal from unauthorized disclosure.

Donna Migoni
Vice President
Conduent State Healthcare, LLC

9601 Amberglen Blvd, Suite 200
Austin, TX 78729

Donna.Migoni@conduent.com
tel 512.573.3808

February 10, 2020

Ms. Tia Snyder
Procurement Officer
State of Montana, Department of Public Health and Human Services
Phone: (406) 444-3315
E-mail: tsnyder@mt.gov

RE: Claims Processing and Management Services for Montana's Program for Automating and Transforming Healthcare (MPATH) Request for Proposal, DPHHS-RFP-2020-0254T

Dear Ms. Snyder:

Conduent State Healthcare, LLC (Conduent) submits our proposal to the Department of Public Health and Human Services (DPHHS) in response to the above-referenced RFP. Our proposal follows the instructions from RFP Section 1.6.1. Additionally, we have provided all required proposal documents electronically using the Montana Acquisition & Contracting System (eMACS) per RFP instructions.

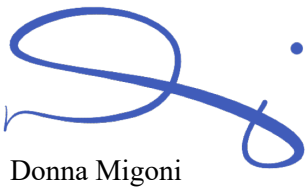
Our company name and address:

Conduent State Healthcare, LLC
12410 Milestone Center Drive, Suite 500
Germantown, MD 20876

Lydie Quebe is the Conduent representative who may be contacted for all contractual matters. Ms. Quebe can be reached via email at Lydie.quebe@conduent.com and phone number (512) 897-2833.

Conduent is fully committed to working with the State of Montana and NASPO ValuePoint for the Claims and Processing and Management Services project. Please do not hesitate to contact me or Lydie Quebe directly if you have any questions. Thank you in advance for your time and consideration.

Sincerely,



Donna Migoni

CONDUENT

Mark S. Brewer
President
Conduent Global Public Sector

8180 Greensboro Drive, Suite 403
McLean, VA 22102

Mark.Brewer@conduent.com
Tel 571.317.5275

February 11, 2020

Ms. Tia Snyder
Procurement Officer
State of Montana, Department of Public Health and Human Services
Phone: (406) 444-3315
E-mail: tsnyder@mt.gov

RE: Claims Processing and Management Services for Montana's Program for Automating and Transforming Healthcare (MPATH) Request for Proposal, DPHHS-RFP-2020-0254T

Dear Ms. Snyder:

As President of Global Public Sector Solutions for Conduent, I want to thank you for the opportunity to bid. We at Conduent value our historic relationship with states in providing health care solutions and services for medical programs. This project is core to our public sector service offerings, and it will receive my oversight and ongoing involvement.

We are a technology solutions company that champions innovation, trust, and agility. Being client-centric means we build partnerships, not programs. We intend to bring our experience, our team, and our technology to meet your goals and challenges for the long-term success of this innovative movement toward multi-state procurement of modular MMIS solutions.

Please do not hesitate to contact me directly if you have any questions. Thank you for this opportunity to respond to this RFP.

Sincerely,

Mark S. Brewer

1 Executive Summary [RFP 1.6.1]

REQUIREMENT: RFP Section 1.6.1
Executive Summary stating the Offeror's understanding of the project. Include a list of anticipated risks and proposed mitigation strategies.

The importance of the new MPATH Claims Processing and Management Services project requires a proven partner capable of delivering mission-critical solutions that reduce costs, increase program participation, and improve compliance while providing intuitive, easy-to-use tools for the people and communities we serve.

Conduent is privileged to respond to the NASPO ValuePoint® MPATH initiative. This forward-leaning initiative, led by Montana and its consortium partner states is designed to enable modular and effective solutions that support the evolution of State Medicaid programs. MPATH provides a flexible framework that supplies not only integration points between state agencies and healthcare programs, but also touchpoints for external stakeholders vital for healthcare delivery to the entire population. Through detailed planning and assimilating transactional relationships, the MPATH roadmap provides an overall module strategy and game plan designed proactively to address risks and their mitigation.

The NASPO ValuePoint cooperative purchasing program is a multi-state procurement approach now being used by states seeking Medicaid solutions and services. For vendors, this approach brings a more comprehensive set of requirements to respond to and deliver. This procurement is being led by Montana and as such we are speaking directly to our understanding of the Montana program and MPATH, but also to the partner states and their critical requirements.

The Conduent team is committed to a strong partnership with Montana and the NASPO ValuePoint cooperative states. We look forward to the opportunity to enter the Participating Addendum process with current and future participating states and demonstrating our Conduent Medicaid Suite modules. By combining business operations' excellence and evolutionary technology, Conduent delivers enabling capabilities for Montana that align with your Medicaid program and MPATH initiative goals.

The Conduent Medicaid Suite (CMdS)

Conduent's NASPO MPATH solution approach is comprised of modules from Conduent's Medicaid Suite (CMdS) modules. CMdS is a modular and cloud-based Medicaid solution portfolio; and it is architected for maximum program configurability, value, interoperability, scalability, flexibility, and information security protection. Combined with Conduent's deep Medicaid experience, our CMdS offering is infused with both innovative technology and critical knowledge. Underneath the functionality of the CMdS modules are six pillars of that represent the Conduent technology architecture vision. Figure 1-1 illustrate these pillars.

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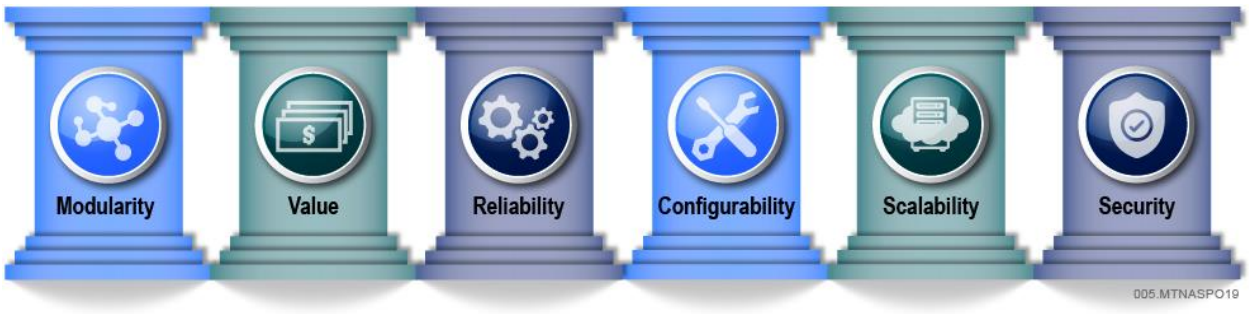

Figure 1-1. CMdS Six Pillars of Architecture
The architecture pillars contribute to CMdS architectural strength and allow multiple layers of capability, functionality, integration, and interoperability.

CMdS-Claims. As core to our CMdS, the claims processing module provides accurate and prompt, online adjudication of Montana Medicaid programs' claims. With over 1300 flexible edits and audits, support for simple and complex pricing methodologies, as well as configurable program and benefit plan capabilities, the claims processing module is highly adaptable for both traditional Title XIX programs, and other state-specific programs.

CMdS-Financial. The financial module is the payment processing engine for CMdS. In addition to processing payment for traditional Medicaid claims, it expands to support additional programs or different types of payment structures and methodologies. The module manages payment processing and other financial transactions such as accounts receivable, accounts payable, budget allocations and assignments, configurable fund code allocation, and full payment reporting for State and Federal reporting. It has features for member-specific financial management, including REOMBs and 1099 reporting.

CMdS-Insights. This module is our reporting dashboard and business intelligence platform. It serves as the point of entry and dashboard for CMdS-wide monitoring, transactional-based Operations - Control Series details and our robust operational, on-demand, and ad hoc reporting. This includes traditional claims, financial, and transactional information, as well as trend and aggregation reporting. The Insights module can support deeper understanding of Medicaid and related programs to enable and support critical decisions. Combined with business, policy, and analysis experts, CMdS-Insights creates a powerful knowledge management tool, allowing users to derive actionable intelligence from trends, information, and insights.

Our proposed delivery model for CMdS modules is SaaS to support hosted delivery with ongoing product enhancements for our clients. As a value add we are also offering a limited license as described in Proposal Section 4.2.1.1 Compliance, ID CMP27.

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How We Align to Your State Vision, Guiding Principles and Objectives

With synergies between Conduent's deep Montana Medicaid and human services experience, and our Conduent Medicaid Suite (CMdS) products, we bring dynamic and creative capabilities to Montana in support of this journey. As shown in Figure 1-2, Conduent combines business operations excellence with innovative technology to transform and improve health services for Montana citizens.

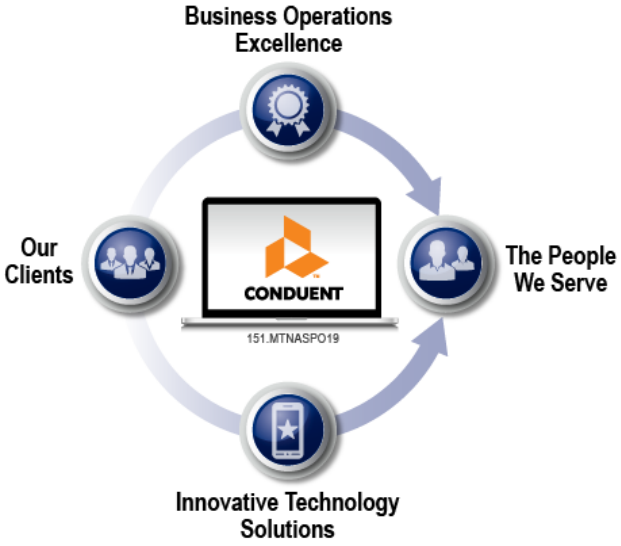

Figure 1-2. Conduent's Approach
Conduent's Business Operations Experience coupled with Innovative Technology to improve Health Services for Montana citizens.

We have studied Montana purpose, vision, goals, and objectives that were defined for the MPATH program. We understand the Montana's Medicaid modernization efforts and have aligned our solution approach with these principles. Our approach and modular solutions will support your vision and desired outcomes for your program.

As a testament to our ongoing commitment to healthcare innovation, Conduent has an aggressive digital roadmap to keep pace with the latest technologies and maintain constant focus of our resources. We invested $110 million in our client-facing products in 2019. The investments depicted in Figure 1-3 afford us the capability to lead the industry in developing solutions based on market need. We welcome the opportunity to continue applying this technology to the DPHHS modularity goals for Claims Processing and Management Services project.

Figure 1-3. Modernize and Innovate
Our investment in innovative technology is the foundation for everything that we do.

Montana and other NASPO ValuePoint cooperative purchasing program participants benefit from these investments, as Conduent brings a configurable and scalable suite of products powered by cloud-native infrastructure and an API-driven architecture. Blending our CMdS modules with our seasoned professionals with Montana-specific knowledge and program expertise, we apply our solutions and

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people towards meeting goals and achieving desired outcomes as seen in Figure 1-4 for the Claims Processing and Management Services project.

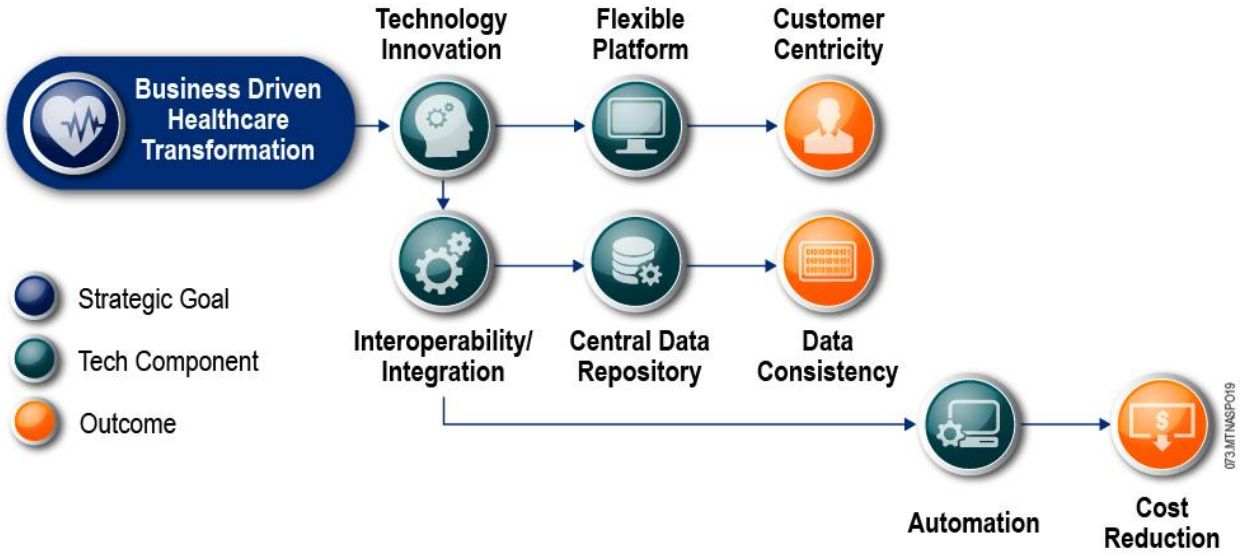

Figure 1-4. Guiding Principles Relationships and Synergies

The goal of business-driven healthcare transformation drives our approach, which leverages best-in-class technology components to deliver consistent improvements across the board.

To assist you with understanding our approach—that is very closely aligned to yours—here are some more details about our goals, technology, and outcomes:

- **Business Driven Healthcare Transformation.** Improving healthcare outcomes through business process technological capabilities; adopting solutions that advance healthcare rather than constrain it due to technical limitations or expense.
- **Technology Innovation.** Eliminating legacy technology that limits innovation and results in wasted money and insufficient delivery of services. Removing limitations on physical hardware, thereby providing scalability, flexibility and cost efficiencies. Adopting technology that is progressive, efficient, and intelligent to support advanced, dynamic healthcare programs and policies.
- **Flexible Platform.** Products with scalability, configurability, and adaptability to meet the evolving needs of forward-thinking Medicaid programs while complying with industry standard security regulations.
- **Customer Centricity.** Primary focus on members and providers. Implementing solutions to support the most important elements of the healthcare equation, including a master patient index, master provider index, and user-friendly technology that enables and empowers our citizens to take control of their healthcare.
- **Interoperability and Integration.** Facilitating communication across disparate systems, enabling program managers to view the state healthcare enterprise holistically.
- **Central Data Repository.** Enabling enterprise-wide access to critical data in a secure and efficient manner.

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- **Data Consistency.** Improving and automating electronic communication and data exchange capabilities through standardized data across a broad spectrum of healthcare stakeholders, both inside and outside of state government.
- **Automation.** Enabling business process automation that allows skilled human resources to focus on program, process, and policy improvement.
- **Cost Reduction.** Achieving value through configurable, service-based technology for maximum benefit and reuse.

With these goals, solutions, and outcomes—all well-aligned to the Claims Processing and Management Services project—Conduent turns its attention to replacing monolithic claims processing systems and related management services for Montana with modern and innovative technologies and operations.

A Trusted Partner to Achieve Your Objectives

Conduent understands your MPATH vision. We first worked with DPHHS in the Pharmacy Benefits Management module, a key component of MPATH, as part of our Flexible Rx Pharmacy Claims Processing and Management Services project. **In 2017, Montana and Conduent made history by becoming the first in the nation to earn CMS certification under the modularity standards.** CMS praised our certification efforts as "best practice." We are proud to be an existing and integral contributor to MPATH initiatives, having also supported:

- The 2018 MPATH Premium Billing and Collections system initiative
- The 2019 Systems Integration initiative
- Today's Provider, Population Health, and Data Management Services project

Conduent proposes continued success for MPATH in the Claims Processing and Management Services project using products from the Conduent Medicaid Suite (CMdS). Our offering provides the technical solutions, experience, and methods to deliver services as part of another successful MPATH project.

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Our Approach in Managing a Modular Solution

Our systems experience gives us a full understanding of how advances in modular technology can best apply to the Claims Processing and Management Services project and support the Department's business objectives. Our past performance in other states' multi-vendor implementations underscore the importance of successfully collaborating with other vendors and modules. We operate outside the classic Medicaid silo and implement an integrated, stakeholder-centric solution that promotes configuration, flexibility, scalability, sustainability, and interoperability in support of the MPATH vision and the Claims Processing and Management Services project.

We work with the Department to tailor our methods for your standard processes and governance needs; minimize operational disruption throughout the implementation process; and adapt our systems and procedures quickly to new policies, regulations, and implementations. Our approach includes key capabilities shown in Figure 1-5 and described in the following paragraphs.

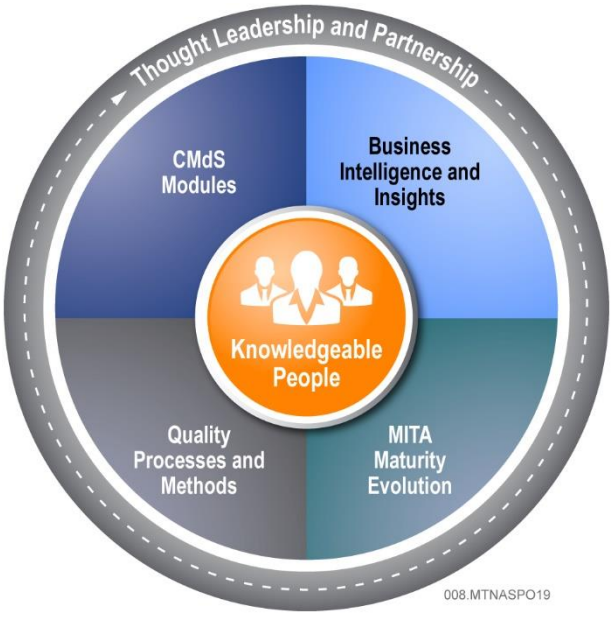

Figure 1-5. Thought Leadership and Partnership
Our approach includes key capabilities that align with the Department's goals.

Thought Leadership and Partnership. Conduent's nationwide healthcare influence paired with our specific Montana experience bring an unsurpassed thought leadership capability, creativity, and passion to our Montana partnership. The challenges of Montana are Conduent's challenges; the needs of Montana are our needs.

CMdS Modules. The CMdS modules represent Conduent's foundation for delivering the required services during the Claims Processing and Management Services project. The modules provide configurability, interoperability, and security that facilitate robust business processes, reliable services, and commitment to successful CMS certification to champion Montana's vision for this project. We detail our CMdS modules throughout Proposal Section 2.3., Modularity Approach and Blueprint.

Business Intelligence and Insights. Insights represents our 360-degree view of the health and performance of the system and operational procedures and processes. We combine business intelligence; real-time monitoring, tools, data, and reporting to provide actionable information, helping us identify solutions that contribute to Montana's strategic goals. CMdS Insights dashboards provide a visual view of the Medicaid program allowing both Conduent and Montana staff to spot trends and make data driven tangible decisions for the betterment of the program.

MITA Maturity Evolution. Our proposed solution provides a MITA Level 3 Maturity. As CMS' MITA framework and Montana's strategic plan evolve, Conduent is committed to supporting a MITA Level 4 pursuit, both in terms of national interoperability and processing speed, as well as improving health outcomes using clinical information.

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Quality Processes and Methods. Conduent's implementations and operations rely on our industry standard, quality-focused Quality Management System (QMS). Our QMS is comprised of our Project Management Methodology (PMM), System Development Methodology (SDM), Training Methodology, and Operations Methodology. The QMS framework represents a comprehensive set of procedures, best practices, and standards we use every day. This discipline infuses quality assurance and quality controls across our technology, operations, work products, and culture. Our process features Conference Room Pilots (CRPs) where we demonstrate our solution and configure the system as much as possible, so you see the CMdS product configured for Montana early in the lifecycle.

Knowledgeable People. Our Conduent team has deep Montana program and policy expertise. Our comprehensive program understanding, combined with more than 49 years of government healthcare administration, brings DPHHS the strength and breadth of a firm supporting over 500 government entities. Our robust and proven certification practices, aligned with our local Helena-based team, establish our people at the core of our delivery excellence and prepare Conduent to expand our valued 35-year partnership.

Identifying and Mitigating Risk

Implementing a claims administration solution is complex and challenging. The effort—consistent with any large implementation—carries potential risks for operations instability, cost and schedule overruns with cascading impacts to other module vendors, and, most importantly, the disruption of services to members and providers. Conduent understands how relevant these concepts and brings experience and expertise in mitigating them.

We provide an overview of our risk management process in Figure 1-6. Our approach allows us to identify and mitigate, with confidence, the specific risks for the project identified later in this section.

Figure 1-6. Risk Management

Open and transparent communication supports the entire risk management process, engaging stakeholders and supporting continuous improvement by documenting lessons learned.

Identifying Risk. Risk identification is an ongoing commitment. Conduent's project managers lead risk management throughout the project lifecycle. Risks can be identified by anyone in the project, so we closely coordinate with the Department, other MPATH stakeholders, and our own team leads and team members to identify project- and program-level risks starting from the beginning of the project.

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Assessing Risk. Conduent's Project Manager assess risks in terms of likelihood, appropriate owner, impact, triggers, and time period. The Conduent Project Manager provides transparent communication and reporting on current risks throughout the project. Conduent ranks its risks based on several factors; each factor can be scored a 1 – 5, with 1 being most critical. Risks with critical ranks require mitigation and contingency plans. Risks with medium rank require mitigation plans only.

Plan Risk Responses. Plan Risk Responses is our collaborative process for developing options, selecting strategies, and agreeing on actions to address overall project risk exposure, as well as to treat individual project risks. Response strategies include risk avoidance, risk transfer, risk mitigation, and risk acceptance. The most common approach, risk mitigation, reduces the probability or impact of a potential risk to a more acceptable level. A mitigation plan could include adopting a less complicated process, conducting additional testing, designing additional redundancy into a system or process, or designing a quality control or reconciliation process.

Implement Mitigation and Contingency Plans. The Project Manager oversees that an assigned resource implements the steps in the mitigation plan in order to decrease the likelihood of risk occurrence. Should the risk occur, the Project Manager, likewise, oversees the implementation of the contingency plan steps.

Monitor Risks. The implementation of mitigation and contingency plans, or any other predetermine risk response strategies, should ideally decrease the impact of the risk on the project. The Project Manager continually reassesses the risk's characteristics and reports on the risk in status reports and status meetings until closure.

Anticipated Risks and Proposed Mitigation Strategies

Simultaneously implementing a claims processing module and assuming operations represents a complex and risky undertaking for new contractors. A new claims administration vendor must hire and train hundreds of staff, learn the Montana Medicaid program and benefit structure, as well as the complex integration and interface points operated by Conduent today. Similarly, the Medicaid claims administration industry continues to consolidate as companies shift their long-term commitment and resources away from this arena. Several companies in today's market are selling assets and scaling their efforts back.

In contrast to a new contractor, Conduent significantly lowers DPHHS risk during transition, allowing the MPATH program leadership and our own project management team to focus on improving our *technology* solution with tangible results. Conduent's Medicaid claims and management services commitment has never faltered, and we continue to invest in claims processing technical innovation. For example, our CMdS product provides a cloud-native solution, eliminating the need for physical hardware. Being cloud-native means the process of procuring and standing up an environment for any new project or program goes from months to less than a week.

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Conduent offers a seamless and transparent continuation of the high-quality operational services you have come to expect and without disruption of services to providers and members. Our Montana MMIS operational performance has been excellent; we have successfully managed multiple complex program implementations and large-scale system changes—having direct provider and member impact—with no significant disruptions in service.

Table 1-1 illustrates potential risks faced by the Claims Processing and Management Services project. Our goal is to outline thought-provoking risk concepts, paired with potential mitigation steps for the Department to consider. **Conduent is uniquely qualified to mitigate or completely avoid these risks** and to focus on delivering stellar performance, enhancing stakeholder collaboration, and preparing to face the next generation of opportunities – in partnership with Montana.

Table 1-1. MPATH Risks and Mitigation Strategies

Risk	General Mitigation	The Conduent Difference
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

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Conduent Proprietary Information

Risk	General Mitigation	The Conduent Difference
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

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Conduent Proprietary Information

A Partnership for the Future

MPATH is ambitious in scope, complexity, and challenge. Montana and other NASPO partner states have faced many of these challenges before with new system implementations (Flexible Rx), massive program policy changes (Medicaid Expansion), and regulatory challenges (MITA). Conduent's leadership helped DPHHS navigate through these complexities not only to succeed, but also to exceed expectations. Our commitment to and outlook for the MPATH vision and the Claims Processing and Management Services project is no different.

We are your low risk partner to implement modular and innovative technologies to the Claims Processing and Management Services project.

As one of the largest business process outsourcing companies in the world, Conduent manages mission-critical digital interactions at a massive scale – helping global businesses and governments stay ahead of rapidly evolving expectations. Figure 1-7 below lists our government sector services where we can offer new and innovative solutions for State Govenments.

Figure 1-7. Innovative Solutions for State Governments
We combine business operations excellence with innovative technology to transform and improve services for citizens, and for those tasked with administering programs.

A thorough presentation of Conduent's corporate qualifications, references, profile, and experience is in Proposal Sections 4.3 through 4.5.

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We've implemented many new technologies for you over the course of our contracts. After decades working together, we never stop looking for improved outcomes. Here are some recent examples:

- The IVR system implemented in February 2019 has led to a 20% decrease in calls to the Provider Relations call center.
- Deploying the Conduent Case Management tool (CCM) has **reduced agent-training time from three weeks to three days.**

We look forward to working with DPHHS to write many new success stories.

Why Choose Conduent as Your Claims Processing and Management Services Vendor

Conduent's Government Health Services' team is committed to Montana's Medicaid mission, as well as that of the NASPO ValuePoint cooperative states. Our solution approach aligns with the NASPO vision for the Claims Processing and Management Services project for transforming how DPHHS programs are delivered to Montana citizens. We bring modular product offerings, certification best practices, and complementary operational services based on 35 years of Montana experience. We mitigate risk with our extensive knowledge of the Montana Medicaid program and Conference Room Pilot approach to support timely project delivery**.** The Conduent Government Health team is uniquely qualified to partner with Montana and immediately deliver business operations' excellence, technologically leading solutions, stakeholder collaboration, and support the evolution of the Montana Medicaid program and those of the Cooperative states. **"Commitment is what transforms promise into reality."** These words attributed to Abraham Lincoln perfectly capture how Conduent's unwavering commitment to the great state of Montana will propel us into realizing DPHHS's vision for services and programs.

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2 RFP Sections 3.1 – 3.8 [RFP Attachment C, Section 3, Scope of Services]

REQUIREMENT: RFP Section Attachment C, Section 3, Scope of Services

In addition to certifying understanding, the Offeror must provide an explanation of how their proposed solution can support the vision, goals and objectives of the MPATH program.

Section 3: Scope of Services:

To enable the State to determine the capabilities of a Contractor to provide Claims Processing and Management Services for the Department of Public Health and Human Services (DPHHS), the Offeror shall respond to the following regarding its ability to meet the State's requirements.

All subsections of Section 3 require a written response. Sections 3.1-3.8 shall include a narrative description of how the Offeror's proposed solution and services align with the Department's standards and objectives. The Offeror must restate and include the subsection number and its corresponding text immediately prior to your written response for all subsections of Sections 3. For Sections 3.9 and 3.10, the Offeror shall include a detailed written response.

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

Conduent has responded to all Section 3 RFP requirements as outlined in Table 2-1.

Table 2-1. Cross-Reference of Conduent Responses to Section 3.1 – Section 3.8 Requirements

RFP Section	Proposal Section Number (including Subsections)	Proposal Section
3.1	Section 2.1	Purpose and Intent
3.2	Section 2.2	State Vision, Guiding Principles and Objectives
3.2.1	Section 2.2.1	Realizing the State Vision
3.2.2	Section 2.2.2	Modularity Business Objectives
3.2.3	Section 2.2.3	Guiding Principles
3.3	Section 2.3	Modularity Approach and Blueprint
3.3.1	Section 2.3.1	The Modularity Approach
3.3.2	Section 2.3.2	The MPATH Blueprint
3.3.3	Section 2.3.3	CMdS – Designed for a Modular Blueprint
3.3.4	Section 2.3.4	MPATH Module Exclusion Approach
3.4	Section 2.4	Technology Standards
3.5	Section 2.5	Montana Healthcare Programs Overview
3.5.1	Section 2.5.1	Montana Healthcare Programs and Benefits
3.6	Section 2.6	Montana Healthcare Programs Enterprise
3.6.1	Section 2.6.1	Knowing your Current MMIS Environment
3.6.2	Section 2.6.2	Legacy Components and Services
3.7	Section 2.7	Future MPATH Environment
3.8	Section 2.8	Stakeholders and Governance
3.8.1	Section 2.8.1	Governing Stakeholders
3.8.2	Section 2.8.2	Impacted Stakeholders

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2.1 Purpose and Intent [RFP 3.1]

REQUIREMENT: RFP Section 3.1

The Montana Department of Public Health and Human Services (DPHHS) in releasing this RFP to procure a Claims Processing and Management Services Contractor to support Montana's Medicaid modernization effort, referred to as Montana's Program for Automating and Transforming Healthcare (MPATH). The Claims Processing and Management module is a part of the overall MPATH program to replace aging legacy components of the Montana Healthcare Programs enterprise.

The intent for this RFP is for DPHHS to obtain a discrete module that aligns with the Final Rule for Mechanized Claims Processing and Information Retrieval Systems as descr bed in 42 CFR 433.111. This module will support specific business objectives within the Montana Healthcare Programs enterprise that are detailed in Sections 3.9 High Level Scope of Work and 3.10 Detailed Scope of Work in this RFP and will be required to have interoperability with other MPATH modules. Consistent with definitions in the Final Rule for Mechanized Claims Processing and Information Retrieval Systems, DPHHS defines a module as a group of business processes that can be implemented through software, data and interoperable interfaces that are enabled through design principles in which functions of a complex system are partitioned into discrete, scalable, reusable components.

Each procured module must meet all the automation and interfacing requirements included in this RFP. In addition, DPHHS expects Offerors to present solutions that can be easily configured to achieve the outcomes described in this RFP and that will be flexible and adaptable enough to support Montana Healthcare Programs well into the future.

Regulations at 42 CFR § 433.112(c)(2) provide that Commercial off the Shelf (COTS)/Software as a Service (SaaS) solution related development costs at the enhanced match rate may only include the initial licensing fee and the minimum necessary to install, configure, and customize the COTS/SaaS software and ensure that other state systems coordinate with the COTS/SaaS software solution. When responding to a request for the 90 percent FFP rate for a COTS/SaaS product, CMS will consider whether the configuration and customization of the product would be kept to minimal levels to achieve full functionality in the most cost-effective manner.

A condition for enhanced funding of COTS/SaaS software is that customization of the product is minimal. Examples of minimal customization include modification of database interactions to include additional required data elements, processing of state specific but necessary business rules, and modification of interfaces to allow interoperability with existing components or modules. If a COTS/SaaS product is heavily customized, then the solution may become so unique to that state that other states are unable to reuse it, or that newer releases of that software cannot be easily integrated into the state's system, resulting in a solution that no longer meets the Standards and Conditions criteria outlined in the most current version of MECT.

Montana and other states within the NASPO cooperative procurement deserve a capable, forward-thinking vendor who brings creative, innovative solutions to support the State's Medicaid program goals and objectives and to achieve maximum federal funding.

The Montana Department of Public Health and Human Services (DPHHS) has released this RFP in search of a Claims Processing and Management Services contractor as part of Montana's Program for Automating and Transforming Healthcare (MPATH). MPATH, Montana's Medicaid modernization effort, is a valuable and integral approach to replacing and reforming the aging legacy systems that currently support Montana's health and human services enterprise, which currently affects the lives of more than a quarter of a million (286,000) individuals. The State has been at the forefront of transformation using NASPO arrangements for both provider and care management. The MPATH initiative is a brilliant example of Montana's pioneering spirit.

What Sets Conduent Apart?

- Modular, modern, CMS-certified functionality within a product suite designed for interoperability, configurability, reliability, flexibility, and reusability to achieve maximum federal funding
- First vendor to have a system certified wholly based on MECT criteria (DC 2012)
- First vendor to achieve CMS certification of a Medicaid pharmacy module based on Federal checklists for modular solutions in the MECT (Montana 2017)

Conduent is a trusted partner with Montana: we have capably served the State and adapted its healthcare programs for 35 years. As Montanans ourselves, our experienced account team not only knows and understands your policies and regulatory history, but also lives with the impact of our work in our communities. We believe strongly in your initiative and the value of having a team of individuals with deep knowledge of and adaptability to critical programs and policies.

Although the purpose of this RFP is for Montana to procure a Claims Processing and Management Services contractor, Montana serves as the lead state in this solicitation for other NASPO participants.

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Montana's leadership in this initiative paves the way for multiple states to assess and select potential vendors for their own modernization efforts.

As your potential partner for this modernization effort, Conduent's role is to implement highly automated, configurable, and modular Claims Processing and Management Services for healthcare claims. Other significant roles we are ready to fulfill are providing comprehensive, quality-focused customer service and other ancillary services related to claims processing and administration. We bring in-depth understanding of your program from Day One and have the expertise and capability to perform all required tasks. We are fully prepared to meet or exceed your objectives for this project.

Conduent embraces these aspirations and proposes modules from our Conduent Medicaid Suite (CMdS) product to support the scope of work and services defined in this RFP. CMdS is an innovative, modular, and transformative solution to support your modernization vision and goals. Along with our solution, you get the added benefit of an experienced and established account team that is ready to help you achieve your vision.

Conduent's Ability to Deliver Quality Services in Scope

To implement our Claims Processing and Management Services project with precision and quality, Conduent pairs the CMdS product with knowledgeable industry experts, experienced staff and partners, and best-in-class tools. The following advantages bolster our ability to deliver quality services, on time and within scope:

We are industry experts. We bring a team of cross-functional industry experts composed of thought leaders and experts from both within and outside of Conduent. Our account leadership team, supported by internal Conduent expert teams, such as our Payment Method Development center of excellence and our Certification subject matter experts, offers unparalleled experience and guidance to the Claims Processing and Management Services project.

CMdS is an API-driven, modular product that is completely cloud-native. Conduent designs the CMdS for maximum program configurability, interoperability, and scalability while providing information security protection. Our modular solution fully supports the scope presented in this RFP and meets the Standards and Conditions criteria outlined in the most current version of MECT. Additionally, the solution requires minimal customization to achieve the outcomes described in this RFP, as we designed it to be highly adaptable and flexible.

Our technology. Reinforced by our implementation and operational capability, results in an unmatched, high-quality solution that achieves DPHHS objectives for the project, as shown in Figure 2.1-1.

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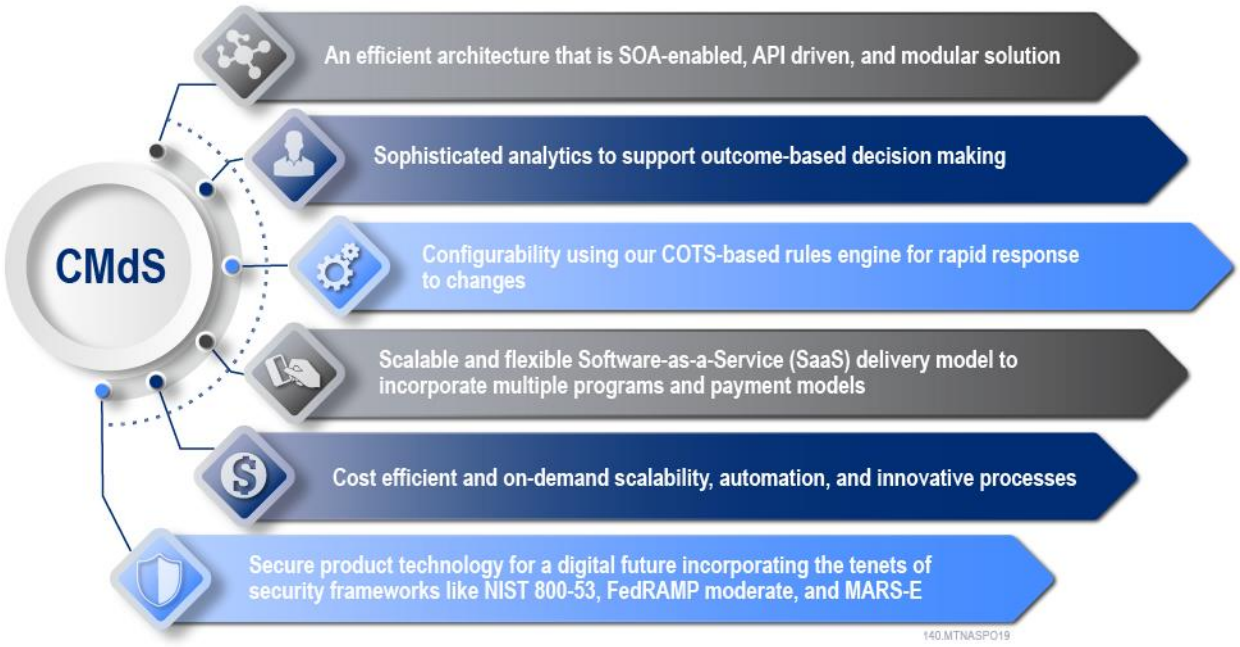

Figure 2.1-1. Our Solution Aligns to Your Objectives
Conduent's CMdS products help you achieve your vision, goals, and objectives for the project.

We bring proven, well-defined processes and procedures that have been refined over decades of government healthcare implementations, operations, and certifications. From project management practices, to certification best practices, and operations methods, our methodologies strongly support achieving the State's objectives with high-quality results. Conduent's industry experts, both on the Montana account and within our Government Healthcare Services organization, support the project with best practices, in-depth quality reviews, and supportive oversight.

Unparalleled Certification expertise. Multiple agencies nationwide benefit from our enviable record in supporting our clients' adherence to the MECT checklist requirements. We used the latest MECT guidelines for certification of our Health Enterprise MMIS in New Hampshire in 2015, Alaska in 2018, and most recently in North Dakota in 2019. In our latest certification effort, we created a complete set of requirement artifact documents using MECT version 2.3 checklist that were thoroughly vetted by the State, IV&V, and CMS.

To best position DPHHS for certification, we leverage these repeatable processes and the complete set of artifact folders as templates for the Claims Processing and Management Services project. Our achievement of CMS certification success, including one in Montana, accelerates the preparation for and ultimate certification of the implemented CMdS products.

Alignment with the Department's Standards and Objectives. Conduent knows how to support your objectives for the Claims Processing and Management Services project and the MPATH. Our CMdS solution is an innovative, modular, and transformative solution that supports your modernization goals. Our delivery capability, proven for more than 30 years in Montana and nearly 50 years nationally, positions Conduent as your strategic partner to adapt to Medicaid and Federal changes and meet your goals.

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Alignment with the Final Rule to Achieve Enhanced Federal Funding

DPHHS, along with other states within the NASPO purchasing agreement, seek to procure a discrete module that aligns with the Final Rule for Mechanized Claims Processing and Information Retrieval Systems, as described in 42 CFR 433.111, in order to achieve maximum enhanced federal funding. Conduent understands how to support this initiative as we have successfully navigated the most current MECT version 2.3. Our CMS certification knowledge helps secure full federal participation (FFP) for the State.

Conduent's proposed CMdS product aligns perfectly with the Final Rules requirements of interoperability, automation, and interfacing, while requiring minimal configuration and even less customization thanks to a modular architecture that is SOA-enabled and API-driven. CMdS is a data-driven configuration structure, supporting agility for rapid, low risk change. This includes easy changes for edits, audits, benefit plan, pricing methodology, and other program enhancements. We provide a flexible Software-as-a-Service (SaaS) delivery model and incorporate the tenets of security frameworks like NIST 800-53 and FedRAMP for a secure digital future. Further, CMdS supports MITA goals and aligns with CMS Seven Standards and Conditions as outlined in Proposal Section 2.4 Technology Standards.

We work collaboratively with DPHHS and other stakeholders to validate MECT alignment. At the project start, our development team creates a crosswalk between the RFP requirements, MECT requirements, and the CMdS system documentation. We work with the DPHHS Systems Integration Services Contractor to provide seamless integration and standardized interfaces with existing modules in the Medicaid enterprise. We develop certification artifacts to prove MECT compliance, and we perform regression testing to validate complete, ongoing compatibility with existing modules.

Our team stands ready to support your effort in achieving maximum federal funding for your Medicaid enterprise. Our history of certification success, extensive MECT knowledge, and direct modular certification experience positions us to lead the State to success.

2.2 State Vision, Guiding Principles And Objectives [RFP 3.2]

REQUIREMENT: RFP Section 3.2

3.2.1 State Vision

The DPHHS management team envisions the new Montana Healthcare Programs enterprise to be a means to improve access to healthcare and treatment outcomes for Montanans.

3.2.2 Modularity Business Objectives

The MPATH Program objectives include:

- An enterprise system that is flexible to quickly adapt to the dynamic, evolving needs of existing programs and support new regulations, policies and innovations
- An enterprise system founded on business-driven technical solutions
- An enterprise system where business processes are automated wherever possible
- An enterprise system that provides centralized access to data
- An enterprise system that includes data analytics tools to support the use of clinical data to measure treatment outcomes and the changing health status of members.
- An enterprise system that includes standardized and automated electronic communication and data exchange capabilities
- An enterprise system that includes a Master Client Index (MCI)
- An enterprise system that integrates data from disparate systems to enable enterprise wide-program management

3.2.3 Guiding Principles

The MPATH Program team, leadership and program stakeholders have established guiding principles to be considered in all decisions throughout the overall program and module specific project phases to ensure that risks are mitigated appropriately, the

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procurements are successful, and member and provider communities and other stakeholders encounter minimal negative impacts. Table 3.2.3 illustrates the guiding principles established to guide the program administration.

Project success starts with finding the right partners who understand and implement services to support your vision, goals, and objectives.

Through this RFP, the State of Montana has presented a clear vision and roadmap to achieving the goals of the MPATH initiative. As Montana has embarked on procuring vendors for each component within the MPATH, it has taken a leadership role in spearheading a modern, innovative procurement approach through the NASPO. The vision, guiding principles, and objectives identified in this RFP will not only serve Montana's MPATH initiative well, but also provide a solid foundation other states can leverage. While each participating state's health and human services programs are different in size and complexity, the guiding vision and scope for the Claims Processing and Management Services project establish an approach that can work for any state within the NASPO cooperative procurement.

Supporting Your Vision, Goals, and Objectives

- Solution and services designed to improve the recipient, provider, State, and Enterprise stakeholder experience
- API-driven modular product that is completely cloud-native
- CMdS is architected for configurability, value, interoperability, scalability, and flexibility to transform and improve claims processing and services

Positioning the State for the Future

Our intimate knowledge of the State's policies and successful collaboration history position us as your low-risk, high-reward contractor. Through the Claims Processing and Management Services project, we aim to improve the member, provider, State, and Enterprise stakeholder experience using state-of-the-art, flexible, reliable, configurable, and scalable technology. Our solutions, coupled with proven business services and State-specific healthcare experience, empower us to best support the State, your provider community, and the most vulnerable citizens of Montana.

We know Montana. We are your neighbors, deeply entrenched in the community, and we know your providers and members. Our proposed leadership and project staff members work with you today, serving our fellow citizens. Our partnership is already helping you achieve the MPATH vision. In 2017, Conduent helped Montana to become the first in the nation to earn CMS certification under the modularity standards for the Montana Medicaid Pharmacy Benefits Management module, a key component of MPATH. Together, we are poised to continue achieving successful implementation of the goals and objectives of the MPATH enterprise.

2.2.1 Realizing the State Vision

REQUIREMENT: RFP Section 3.2.1 State Vision

The DPHHS management team outlines a new delivery framework for Montana's Healthcare Programs—a future that brings together innovative technology, streamlined and automated processes, organizational changes, and multi-vendor services. You can achieve your goals and objectives as you advance toward the MPATH vision.

As the Claims Processing and Management Services project contractor, we implement and operate all required components and related services. Our approach for the Claims Processing and Management

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Services project is based on our broad experience providing large-scale solutions of similar scope and size, as well as our deep understanding of Montana's healthcare landscape. Conduent is committed to providing the best solutions to meet the State's requirements outlined in the RFP and to meet your vision of improved healthcare access and outcomes.

The proposed solution—CMdS— is the perfect modular and cloud-based Medicaid solution portfolio to help you achieve your vision. CMdS is architected for maximum program flexibility, value, and security protection that transform claims processing services and improving access. Our CMdS product is infused with both innovative technology and relevant data points that improve the overall DPHHS healthcare system.

Our delivery model provides long-term and recurring benefits to the State: As part of our Software as a Service (SaaS) delivery model, we include hardware and software upgrades, versioning, and security packages. In selecting Conduent, the State will be able to consume releases of core capabilities and incorporate necessary customizations. We leverage the State's vision and desire to transform service delivery and to provide ongoing assessment and monitoring, actionable insights, and a full suite of innovative tools to optimize claims processing and project operations, improving the member experience and driving positive outcomes.

2.2.2 Modularity Business Objectives

REQUIREMENT: RFP Section 3.2.2 Modularity Business Objectives

The MPATH Program outlines specific objectives for successfully achieving modularity. Our Claims Processing and Management Services project solution supports your business objectives to successfully achieve a modular enterprise for the State's health and human services programs.

Flexible to quickly adapt to the dynamic, evolving needs of existing programs and support new regulations, policies, and innovations. Our solution is designed to for maximum flexibility and configurability to keep pace with the evolving needs and changes in regulations and policies. CMdS is rules-based, enhances decision making, offers maximum flexibility, and increases efficiency in program management. The solution is based on a data-driven configuration structure, supporting agility for rapid, low risk change for time-sensitive program changes. This includes configurability for edits, audits, benefit plan, pricing methodology changes or additions, and other program enhancements.

Founded on business-driven technical solutions. Our solutions and expertise fully support the State's healthcare transformation driven by business requirements, and not constrained by technological limitations or significant expense. As states transition from monolithic MMIS systems to a modular future, Conduent's focus is on providing the highest value solutions that improve outcomes for members, providers, and program stakeholders. Conduent achieves this by bringing in cost effective solutions, Software as a Service (SaaS) offerings, and cutting-edge technology such as non-blocking UI, adaptive rendering, and fully containerized microservices—backed by 49 years of Medicaid expertise.

Automates business processes wherever possible. CMdS provides automation and structure that facilitate business rules, logic, and information management to transform and operate ever evolving government healthcare programs. CMdS-Claims uses a powerful and scalable COTS business rules management system. With a web-based authoring environment, business experts and project stakeholders can collaborate to build sophisticated business automation solutions. The result is improved business

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agility, consistent and efficient decision execution, shorter development cycles, and faster implementation.

Provides centralized access to data. CMdS provides full interoperability to support the State's goal for centralized access to data. Each CMdS module retains processed data in the internal data store and exchanges it with external systems as needed. The CMdS Gateway and Digital Hub as reflected in Figure 2.2.2-1. provides up-to-date, real-time information to the application interfaces and the MPATH Integration Platform. This hub exposes the necessary Enterprise Integration Patterns to enable data to be sent and consumed.

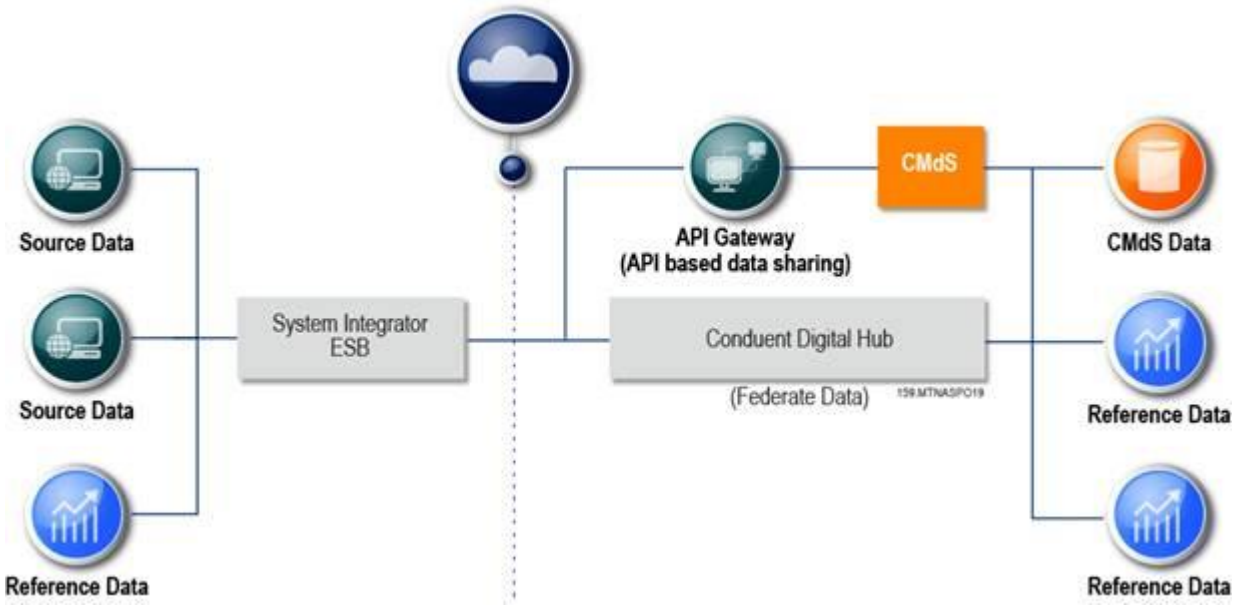

Figure 2.2.2-1. CMdS Gateway and Digital Hub
Provides up-to-date, real-time information to the application interfaces and the System Integrator.

Includes data analytics tools to use clinical data to measure treatment outcomes and the changing health status of members. Our Claims Processing and Management Services solution includes CMdS-Insights, which is powered with rich visualizations, executive dashboards, and tools to assimilate complicated data sources to discover, visualize, and make decisions with the help of easy to use workspaces. We combine business intelligence, techniques, tools, and data to provide actionable analytics and accurate reporting, helping our clients achieve strategic goals.

Includes standardized and automated electronic communication and data exchange capabilities. Each of our CMdS modules provides functionality for sharing data with the Enterprise in a secure manner. Each CMdS component shares data with the other modules through the System Integration Services Contractor's Enterprise Service Bus (ESB) and complies with the required standards. Our CMdS data exchange technology (with 140+ ready connectors) also provides adaptability for business change with a native service-oriented architecture (SOA) and openness to emerging commercial, off-the-shelf (COTS) technologies. We've looked at your data exchange and reporting requirements to understand what capabilities you are looking to include in your overall Enterprise solution; we're confident our services support your electronic communication and data exchange requirements and will provide a step forward in technological advances for the State.

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Includes a Master Client Index (MCI). CMdS integrates with the System Integration Services Contractor's MCI service and can receive and provide client demographic data. CMdS has containerized services fully compliant with SOA-based architecture and uses application programming interfaces (APIs) to send member data securely to the MCI through the systems integrator. During implementation, we review our data quality objectives to align with the State's data governance and quality standards. Best practices we recommend as part of this collaboration include address verification and standardization with United States Postal Service (USPS) standards, utilizing national change of address databases, data matching with other state programs to identify and rectify data discrepancies, and utilizing federal databases to validate key demographic elements such as social security number, date of birth, and legal names.

Integrates data from disparate systems to enable enterprise wide-program management. Every product in CMdS is stand-alone and fully functional in its independent state. Conduent has embraced the strategic directive from CMS related to modularity and has transformed our robust solutions into a modular, cloud-based architecture. This structure gives states flexibility and independence. Further, our solution offers the highest level of interoperability by managing data exchanges through our internal enterprise service bus (ESB) – the Digital Hub. The Digital Hub is our single point of integration with the State's System Integration Services Contractor.

2.2.3 Guiding Principles

REQUIREMENT: RFP Section 3.2.3 Guiding Principles

Using your vision and guiding principles as our guide, the Conduent team thought carefully about the total solution and services to present to Montana and the other states participating in the NASPO. It had to be the right solution—one that not only meets or exceeds your requirements, but that also provides innovation and cost savings while improving outcomes for the States' programs and individuals. The right solution blends innovative technology, unsurpassed expertise, and rigorous methods to achieve value for the State – Conduent's solution for the Claims Processing and Management Services project is the value option.

Our solution includes features that align to and support your guiding principles and objectives for successful, high-quality Claims Processing and Management Services operations over the life of the contract:

- **Technology enabled flexibility** to quickly adapt to the dynamic, evolving needs of existing programs and support new regulations, policies, and innovations
- **A centralized data repository** to facilitate an enterprise-wide approach to accessing critical data in a secure and efficient manner
- **Healthcare transformation driven forward by business requirements**, and not constrained by technological limitations or significant expense
- **Highly automated business process enablement**, freeing skilled human resources to focus on program, process, and policy improvement
- **Integration points that facilitate interoperability** of very disparate systems, enabling program managers to view the state healthcare enterprise holistically

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- **Standardized and automated electronic communication and data exchange capabilities** enabling data consistency across a broad spectrum of healthcare stakeholders, both inside and outside of state government
- **Eliminating technology that constrains innovation**, resulting in wasted money and poor delivery of services. Adopting technology that is not only current today, but progressive, flexible, and adaptable enough to carry the program into the future
- **Technology built around the most important elements of the healthcare equation:** members and providers, including a master patient index, master provider index, and advanced technology that enables and empowers our citizens to take control of their healthcare
- **Cost reduction** through improved efficiency, automation, and intelligent spending of resources to gain maximum benefit

We deliver a cost-effective solution that supports automation, workflow management, integration, reduction in duplication, and data-driven decision-making. Our solutions provide innovative and modern approaches for the implementation of Claims Processing and Management Services components, including assessment and monitoring, actionable insights, and a complete suite of innovative tools to optimize and support cost-effective project operations, improve the customer experience, and drive positive outcomes for the health of Montana's citizens.

2.3 Modularity Approach And Blueprint [RFP 3.3]

REQUIREMENT: RFP Section 3.3

3.3.1 Modularity Approach

DPHHS has adopted a modularity component/services blend approach to procuring new systems and services to support the Medicaid modernization effort. This approach will result in multiple, strategically timed procurements and implementations. A modular component/services blend approach allows the state to focus on best of breed functionality versus best of suite to meet the "to be" business objectives defined in the Montana MITA 3.0 State Self-Assessment. Montana believes that this approach expands the universe of available Contractors as opposed to the traditional monolithic Medicaid Management Information Systems (MMIS) replacement approach. The modularity component/services blend approach is also aligned with the principles behind the Standards and Conditions for Medicaid outlined in the most current version of MECT and further clarified in SMD #16-010. The very nature of this approach promotes modularity, interoperability, aligns with MITA 3.0 Business Results conditions as well as optimizing the state's ability to meet the Industry Standards Condition.

3.3.2 Modularity Blueprint

The State developed the MPATH Modularity blueprint through a number of modularity planning and decision meetings with stakeholders, guidance received from CMS, discussions with industry contractors, and through collaboration with other States' Medicaid Programs. In addition to this RFP, there are a number of other procurements planned as illustrated in Figure 3.3.2.1 to replace the Montana Healthcare Programs enterprise. Figure 3.3.2.2 represents the timeline of the overall Medicaid modernization effort.

3.3.3 MPATH Modules

The MPATH modules and components will be integrated with the overall Montana Healthcare Programs enterprise, the State of Montana enterprise, and other External stakeholders and entities to create standardized, automated electronic data exchanges to enable enterprise wide program management and maximize interoperability through integration. The MPATH Integration Layer graphic in Figure 3.3.3, illustrates the integration/transactional relationships between the MPATH components and modules and the various entities that are related by shared business processes.

Figure 3.3.3 MPATH Integration Layer

Systems Integration Services (SI)

The Department has partnered with Deloitte for systems integration software and services. The Systems Integration Services project, was initiated in October 2018. The MPATH Integration Platform went live in July 2019 and provides an enterprise integration framework based on standards established by the DPHHS Enterprise Architecture Committee. The integration framework enables seamless integration of various modularity components including Commercial off the Shelf (COTS) software, Software as a Service (SaaS) solutions, and other modules. The integration framework includes the configuration, support and maintenance of an enterprise service bus (ESB), transformational services, and protocol services. The MPATH Integration Platform also includes an operational data store, Master Client Index, and Master Provider Index. The Systems Integration Services Contractor assists with the development of standards for architecture, interfaces, and data for each modularity project, including the data coming in through

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the ESB into the operational data store and eventually transformed into the Enterprise Data Warehouse and other Modules. The Department began integrating the first MPATH modules with the MPATH Integration platform beginning in July 2019.

Provider Services (PS)

In August 2017, the Department released a multi-state procurement for software and services for provider enrollment, screening and monitoring, and management services. On March 19, 2018 the State of Montana awarded Master Agreements to six vendors. Montana signed a Participating Addendum with OptumInsight in May 2018 and the Provider Services kicked-off July 9, 2018.

The Provider Services module will provide a configurable, web-based, self-service solution to support provider enrollment activities, including an automated tool for provider screening and monitoring that must be completed in accordance with State and federal statutes and policies. The Provider Services solution will use configurable business logic to collect the required information to support decisions to approve or deny a provider's enrollment request. The Provider Services module is intended to increase the timeliness of today's processes by including features to support online upload and download of required/supporting documentation, collecting enrollment/revalidation fees and other provider enrollment related fees online, in addition to digital signature capabilities. The solution will leverage an automated workflow tool to route provider enrollments to appropriate work units for provider enrollment eligibility determinations. In addition to online enrollment, the Provider Services module will support online provider re-validation and maintenance activities via a Self-Service Portal. The MPATH Provider Self-Service Portal will also allow providers to build claim templates, submit claims and claims adjustments via the on-line claims entry tool, check member eligibility, view claim status, download their remittance advice, and access payment summary information.

Enterprise Data Warehouse (EDW)

The Department acquired an Enterprise Data Warehouse (EDW) Services as part of the Population Health Data Analytics Contract with the Cerner Corporation. The EDW will serve as a central repository for all Montana Healthcare Programs enterprise data to provide decision makers timely, accurate and consistent access to information. A key feature of the EDW is the Intake Services Platform which processes data received from all Data Providing Entity Interfaces. Access to the integrated program data will enhance the State's Medicaid Program's ability to gain insights into healthcare outcomes and anticipate future needs. Additionally, all federal and state reporting will be generated out of the EDW. The Population Health Data Analytics project kicked off March 5, 2019 and the final release of the EDW is planned for November 22, 2019.

Data Analytics Services and Tools (DA)

The state will obtain Data Analytics Services and Tools to be integrated with the centralized Enterprise Data Warehouse for data aggregation, reporting, and analytics. The Data Analytics Services and Tools module will enable the creation of comprehensive statistical profiles of healthcare delivery and utilization by both providers and members. These tools and services will provide comprehensive analytical reporting, budgeting, forecasting, and daily program monitoring.

The Department released an RFP in August of 2017 to obtain Population Health Data Analytics Services and Tools for predictive modeling and to identify member risk for care management related activities. The Population Health Data Analytics Services and Tools procurement was awarded to the Cerner Corporation in December 21, 2017. The initiation of the Population Health Data Analytics Services and Tools project began March 5, 2018 and the solution will be fully implemented November 22, 2019.

The Population Health Data Analytics Services and Tools component is one of multiple COTS solutions planned to satisfy the multi-dimensional data analytics necessary to modernize data analysis and reporting of Montana Healthcare Programs data.

The state intends to release an additional RFP under the Data Analytics module for Fraud, Waste, and Abuse Software and Services. The Fraud, Waste and Abuse component will be procured separately from the Population Health Data Analytics component but the data will be fully integrated into the Montana Healthcare Programs central data repository.

Financial Support Services (FSS)

The Financial Support Services module capabilities include a member premium processing component in addition to third party liability recoveries solution. The Department signed an agreement with Certifi Inc. in September 2017 to obtain services to support Premium Billing and Collection Services. The Premium Billing and Collections component facilitates the billing and collection of premiums for the Montana Health and Economic Livelihood Partnership (HELP) participants within the Medicaid program. This solution has been live since January 2018 and the Department will be requesting CMS certification in late 2019.

The Department plans to procure a Third-Party Liability (TPL) recoveries component under the Financial Support Services module. This solution will support all TPL recovery business processes for the Department including carrier billing, estate, tort, and lien recoveries. The solution will centralize recovery activities that today are accomplished in disparate systems and will include workflow capabilities to track the full recovery life cycle. The Department expects to release this RFP in March 2020. Additionally, the state will obtain other Financial Support Services components to support financial services functionality not procured as a part of the Claims Processing and Management Services solution.

Care Management Services (CM)

The Department released an RFP in July of 2018 to procure a Care Management Services module. This module will support activities to improve member healthcare outcomes and reduce healthcare costs for Montana Healthcare Programs by helping members and caregivers more effectively manage health conditions. The care management module will utilize defined criteria to identify members for specific programs, coordinate care for members enrolled in individual or multiple care management programs and collect and report on treatment outcomes. The solution will support member outreach, configurable development of assessments, capturing and monitoring assessments and screenings, treatment plans, authorize services, and incident management and reporting. It will provide comprehensive case management and workflow to track a member's care from inception to conclusion with the tracking of key events being triggered based on the member's condition or type of services required. The Department awarded the Care Management module contract to AssureCare in December 2018, and the project kicked-off in April 2019.

The Department plans to procure an electronic visit verification services component under the Care Management module to support personal care services, home health care services as well as other home and community-based services determined to benefit from the mandates of Section 12006 of the 21st Century CURES Act.

Customer Care Services (CCS)

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Operations management encompasses all aspects of the customer care experience for providers and members during and after enrollment in Montana Healthcare Programs. This module will meet Montana's need to provide customer and member interaction and support, and to provide self-service access to the data and information needed to successfully navigate Montana Healthcare Programs. The contractor is expected to provide a comprehensive suite of services, tools, and systems necessary to promote a positive customer care interaction experience. Provider and member self-service options supplemented by call center support are key components to a successful and positive customer experience. Provider and member data will be available through a variety of sources such as website, mobile aps, and social media. Data can be accessed using various devices such as computers, tablets, and smartphones. Provider and member self-service options will be available across all platforms in order to provide a positive, comprehensive and seamless experience for all users.

Pharmacy Claims Processing and Management Services (PCLAIMS PROCESSING)

FlexibleRx, the Pharmacy Claims Processing and Management Services module is an on-line, real time pharmacy claims adjudication system. Flex bleRx was implemented December 2015 as the first legacy replacement module within the Montana Healthcare Programs enterprise. FlexibleRx was certified by the Centers for Medicare and Medicaid Services (CMS) on February 15, 2017. Flex bleRx receives member eligibility and provider information from the legacy MMIS. Claims adjudicated in FlexibleRx are sent to the MMIS for payment generation to providers.

Pharmacy Support Services (PSS)

The Pharmacy Support Services module (PSS) encompasses two objectives. DPHHS will procure new components to replace the legacy Drug Rebate Analysis and Management System (DRAMS) and Retrospective Drug Utilization Review (RetroDUR) systems. Additionally, in order to reduce the dependency of FlexibleRx, the pharmacy claims processing and management system on the existing legacy MMIS, the current pharmacy claims processing and management services contractor, Conduent will complete enhancements to integrate multiple services including member eligibility, provider, financial transaction processing, and centralized data storage and reporting into the MPATH Integration Platform.

3.3.4 Exclusions

The Montana Department of Public Health and Human Services (DPHHS) will release a number of RFPs for software, components and services to replace legacy Montana Healthcare Programs services and components. Contractors awarded the Systems Integration Services and Independent Verification and Validation Services contracts are precluded from bidding on any other module within the MPATH Program scope.

DPHHS developed prime contractor and subcontractor exclusions based on the August 16, 2016 State Medicaid Director letter (SMD # 16-010 CMS, RE-2392-F Mechanized Claims Processing and Information Retrieval Systems – Modularity). SMD letter #16-010 directs states to use an acquisition strategy that limits the potential for conflicts of interest Systems Integration Services Contractors may encounter based on their specific scope of services by precluding them from bidding on other functional modules. Additionally, DPHHS identified exclusions for the Independent Verification and Validation Services contractor to ensure independence from any and all module prime or subcontractors.

DPHHS used the following key principles to make exclusionary decisions:

- Eliminate potential conflicts of interest based on contractor roles.
- Minimize the dependence of DPHHS on individual contractors.
- Focus on a best of breed replacement strategy rather than a best of suite approach.

Table 3.3.4 details the mapping of module procurement contractor exclusions for the MPATH Program. The exclusions identified in Table 3.3.4 apply equally to both prime contractors and subcontractors (e.g., if a company is part of the team that is awarded the Systems Integration Services Contract, they are precluded from being able to participate as a prime contractor or as a subcontractor on the Provider Services module or any other MPATH module).

In the event that the Systems Integration Services are re-procured after the award of other MPATH module(s), any successful module(s) prime contractor and their subcontractors will be precluded from a contract award as a prime contractor or subcontractor for the Systems Integration Services re-procurement.

Table 3.3.4 MPATH Contractor Procurement Exclusions

The ambitious MPATH modularity blueprint deserves best of breed modular technology: The Conduent Medicaid Suite checks all the boxes to deliver the desired modernization.

2.3.1 The Modular Approach

REQUIREMENT: RFP Section 3.3.1 Modularity Approach

For years, those within the Medicaid ecosystem have participated in evocative discussion about what constitutes a truly modern and innovative approach to support a complex government healthcare delivery environment.

The MPATH program has initiated a common-sense approach to procuring a blend of advanced and innovative technology solutions, using vendors who offer flexible and modern approaches to managing services. The program embraces several critical factors that are essential to developing a truly modular

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approach and reducing the overall risk of the project. Conduent has likewise embraced these factors in our approach and vision.

Embracing change. Developing innovative solutions, designed with the ability to accommodate new technology and tools to meet evolving needs--even if those technologies are new to the government healthcare space.

Technology that actually solves problems. Drilling down into the most fundamental business processes and visualizing flexible operational services necessary to ensure that technological solutions and systems *solve* problems, and do not create more problems. This approach is rooted in the realization that the most efficient processes start with maximizing the efficiency of the simplest task.

CMdS: Modular, proven and certified

- Modular, modern, CMS-certified functionality within a product suite designed for interoperability, configurability, reliability, adaptability and reusability
- Cloud-hosted solution to offer maximum adaptability and scalability
- SaaS delivery model offers cost-effective solutions to meet evolving need

Achieving and surpassing standards. Recognizing that the most advanced technology available is only beneficial if the vendor understands the complexities of the rules and regulations governing Medicaid systems and solutions. All modular solutions must be consistent with MITA business process objectives and CMS standards for our industry.

Our technical architecture is designed for maximum flexibility and adaptability in support of the "best of breed" approach to selecting solutions and contractors. Optimizing our partners' ability to align closely to business and technical standards is a hallmark of this vision, both with respect to internal alignment to state agency objectives, and with respect to federal guidelines and mandates.

Embracing a Modular Approach: The Conduent Pillars of Architecture

Supporting the advanced capabilities of the CMdS product are six pillars of architecture that reinforce the strength, capability, and security of the Conduent solution. Figure 2.3.1-1 illustrates these pillars.

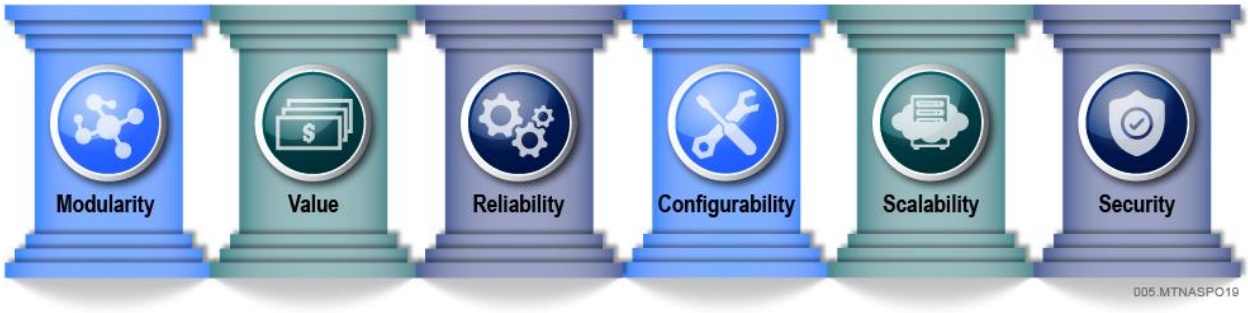

Figure 2.3.1-1. CMdS Six Pillars of Architecture
The pillars contribute to CMdS' architectural strength and allow multiple layers of capability, functionality, integration, and interoperability.

Modularity. Every CMdS module is fully functional as a stand-alone solution. Conduent has embraced modularity and has transformed our robust solutions into a cloud-based architecture. This structure provides flexibility and independence. Further, our solution offers the highest level of inter-operability by

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managing data exchanges through our internal enterprise service bus (ESB) – the Digital Hub. The Digital Hub is our single point of integration with the MPATH Systems Integration Services Contractor. In fact, Conduent has already established and thoroughly tested a site-to-site VPN process and protocols with the MPATH systems integrator. Production DSS file transactions began in December 2019.

Value. As states transition from monolithic MMIS systems to a digital future, Conduent's focus is on providing the highest value solutions, in alignment with the MPATH strategic direction. Conduent achieves this by bringing in cost-effective solutions, Software as a Service (SaaS) offerings, and cutting-edge technology, backed by 49 years of Medicaid experience. Included in our SaaS capabilities, hardware and software upgrades are handled by Conduent. Updates to meet new federal regulations and mandates are also part of the core CMdS product offering. The project will be able to consume releases of core capabilities and incorporate any necessary customizations or configurations.

Reliability. The CMdS solution is built on cloud-based infrastructure, providing access to powerful and reliable technology. The cloud-native architecture of our claims and financial modules allows for load balancing, automated roll out and roll back, auto-scaling, continuous delivery, and self-healing of components—all of which enhance the stability and reliability of the overall solution framework.

Configurability. Medicaid programs need flexibility and configurability to keep pace with change. CMdS is based on a data-driven configuration structure, supporting agility for rapid, low risk change for time-sensitive program changes. This includes configurability for edits, audits, benefit plan, pricing methodology changes or additions, and other program enhancements.

Scalability. The CMdS portfolio is a cloud-first solution. The claims and financial modules are cloud-native applications in Azure, allowing for real-time infrastructure and resource scaling. The pharmacy and call center modules are also hosted in Azure and able to leverage scalability features from that environment. Core CMdS components are built to run on Kubernetes, a fully managed orchestration engine, and will utilize Kubernetes' auto-scaling feature.

Security. Conduent's Security Framework draws its functionality from the various industry standard frameworks like NIST-800-53, MARS-E, FedRAMP, and others. The amalgamation of security frameworks allows Conduent to address security holistically when it comes to the administrative, physical, and technical controls. The functionality in our claims, financial, pharmacy, rebate, and EDI modules are already certified in three states, proof that we are prepared to meet and exceed technical requirements for security in the MECT checklist. Further, the claims, financial, pharmacy, and rebate modules are cloud-hosted, providing FedRAMP moderate hosting, emphasizing the security and protection for these modules.

2.3.2 The MPATH Blueprint

REQUIREMENT: RFP Section 3.3.2 Modularity Blueprint

Conduent's modular approach supports the MPATH blueprint with industry-leading technology and service offerings. In support of those offerings and the Department's goals and objectives, we employ skilled professionals who bring requisite program knowledge, technical skills, and leadership to support effective and successful daily operations. Our team is an active partner not only in managing the claims processing component of MPATH, but in serving as an integral project manager partner of the entire MPATH structure.

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2.3.3 CMdS – Designed for a Modular Blueprint

REQUIREMENT: RFP Section 3.3.3 MPATH Modules

We thoroughly embrace the core modularity principles and approach, so much that we designed our product precisely for this kind of innovative scenario. CMdS is a modular and cloud-based Medicaid solution portfolio. We specifically designed it for maximum program configurability, value, interoperability, scalability, reliability, flexibility, and information security protection. Combined with Conduent's deep Medicaid and State-specific policy experience as well as our technical and operational personnel, our CMdS offering is infused with both innovative technology and critical knowledge. Figure 2.3.3-1 shows how the CMdS design supports modularity.

Figure 2.3.3-1. CMdS Support for Modular Frameworks

CMdS includes SaaS solutions that support modularity by having strong configuration capabilities, a data model that reflects our decades of experience, and API capabilities facilitated by our Digital Hub.

CMdS drives digital transformation and enables DPHHS to realize current and future modularity goals. CMdS modules include: Claims Processing, Financial Services, Pharmacy Services, Rebate Programs, Call Center, OCR, EDI, and Insights. Besides the modularity aspect, foundational characteristics of CMdS are reliability, high availability, scalability, and elasticity. Critical security compliance features include FedRAMP Moderate, NIST 800-53, and MARS-E to provide data protection, information security, and appropriate access controls.

Although capable of functioning as complete and independent modules, the CMdS modules are an integrated, interoperable solution. Figure 2.3.3-2 shows an overview of our solution.

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Figure 2.3.3-2. CMdS Solution Overview

CMdS drives digital transformation and supports state modularity initiatives. The CMdS solution and each of its modules perform critical functions for the state's modularity approach.

CMdS-Claims

As core to our CMdS, the claims processing module provides accurate and prompt online adjudication of claims. With over 1,300 flexible edits and audits, support for simple and complex pricing methodologies, and configurable program and benefit plan capabilities, the claims processing module is highly adaptable for current and future policies and programs, both traditional Title XIX programs, and other state-specific programs.

Conduent's Claims Processing Edge

- Uses a sophisticated rules engine to set and maintain adjudication rules
- Processes MCO encounters, capitation claims, and other non-traditional claims
- Adheres to HIPAA standards for all electronic transactions

Conduent has the experience, resources, solutions, and procedures to properly intake and adjudicate Medicaid and non-Medicaid claims. CMdS-Claims supports electronic and paper submissions, as well as non-traditional claim instruments that follow Federal and State regulations. We receive, process, edit, audit and price claims of multiple types from many different entities.

Conduent's talented Claims product specialists have extensive national and Montana-specific program knowledge and overall expertise in Medicaid claims processing. Our team understands the complexity of running a successful claims processing operation. When the State identifies required policy/program additions or changes, Conduent works with the State to outline the impacts to technology, operations, and external stakeholders before modifying claims processing functions.

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CMdS-EDI

Our CMdS-EDI module is a HIPAA/HITECH clearinghouse, specializing in ANSI 5010 X12N transaction set. It supports multiple connectivity protocols as well as interoperability with a variety of third-party connectivity and middleware products. We support EDI and non-EDI data transmissions between healthcare stakeholders in a safe, efficient manner. Our solution is fully 5010-compliant and the first solution to reach the ACA Section 1104 Phase I mandate, and it has been fully accredited by EHNAC since 2007. It can support Strategic National Implementation Process (SNIP) levels one through seven and offers highly configurable, real time, and batch submission capabilities to enable effective data exchange and interoperability.

CMdS-Insights

This module is our reporting dashboard and self-service business intelligence platform. It serves as the point of entry and dashboard for CMdS-wide monitoring, transactional-based details and robust operational, on-demand, and ad hoc reporting. This includes traditional claims, financial, and transactional information, as well as trend and aggregation reporting. The Insights module can support deeper understanding of Medicaid and related programs to enable and support critical decisions for program leadership. Combined with business, policy, and analysis experts, CMdS-Insights is a powerful knowledge management tool, allowing users to derive actionable intelligence from trends, information, and insights.

CMdS-Call Center

This module uses the Verizon Virtual Contact Center solution for omni-channel communications routing, workforce optimization, automation, and analytics. This powerful tool supports our contact center experts in their efforts to provide a cutting-edge customer service experience across the enterprise.

CMdS-Financial

The financial module is the payment processing engine for CMdS. In addition to processing payment for traditional Medicaid claims, it expands to support additional programs or different types of payment structures and methodologies. The module manages payment processing and other financial transactions such as accounts receivable, accounts payable, budget allocations and assignments, configurable fund code allocation, and full payment reporting for State and Federal reporting. It has features for member-specific financial management, including REOMBs and 1099 reporting.

CMdS-Federal Reporting

CMdS-Federal Reporting uses state-of the art reporting and database technology to provide the most advanced features in support of federal reporting requirements. This module deploys advanced COTS products, aligned with MITA goals for implementing

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industry standards, and provides seamless integration with other proposed modules including CMdS-Claims and CMdS-Financial. With a top-rated business intelligence platform, our solution provides scalability and flexibility to support your data and analytic needs, now and in the future.

CMdS-Flexible Rx (additional offering not part of this RFP)

Our pharmacy claims processing solution, CMdS-Flexible Rx, completely adjudicates claims submitted via POS, paper, or batch. The ProDUR process automatically reviews each drug claim submitted prior to dispensing to determine if the claim conflicts with any other prescriptions for the member, or if it suggests inappropriate use. RetroDUR functionality allows our clinical team to interactively select and sort data focused on clinical and utilization topics. With this information, the Department and Conduent can manage the pharmacy program by identifying care management or quality improvement issues that are most critical to the overall success of your healthcare programs.

Conduent is an existing and integral component of the MPATH initiative through the operation of our Flexible Rx Pharmacy Claims Processing and Management Services Module. In early 2017, Montana and Conduent made history as the first time that CMS certified an individual pharmacy management Medicaid module under the MECT standards.

CMdS-Flexible Rx Rebate (additional offering not part of this RFP)

Our drug rebate solution, CMdS-Flexible Rx Rebate, supports all aspects of drug rebate, including invoicing, collection, and dispute resolution. The solution simplifies the rebate management process so our rebate team can focus on the business of collecting your rebate dollars. Our Rebate Portal distributes electronic invoices and is implemented in Montana.

A Proven Project Management Partner

The MPATH modularity blueprint demands an intense focus on project management. We understand the criticality of integrated, consistent project schedules; program governance; standardization; balancing shared resources; and organizing clear and consistent lines of communications across all MPATH vendors.

As an administrative partner with Montana for 35 years, Conduent has collaborated with the Department on numerous critical initiatives, both technical and operations, small and large, with great success. For example, today our Conduent Montana team works closely with the MPATH Systems Integrator to implement more than **300** separate interfaces.

A True Multi-Vendor Project Management Approach

- Aligned with MPATH project management standards
- Adaptable to tailor to project specific needs
- Comprehensive and consistent documentation

With the Claims Processing and Management Services project, we not only continue that partnership, but provide mature project management capabilities and enhanced governance, supporting you in your complex, innovative MPATH endeavors. We offer a mature, adaptable project management methodology. Our approach aligns and tailors project management processes to client-specific requirements, standards and processes, as well as MPATH module requirements. The result is a comprehensive, integrated set of documentation that aligns with the MPATH Project Management standards, processes, and tools, and that

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we then use to execute project management activities in accordance with your requirements and program objectives.

Our PMO provides oversight, integration, coordination, and quality reviews of the tailored project management plans, artifacts, templates, and training to keep the project on track. We expect tailoring to include:

- **Aligning terminology.** We use terminology that aligns with MPATH standards, centralized in a common glossary, and applied in a consistent manner across our plans and procedures.
- **Defining status criteria.** We work with you to define criteria for status reports across a range of categories. We make sure these definitions meet your expectations, so that when a "green" status is presented in status reports, it means the same thing to all stakeholders.
- **Identifying key deliverables and deliverables expectations.** Our standard deliverable life cycle closely matches your required process, and we continuously review our Deliverable Management Plan to make sure we are aligned on key deliverables, expectations, and review processes.
- **Reviewing risk, issue, action item, and change request logs.** Likewise, to support messaging consistent with your other module implementations, we refine our reporting methods, usage guidelines, and metrics for risks, issues, and change requests to your standards.
- **Confirming communication events, documentation, and stakeholders.** We schedule standing meetings with stakeholder groups and identify documentation needs before and after each event.

We are keenly aware of the complexities that module contractors face in coordinating a complex project with phased module implementations and interdependencies. Our experience with multi-vendor implementations in other states led to development of internal best practices for schedule development, notation, and oversight which help us identify touch points between our work and other Enterprise stakeholders. This allows us to closely control our dependent tasks and release schedules.

Customized Schedules for a Multi-Vendor Environment

- Continuous schedule monitoring and management processes
- Quick escalation and resolution of scheduling issues
- Recognition that each module will impact the success of the global MPATH schedule

Our proposed project work plan can be found in Proposal Section 3.1 Draft Project Work Plan. Our team carefully and thoroughly reviews the project schedule with you during project start-up, and this process establishes the baseline for use throughout the Implementation Phase. Likewise, we work with the Claims Processing and Management Services project team to establish a release process and schedule once the system is operational. Our processes account for the fact that our claims processing module is just one module of the MPATH Solution, and we need to have a cohesive approach in order to provide integrated, high-quality services. We also work with the Systems Integrator Services Contractor to contribute to the Integrated Master Schedule, so you have visibility to our interdependencies and how our progress contributes to program success.

Effective communication plays a vital role in clarifying aligning expectations and deliverables. Conduent's Project Management Methodology (PMM) provides processes to identify stakeholders, standardize communication media, monitor adherence to communication protocols, and deliver timely, consistent, and complete reporting. Through our experience on other multi-vendor projects, we understand the importance of governance, stakeholder identification, engagement, and consistent

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communication. We have a working relationship with many MPATH stakeholders today through our support of the Montana MMIS. Once the Claims Processing and Management Services project begins, we identify and engage additional stakeholders and any other entities that may need to interact with the claims processing module. We establish a successful and collaborative governance and communication structure that shares progress and challenges to form integrated solutions.

Our past performance on multi-vendor projects provides proof that promoting transparency and open communication helps foster a successful working relationship among stakeholders. With support from our PMO, the Project Manager conducts regular status meetings, provides status reporting, and keeps stakeholders informed and engaged regarding issue resolution and risk mitigation activities, schedule tracking, deliverable progress, and solution development.

Communication Coordination in a Multi-Vendor Environment

- Standardized and reliable communication protocols
- Focus on building communication paths and relationships across all MPATH stakeholders
- Promote transparency and information sharing

Our Communication Plan—and training we provide the cohesive project team—includes best practices and protocols for meeting, planning, and administration to make sure we have the right stakeholders/decision makers in attendance to achieve desired outcomes. We also communicate regularly with our team members on best practices for facilitating formal and informal meetings, capturing action items, phone and conference call etiquette, and conciseness and clarity of written communication. While these items may not seem particularly significant, they contribute to a professional, accountable, and transparent project environment in which we can collaborate with you openly and productively.

2.3.4 MPATH Module Exclusion Approach

REQUIREMENT: RFP Section 3.3.4 Exclusions

Conduent appreciates Montana's very open approach to vendor participation. We believe that this places maximum flexibility for selecting vendors squarely in the hands of the State, creating the ability to make a *value-based* selection of the best possible *mix* of vendors, solutions, and best of all scheduling, while limiting risk related to potential conflicts of interest. Any such potential conflicts can be resolved during the procurement process, without needlessly reducing the pool of potential vendors. It is Conduent's sincere desire that all participating states consider a similar approach to limiting exclusions, allowing themselves the opportunity to evaluate all available options to ultimately select the best modules to support their programs.

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2.4 Technology Standards [RFP 3.4]

REQUIREMENT: RFP Section 3.4

The overall goal of the MPATH Program is to implement components and services that improve access to healthcare and treatment outcomes for Montanans. Montana's modularity blueprint is founded on a strategy that utilizes a flex ble enterprise technology platform which leverages solutions and services that provide the State of Montana the ability to more effectively meet current business objectives and provide a platform to support the evolving complexities of individuals served by Montana Healthcare Programs. The state intends to utilize Commercial Off the Shelf (COTS) products and Software as a Service (SaaS) where possible, to enable an enterprise-wide program management system that utilizes claims and clinical data to measure treatment outcomes, improve the health status of Montanans and reduce healthcare costs. DPHHS will collaborate with multiple Contractors to implement streamlined business rules and flexible solutions to meet State and Federal laws, rules and regulations.

DPHHS high level requirements for the MPATH Program are reflected in Table 3.4.

Delivered through a SaaS model with regular technology updates, Conduent Medicaid Suite (CMdS) provides Medicaid modules that never become a legacy solution.

Conduent has reviewed your high-level MPATH technology standards and we see your focus on procuring services that support compliance, continuous improvement, and technology being a key driver for improving access to healthcare and treatment outcomes for Montanans. We analyzed RFP Table 3.4 High Level Requirements for the MPATH Program and matched your high-level requirements against our CMdS capabilities, and we have confirmed that we meet every requirement.

In the remainder of this section, we detail how Conduent uses CMdS to meet your requirements and align with CMS Standards and Conditions.

Alignment with the Standards and Conditions

Comply with the Standards and Conditions, set forth by CMS, in order to receive enhanced FFP.

Our proposed solution meets federal standards, specifically CMS requirements for enhanced funding under the Standards and Conditions and meets all applicable criteria for federal certification. MECT checklist validation activities begin on day one of operations.

The proposed MPATH solution infrastructure supports MITA goals and aligns with the CMS Seven Standards and Conditions. Table 2.4-1 summarizes how our solution complies with these principles.

Table 2.4-1. CMdS Solution Compliance to Seven Standards and Conditions

CMS Standard/Condition	CMdS Compliance
1: Modularity Standard	We build on SOA, open interfaces, APIs, and commercial, off-the-shelf (COTS) technologies, as business needs change. We provide modular solutions for claims and financial processes.
2: MITA Condition	CMdS design is a connected, modular system that promotes collaboration, data sharing, and consolidation of processes. It uses a rules engine, a workflow engine, web services, and a web-based user interface; all key to attaining "To Be" capabilities defined in a MITA self-assessment report. We base our approach on the principle that the IT solution should never be a limiting factor in achieving MITA maturity level three standards.
3: Industry Standards	We apply standards that include, among others, those established by HIPAA for security, privacy, and electronic transactions; Sections 1104 and 1561 of the Affordable Care Act; and 508c of the Rehabilitation Act (standards that provide greater accessibility for individuals with disabilities) for all users.

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CMS Standard/Condition	CMdS Compliance
4: Leverage Condition	CMdS promotes reuse, data exchange, and reduction of administrative burden on members, providers, and applicants. Our design objectives emphasize sharing and leveraging Medicaid technologies and data between states and other federal agencies. To accomplish reuse and integration, we use our standard modules for Medicaid, delivered as services in the SaaS model and hosted in the cloud.
5: Business Results	CMdS includes a high degree of automation, a focus on member and provider service, and the satisfaction of key performance indicators (KPIs) and service level agreements (SLAs). The system's flexible adjudication engine, real-time workflow, and a comprehensive database of rules, combined with EDI processing, scanning, imaging, attaching information, and data verification, provide a comprehensive auto-adjudication and claims management system.
6: Reporting	CMdS leverages a built-in, integrated data warehouse that works with CMdS-Insights business intelligence and analytics to provide a repository for consolidating reporting and analysis onto a single platform.
7: Interoperability	We have more than 200 existing interfaces already built into the CMdS solution, for both web services and flat files, supported by industry standards such as X12. The solution supports SOAP & REST protocols for messaging between disparate solutions.

Flexible Enterprise Technology Platform

Utilize enterprise architecture governance process that incorporates MITA standards to accommodate future programs and initiatives.

One of the central themes of MITA is that business needs to drive technology, rather than the other way around. At the heart of the MITA Technical Architecture are shared services governed by a service-oriented architecture (SOA) that provides flexibility, scalability, reusability, and adaptability necessary to support current and evolving Medicaid program needs. Conduent augments the SOA with carefully selected commercial-off-the-shelf (COTS) products that perform specific tasks in a fully integrated environment.

Conduent bases our transformation vision on the objectives of the organization, stakeholder input, improvements in information availability, and trends in policy and technology development. We include constant improvements such as a description of the "as is" state, a description of the "to be" state, and a focused, yet agile, approach to accomplish the transformation over time.

The MITA Concept of Operations recognizes that the transition from "as-is" into "to-be" as a journey. Conduent understands this represents a movement of both business processes and technological structure continuously growing and evolving. The augmentations in workflow, services, and data access allow business users to rethink their processes to take full advantage of the new capabilities. The roadmap to enhanced maturity represents a continuous evolution, not a single event.

We incorporate MITA business areas and associated business processes in our design, including business and technical services that support the framework. We have been active in CMS processes for development of the MITA 3.0 standard via forums such as the MITA Technical Advisory Group (TAG), and we provided comments to CMS while MITA 3.0 was in both draft and final form. This has allowed us to have first-hand knowledge and the ability to integrate our processes with the CMS processes before they were the standard.

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CMdS captures the proven functionality developed through decades of experience implementing Medicaid solutions and incorporates MITA-preferred technologies including the use of a COTS rules engine, a workflow engine, web services, and a web-based user interface. With the release of MITA 3.0 on March 28, 2012, we have engaged in a thorough review and update of all MITA processes, guidelines, and standards to ensure we remain aligned with federal requirements. Our solution for DPHHS attains or exceeds the "to be" capabilities defined in the MITA State Self-Assessment (SS-A), with the goal to improve the quality of outcomes for all stakeholders, implement administrative efficiencies, and achieve cost savings.

Due to the MITA initiative, CMS has reoriented its focus from the MMIS to the entire Medicaid enterprise. Recognizing the importance of this transition, we have been actively monitoring MITA initiatives by:

- Developing a Conduent MITA Center of Excellence
- Analyzing each new MITA release
- Participating in CMS and industry-based MITA work groups
- Working with CMS and our customers to evolve how MITA impacts existing and new solutions
- Working with CMS and our customers to understand how MITA impacts related healthcare systems and how its principles affect the Medicaid enterprise as a whole

Automated Workflow Management Execution

Provide centralized, configurable workflow solution that allows for workflow creation, execution, and automation.

CMdS includes an integrated workflow management component that supports DPHHS' vision of a modern system – promoting process improvement through automation. Our team has the expertise, domain experience and in-depth knowledge of the unique environment that is the MPATH program. As such, our team is in the optimal position to understand and quickly implement workflows that best benefit all stakeholders.

Our solution's built-in workflow capability, which is available across the CMdS modules, automates the Department's business processes to increase operational efficiency and improve quality for processes and customer service. We create multi-step workflows that automate and align best practices with existing processes as well as new process improvements. Our solution and approach to workflow management improves communication, helps standardize processes, and increases compliance with business and operational requirements. Work and review processes flow seamlessly between individuals and departments throughout the organization.

Conduent provides fully customizable workflows, automated correspondence, and user-defined dashboards according to DPHHS' specific business requirements. Our solution's audit and workflow capability tracks turnaround times for referral requests, tracks receipt dates, lists history related to a review, locates date of status changes, identifies the date stamp of the user who performed a change, and tracks when correspondence was generated.

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Workflow Management Component

CMdS logs every interaction with members and providers in the system so that staff can easily track and work each request. We provide call, issue, letter, or grievance detail so each item can be worked in different departments as appropriate. To help with managing and tracking outcomes, our system integrates everything needed for workflow management in one solution. We provide the means to streamline and automate efforts needed to manage requests, interactions, and relationships with members, providers, and other stakeholders.

Workflow engine. At the heart of our workflow management solution is the workflow engine that automates the various activities in a business process. With it, we build a logical workflow by organizing and configuring the multiple steps. Workflows can assign steps and escalate issues; track the progress of a process; generate new workflows; and send alerts, notifications, and correspondence. Additionally, workflows provide the ability to schedule concurrent reviews based on user-defined criteria. In many instances, workflows can execute automatically without any manual intervention.

Configurable triggers embedded in a workflow can execute actions automatically in response to predefined occurrences. For example, a provider's enrollment enters the system and triggers the automatic mailing of a welcome letter. Electronic requests submitted through our secure and efficient web portal can trigger a workflow process where the request is logged, date/time stamped, and source of entry identified. The request can then be reviewed, verified, monitored, tracked, and resolved as needed. Thus, each step is performed at the right time and no step is forgotten or ignored.

Workflow events/contacts. Our system stores workflows for events and contacts. Some events/contacts are not workflows but rather records of one-time occurrences that do not define a multi-step process. A provider's inquiry call that requires no further action after the call ends is an example of a one-time occurrence. In contrast, events/contacts configured as workflows define a series of steps needed to complete a process, such as a multi-step appeals process.

Figure 2.4-1 is a screenshot of the configuration of a workflow automating the process of an appeal. This example displays the settings of the first step, which automatically sends an acknowledgement letter. Workflows can automate many other steps, such as the effort to track the progress of a workflow, route a step to the appropriate individual or department, send reminders when a deadline has passed, and start a new workflow at a predefined time or event.

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Figure 2.4-1. Workflow Example
A workflow can track completed steps, route individual steps to the appropriate parties, send reminders and correspondence, and retain a record of any correspondence.

Embedded workflow functions seamlessly integrate customer service with other business operations and information. CMdS provides workflows, administrative monitoring, and identification, along with business intelligent user-defined dashboards. Data updates occur in real time, so provider and member service representatives have up-to-the-minute information for benefit inquiries, care coordination activities and reimbursement status. Plus, workflows promote electronic sharing of documents and information throughout the organization, which reduces the need for paper printouts.

Workflow setup and rules. We work closely with DPHHS to define the appropriate rules and timeframes for workflow routing and escalation protocols. The system is designed to maximize the use of setup rules that automate specific operations and business requirements. This minimizes the need for a programmer when program requirements change.

In our workflow management solution, the rules equate to a workflow step. These steps are configured to require a time-lapse before moving to the next step, and our system has capability to track the time duration associated with the work being performed. A workflow step can include override functionality by configuring the step as optional, and similarly, omitting an override configures the step as mandated. The judicious application of overrides helps our staff comply with DPHHS' business rules. In addition, workflows can provide guidance to our staff when they interact with providers and members by identifying all steps in the workflow or providing a narrative. For example, a call center workflow can include scripting so the agent knows just what to say during the call.

Each workflow receives a system-generated tracking number. The steps performed within a workflow are auditable so that documents and historical events are readily available to users. Our workflow

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management component tracks history related to a review, including the date when a status changed, the user who performed a change, and when correspondence was generated.

Access workflows from dashboards. Workflows, like the dashboards, are fully customizable to meet DPHHS' specific business requirements. These workflows can be accessed from dashboards that are available across the enterprise. In an entity's dashboard (such as dashboards for members, providers, groups, brokers, cases, and so on), a user can click the Events button bar to display a list of events recorded for that entity. From that list, the user can open a workflow event to view its details.

Route and access workflows through workgroups. Workflow steps can be routed to workgroups comprised of one or more individual users or departments that share capabilities, skills, and responsibilities. Steps can be routed to a specific individual on a workgroup. Users can view work requests assigned to them or to their workgroups. As a result, a workflow moves easily between individual users and departments as the workflow progresses through each step. As shown in Figure 2.4-2, the system provides users with access to their own workflow assignments.

Figure 2.4-2. Screenshot of the User Assignments Dashboard
Users can access their own workflow assignments.

Template and Event-Driven Correspondence

The workflow management component supports the automation of generating and delivering correspondence by mail, fax, letter, email, and web portal applications. Workflow steps can automatically trigger correspondence based on reasons, actions, and events that occur in the system. For example, a step is configured to email a Medical Management department staff member automatically upon receipt of a claim for a high-cost medication.

DPHHS staff customize and edit correspondence templates to meet business needs. These configurable templates can be sent automatically at event-driven points in time. CMdS' extensive capabilities support

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the creation of standard and custom correspondence by extracting from a wide range of system data. Editable information can include member language, age, gender, ethnicity, and many other combinations of data fields. These custom correspondence templates can be used and populated with auto-text insertions or customized text for a specific member, provider, or other stakeholder.

Additionally, the workflow management component provides the ability to review, authorize and suppress auto-generated correspondence. The times and dates, the alerts and notifications and the correspondence templates embedded in a workflow step help drive the follow-up efforts. CMdS maintains a full history of correspondence, which is stored with the workflow and is available to reproduce at any time. This automated approach results in improved operational efficiencies and cost savings as follow-up steps continue moving forward within the defined order and timeline.

Alerts and Notifications

Cross-departmental workflows can include unlimited alerts and notifications to help meet the Department's business requirements. Configurable workflow steps automatically trigger alerts/notifications that keep staff and other stakeholders informed and avoid overlooking critical activities.

Users can access alerts/notifications in a workflow just as they would access any other workflow step—by logging into the system and going to a dashboard; however, logging in is not required for a user to receive an alert/notification email.

Enhance Program Reporting and Data Analytics

Implementation of Data Analytic tools and services to enable accurate, real-time data and reporting that will meet changing business and management needs. The solution should be enterprise centric, which would enable other health care and program data typically not found in an MMIS to support enterprise decision-making.

CMdS-Insights is our proposed enterprise-centric reporting and analytics solution to monitor and report on utilization and performance to meet DPHHS' changing business and management needs, as well as to support enterprise decision-making. The CMdS-Insights module includes full ad hoc query and reporting access to the CMdS information repository. CMdS includes extensive reporting and analytics capabilities, providing real-time database access supported by a data dictionary and schema information. Several pre-defined reports allow users to enter parameters—such as date ranges, member program, living arrangement code, or level of care—in order to present the desired view of the data.

By selecting a category, the user gains access to a detailed list of reports. Several of these reports allow users to enter parameters – such as date ranges, member program, living arrangement code, or level of care—in order to present the desired view of the data.

The CMdS-Insights module executes built-in claims reports at the end of the batch cycle to produce a summary of the claims processed during the batch cycle.

Below is a list of some of the reports generated at the end of the claims adjudication cycle:

- Claims Adjudication Summary. Summary of the claims processed in the payment batch cycle
- Report displaying summary information by claim type for each adjudication cycle, which includes status and total charge amount against each status

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- Summary dashboard. Claims processed every hour along with their status
- Claims Denied by Claim Type Report. Claims that were denied in the payment cycle
- Claims Status Aging Report. Claims that are aging in predefined aging groups

CMdS-Claims has a normalized data model, which provides the ability to generate ad hoc reports with a quick turnaround through the CMdS-Insights module.

Figure 2.4-3 shows sample dashboard graphics and a high-level list of available report categories. By selecting a category, the user gains access to a detailed list of reports.

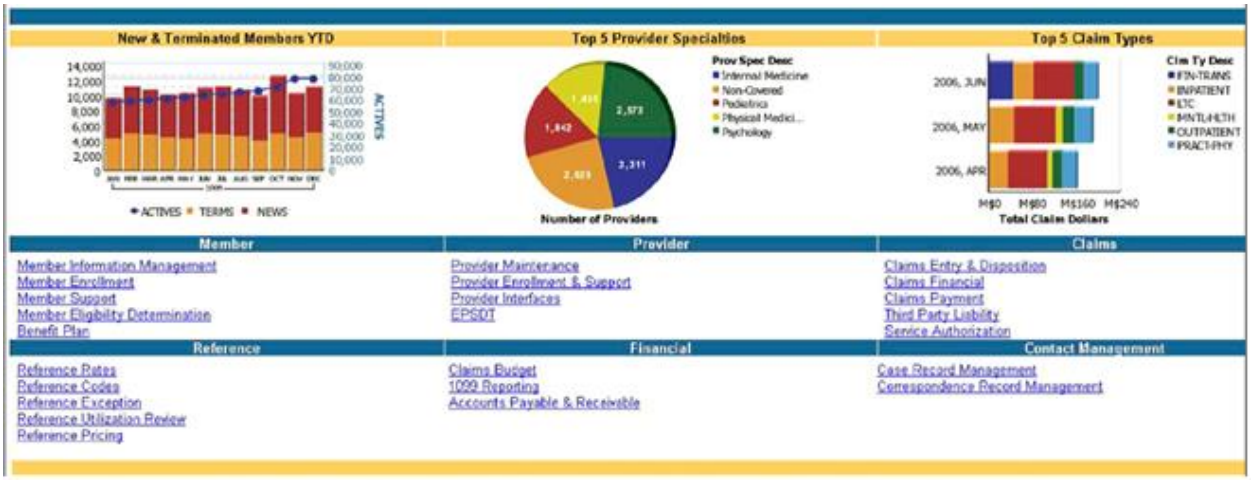

Figure 2.4-3. CMdS Operational Reports

Users can select a category on this reporting dashboard to access a variety of pre-built reports.

Centralized Access to Data

Provide real-time and centralized access to members, providers, benefit plan(s), claims, and case management data for the Department's programs including Medicaid, Healthy Montana Kids Plus (HMK Plus), Healthy Montana Kids (HMK) (the state's Children's Health Insurance Program CHIP)), Montana Health and Economic Livelihood Partnership Plan (HELP), Passport to Health, Patient Centered Medical Home (PCMH) and waiver services. Provide the ability to enhance decision-making and increase management efficiencies.

Today's business applications rarely live in isolation. Users expect instant access to all business functions an enterprise can offer, regardless of the system in which the functionality resides. This requires disparate applications to be connected into a larger, integrated solution. CMdS accomplishes this through technologies like SOA and is designed to provide additional features such as the ability to upload and download data, submit claims and service authorization requests, and offer single sign on (SSO) capabilities. It is a centralized information center providing DPHHS, program providers, and members a source for information and applications needed for the MPATH program.

CMdS retains processed data in the internal data store and exchanges it with the external systems as needed. The architecture supports the data exchange in a variety of formats. This can be a real-time data interface (using an API) or an ETL batch process. Our solution offers the highest level of interoperability by managing data exchanges through our internal ESB – the Digital Hub. The Digital Hub is our single point of integration with the State's System Integration Services Contractor, and as Montana's incumbent contractor, allows us to provide a real-time and centralized access to data for members, providers, and

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other stakeholders who need information about MPATH and various DPHHS programs, such as HMK Plus, HMK, HELP, etc.

Supporting Enterprise Decision Making through Advanced Analytics

We bring broad and deep experience in using evidence-based clinical criteria and data analysis to help Medicaid agencies across the country provide high quality, medically necessary care. Our solution positions DPHHS to meet its goal of informed, data-driven, enhanced decision-making across the enterprise to increase management efficiencies.

CMdS provides DPHHS with a solution to enhance clinical and business decision-making through advanced data analytics and tools. Our solution is based on the strategies and tools that have proven extremely effective over our current contract and give DPHHS improved management of the MPATH program. CMdS meets all DPHHS goals and objectives under the new contract, including expanded data storage, dynamic update, increased speed of query and report generation, capture and retention of new data elements, and scalability and flexibility to incorporate additional external data sources.

Conduent's proposed solution offers ease of use, delivering a powerful and familiar tool DPHHS users already rely on.

Descriptive Reporting. Commonly referred to as traditional reports, this type of analytic looks at data and analyzes past events to answer the question "What Happened?" It most effectively answers operational and tactical questions.

Diagnostic Reporting. This type of analytic looks at and seeks to understand past performance by mining historical data to look for root causes behind past success or failure. It answers the question "Why did a past event happen?"

Predictive Analytics. This type of analytics turns data into valuable, actionable information. It uses data to determine the probable future outcome of an event or a likelihood of a situation occurring. It uses predictive models to exploit patterns found in historical and transactional data to identify risks and opportunities.

Prescriptive Analytics. This type of analytics uses optimization and simulation algorithms to advise on possible outcomes and answer the question "What should we do?" It automatically synthesizes big data, mathematical sciences, business rules, and machine learning to make predictions and then suggests decision options to take advantage of the predictions. Prescriptive analytics goes beyond predicting future outcomes by also suggesting actions to benefit from the predictions and showing the decision maker the implications of each decision option.

Data Integration and Interoperability

Provide interfaces and components that are reusable and follow industry and national standards for data exchange. Procured solutions will include exposed APIs for easy integration with other enterprise solutions.

Designed as a connected, modular system, CMdS promotes collaboration, data sharing, reuse of healthcare technologies, and consolidation of processes. It uses a rules engine, a workflow engine, web services, and a web-based user interface, all key to attaining "to be" capabilities defined in the DPHHS MITA self-assessment report.

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The solution promotes reuse, data exchange, and reduction of administrative burden on members, providers, and applicants. Our design objectives emphasize sharing and leverage of Medicaid technologies and data between states and other federal agencies, and we participate in the development and implementation of regional/interstate standards and interfaces. To support this condition, we use our standard modules for Medicaid, delivered as services in the SaaS model and hosted in the cloud.

The solution supports Simple Object Access Protocol (SOAP) for messaging between disparate solutions. CMdS offers significant interoperability with flexible e-communication and processing among systems and supports the future exchange of insurance and other data through its open architecture and use of industry standards. The system delivers interoperability in these key ways:

- Enabling applications to exchange structured information about business events, including messages, documents, and "business objects" quickly and flexibly.
- Supporting simple object access protocol (SOAP), which provides a way for separate applications to communicate, even if they are running on different operating systems, with different technologies, and/or different programming languages. The system also supports the REST API.
- Supporting EDI and non-EDI data transmissions between third parties and CMdS in a secure, efficient manner, providing transaction validation, transaction response, and translation services. The solution provides connectivity for the exchange of data and files with providers, facilities, claims payment agencies, state offices, clearinghouses, and other data trading partners.

Standard Communication Protocols

Standardized protocols for electronic communication will allow DPHHS to move to electronic options for communications using modern services such as Simple Object Access Protocol (SOAP) and Representational State Transfer (REST) including a Web Portal. In addition, standardization will support the ability to provide messaging in Multilanguage and multi-literate formats.

We provide standardized protocols for electronic communication, which allow DPHHS to move to electronic communication options in Multilanguage and multi-literate formats. CMdS design is based on service-oriented architecture (SOA) and Representational State Transfer (REST) web services, architectural principles, and methodologies that use interoperable services capable of communicating and exchanging data with other products and systems. The architecture is an integrating framework that allows services to remain both platform and technology independent, and yet remain interoperable. Our solution supports the creation, extension, consumption, and exposure of service interfaces through:

- Simple Object Access Protocol (SOAP)
- Representational State Transfer (REST), including a Web Portal
- Web Services Description Language (WSDL)
- XML Schema Definition (XSD) schema support
- Java Message Service (JMS)
- WS-Security extensions
- Universal Description, Discovery, and Integration (UDDI)
- WS-Policy

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Progressive Technology

Provide progressive technology, e.g., mobile apps, text messaging, etc., that increase communication venues and encourages member and provider interaction with Montana Healthcare Programs.

As information becomes increasingly digital and dynamic, it becomes imperative to supply enhanced web-based content for providers and participants. Additionally, the information must be available from a variety of desktop and mobile devices. Content must be relevant, easy-to-use, and offer self-service options to meet the demands of program stakeholders. The CMdS product provides progressive technology to encourage member and provider interaction with Montana Healthcare Programs.

Our solution supports both inbound and outbound short text message service (SMS) interactions by integrating to an appropriate SMS provider gateway. Inbound SMS interactions are configurable to automatically take action and/or attach to an interaction work item. SMS interactions blend seamlessly with interactions across other channels. Call Center staff can push information to clients via SMS during an interaction, offering the benefit of multi-modal communication.

Automate Manual Processes

Automate a majority of manual processes to replace human interactions with automated configurable business rules.

Wherever possible, Conduent automates manual processes, eliminates human intervention with automated configurable business rules, and uses workflow tools to guide internal and external users through process steps, activities, and tasks.

For example, CMdS-Financial generates and processes advance disbursements and payments manually or as an automated process. The solution allows advance payments (payout) for future services. In the case of making a future payment, an account receivable (AR) is created along with an advance payment. Our solution provides flexibility to assign a fund code, include notes, and link to supporting documents related to the payout. The system also supports AR recoveries spread over time based on the recoupment type and frequency. Additionally, the system tracks other payouts like HIPP payment or capitation.

Figure 2.4-4 shows the Payout Web page used to generate a check for the provider and for reporting purposes.

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Figure 2.4-4. Payout Web Page

The Payout Web Page is used to generate a check for the provider and for reporting purposes.

As another example, CMdS-Financial is designed with balancing steps during and after every payment cycle, so any accounting period interval should be in balance. The solution includes an automated balancing function to verify that transaction counts and dollar amounts remain in balance throughout the payment cycle, and that the daily adjudication processes balance with the weekly payment cycle.

Administrative Simplification

Adhere to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II).

The CMdS solution is aligned with, and incorporates industry standards (HIPAA privacy, security, and transaction standards, 508c of the Rehabilitation Act, Sections 1104 and 1561 of the Affordable Care Act), and Administrative Simplification into its design. Conduent's solution promotes reuse, data exchange, and reduction of administrative burden on patients, providers, and applicants. For example, our solution fully leverages industry standards to support interoperability with other Department systems and programs.

As an example of how we simplify administrative tasks, we use Automated Claims and Transaction Tracking, ACTT^{NOW}, developed by our own EDI team, to track the status of submitted files in our EDI solutions gateway clearinghouse. All active Conduent EDI submitters are eligible to enroll to use the software.

ACTT^{NOW} supports:

- Tracking of all batch X12 files submitted to the Conduent EDI gateway
- Viewing of X12 data
- Linking to related files, such as 999/997s and 824s
- Quick identification of errors

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The Conduent EDI gateway also promotes manageable workflows to enable configuration instead of coding. The capability helps manage how transactions interact and flow through systems. It can contribute to further streamlining workflow.

Mechanized Claims Processing and Information Retrieval Systems Final Rule

Meet requirements specified in the Mechanized Claims Processing and Information Retrieval Systems (90/10) Final Rule (42 CFR 433), specifically related to configuration and customization of COTS software.

Conduent is fully conversant with the Mechanized Claims Processing and Information Retrieval Systems (90/10) Final Rule that allows for enhanced federal funding for a System of Systems approach—modular systems development—in which individual COTS/SaaS software/modules are interoperable and require minimal customization to work together seamlessly to support a unified enterprise.

DPHHS has first-hand knowledge of our expertise in this area: our latest generation pharmacy module (Flexible Rx) received CMS certification in the State of Montana in February 2017 using the new MECT guidelines for modular certification.

Standards and Implementation Specifications for Health Information Technology Final Rule

Modularity approach is aligned with industry standards adopted by the Office of the National Coordinator for Health IT described in Final Rule (45 CFR part 170, subpart B).

CMdS is a modular and cloud-based Medicaid solution portfolio aligned with industry standards adopted by the Office of the National Coordinator for Health IT described in Final Rule (45 CFR part 170, subpart B). The solution is specifically architected for maximum program configurability, value, interoperability, accessibility, scalability, flexibility, and information security protection. Combined with the deep Medicaid and state specific policy experience of Conduent technical and operational personnel, our CMdS offering is infused with both innovative technology and critical knowledge.

Supporting the functionality of the CMdS modules are six pillars of architecture (Figure 2.4-5) that reinforce the strength, capability, and security of the Conduent solution:

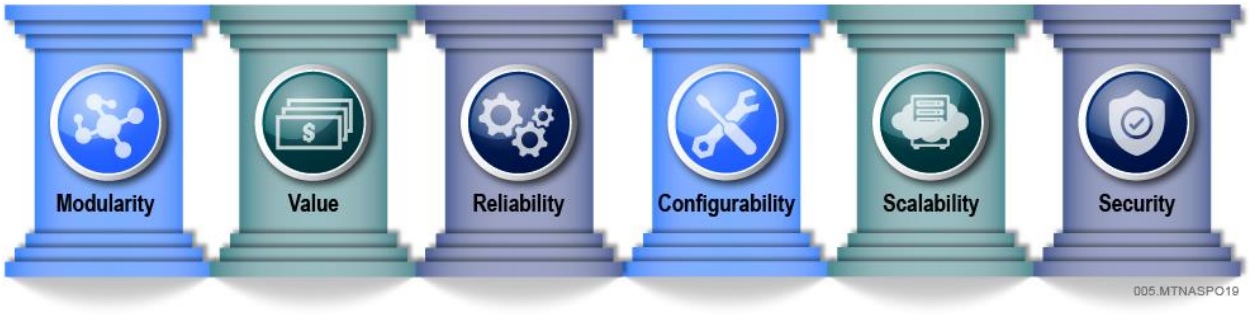

Figure 2.4-5. CMdS Six Pillars of Architecture
The architecture pillars contribute to CMdS architectural strength and allow multiple layers of capability, functionality, integration, and interoperability.

We provided an in-depth description of each pillar in Proposal Section 2.3.1: Modularity Approach and Blueprint, page 2-13.

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HIPAA and HITECH

All solutions and services shall be fully compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Public Law 104-1919) and Administrative Simplification (Subset of Title II) requirements in effect as of the date of release for the RFP and with any changes that subsequently occur, unless otherwise noted.

The Contractor shall sign a Business Associate Agreement, included in the contract, which is subject to HIPAA and HITECH regulations CFR 45 parts 160 and 164.

The CMdS solution is aligned with, and incorporates industry standards (HIPAA privacy, security, and transaction standards, 508c of the Rehabilitation Act, Sections 1104 and 1561 of the Affordable Care Act), and Administrative Simplification into its design. Conduent's solution promotes reuse, data exchange, and reduction of administrative burden on patients, providers, and applicants. Our solution fully leverages industry standards to help ensure interoperability with other Department systems and programs. We agree to comply with these RFP requirements and with any changes that subsequently occur, unless otherwise noted.

Conduent agrees to enter into a Business Associate Agreement (BAA) prior to initiation of work under the new contract with DPHHS, as well as to acknowledge and agree that the BAA is subject to HIPAA and HITECH regulations. We understand both Conduent and the Department must comply with security and privacy requirements as described in the RFP.

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2.5 Montana Healthcare Programs Overview [RFP 3.5]

REQUIREMENT: RFP Section 3.5

Montana Healthcare Programs is a group of programs funded by a combination of federal and state funds that provide health and long-term care coverage to Montanans who meet specified income guidelines, and/or are elderly and/or have certain healthcare conditions, disabilities or illnesses. The term "Montana Healthcare Programs" collectively refers to all healthcare benefit programs administered by the State of Montana in partnership with the federal Centers for Medicare and Medicaid Services (CMS).

Montana Healthcare Programs operates under Title XIX of the Social Security Act, Title XXI State Healthy Montana Kids (HMK), State funded Mental Health Services Plan (MHSP), and the Montana Health and Economic Livelihood Partnership (HELP) Act.

Montana Healthcare Programs is the state's largest public/private healthcare coverage program and now touches the lives of approximately 20% Montanans.

Table 3.5 represents the groups of individuals who may receive healthcare coverage through Montana Healthcare Programs

3.5.1 Montana Healthcare Programs Benefits

Montana Healthcare Programs Standard Medicaid benefit plan meets federal guidelines for mandatory benefits. In addition, Montana has chosen to cover a number of other cost-effective optional services.

Table 3.5.1 represents some of the services covered by Standard Medicaid (services covered for other programs under the Montana Healthcare Programs umbrella may vary).

The services are paid by a number of payment methodologies: fee for service, percent-of-charges, Resource-Based Relative Value Scale (RBRVS), All Patient Related Diagnosis Related Groups (APR-DRG), Ambulatory Payment Classification (APC), Prospective Payment System (PPS), Relative Value for Dentists (RVD) and negotiated rates.

For additional information regarding Montana Healthcare Programs, please refer to Medicaid in Montana 2019 Report available in the procurement library.

Conduent has intimate knowledge of Montana Healthcare Programs, the groups of individuals these programs serve, and the healthcare benefits these programs cover. Across our 35-year history serving the State, we have developed and managed the systems that support Montanans' access to care. Moreover, our staff know all aspects of Montana Medicaid operations and have been fully engaged in supporting Montana programs and policies. As Montana Medicaid has grown and evolved over the years—now covering nearly 20% of our fellow Montanans—we have assisted DPHHS in incorporating new benefit programs and covered services consistent both with evolving State-specific and federal initiatives. For example:

- **Development of PCCM and Team Care.** In July 2007, we began providing enrollment broker services for Passport to Health, the State's primary care case management (PCCM) program, and for Team Care, the State's Medicaid managed care program. Conduent pays monthly capitation fees to PCCM providers without burdening them with billing, and our staff assist members by overriding Team Care lock-ins using controlled exceptions and enabling members to receive needed/prescribed medications. This tends to be a transient population, so exceptions are critical to the health of members.
- **Medicaid Expansion.** We implemented Medicaid Expansion on time and within budget. The initial projections for the population's expansion were approximately 8,000 members. Actual numbers of members added to the MMIS exceeded the first-year estimate within the first month post implementation. At one point, that number grew to over 40,000 members. Conduent staff reached out to new members to provide education on what Medicaid services were available to them.
- **Provider Services Module: MPATH Claims Entry Implementation.** OptumInsight, who was awarded the Provider Services module, is implementing project phases to support MPATH provider enrollment, maintenance, and claims entry via a Provider Self-Service Portal. OptumInsight recently implemented the claims entry portal with Conduent, providing training and outreach for Developmental Disabilities Program (DDP) providers, the first provider type selected for implementation. Training involved certain challenges including moving the DDP providers from their

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existing manual claims entry process to the new online process. Conduent's Provider Relations staff were instrumental in making this transition to the new claims entry portal a success.

We delivered four provider on-site trainings and several online sessions, working closely with the DDP providers to establish trust and support their needs. We also worked with DPHHS to develop the support methodology, including phone, email, online, and ticket tracking processes. Throughout, we worked collaboratively with DPHHS to overcome issues while focusing on the needs of providers. To date, providers are successfully using the system, with Conduent receiving high praise from both the Department and the provider community. DPHHS can rely on Conduent team members to continue providing training and support for the remaining MPATH's Provider module implementation phases.

2.5.1. Montana Healthcare Programs and Benefits

REQUIREMENT: RFP Section 3.5 Montana Healthcare Programs Benefits

Across our history with DPHHS, we have come to understand Montana's complex healthcare environment—including Medicaid and non-Medicaid programs and services—and we have worked with DPHHS to deliver increased access to quality care for Montana citizens while conserving taxpayer dollars. We know DPHHS must assess a bidder's approach to dealing with change, and we bring a demonstrated ability to modify and enhance systems and operations to accommodate changes to support your programs and services. We know how to translate complex Medicaid and non-Medicaid policy into our operational systems and processes while responding swiftly to program and service changes.

Under the new contract, our proposed CMdS solution makes it possible for Conduent to address processing changes related to evolving benefit programs and covered services even more rapidly through configuration of our COTS-based rules engine rather than through complex custom programming.

Payment Method Development: Proven Experience in Montana

Conduent has a complete understanding of the payment methodologies used in Montana to pay for covered services. Established 15 years ago, our payment method development (PMD) team specializes in fee schedules and industry-standard payment methods such as Resource-Based Relative Value Scale (RBRVS), All Patient Related Diagnosis Related Groups (APR-DRG), Ambulatory Payment Classification (APC), Resource Utilization Groups (RUG), and more. Our PMD experts help the nation's Medicaid programs—including Montana—maximize the value they receive for their payments by implementing payment methods that maximize healthcare value for their constituency.

Our PMD team experts apply their capabilities and knowledge to assess, design, develop, innovate, and implement payment methods that are defensible, competitive, and appropriate; align with industry norms; incorporate quality outcomes; and balance the interests of constituents and stakeholders.

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Below we provide examples of our payment policy work for DPHHS in Montana:

- Designed and implemented new DRG-based payment methods for inpatient care, which included policy modifications to ensure access to care for Medicaid constituents. Additionally, we stay in annual contact with Montana and our actual work for Montana depends on the State's budget.
- Performed detailed assessments and analyses of payment methods, providing on-going advice on payment policy and updates to the fee schedules used to pay physicians, therapists, and other individual professionals.
- Designed and implemented new outpatient payment methods based either on Medicare Ambulatory Payment Classifications (APCs) or on other methods proven effective for the Medicaid population.

Aligning with MPATH Objectives

A primary MPATH program objective is to obtain an enterprise system that can quickly adapt to the evolving needs of existing programs and at the same time support new regulations, policies, and innovations. Our proposed CMdS product, with its commercial-off-the-shelf (COTS) rules engine, Blaze, provides Montana, as well as other states, maximum flexibility and configurability to address changes in programs, benefit plans, and covered services quickly and easily.

Equally important, the State's selected contractors should also function as willing, flexible partners to DPHHS as the Montana Medicaid enterprise evolves. Conduent's institutional knowledge of Montana's existing programs and services as well as our proven flexibility in adapting to changes in those programs and services over the years will be valuable to DPHHS in reducing risk to the project and for program stakeholders.

2.6 Montana Healthcare Programs Enterprise [RFP 3.6]

REQUIREMENT: RFP Section 3.6

The Montana Healthcare Programs enterprise is comprised of multiple components and services that support activities related to provider enrollment and maintenance, population health management, care management, benefit management, claims adjudication, payments, reporting and other business processes necessary to administer Montana Healthcare Programs.

3.6.1 Current MMIS Environment

The current Montana Healthcare Programs enterprise is comprised of a newly implemented pharmacy claims processing system, FlexibleRx, and a compilation of 48 other legacy systems and services.

Montana's core MMIS system is a mainframe Custom Information Control System/Virtual Storage Access Method (CICS v3 r1.0/VSAM v4.2) and utilizes Common Business-Oriented Language (COBOL v4.2) legacy language that has been in operation since 1985. The MMIS was updated in 1997 and certified by CMS in 1998. Conduent is contracted with the State to provide fiscal agent operation services.The State has found it necessary to replace the current MMIS with more modern solutions and services due to the old technology and data integrity of the remaining legacy components. Ongoing system maintenance and enhancements are extensively delayed due to the dated technology and are further impeded by the limited number of knowledgeable resources familiar with the COBOL language.

In addition to the core MMIS, a number of other components are necessary to support Montana Healthcare Programs business objectives.

2.6.1 Knowing Your Current MMIS Environment

REQUIREMENT: RFP Section 3.6 Current MMIS Environment

Through the MPATH Program, Montana is at the center of an unprecedented transition to procuring new modular systems and services to support its Medicaid modernization effort. Driven in large part by a need

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to replace inflexible, outdated MMIS technology that is increasingly difficult to maintain, the shift to modularity allows the Montana Healthcare Programs enterprise to focus on quality of care outcomes for program members rather than managing to the limitations of old technology.

Conduent is in the best position and uniquely qualified to support Montana's transition from the old to the new environment. We developed Montana's legacy MMIS in 1984 and have maintained, enhanced, and operated it since then. We have been technical stewards of the current legacy environment—now consisting of 48 components and services—helping DPHHS address an evolving healthcare environment including meeting federal requirements related to Medicaid reform such as the Affordable Care Act (ACA) and Medicaid Expansion.

Additionally, we have implemented a suite of modular pharmacy applications including our automated prior authorization (PA) processing system; our web-based rebate administration solution; and, most recently, our MITA-compliant Flexible Rx pharmacy system—the first Medicaid pharmacy management module certified using the latest federal MECT checklists for modular solutions.

We have an intimate knowledge of Montana's existing systems and services that no other vendor can claim. Conduent staff currently manage and operate electronic data interchange (EDI) transaction services, legacy MMIS, pharmacy benefits management system, decision support system/data warehouse (DSS/DW), customer care, and fiscal agent (FA) ancillary system components that support Montana Medicaid. Additionally, we have provided information to support DPHHS' ancillary systems and programs over the years and successfully transitioned development disability program (DDP) providers and claims to MMIS processing.

Supporting Modularity and Reducing Risk

Our proven ability to work collaboratively with you and other stakeholders to meet Montana's business needs will prove valuable in helping you reduce risk as Montana moves from the old legacy to the new modular environment. In fact, ***we have already started.*** For the past two years, we have supported both the initial onboarding of several of your module service providers and have continued to support them throughout the design, development, and implementation phase of their service modules (now in progress) to help make them and the future MPATH blueprint a success.

For example, we have been an active and willing partner to Deloitte (systems integration module); OptumInsight (provider services module); and Cerner (enterprise data warehouse module). We have worked with these contractors daily, providing them critical information and sharing our intimate knowledge of Montana's existing data, systems, processes, stakeholders, and policy. We successfully accomplished full integration with these modules, supporting bidirectional flow of data between them and the legacy MMIS. Additionally, based on our intimate knowledge of Montana's provider community and network, we have worked extensively with OptumInsight and served as bridge between OptumInsight and Deloitte on the provider services module.

As the MPATH initiative moves forward with the addition of new contractors and modules, DPHHS can continue to rely on Conduent's commitment to serve as a reliable partner in reducing risk. Our experienced resources are in place with ready access to the information required for most, if not all, integrations. With Conduent, the Department can focus more time and resources on configuring,

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overseeing, and fine-tuning the new MPATH enterprise modules to help drive the success of all module implementations.

2.6.2 Legacy Components and Services

REQUIREMENT: RFP Section 2.6.2 Legacy Components and Services

3.6.2 Legacy Components and Services

3.6.2.1 Electronic Data Interchange (EDI) X12 Transaction Components/Services

Trading Partner Management System

The Trading Partner Management System (TPMS) is the system that is used to create and manage the types of EDI transactions that trading partners have enrolled to submit and receive.

EDIFECS/TIBCO

EDIFECS/TIBCO is the software used to verify the information contained in EDI transactions meet the necessary requirements.

WINASAP

WINASAP5010 is free billing software offered to providers enrolled with Montana Healthcare Programs to create and submit X12 compliant EDI claims transactions.

ACTNow

ActNow is software used by the customer care center to view and research EDI transactions.

3.6.2.2 Pharmacy Benefits Management System Components/Services

FlexibleRx

FlexibleRx, the Pharmacy Claims Processing and Management module is an on-line, real time pharmacy claims adjudication system. Today, Flex bleRx receives member eligibility and provider information from the legacy MMIS. Adjudicated claims are sent to the MMIS for payment generation to providers. FlexibleRx was implemented December 2015 as the first legacy replacement module within the Montana Healthcare Programs enterprise and was certified by the Centers for Medicare and Medicaid Services (CMS) on February 15, 2017.

Drug Rebate Analysis and Management System (DRAMS)

The Drug Rebate Analysis and Management System (DRAMS) is an application which calculates, invoices, and maintains records of rebate amounts for pharmacy claims and physician-injectable drugs to provide the necessary data for CMS reporting on drug rebates

Rebate Web

Rebate Web is a web-based application where drug rebate invoices and associated standard file formats are uploaded for manufacturer drug rebate management.

Retrospective Drug Utilization Review

Retrospective Drug Utilization Review (RetroDUR) uses a member's drug utilization history to create a usage profile which is then used to help prevent instances of drug abuse, misuse, or fraud. This service is currently contracted to Mountain Pacific Quality Health.

Smart PA

SmartPA is a web-based service that interfaces with the pharmacy claims processing system (FlexibleRx) and provides prior authorization validation services during adjudication for pharmacy claims.

3.6.2.3 Decision Support System Components/Services

Query Path

QueryPath is a secure web-based application used for ad hoc reporting and analysis of Montana Healthcare Programs data stored in the legacy data warehouse.

3.6.2.4 Customer Care Services

Provider Call Center

The provider call center are fiscal agent services contracted by DPHHS to assist providers with inquires related to enrollment, billing, member eligibility, claims and benefit limits.

Enrollment Broker/Member Call Center

The enrollment broker/member call center facilitates member enrollment into care management programs, assignment of a primary care provider/medical home, conducts outreach, and provides information and education to elig ble Montana Healthcare Programs members. Additionally, this service performs provider enrollment outreach and education of the care management programs.

3.6.2.5 Fiscal Agent Ancillary Systems

Montana Access to Health Web Portal

Montana Access to Health (MATH) Web portal is a web-based tool for providers to enroll with Montana Healthcare Programs, submit electronic claims, view remittance advices, check member elig bility, view claims based medical history, as well as other provider self-service activities.

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Automated Voice Response/Integrated Voice Response System

The Automated Voice Response /Integrated Voice Response system (AVR/IVR) is a provider self-service tool used to verbally supply member eligibility information, provider payment and claims status.

FaxBack

Faxback is another provider self-service tool used to supply member elig bility information or claims status to providers via fax machine.

Avaya

Avaya is used by the current fiscal agent for automated call distr bution and supports customer relationship management.

Digital Harbor

Digital Harbor is a tool used by the current fiscal agent to complete automated provider screening and monitoring activities required by the Affordable Care Act (ACA) for new provider enrollments, revalidating providers and monthly monitoring of all actively enrolled providers.

Optical Imaging Technology

Optical Imaging Technology (OIT) is used by the current fiscal agent to capture, store, and retrieve imaged documentation in electronic form that are stored in a document repository.

Optical Character Recognition

Optical Character Recognition (OCR) software is a tool used by fiscal agent resources to scan claims for automated input into the MMIS.

DPHHS Provider Website

The DPHHS Provider Website is a provider resource, administered by the current fiscal agent that houses provider manuals, fee schedules and notices. Additional resources include; claims and electronic billing instructions, provider FAQs, training, program information, provider newsletter (Claim Jumper) as well as links to the MATH Web Portal and other helpful provider resource information.

DocFinity

DocFinity is used by the fiscal agent for document management which includes document scanning, indexing, searching and viewing.

Montana ACS Extranet

Montana ACS Extranet (MAE) is a secured website, hosted by the fiscal agent that provides a venue for DPHHS and the fiscal agent to view, exchange and store information including reports, reference documentation, formal correspondence and provider communication logs. MAE also serves as an eligibility entry portal for certain Montana Healthcare Programs. Customer service requests (CSRs) and file update requests (FURS) are also managed and stored in MAE.

OmniAlert

OmniAlert provides statistical peer group comparison as a tool to analyze behavior patterns of healthcare providers and members to investigate possible fraud, waste and abuse.

OmniTerm

OmniTerm is a terminal server used to obtain remote access to fiscal agent applications including SURS case tracking, MAE and the MMIS.

Third Party Recovery and Checklog System

The Third-Party Recovery and Checklog System (TRACS) is an SQL database used by the fiscal agent to manage recovery activities such as carrier billing, provider credit balances, member TPL verification work items and trauma letters.

Medicaid Correspondence Generation Tool

The Medicaid Correspondence Generation Tool is a SQL database used by the fiscal agent used to generate Montana Healthcare Programs correspondence to providers and members.

Third Party Liability Letter Generation Tool

The Third-Party Liability (TPL) Letter Generation System is an access database used to generate letters specifically for recovery activities, i.e., credit balance, trauma letters)

State Level Registry

State Level Registry (SLR) is an application used to administer the Electronic Health Record (EHR) provider incentive program.

Conduent Case Management

Conduent Case Management (CCM) is a cloud-based workflow automation tool which is also used for contact management.

GEO Access

GEO Access is used by the MMIS Managed Care subsystem to geographically map providers who are near to a member's physical address.

MoveIT/GrabIT

MoveIT/Grab IT is used to provide secure file processing, storage and transfer.

Convergence Point

Convergence Point is the tool used for claim NCCI editing as a part of the claims adjudication process.

3.6.2.6 DPHHS Ancillary Systems

Health Insurance Premium Payment System

The Health Insurance Premium Payments System (HIPPS) is a tool used by DPHHS staff for evaluating and tracking health insurance premium payment activities.

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Quality Assurance Management System (QAMS)

QAMS is used to track trends, medication errors, and reporting critical incidents.

Tort Tracker

The Tort Tracker is database utilized by DPHHS staff for third party liability recovery activities.

Agency Wide Accounting Client System (Developmental Disabilities Services)

The Agency Wide Accounting Client System (AWACS) is the system used by the waiver program for case management, budgeting, creating and maintaining member plans of care, invoicing, and early intervention services.

Case Management Solutions

DPHHS has a number of disparate case management solutions to support current waiver and member care management services.

Shortgrass – This system is used for overall case management, developing and maintaining plans of care, cost plans and waitlists for two waiver programs.

Therap – This system is used for incident reporting.

The Eligibility Screening System

The Eligibility Screening System (TESS) is used to perform eligibility entry for individuals covered under the Mental Health Services Plan state funded eligibility and Mental Health Services Crisis Stabilization Program.

Substance Abuse Management System

The Substance Abuse Management System (SAMS) is used to track substance abuse treatments and outcomes for Federal Reporting and provider payment.

Web Infrastructure for Treatment Services

Web Infrastructure for Treatment Services (WITS) is a web-based application used to collect reporting requirements and manage primary prevention programs for substance abuse prevention and treatment

Conduent recognizes and understands the complexity of Montana's legacy system environment, with over 3,000 users that interact with various legacy core, ancillary systems, and components daily. We are familiar with supporting these components (EDI X12 transactions components/services, PBM components/services, DSS, Customer Care Services, Fiscal Agent Ancillary Systems, and DPHHS Ancillary Systems). Our proposed CMdS product was created for complex health and human services enterprises like Montana Medicaid (and others) that require the integration of multiple ancillary systems and programs with numerous users.

2.7 Future MPATH Environment [RFP 3.7]

REQUIREMENT: RFP Section 3.7

The future MPATH environment will be an enterprise framework of integrated systems and services enabled by an enterprise services bus (ESB). The exact composition of the enterprise framework will evolve over time as existing legacy solutions are replaced with more modern, flexible solutions that better meet DPHHS' current and future business needs.

DPHHS will contract with multiple Contractors who will each provide a discrete set of components and/or services to support the MPATH modules and components. Each contractor will be responsible to operate and maintain its provided solution and will work with the Systems Integration Services Contractor to integrate the solution with rest of the MPATH Integration Platform.

Figure 3.7 below illustrates a high-level view of the to-be future MPATH Modularity Blueprint Environment.

Through the MPATH Program, Montana is at the center of an unprecedented transition to procuring new modular systems and services from multiple contractors to support its Medicaid modernization effort. Conduent has a solid understanding of your envisioned (to-be) MPATH modularity blueprint as well as the discrete modular component functions and/or services that must integrate into the enterprise framework. We underscore our understanding through our existing working relationships with several of your selected contractors over the course of the MPATH project thus far, including Deloitte (Systems Integration Services); OptumInsight (Provider Services); and Cerner Corporation (Enterprise Data Warehouse). We have helped with the onboarding of these contractors including sharing our detailed knowledge of the legacy MMIS and providing critical information to support the modular components and services they provide.

We understand that the enterprise framework is enabled by an ESB provided by your Systems Integration Services Contractor (Deloitte) and that our proposed claims processing and management solution—

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CMdS—must integrate seamlessly with the ESB. Our solution is built on service-oriented architecture (SOA) principles and offers the highest level of interoperability by managing data exchanges through our internal ESB, the Digital Hub. The Digital Hub is our single point of integration with the State's System Integration Services Contractor.

CMdS uses industry standard Enterprise Integration Patterns (EIPs) within the Digital Hub to integrate with the integration platform. The Digital Hub helps overcome fundamental challenges with integration solutions by enabling an external application to send data using point-to-point, publish/subscribe, and message bus communication methods. The system integrator can exchange information and data files using event-driven messaging or by calling web services published in our API gateway.

Financial system information exchange web services are accessible through our API gateway to the system integrator. Our API gateway acts like a security gateway to all the registered services. After successful registration, the system integrator can access the web services over the internet to transmit data securely. It provides additional capabilities to monitor the load and performance of integrator services and other published services.

Our API management process encompasses designing, publishing, documenting, and analyzing APIs in a secure environment. Through our API management approach, we create both public and internal APIs that are consumable and secure. As stated previously, our SOA platform uses our Digital Hub to receive, publish, and expose APIs between our system and the SI's ESB.

Figure 2.7-1 provides an illustration of how our SOA platform integrates with the SI's ESB.

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Figure 2.7-1. SOA Platform and SI ESB Integration
This flow illustrates how our SOA platform integrates with the System Integration Services Contractor's ESB.

As the illustration above shows, any service request can be entered by the SI to Conduent's CMdS Digital Hub through a variety of supported protocols and integration patterns. CMdS Digital Hub will verify and authenticate the request and send it to the appropriate service on our SOA platform for processing. Ultimately, our system returns a response to the SI through Digital Hub.

Aligning with MPATH Objectives

We fully understand the MPATH's modular vision. CMdS aligns with CMS's Medicaid Information Technology Architecture (MITA) Architecture initiative to deliver a modular and highly configurable Medicaid Enterprise Solution that enables service interaction on our SOA platform.

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2.8 Stakeholders And Governance [RFP 3.8]

REQUIREMENT: RFP Section 3.8

3.8.1 Governing Stakeholders

The following stakeholders will contribute to decisions guiding and impacting the MPATH Program:

Center for Medicare and Medicaid Services (CMS): CMS is the government entity respons ble for authorizing enhanced federal funding for the design, development and installation or enhancement of a state's MMIS. The Mechanized Claims Processing and Information Retrieval Systems (90/10) Final Rule, effective January 1, 2016, expanded the definition of mechanized claims processing and information retrieval systems to include a "System of Systems". This "System of Systems" allows enhanced federal funding for installation or enhancement of open source software, proprietary software, services, shared services, module, COTS software, and Software as a Service (SaaS) that comprise a State's MMIS enterprise.

The Contractor and DPHHS will work with CMS and comply with all regulations to ensure the combination of solutions are certified and meet all federal reporting requirements necessary to ensure CMS authorization of enhanced federal funding.

Department of Public Health and Human Services (DPHHS): DPHHS is responsible for the administration of Montana Healthcare Programs and for the administration and oversight of the MPATH modules and components. The following Divisions are directly involved in the MPATH Program.

The Medicaid and Health Services Branch of DPHHS is responsible for contractual administration and Fiscal Agent management responsibilities.

The Human and Community Services Division (HCSD) is responsible for Member eligibility determinations.

The Business and Financial Services Division (BFSD) is responsible for the accounting and financial functions of Montana Healthcare Programs.

The Health Resources Division (HRD) is responsible for overseeing and managing the Acute, Physician and Hospital programs. The care management, Healthy Montana Kids (HMK) and Montana Health and Economic Livelihood Partnership (HELP) programs are also located in this Division.

The Senior and Long-Term Care Division (SLTC) is responsible for overseeing and managing the Nursing Facility Services and Home and Community Based Services programs.

The Addictive and Mental Disorders Division (AMDD) is respons ble for overseeing and managing the adult mental health, behavioral health, home and community services, and chemical dependency programs. The State funded MHSP is also located in this Division.

The Quality Assurance Division (QAD) is respons ble for all activities related to Program Integrity and third-party liability programs.

The Disability Services Division (DSD) is responsible for overseeing the Developmental Disability, HCBS waiver and the Children's Mental Health program.

For additional information on the State programs and a DPHHS organization chart, please refer to the DPHHS website at https://dphhs.mt.gov/Portals/85/Documents/dphhsorganizationalchart.pdf

3.8.2 Impacted Stakeholders

The following stakeholders will be directly impacted by the Montana Healthcare Programs Modularity Program:

Members: The MPATH Program will provide stakeholder-centric solutions that improve outcomes for Montana Healthcare Program members and provide timely and accurate communications to members.

Providers: The MPATH Program will provide stakeholder-centric solutions that enable providers to enroll in Montana Healthcare Programs, revalidate, and maintain their enrollment information, to submit claims, to receive timely and accurate reimbursements, and to resolve inquiries through self-service tools where possible.

2.8.1 Governing Stakeholders

REQUIREMENT: RFP Section 3.8.1 Governing Stakeholders

Multiple stakeholders, an integrated modular approach to service delivery, and the constantly changing healthcare delivery environment drive the need for an overall governance model that is responsive, transparent, and tightly aligned with the goals of the MPATH project and DPHHS vision. It is critical that the approach be holistic and provide a coordinated view of project functions, objectives, and strategic direction. Clearly, both the timely implementation and certification of the Claims Processing and Management solution as well as all other modular components that make up the Montana Healthcare Program enterprise are critical to the success of MPATH.

Conduent understands that in order to deliver appropriate oversight and ongoing strategic direction for MPATH, the State has established a comprehensive MPATH Program structure. The structure includes a

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designated Project Governance Team for each MPATH module, and this team meets regularly with module contractors to review all disciplines of project management. Reviews include status, schedules, issues, risks, quality, and deliverables among other factors that can affect timely and effective project execution.

In lock-step with the Department, Conduent places a high priority on project governance and provides a governance structure founded on industry standards that will easily integrate with the overall State governance structure. Our commitment is to collaborate effectively with State and other stakeholders to meet MPATH program goals and objectives.

We provide our governance structure for the Claims Processing and Management Services project in Figure 2.8.1-1.

Figure 2.8.1-1. Conduent Governance Structure
Our governance structure provides proactive controls and oversight.

Conduent applies our proven Quality Management System (QMS) methodology, outlined in detail in Proposal Section 4.2.2, Project Management and System Development Requirements, which includes governance protocols that are aligned to industry standards such as the Project Management Institute's (PMI's) *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* CMS' Expedited Life Cycle, IEEE and others, resulting in consistent and accountable execution and reporting.

In addition to having a clearly established governance hierarchy and defined processes to provide appropriate visibility to project health, our governance structure is integrated with other project management disciplines that are embedded throughout Conduent's organization around communication, change management, issue resolution, and other critical functions. These disciplines reflected in the

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overall QMS facilitate quality, advocacy, and partnership with the goals, objectives, and requirements from the ground up.

Further, our processes incorporate lessons learned from past implementations, so that we promote and execute proven processes. Conduent has significant experience working in multi-vendor/stakeholder landscapes to collaborate, inform, provide status updates, track and resolve issues, and mitigate risks. Early in the project we set the framework around:

- Interactions: frequency, methods, roles, and responsibilities
- Schedules: alignment and interdependencies
- Risks and issues: forums, protocols and paths, identification of authorized decision makers
- System Integrator methodologies: integration points, dependencies, standards

During project initiation and planning, we coordinate with you to align our governance structure and resources with yours to achieve seamless integration. These activities establish an appropriate governance and oversight cadence from day one and are carried forward effectively and efficiently.

In addition, we recognize that several DPHHS entities play vital roles in your governance structure. This also includes providing strategic direction, program management oversight, and monitoring activities to ensure that all stakeholders comply with your established governance standards, processes, and requirements. Conduent is committed to working collaboratively with you and these entities in a spirit of partnership and advocacy. We provide direct day-to-day project management oversight and coordination of the Claims Processing and Management Services project including integration activities, using prescribed governance standards.

Conduent recognizes that multiple stakeholders contribute to decisions, which guide and influence the MPATH program. Across our 35-year history with DPHHS, we have worked with many internal and external departments and divisions across the greater Montana Medicaid enterprise. Additionally, as a provider of MMIS technology and/or fiscal agent services for 49 years, we have worked with thousands of state government stakeholders, Medicaid service providers, contractors in our accounts nationally, and outreached to your Medicaid members.

We use our established program governance framework that includes standards, processes and service definitions for all MPATH modules. We leverage this framework to provide project management oversight and governance to manage the entities responsible for integration of modules. We coordinate with and work under a collaborative governance structure to execute the strategic and tactical tasks, while supporting the objectives and vision outlined by DPHHS. Our approach has built-in flexibility to execute future instructions that the MPATH program might address.

We do not drive project governance and project management by documentation alone. Our experienced staff utilize consistent execution and communication of governance standards. Our team of professionals is very well versed in project management and project governance. They verify that our project team adheres to prescribed standards. Although stakeholders maintain control over their own technologies and implementations, we serve as a partner with all stakeholders by providing reporting, status updates, risk and issue management and data governance across the Claims Processing and Management Services project.

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Table 2.8.1-1 provides highlights of our current and successful relationships with Montana-specific entities involved in the MPATH Program.

Table 2.8.1-1. Conduent's Current Relationships with Montana Entities

Montana Entities	Current Relationship
The Medicaid and Health Services Branch of DPHHS is responsible for contractual administration and FA management responsibilities.	• 35-year relationship building and revising the MMIS system for the state • Interaction with multiple department leaders and administrations • Collaboration on Medicaid expansion projects
Human and Community Services Division (HCSD) is responsible for Member eligibility determinations.	• Serves as primary contact with the State's eligibility staff • Provides the eligibility team's overflow resource for informational calls in support of their activities for more than one year
Business and Financial Services Division (BFSD) is responsible for the accounting and financial functions of Montana Healthcare Programs.	• Work with BFSD on PMPM and other invoicing activities • Collaborate with BFSD on TPL activities and reconciliation projects that originate from a variety of government offices
Health Resources Division (HRD) is responsible for overseeing and managing the Acute, Physician and Hospital programs. The care management, Healthy Montana Kids (HMK) and Montana Health and Economic Livelihood Partnership (HELP) programs are also located in this Division	• Daily Conduent staff interaction with Program Officers • Claims issue resolutions and process changes made as policies evolve and change
Senior and Long-Term Care Division (SLTC) is responsible for overseeing and managing the Nursing Facility Services and Home and Community Based Services programs.	• Ongoing support and education • Provide guidance on claims process streamlining to increase program effectiveness
Addictive and Mental Disorders Division (AMDD) is responsible for overseeing and managing the adult mental health, behavioral health, home and community services, and chemical dependency programs. The State funded MHSP is also located in this Division	• Long-standing relationship with this division of the State that encompasses a State hospital, treatment centers, and individual/group community providers • The MHSP program was a state-funded program that presented unique provider guidelines. This program has been primarily absorbed by Medicaid expansion
Quality Assurance Division (QAD) is responsible for all activities related to Program Integrity and third-party liability programs.	• Monthly interaction with this department • TPL oversight is handled through this relationship • Website information and ongoing refinements to customer FAQs are guided through this relationship
Disability Services Division (DSD) is responsible for overseeing the Developmental Disability, HCBS waiver and the Children's Mental Health program	• Newer relationship since Optum launch of DDP providers • Children's mental health has been a long relationship as services have evolved between at-home, third-party, and school-based services

System of Systems: Enhanced Federal Funding

Obtaining CMS federal certification to achieve maximum federal financial participation (FFP) is a critical objective of all Medicaid projects. Conduent brings extensive experience working with the Centers for Medicare and Medicaid Services (CMS) in assisting our state customers achieve maximum allowable FFP. Working with CMS, we bring a 100% successful record of federal certification in 15 MMIS

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implementations for the following Medicaid programs: Alaska, Colorado, Florida, Georgia, Iowa, Minnesota, Mississippi, Montana, North Dakota, New Hampshire, New Mexico, Washington, and Wyoming, and twice for the District of Columbia Medicaid program. No Conduent MMIS has ever failed to receive certification retroactive to the date requested.

Our certification team of experts follows a proven, documented approach to preparing for federal certification to verify successful system compliance with federal certification requirements. In fact, our team brings a perfect record in supporting our clients' adherence to the Medicaid Enterprise Certification Toolkit (MECT) checklist requirements, including using the latest MECT guidelines for certification of our Health Enterprise MMIS for New Hampshire (2015), for Alaska in 2018, and most recently for North Dakota (2019).

Conduent is fully conversant with the Mechanized Claims Processing and Information Retrieval Systems (90/10) Final Rule that allows for enhanced federal funding for a System of Systems approach—modular systems development—where individual COTS/SaaS software/modules are interoperable and require minimal customization to work together seamlessly to support a unified enterprise. DPHHS has first-hand knowledge of our expertise in this area: our latest generation pharmacy module (Flexible Rx) received CMS certification in the State of Montana in February 2017 using the new MECT guidelines for modular certification.

We recognize all MPATH enterprise solutions must achieve federal certification CMS authorization of enhanced federal funding as early and expediently as possible. DPHHS can rely on Conduent's full support and participation as needed in CMS certification of the other MPATH modules.

2.8.2 Impacted Stakeholders

REQUIREMENT: RFP Section 3.8.1 Impacted Stakeholders

Conduent never loses sight that, ultimately and most importantly, the impacted stakeholders are the clients who are receiving vital healthcare services and the providers that serve them. We use this knowledge and understanding throughout and during our administration of healthcare services as we respond to inquires, make and evaluate changes to programs and benefits, enforce policy changes, process claims, and perform all the other integral services and interactions with stakeholders to help attain the goals and objectives of ultimately improving health outcomes.

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3 RFP Section 3.10.2.1 [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C

The Contractor shall submit in their response, a high-level project schedule that represents the overall implementation timeline of their proposed solution. The high-level schedule must include key dependencies and all phases of the project from project initiation and kick-off through certification of the system (approximately one year following the implementation of all DDI Contract requirements).

Conduent's team of experts uses an integrated, results-oriented project management approach to create a detailed, predictive schedule for the implementation of the project and enable close monitoring of the project's progress, facilitating a timely and cost-effective implementation.

In this section, we provide our draft Project Work Plan, detailing the sequence of events and timeline required to implement the Claims Processing and Management Services project. It includes key dependencies and all phases of the project from project initiation and kick-off through certification.

We provide our work plan in two formats:

- Summary view with Gantt chart, showing high-level view of schedule with key tasks
- Detailed view with summary tasks, activities, milestones, dependencies, and deliverables

Keys to Success

Schedule and Project Management

We create the Project Work Plan using sound project management techniques, deep system implementation experience, and familiarity with Montana programs and how our CMdS product meets your requirements.

Both formats clearly convey our planned 28-month DDI Phase followed by certification of the system six months after implementation. To arrive at our proposed timeline, we considered the following:

- Historical implementation data for projects of similar size and complexity, for both Conduent and non-Conduent implementations
- Allocation of necessary resources including subject matter experts and key personnel
- Expected deliverable turnaround timelines and dependencies; avoidance of multiple simultaneous deliveries
- Functional and technical dependencies within and across CMdS modules
- Dependencies on outside entities such as the Systems Integration Services Contractor
- Certification experience, history, processes, and subject matter expertise

We look forward to conversations with the Department to confirm and refine our timeline based on Department resource availability, other concurrent module work for the Department, System Integrator constraints and capabilities, and more.

Understanding the Project Work Plan

Our Project Work Plans include the following columns: ID, WBS, RFP Reference, Task Name, Duration, Start, Finish, and Predecessors, for each task and subtask required to complete the project. The following indicators are universally applied to all Conduent project schedules:

- **"D-I:"** indicates initial or interim submission of a contractual deliverable
- **"D:"** indicates final submission of a contractual deliverable

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- **"C:"** indicates a client task, referring either to tasks that are the responsibility of DPHHS or that require DPHHS participation
- **"M:"** indicates a milestone (e.g., DPHHS approval of a deliverable or the completion of tasks within a summary task or phase)
- **"WP:"** indicates a work product—an artifact that is not a required formal deliverable, but which we make available to DPHHS as a part of our methodology

We develop the plan using a standard workday, with no work currently planned for weekends, holidays, or overtime. This approach provides a built-in conservatism factor that allows us to devote additional effort on weekends or use overtime, if needed, to remain on schedule. Where practical, we overlap non-dependent tasks to expedite the schedule. For maximum efficiency, we assume key decision-makers from DPHHS and stakeholder groups are available to make timely decisions on all approvals.

We use milestones to signify the completion of each DDI phase as well as completion and approval of required deliverables. Milestones that contribute to deliverable approval include tasks for Conduent submission, DPHHS review, and DPHHS approval.

We leverage our knowledge and experience gained in Montana and across other Conduent implementations to develop a Project Work Plan that is executable and grounded in solid, tested, and proven schedule management standards. Our experienced, thoughtful, and standardized project planning, paired with best practices, guidelines, and templates from our QMS, allow for clarity of assignments, ease of reporting, effective management, and reliability of a well-developed and executable plan for the CMdS implementation schedule.

Applying Project Management Practices

Each of the Quality Management System (QMS) methodologies – detailed in Proposal Section 4.2.2, Project Management and System Development Requirements – includes plans and artifacts that are incorporated into the Project Work Plan and then executed to oversee the implementation of the project. Table 3-1 shows how the execution of various project management knowledge areas contributes to an effective, informative, and realistic work plan.

Table 3-1. PMM Knowledge Areas Contribute to Project Work Plan Quality

Knowledge Area	How it Contributes to an Effective Work Plan
Change Management	The Project Manager oversees that changes are assessed for impact to the work plan so informed decisions can be made to approve, prioritize, and schedule the work
Communication Management	The Project Manager keeps stakeholders informed regarding schedule progress, slippage, upcoming tasks and milestones, and overall project health
Integration Management	The Project Manager is responsible to oversee the integration between the work plan, other artifacts, and the Integrated Master Schedule so that the project team is aware of touchpoints and dependencies on other MPATH modules
Issue Management	By proactively identifying issues, we can resolve them quickly and minimize their impact on the schedule
Quality Management	We include tasks in the work plan for quality reviews to allow for sufficient time and resources to infuse quality into our work products
Resource Management	We anticipate staffing needs and make sure the work plan is resource leveled, keeping the work plan realistic and accurate

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Knowledge Area	How it Contributes to an Effective Work Plan
Risk Management	By proactively identifying risks, we can mitigate them and minimize their impact on the schedule
Schedule Management	We implement schedule development and schedule management best practices to maintain and update the work plan status on a weekly basis.
Scope Management	The best way to stay on schedule is to stay in scope. The Project Manager manages scope and requirements to make sure we are doing the right work at the right time to meet contract obligations

We plan for flexibility in non-critical tasks, so they can be adjusted within the schedule as needed. We also use historical data and subject matter expertise to estimate our work, so our schedule is as accurate and low-risk as possible. Additionally, we anticipate problems that could affect the schedule using QMS risk management processes. We identify, analyze, and either avoid or mitigate risk occurrence by designing and implementing solid risk mitigation plans.

Project Work Plan Monitoring and Controlling

Our Project Manager maintains the Project Work Plan by applying PMBOK Guide principles for Project Schedule Management. Using an integrated management approach, we continually inform appropriate stakeholders of progress against the schedule, we identify and respond to schedule slippage, and we report on progress regularly and consistently.

We update the Project Work Plan on a weekly basis with progress, task details, and durations and follow approved change control processes when requirements change. All team members are responsible for understanding the tasks assigned to them and reporting actual work against planned tasks. Our project managers are responsible for identifying and controlling inconsistencies with planned progress.

We execute schedule management best practices as follows:

- **Team-wide access to schedule information.** The Project Manager stores and shares the work plan on SharePoint for team access. The ability to share files in Microsoft Project and PDF formats makes it possible for anyone to view the files, with or without having schedule management software installed.
- **Accurate reporting of progress by teams.** The project leads report actual and planned work, identify deviations from planned progress, and take the necessary action to remedy deviations. We conduct retrospectives as a touchpoint to synchronize progress at the end of each iteration against expected work plan progress.
- **Proactive monitoring and risk mitigation.** The Project Manager continually monitors and reports on project progress, identifying and mitigating risks early to keep the project on track.
- **Comprehensive, integrated oversight.** The Project Manager tracks and monitors any risks, issues, and action items associated with cost, resources, schedule, and the technical environment, and adjusts priorities, tasks, and contingencies as necessary.
- **Informative status reporting.** The Project Manager prepares status reports that include automated metrics and manually written details that, together, provide keen insights concerning project status, potential or existing roadblocks; and completed, in-progress, and scheduled work. These reports are used in weekly and monthly status reporting with the Department.

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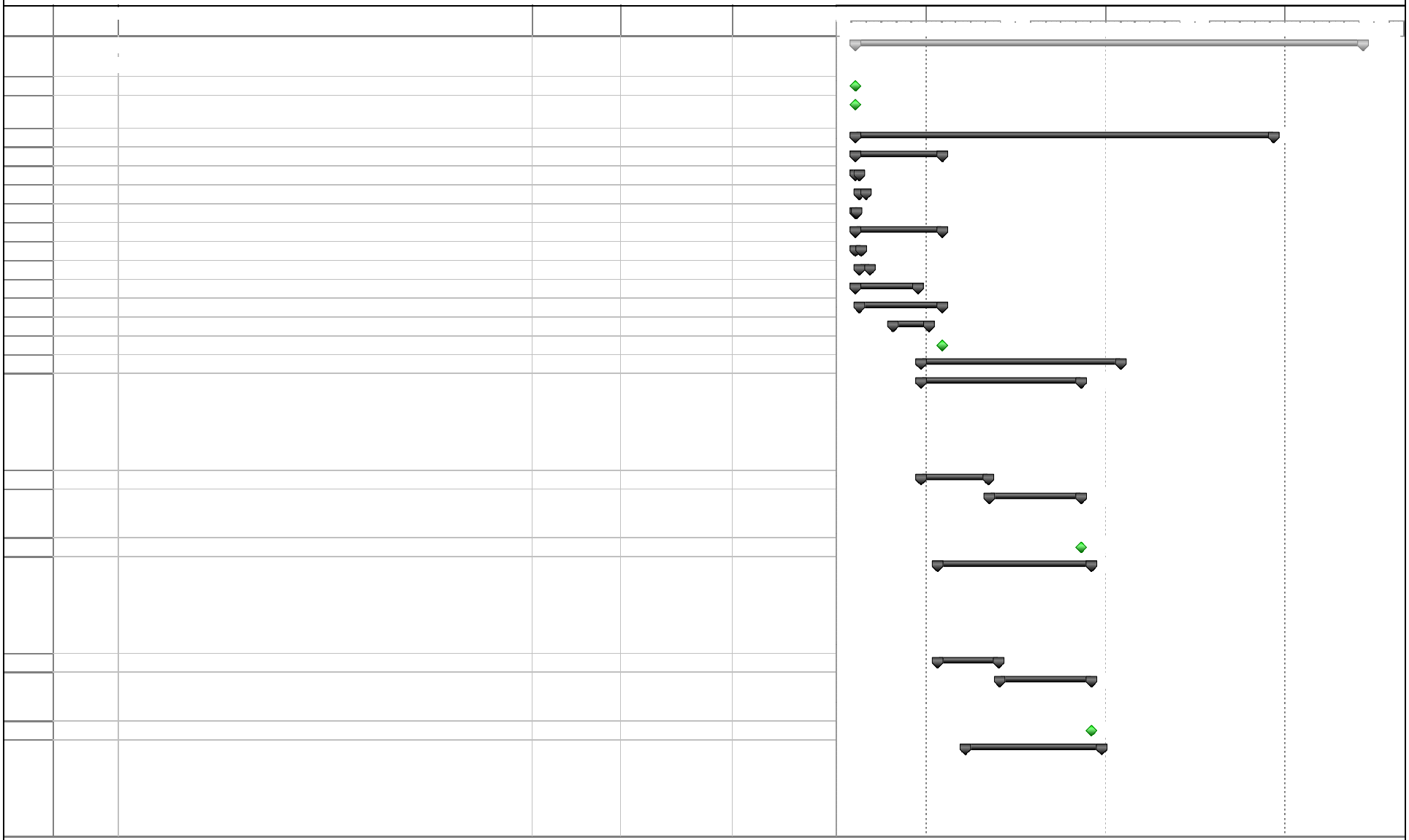

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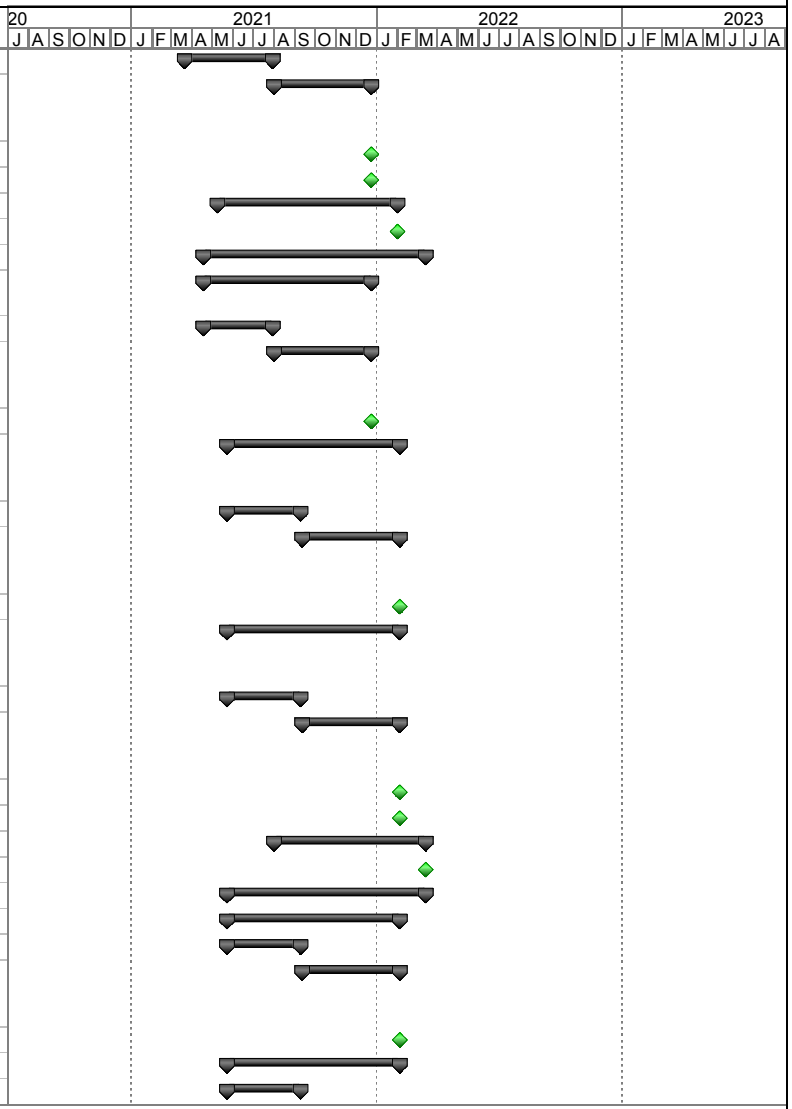
ID	WBS	Task Name	Duration	Start	Finish



Task Milestone Summary Project Summary

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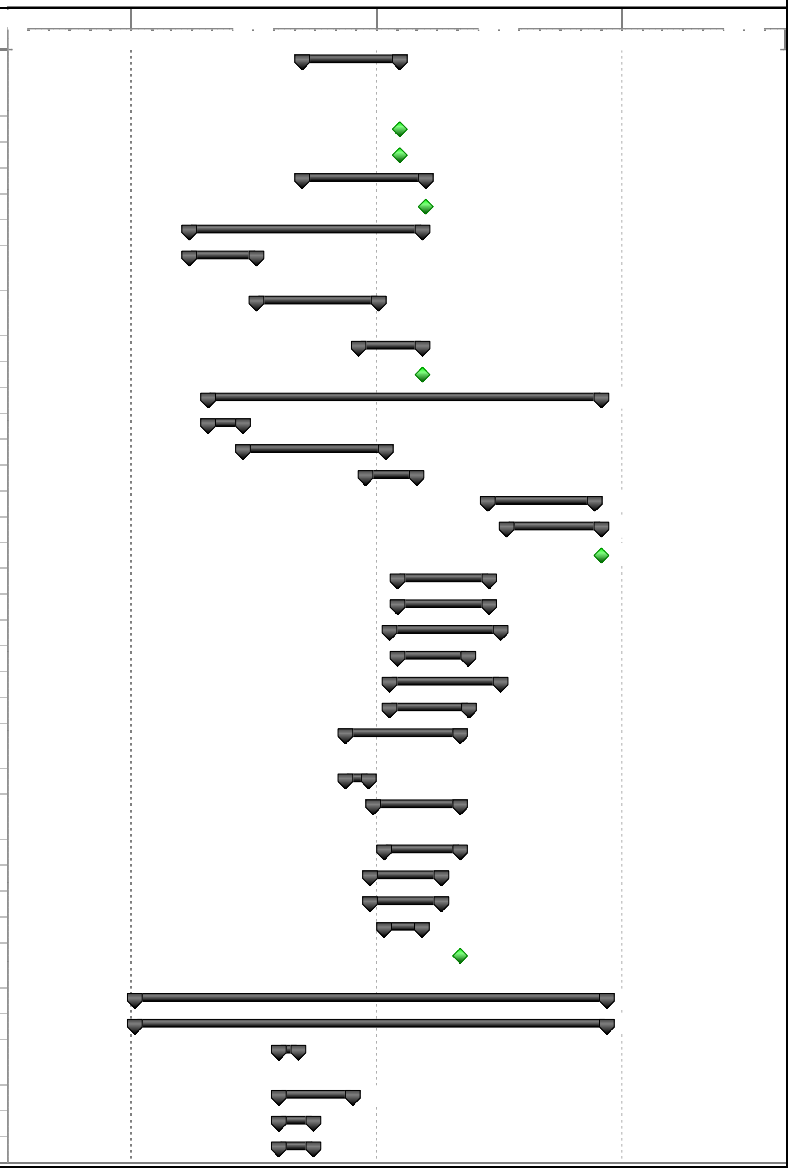
ID	WBS	Task Name	Duration	Start	Finish



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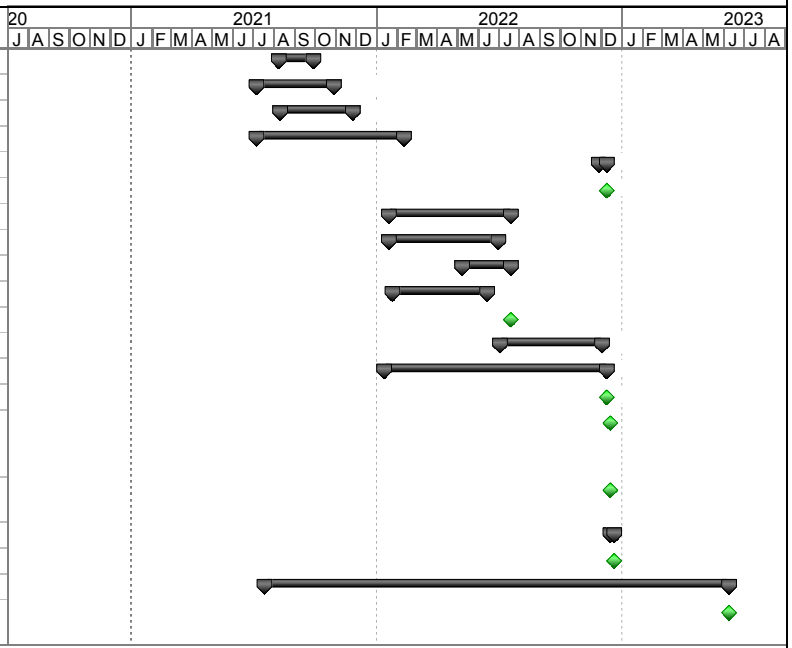
ID	WBS	Task Name	Duration	Start	Finish



Task Milestone Summary Project Summary

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4 RFP Section 3.9 and 3.10 [RFP Attachment F]

REQUIREMENT: RFP Section Attachment C

Offeror must respond in detail to the scope of work outlined in Sections 3.9 and 3.10 and all associated requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP. The Offeror must restate the subsection number and the text immediately prior to the written response.

Conduent has responded to all requirements as mandated by the RFP as outlined in Table 4-1.

Table 4-1. Cross-Reference of Conduent Responses to Section 3.9 and Section 3.10 Requirements

RFP Section	Proposal Section Number (including Subsections)	Proposal Section
3.9	4.1	High Level Scope Of Work
3.10	4.2	Detailed Scope Of Work

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4.1 Section 3.9 High Level Scope Of Work [Attachment F]

REQUIREMENT: RFP Section 3.9, Attachment F

The Claims Processing and Management Services solution will replace and modernize Montana Healthcare Programs' claims processing functionality provided by the legacy MMIS. The solution will meet Montana's "to be" vision for flexible and configurable claims processing as well as other applicable MITA business areas, detailed in the MITA 3.0 State Self-Assessment found in the Procurement Library.

The solution will manage the receipt, adjudication, editing, pricing, payment, and reporting of claims, including but not limited to: physician, hospital, outpatient, nursing home, Federally Qualified Health Centers (FQHC), Rural Health Centers (RHC), Critical Access Hospitals, dental, vision, transportation, disability services, behavioral health (adult and children), and waiver services. Claims will be adjudicated in real-time and produce remittance advices. The solution must support a diverse set of reimbursement methodologies for fee-for-service and managed care organizations and apply those reimbursements appropriately based on simple and complex criteria. In addition, the solution will have the capability to track, display and report on all claims processing activity throughout the adjudication process, including reimbursement. The solution will be configurable and flexible to support claims processing to ensure accurate and timely processing and adjudication determinations based on benefit criteria and associated reference data defined within each plan.

The solution must be flexible, adaptable, and configurable to support enhancements, updates, and changes of increasing complexity required by Federal and State regulations and policy including, continuous improvement in business operations with transparency and accountability to ensure the system meets the system requirements and performance standards. In addition, the solution must support all current and future HIPAA transactions and communication to providers.

The Claims Processing and Management Services solution procurement is a multi-state cooperative procurement initiative through NASPO ValuePoint. NASPO ValuePoint® is a cooperative purchasing program among states. This solicitation is managed by a multi-state Sourcing Team, led by Montana. Other sourcing team states include Georgia, Missouri, and Connecticut. There is functionality within the Claims Processing and Management Services solution scope that is not required by every participating state. Therefore, Optional Services have been included to be priced separately which will allow each state to determine if the optional functionality and/or services should be included in their specific scope of work. If the Optional Services cannot be implemented with the Core Services without affecting the Core Services timeline, the State may consider adding an additional implementation phase to the Claims Processing and Management Services solution schedule.

Below is a list of the Optional Services detailed further in Section 3.10. Requirements for the Core Claims Processing and Management Services solution and Optional Services are also included in Attachment F – Requirements Response Matrix.

Option A: Financial:

- Fiscal Management
- Financial Reporting

Option B: Call Center

- Member and provider call center

Option C: Federal Reporting

- Federal Reporting

Option D: State-Specific Requirements

- State-specific requirements will be identified and confirmed during the Participating Addendum process

Our proposed solution optimally supports the "to be" vision for Claims Processing and Management Services.

DPHHS has a clear "to be" vision for replacing legacy claims processing functionality with a flexible, configurable Claims Processing and Management Services solution that best assists the State to administer Montana's Healthcare Programs and deliver needed healthcare services to Montanans. Conduent is aligned with your vision. Based on our reading and understanding of the State's RFP and our commitment to help DPHHS reach that vision, we are bidding selected modules from our innovative Conduent Medicaid Suite (CMdS) that will best assist us in performing the scope of work both for the Claims Core and the three Optional Services. CMdS is an application programming interface (API)-driven modular product that is completely cloud-native and architected for maximum program configurability, flexibility, value, interoperability, scalability, and information security protection.

Meeting the "To Be" Vision

- Modular, modern functionality within a product suite designed for configurability, reliability, and flexibility
- Cloud-hosted solution to offer maximum adaptability and scalability
- SaaS delivery model offers cost-effective solutions to meet evolving needs

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Specifically, our proposed Core Services modules include CMdS-Claims, CMdS-EDI, and CMDS-Insight, and our proposed Optional Services modules include CMdS-Financial, CMdS-Call Center, and CMdS-Federal Reporting products as shown in Figure 4.1-1. Our modular products are consistent with Medicaid Information Technology Architecture (MITA) business process objectives and CMS standards for our industry.

Configurability, Flexibility, and Adaptability

A rule-based solution built on a data-driven configuration structure, CMdS provides the inherent flexibility and configurability to address evolving program needs including changes in requirements, regulations, and policies. This inherent adaptability supports the agility for rapid, low-risk implementation of time-sensitive enhancements, updates, and complex changes in federal and State regulations. CMdS is designed for configuration by business analysts using a COTS-based business rules engine (BRE) that allows Conduent to easily make changes that support continuous improvement. The solution's modern architecture for implementing business rules creates transparency and accountability to help ensure modules meet system requirements and performance standards. Additionally, the product is fully 5010-compliant and supports all current HIPAA transactions and communications to providers with inherent capability to support future transactions and communications standards.

Multi-State Cooperative

Conduent acknowledges that the Claims Processing and Management Services RFP is a multi-state cooperative procurement initiative through the NASPO ValuePoint cooperative purchasing program among states. We understand further that there is functionality (Optional Services) within the Claims Processing and Management Services solution scope that is not required by every participating state. We have, therefore, priced Optional Services separately.

Conduent acknowledges that if Optional Services cannot be implemented with the Core Services without affecting the Core Services timeline, the State may consider adding an additional implementation phase to the Claims Processing and Management Services solution schedule.

We provide a brief overview of each module in our proposed CMdS products set for Montana under the following headings:

Core Claims Processing Management Capabilities

Our claims processing and management products include CMdS-Claims, CMDS-EDI, and CMdS-Insights. These solutions incorporate MITA-preferred technologies (including the use of a COTS rules engine, a workflow engine, web services, and a web-based user interface) that help DPHHS to attain or exceed the "to be" capabilities defined in the MITA 3.0 State Self-Assessment (SSA-A).

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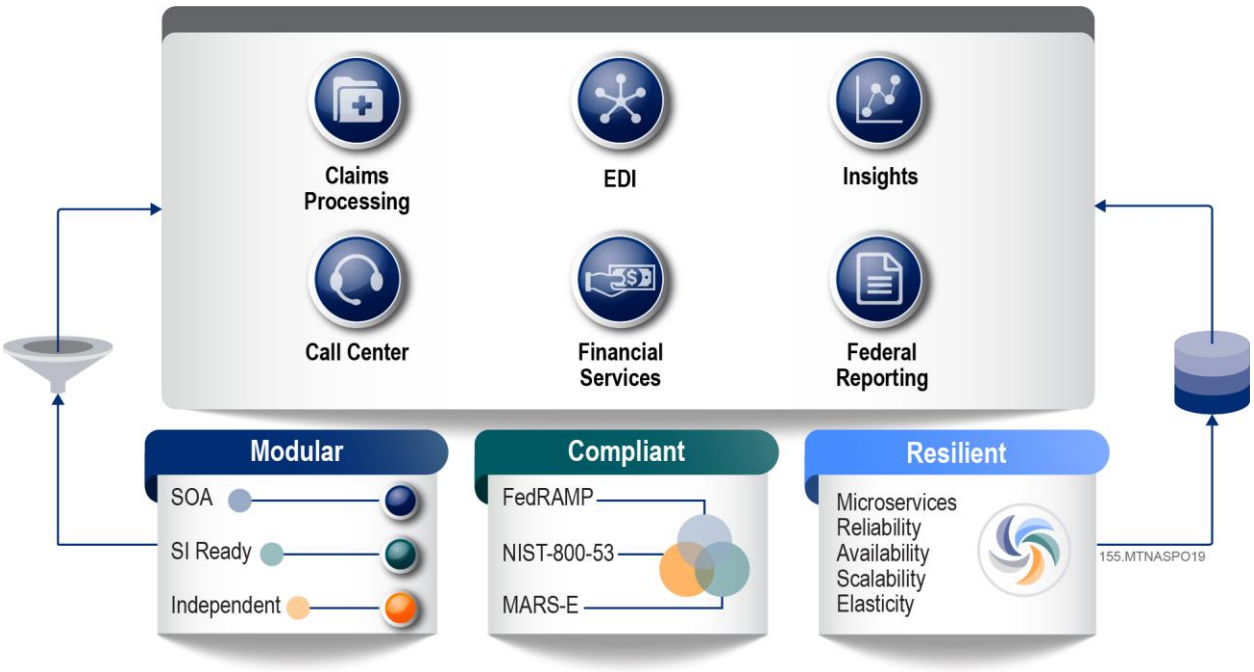

Figure 4.1-1. Claims Processing and Management Services Solution Overview
CMdS drives digital transformation and enables the Claims Processing and Management Services solution procurement initiative.

The CMdS products perform critical functions to replace and modernize claims processing and support the multi-state cooperative procurement initiative. We propose the following modules:

CMdS-Claims. A core CMdS component, the claims processing module provides accurate and prompt online (real-time) adjudication of claims and produces remittance advices. The solution contains more than 1,300 flexible edits and audits; supports simple and complex pricing methodologies; and has extensive configurable program and benefit plan capabilities. As such, the claims processing module is highly adaptable for current and future policies and programs—both traditional Title XIX programs and other state-specific programs. CMdS-Claims supports electronic and paper submissions as well as non-traditional claim instruments that follow federal and State regulations. We receive, process, edit, audit, and price claims of multiple types from many different entities as well as payment processing and other financial transactions such as accounts receivable, accounts payable, budget allocations and assignments, configurable fund code allocation and remittance advice generation.

CMdS-EDI. Our CMdS-EDI module is a HIPAA/HITECH clearinghouse, specializing in ANSI 5010 X12N transaction set. It supports multiple connectivity protocols as well as interoperability with a variety of third-party connectivity and middleware products. We support EDI and non-EDI data transmissions between healthcare stakeholders in a safe, efficient manner. Our solution is fully 5010-compliant and the first solution to reach the ACA Section 1104 Phase I mandate, as well as being fully accredited by EHNAC since 2007. It can support SNIP levels one through seven and offers highly configurable, real time, and batch submission capabilities to enable effective data exchange and interoperability.

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CMdS-Insights. This module is our reporting dashboard and business intelligence platform. It serves as the point of entry and dashboard for CMdS-wide monitoring, transactional-based Operations - Control Series details and our robust operational, on-demand, and ad hoc reporting. This includes traditional claims, financial, and transactional information, as well as trend and aggregation reporting. The Insights module can support deeper understanding of Medicaid and related programs to enable and support critical decisions for program leadership. Combined with business, policy, and analysis experts, CMdS-Insights creates a powerful knowledge management tool, allowing users to derive actionable intelligence from trends, information, and insights.

Optional Services

CMdS-Financial/Option A. The financial module supports fiscal management process and financial reporting for CMdS. The module manages payment processing for financial transactions such as accounts receivable maintenance, account receivable recoupments, interest and penalty calculation, create accounts payable, payment suspension, receipt maintenance, receipt disposition, and full payment reporting for State and federal reporting including Financial and payment balancing reports. Solution also supports calculation of 1099 and reporting.

CMdS-Call Center/Option B. Our call center module includes Verizon's Virtual Contact Center—a complete cloud-based, hosted contact center offering that provides an innovative telecommunications structure and comprehensive set of contact center tools for omnichannel communications (phone, email, chat, SMS, or social media); workforce optimization; intelligent, automated call distribution and routing; standard/ad hoc reporting; quality assurance management, and more. The CMdS-Call Center module offers state customers advanced, feature-rich technology that supports comprehensive customer care capabilities to help agents deliver an exceptional customer service experience for providers and members.

CMdS-Federal Reporting/Option C. Our CMdS-Federal Reporting module provides state clients the comprehensive reporting functionality to satisfy federal reporting requirements along with flexible, user-defined capabilities for financial, administrative, and clinical program analysis. We designed the solution to provide users easy, unfettered access to data with the ability to perform functions ranging from standard reports to advanced ad hoc queries and analytics. The solution includes two primary components: the fraud and abuse detection (FAD) component provides extensive surveillance and utilization review (SUR) capability and the management and administrative reporting (MAR) component supports required federal and state reporting (MAR/reports and T-MSIS extracts) for program and financial functions. Additionally, the solution supports seamless integration with our CMdS-Claims and CMdS-Insight modules with advanced database design. The analytics platforms provide the scalability and flexibility to support evolving data and analytic needs as state programs evolve.

Multi-State Cooperative

Conduent acknowledges that the Claims Processing and Management Services solution procurement is a multi-state cooperative procurement initiative through the NASPO ValuePoint cooperative purchasing program among states. We understand further that there is functionality (Optional Services) within the

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Claims Processing and Management Services solution scope that is not required by every participating state. We have, therefore, priced Optional Services separately.

Conduent acknowledges that if Optional Services cannot be implemented with the Core Services without affecting the Core Services timeline, the State may consider adding an additional implementation phase to the Claims Processing and Management Services solution schedule.

Acknowledgement – Option D: State-Specific Requirements

Conduent acknowledges that Option D includes state-specific requirements unique to a participating state and that these requirements will be identified and confirmed during the Participating Addendum process.

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4.2 Detailed Scope Of Work [RFP 3.10, Attachment F]

REQUIREMENT: RFP Section 3.10, Attachment F

The Department of Public Health and Human Services (DPHHS) defined the scope of work stated in the Requirements Response Matrix which is included as Attachment F of this RFP. Attachment F requirements are Mandatory requirements and may only be changed through written approval of DPHHS and the Contractor. The requirements in Section 3.10 Scope of Work, unless otherwise noted, shall apply throughout the life of the Contract. Additionally, the Contractor's scope of work must be performed within the Offeror's proposed cost for each project phase as defined in Attachment G – Pricing Schedules, Schedule B – DDI Payment Milestones.

Conduent has responded to all requirements as mandated by the RFP as outlined in Table 4.2-1.

Table 4.2-1. Cross-Reference of Conduent Responses to Section 3.10 Requirements

RFP Section	Proposal Section Number (including Subsections)	Proposal Section
3.10	4.2	Detailed Scope Of Work
3.10.1	4.2.1	Technical and Information Architecture Requirements
3.10.2	4.2.2	Project Management and System Development Requirements
3.10.3	4.2.3	Certification
3.10.4	4.2.4	Operations, Maintenance, and Configuration
3.10.5	4.2.5	Key Personnel and Resources
3.10.6	4.2.6	Project Closeout and Turnover
3.10.7	4.2.7	Project Deliverables and Documentation
3.10.8	4.2.8	Performance Standards
3.10.9	4.2.9	Subcontractors
3.10.10	4.2.10	Edits, Processing, and Adjustments
3.10.11	4.2.11	Pricing and Payment
3.10.12	4.2.12	Benefit and Reference Data Management
3.10.13	4.2.13	Claims Data and Reporting
3.10.14	4.2.14	System Administration and Operations
3.10.15	4.2.15	Service Authorizations
3.10.16	4.2.16	Option A: Financial
3.10.17	4.2.17	Option B. Call Center
3.10.18	4.2.18	Option C. Federal Reporting
Attachment F	Attachment F – Requirements Response Matrix	Attachment F – Requirements Response Matrix_Amend_4
Attachment H	Attachment H Resource Allocation Schedules	Attachment H Resource Allocation Schedules_Amend2
Attachment L	Attachment L – Technology Matrix	Attachment L – Technology Matrix

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Conduent has fully reviewed and understands RFP Attachment F, DPHHS-defined scope of work for the new MPATH contract. We also understand that Attachment F requirements are Mandatory requirements, and may only be changed through written approval of DPHHS and Conduent, and will apply throughout the life of the Contract. We agree to perform the scope of work within our proposed cost for each project phase as defined in Attachment G – Pricing Schedules, Schedule B – DDI Payment Milestones.

4.2.1 Technical and Information Architecture Requirements [RFP 3.10.1, Attachment F]

REQUIREMENT: RFP Section 3.10.1, Attachment F

The MPATH Integration Platform, implemented by the Systems Integration Services Contractor, will provide an inventory of Application Programming Interfaces (APIs) in addition to performing other systems integration services to support the Technical and Informational Architecture requirements. Module Contractor(s) must work with the Systems Integration Services Contractor to integrate with the MPATH Integration Platform. The "to-be" technical architecture and supporting technology requirements for the MPATH modules and components are defined in Attachment F – Requirements Response Matrix.

Conduent's experience combined with the innovative technology behind our product to provide you with the mature business processes, Medicaid Information Technology Architecture (MITA) compliant architecture, and seamless integration to support the MPATH enterprise.

The Centers for Medicare and Medicaid Services (CMS) recommends states utilize a System Integrator to provide oversight, management, integration, and technology services to support the implementation of modular Medicaid Management Information System (MMIS) solutions. Some of the key drivers of modularity are to move the MMIS to Open Application Programming Interface (API) and highly interoperable standards. Conduent understands that the modular solutions should be designed to the highest and latest technology standards to meet these objectives.

Complex Integration Architecture Simplified

- Mature Processes
- Flexible Technology Stack
- Seamless Information Flow
- Canonical data formats

The Conduent Medicaid Suite (CMdS) was designed from ground up and is based on a MITA compliant architecture. It is built on the principles of modularity, allowing it to integrate seamlessly through a single point of contact (The Conduent Digital Hub) with disparate systems that the State uses. CMdS leverages innovative technological approaches to automate and streamline data exchanges between the different modules in the modular MMIS ecosystem. Our standard interfaces come pre-built and are ready to integrate with the System Integrator through industry standard Enterprise Integration patterns. Our interfaces are all designed with a canonical data model design pattern to meet the integration requirements through the configuration of our pre-built interfaces instead of ground-up development during the Design, Development, and Implementation (DDI) phase. This provides a significant advantage in reducing the implementation risk and optimizing implementation timelines.

Conduent understands there is a paradigm shift in the approach of implementing an MMIS ecosystem by engaging multiple vendors for delivering the highest standards of care coordination and delivery to the State's recipient population. This shift also introduces significant complexity to implement a modular system. We designed and engineered CMdS to significantly reduce this complexity and associated implementation challenges. Figure 4.2.1-1 provides a high-level overview of CMdS' pre-built tools.

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Figure 4.2.1-1. High Level Overview of CMdS
CMdS provides mature processes, flexible technology, and seamless information flow.

Conduent currently works with the Department and the Systems Integration (SI) Services Contractor and will continue to work with them to meet today's complex technical environment head on. We believe the key to success for these challenges is the strong focus on mature processes combined with flexible technology architecture. Together, the mature processes and flexible technology enable us to deliver a solution where information flows seamlessly through open architecture to other modules and entities.

The Modularity Standard requires the use of a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces (APIs) for the purpose of easy integration with other modules through the SI. CMdS is built with modularity standards and exposes open APIs to communicate securely with other modules, according to CMS's Final Rule (CMS 2392-F). Open APIs means CMdS can easily share data and consume services with other Medicaid systems. CMdS includes API interfaces to meet most of the interfacing scenarios for modular integration with the SI and minimizes implementation effort.

To overcome the challenge of multiple interchange connections with external entities, the CMdS Suite of products are designed with the Conduent Digital Hub—an enterprise service bus (ESB) based data services hub backed by a canonical data model as the backbone—as the backbone. The benefit is a single connection point for sharing information seamlessly and presentation of the data in the simplest possible form; therefore, data is exchanged between disparate systems despite technology used by the enterprise. This extensibility creates the plug and play framework for integration and information sharing between MPATH program modules and components as shown in Figure 4.2.1-2.

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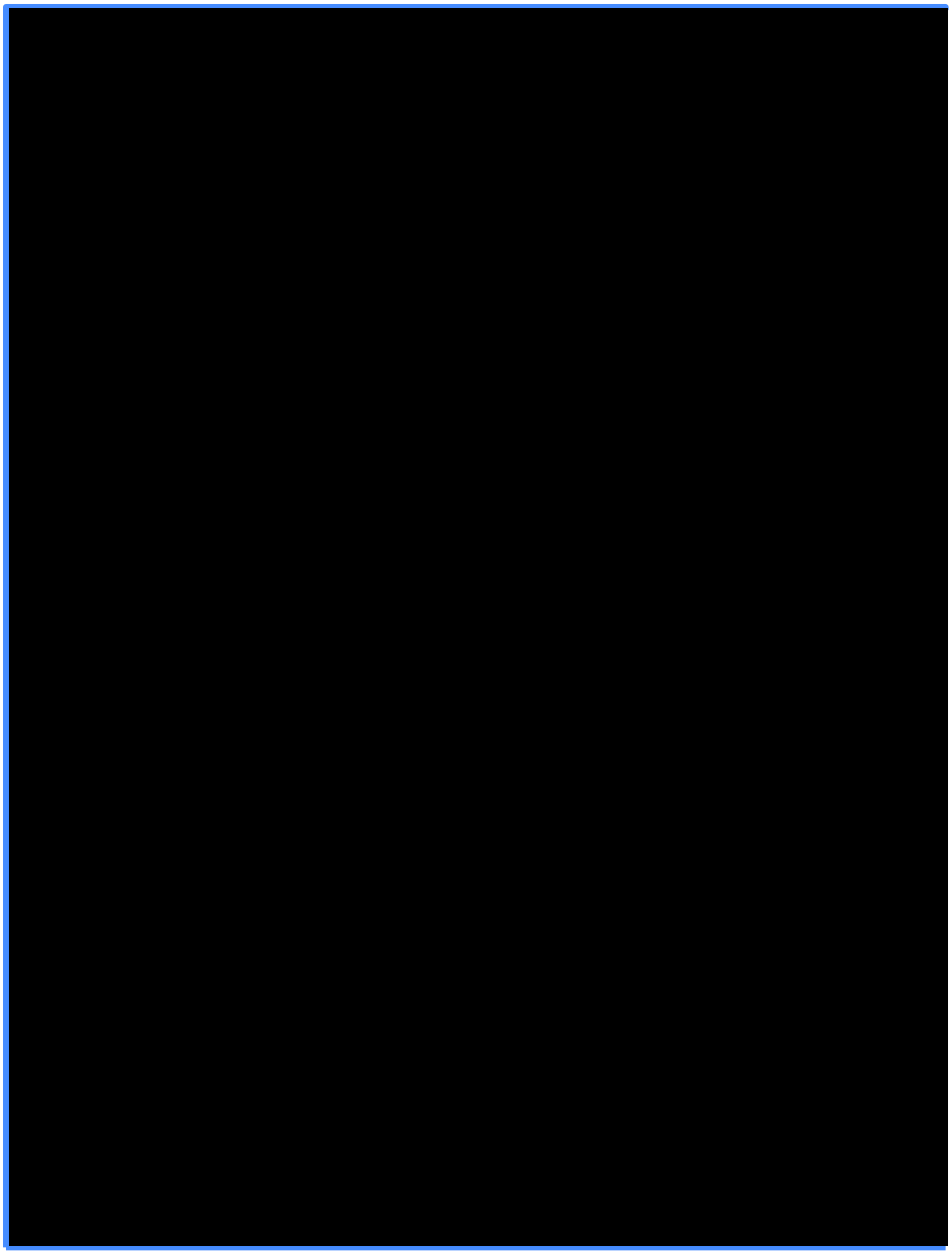

Figure 4.2.1-2. CMdS Integration Architecture

CMdS' architecture creates a plug-and-play framework for integration and information sharing between MPATH program modules and components.

We are excited to share our approach to addressing the technical and information architecture requirements in Attachment F. The details of our approach are outlined in Proposal Sections 4.2.1.1 – 4.2.1.10.

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4.2.1.1 Compliance [RFP 3.10.1.1]

REQUIREMENT: RFP Section 3.10.1.1

This section addresses requirements to ensure compliance with state and federal statutes, policy, mandates as well as industry standards required for the Contractor's Scope of work. Offerors must describe in detail how their solution, services and operational approach meet each of the Compliance requirements in Attachment F – Requirements Response Matrix. In addition, the Contractor is required to demonstrate that their hosting solution is Statement on Standards for Attestation Engagements (SSAE-18) SOC 2 Type II compliant. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Government regulations for protecting data security, privacy, and confidentiality are complex, voluminous, and demanding—yet critical to doing business in the Medicaid space. Meeting these regulations requires systems and business process solutions built to meet current needs and extensive experience, security know-how, and resources to plan for future needs.

Conduent places significant emphasis on compliance with federal and state legislation. While our nationwide healthcare presence gives us experience and continual exposure to federal regulations, guidelines, and laws, our current presence in Montana provides us with the knowledge we need to meet state-specific regulations, guidelines, and laws, as was recently demonstrated in our successful SOC 1 audit in September 2019.

Our solutions provide flexibility, rapid response capability, and adaptability with built-in compliance for:

- SSAE-18 SOC 2 Type II Requirements
- HITECH Act of 2009
- HIPAA Security and Privacy
- CMS Standards and Conditions
- NIST 800-53 Rev 4

Our CMdS product is built to be compliant, robust, and secure. We enhance our offering with the business service processes required to be flexible and adaptable as regulations change and to produce inspection and audit reports with predictable results. Our solution includes and executes the technical and business processes required to manage your Medicaid business, including compliance standards such as CMS Standards and Conditions, MITA, and the MECT. Our mature and complete approach to securing the data, staff, and facilities associated with the CMdS product is compliant with regulatory mandates, including SSAE-18 SOC 2 Type II requirements.

Statement on Standards for Attestation Engagements (SSAE-18 SOC 2) Type II

To maintain our SOC 2 compliance, we imbed the five Trusted Service Criteria from the American Institute of Certified Public Accountants as foundational components of our solution. These are:

- **Common Criteria/Security.** The system is protected against unauthorized access, both physical and logical
- **Availability.** The system is available for operation and use as committed or agreed upon
- **Processing integrity.** System processing is complete, accurate, timely, and authorized
- **Confidentiality.** Information designated as confidential is protected as committed or agreed
- **Privacy.** Personal information is collected, used, retained, disclosed, and destroyed in conformity with the commitments in the entity's privacy notice and with criteria set forth in generally accepted privacy principles (GAPP)

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The principles the SOC 2 Type II Audit Report is based on, focus on four broad areas: policies, communications, procedures, and monitoring. Each of the principles has defined controls that must be met. We are confident that our SOC 2 Type II Audit Reports orient personnel to recognize what compliance needs are required; users of the report can easily read and assess the adequacy of the findings.

To confirm our solution meets ongoing legislative developments once operational, we apply our change management processes to update our systems, infrastructure, and business processes as the legislative environment evolves. Our comprehensive processes drive compliance and quality improvement during each phase of the CMdS implementation, and they provide assurance that we have considered all aspects of the system and operations when making updates to the solution going forward.

Working with the State, we gain an understanding of the magnitude of a legislative change and its specific effects on people, processes, and technology. We assess the potential business and stakeholder impact of new legislation. We consider the State's performance requirements and the steps needed to meet applicable legislative requirements. Our Configuration Management Plan, a component of the Application, Configuration, and Maintenance Plan deliverable, follows industry standards and includes identification of roles and responsibilities, policies and procedures, and skill sets, such as regulatory, technical, and change management expertise. Execution of this plan results in a high level of integrity for our work products and software code.

Safeguarding Security and Privacy

Conduent adheres to a comprehensive set of security policies aligned with the requirements of HIPAA and HITECH Act of 2009. We apply an array of security controls for preventing unauthorized access to State data from any network, including use of vulnerability scanning, user access audit logs, firewalls, encryption, role-based access control, logical and physical systems isolation, and virus protection.

We take all necessary steps to be certain that appropriate authorization to access electronic PHI (ePHI) is in accordance with HIPAA sections, including but not limited to, HIPAA Security and Privacy Rule, 45 CFR Part 164, HIPAA General Administrative Requirements 45 CFR Part 160; and the ACA sections 1104 - HIPAA Operating Rules, and 1561 - File Transfer Protocol.

Conduent clients rely on our extensive compliance know-how across the country. Table 4.2.1.1-1 summarizes our experience with major compliance frameworks and regulations. We leverage our systems, processes, and nationwide expertise to the benefit of our clients. This results in continued high-quality services with predictable and compliant results.

Table 4.2.1.1-1. High Level Security Frameworks and Regulation Experience

Frameworks & Regulation Samples	Experience
HIPAA	**198 customers** rely on Conduent's experience and expertise ensuring the confidentiality, integrity, and availability of protected health information are secured and privacy is provisioned per the laws.
FISMA / NIST	For over thirteen years, Conduent has successfully developed, documented, and implemented an agency-wide program for **10+ customers,** to provide information security for the information and systems supporting their operations and assets.
PCI – DSS	**76 customers** rely on Conduent to manage, accept, process, store or transmit credit card information in a secure environment guided by payment industry standards.

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Frameworks & Regulation Samples	Experience
SSAE 18 SOC 1 & SOC 2	Conduent generates SOC reports for **80 customers** to meet their needs for non-financial reporting controls as they relate to security, availability, processing integrity, confidentiality, and privacy of a system.
IRS PUB 1075	**5 customers** rely on Conduent to ensure the policies, practices, controls, and safeguards employed adequately protect the confidentiality of Federal Tax Information (FTI).
ISO 27001	Conduent provides requirements for an information security management system to more than **12 customers.**

Delivering CMS Standards and Conditions Compliance

As standards and conditions are central to MITA and the MECT checklists, our solution incorporates CMS' Standards and Conditions and essential theme – that business needs drive technology, rather than technology driving the business. The CMdS infrastructure and architecture is based on the MITA goals and objectives for flexibility, adaptability, and rapid response to changing technologies and business needs. It aligns with the MITA principles of an open, standards-based architecture, integrating seamlessly with the DPHHS MPATH Framework.

In the requirement responses below, we detail how our product, services, and operational approach meet each of the compliance requirements in Attachment F – Requirements Response Matrix. Proposal Section 4.2.1.2, Security provides additional information on our security processes including our security policies, controls, tools, strategies, and training methods that assure compliance with security requirements. Proposal Section 4.2.3, Certification provides expanded information on MITA and CMS Certification.

CMP32
The Contractor shall provide a mechanism to purge source documents in accordance with HIPAA security provisions and State requirements.

The purpose of the Conduent records retention function is to preserve, retrieve, and control the destruction of claims payment records and source documents in accordance with HIPAA security and privacy provisions and the State requirements. Our project's privacy and security policies are derived from Conduent corporate policies covering physical, administrative, and technical safeguards. Our methods and policies (e.g., mechanisms) for purging source documents is in compliance with HIPAA Privacy and Security Rules and Health Information Technology for Economic and Clinical Health (HITECH) standards. These policies are also based in part on the National Institute of Standards Technology (NIST) 800-53 standards.

Conduent reviews and updates the State's records retention manual to confirm it fully and accurately describes the procedures we follow to maintain document retention standards and carry out source-document purging responsibilities, such as:

- Procedures for preserving, protecting, and maintaining all source documents, including not only claims records generated under this contract, but also claims records transferred from prior contracts
- Procedures for confirming production of acceptable copies of claims payment documents that have been retained in on-line environments

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- Policies and procedures regarding claims document retention and destruction, document security requirements, and the standards and practices used to ensure the acceptability of claims copies
- Procedures for assuring that no documents under our control are destroyed without the prior written approval of the State
- The name of the Conduent office or position in charge of carrying out these responsibilities

Conduent has long-term relationships with Iron Mountain Incorporated, which provides us with comprehensive records management, data protection, and information destruction solutions on a variety of contracts. We also have a continuing relationship with document destruction vendor, Shred-it, to provide locked confidential destruct bins for shredding documents on-site. We continue to use these vendors for our onsite and offsite storage and document-purging needs.

Once paper documents have been imaged, our document control team conducts a verification of the imaged documents. This step confirms we have captured a complete and legible copy of the original paper document in our document repository. Once the verification is complete, the paper copy is either returned to the originator, in the case of provider contracts, or destroyed in accordance with our standard privacy and security guidelines. After the retention period passes for electronic documents, the file is purged from the document repository and the record is removed from the system to ensure it no longer appears in search results.

We also submit a copy of the master index to the Department, which lists all items under Conduent custodianship including their volume, their medium, and whether they are complete in terms of the time period covered in the RFP Scope of Work. Our team meets with State representatives to review imaging, retention, and purging guidelines to comply with federal and state requirements.

CMP30
The Contractor's solution shall ensure that all data necessary for legal requirements is retained.

We retain in our document repository any records and data necessary for legal requirements such as appeals, litigation, or settlement of claims. We make records and data available to authorized agencies or their authorized representatives. We maintain inventory logs that enable us to effectively manage record and data retention dates according to prescribed retention periods, retaining paper documentation onsite for at least 15 calendar days from the date we receive and scan the documents. We dispose of records according to applicable disposition codes provided by the records retention and disposition schedule.

CMP01
The Contractor shall, upon request by the State or at the end of the contract, transfer or destroy all documentation in the custody of the Contractor. The Contractor shall provide the transferred records and data in a format agreed upon by the State.

During the Turnover phase of the contract, we assign a turnover manager who has direct oversight of the Turnover Plan and schedule, which includes documentation transfer and/or destruction processes and tasks.

We work with the State to agree to all transfer or destruction processes, including the inventory subject to turnover, processes and methods used, schedule for turnover tasks, verification of tasks completed, as well as the transfer of any documentation received post-cut off. We create and use a series of checklists

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that include all necessary documents and other deliverables and artifacts to be destroyed or turned over to the State. We inventory the documents we have and meet with the State to determine how the Department wants to dispose of them. We also use the checklists to verify we completely transfer all project materials at the appropriate time and in a state-approved format.

If document transfer or destruction is requested outside of the Turnover phase, we use the same process and rigor to comply with the request as planned for Turnover. This assures that Conduent understands, documents, and executes transfer or destruction requests according to the State's needs.

CMP03
The Contractor shall notify the State in writing within five (5) business days following initial detection of suspected fraud or abuse and provide supporting documentation.

Performing healthcare fraud analytics is a complex and daunting task for any Medicaid program. Medicaid is a high-risk, high-dollar program, vulnerable to fraud, waste, and abuse. Accurately identifying program integrity issues requires the evaluation of numerous claim data elements. Conduent has acquired substantial experience in program integrity and fraud, waste, and abuse prevention and detection services by supporting Medicaid programs in the states of California, Mississippi, New Mexico, New Hampshire, the District of Columbia, and Wyoming, in addition to Montana.

We are committed to working closely with the State to eliminate fraudulent and wasteful behavior among Medicaid providers and members. We provide annual staff training on the False Claims Act at the corporate level, which we supplement with state-specific procedures and training as applicable. The CMdS product supports our commitment by providing technology to complement our experienced Medicaid resources. Upon initial detection of suspected fraud, waste, or abuse under the new contract, Conduent agrees to provide written notification and supporting documentation to the State within five business days. We vet the fraud concern with leadership staff and provide supporting details. This includes a trail of communication such as what specifically we heard or saw (call log, screenshots, etc.). We work with the State to determine the specific reporting mechanism desired.

CMP04
The Contractor's solution shall have full integration of the MITA initiative with business, architecture and data required to support the State's healthcare programs.

The CMdS product's service-oriented architecture (SOA) is interoperable and flexible, allowing it to seamlessly share data. Our solution communicates real-time data with other Enterprise programs using the Systems Integration Services Contractor's Enterprise Service Bus (ESB).

Integration with other Business Process Outsourcing (BPO) partners is seamless because the system's interoperability features fully integrate and align with the MITA initiative with business, architecture, and data; and support the CMS Standards and Conditions. This is achieved through a microservices driven application programming interfaces (API) architecture. Our solution performs all integrations with external sources through the SI's ESB on a frequency approved by the State.

The CMdS infrastructure and architecture is based on the MITA goals and objectives for flexibility, adaptability, and rapid response to changing technologies and business needs. It aligns with the MITA principles of an open, standards-based architecture. This allows the CMdS product to integrate seamlessly, transparently, and smoothly within any Department's architectural framework. Additionally,

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the CMdS is built on a foundation of interoperable software components, internet and web-based technologies, configurability of business rules for reference file management, and support of the master data management (MDM) layer.

Below are five guiding principles and architectural philosophies of CMdS, which support the MPATH / NASPO Framework:

- **Interoperable.** The MPATH / NASPO solution requires loosely coupled, yet tightly integrated applications where standards-based transactions flow securely, efficiently, and instantly. To incorporate configuration of each state's unique requirements, the CMdS product supports the seamless integration of additional Montana-specific modules to offer the best of both worlds—a static, known foundation, plus extensibility to support your specific requirements. Third-party COTS solutions or existing services can be integrated through the System Integrator using application programming interfaces (APIs) resident with the CMdS. There is also ability to expose restful web services and embed data visualizations into web applications. Additionally, the CMdS supports the Office of the National Coordinator for Health IT's (ONC) roadmap and milestones for achieving interoperability.
- **Scalable.** The CMdS platform is a high-performance platform that accommodates growth along data volumes and data sources, reference files, business rules, end users, analytics and computing power, and information display. The cloud native architecture enables us to effectively store and manage business needs and increasing data volume. The modular architecture offers methods to extend its capabilities well beyond the current scope of this offering. The CMdS cloud native architecture makes scalability of infrastructure extremely simple compared to the need for adding physical hardware for additional scale. Environments can be configured and stood up in a matter of days instead of months (which included elaborate procurement cycles). The microservices driven architecture also allows for scaling of the application to add and enhance functional features sets while maintaining the integrity of the product. Finally, the data driven configurability of the CMdS product suite allows for configuration of the system to achieve the desired results of the Department's business processes. This avoids code customization, thereby providing additional value to the Department in terms of reduced cost and time.
- **Reusable.** Conduent has included the CMS vision for reuse into the core guiding principles of our modular products. As a SaaS solution, the CMdS product suite allows Conduent to embrace reusability and push the benefits to the Department. The same base product is configured and implemented for all the Departments participating in this RFP. This saves time and money and mitigates implementation risk. If post implementation changes to the product are required by a particular state, the changes in the product are built as microservices. These can then by consumed by multiple states with minimal changes to configuration or code. This allows for heavy reuse of our core code without the need for doing grounds up development for every single state for the same enhancement. For example, in the future, if there was a federal mandate similar to Social Security Removal initiative, the changes done to the CMdS product suite can be utilized by all states instead of each state having to do its own SSNRI implementation covering the entire SDLC. This reuse of code enabled by our microservices architecture creates cost sharing amongst states for any standard changes or mandates.

  The principles of reusability are not just limited to code sharing and cost sharing between states alone. The configurability of our product suite and the extensibility due to an API-led architecture allows the

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CMdS product suite to be extended for use beyond the Title IX program with minimal changes compared a new implementation (for example Behavioral Health, Department of Labor, etc.). This provides options to the State for consolidation and optimization of the various similar systems across departments. The result is greater fiscal and management control, conformity to design and architecture and the ability to maintain secure and current hardware and software infrastructure.

- **Easily Adaptable.** CMdS is a data driven, rules engine-based configurable product. Therefore, any policy or Department changes can be configured in the product to obtain the desired business process outcome, eliminating the need for heavy coding for every change. The CMdS product suite's core architecture is built on the principles of microservices. In the event of changes requiring code changes, they can be easily implemented by targeting the appropriate microservices instead of making base platform-level changes. As with all changes, they still go through rigorous testing and follow the progression from QA environments to UAT to Production to maintain the highest quality standards. Our cloud native architecture also allows us to adapt to changing business needs. In the event of a need for an environment for a particular project, the environments can be spun up in a matter of days and decommissioned after the need for the environment ceases, compared to procuring physical hardware.
- **Shared Information.** The CMdS product promotes and realizes the seamless flow of data and information in a secure manner. All data exchanges between the CMdS product and other modules and entities happens via the System Integrator's ESB. Our API-led architecture facilitates the consumption and delivery of data in a secured fashion from and to the SI. Within the CMdS product collaborative sharing of information is achieved by our product's integrated workflow capabilities, which are securely managed by our Role Based Access Controls (RBAC).

CMP05

The Contractor shall adhere to data retention requirements cited in 45 CFR 164.316 and Administrative Rule 37.85.414. The Department may require a longer retention period on an exception basis to support ongoing business needs (e.g., TPL recovery and drug rebate).

We archive data using Department-defined timeframes and archival specifications and document these requirements in our requirements management repository. Our solution meets CMS and industry standards, including 45 CFR 164.316, allowing for archived data to be highly accessible at short notice. We retain the data for at least six years and three months from the date on which the service was rendered or until any dispute or litigation concerning the services is resolved, whichever is later, as required by Montana Administrative Rule 37.85.414. By doing so, we support the State's needs for access to historical data. We understand that the Department may require longer retention periods on an exception basis to support ongoing business needs.

During DDI, we work with the State to define claims documentation types and confirm the retention rules for that documentation. From the outset of the project, we begin to retain the documentation for the defined periods in the required format and repository. As with all CMdS product data, historical claims documentation is subject to our stringent security program, including HIPAA requirements for security and privacy.

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CMP06

The Contractor shall have written policies governing access to, and duplication and dissemination of all individual or entity information.

Conduent brings a series of methods and written policies for safeguarding privacy and information security—including governing duplication and dissemination of individual or entity information—that have earned the trust of Medicaid agencies across the U.S. Conduent takes the necessary measures to make sure that member data is released exclusively to those with the proper authority and who require the information to accomplish their job duties. Our security program sets forth safeguards for ensuring:

- Confidentiality: the right person has the right access to the right data
- Integrity: confidential data is used for the proper purpose
- Accountability: actions are traceable to the individual who accessed the data

Our product's design incorporates the appropriate privacy protections to control the collection, use, dissemination, duplication, and disposition of PII and PHI (ePHI), in adherence with all required federal guidance. We employ the appropriate security constructs to identify, verify, authorize, and authenticate users before allowing access to sensitive resources such as PII or PHI data. Our objective in applying security and privacy controls is to prevent improper disclosure, access, modification, deletion, or destruction of ePHI data. Our processes ensure that only authorized staff can access necessary information in cases where they have a legitimate "need to know" and can access only the minimum information they need to execute their required program responsibilities. We employ multiple measures to promote the security of the data entrusted to us, including security awareness training, role-based security, encryption of all desktop and laptop computers, encryption of data at rest and data in transit, and encryption of all data within our boundary.

We establish, document, follow, and update security and privacy policies, procedures, and measures to guard against the intentional or accidental release of information and secure the operations, facilities, systems, and other aspects of the project. We document our security strategy in a System Security Plan, which includes technical architecture, system design, operational protocols, and in-depth staff training, supporting the physical, technical, and administrative safeguards called for by HIPAA/HITECH. The System Security Plan incorporates the processes and procedures to ensure the required physical and operational security is in accordance with HIPAA, HITECH, FISMA, and other applicable security and privacy standards. Our security protocols effectively address the implementation and maintenance of safeguards for administrative, back-end operations, and system hosting. They include site-specific components for physical security, data security, and confidentiality for the Claims Processing and Management Services project.

Our approach includes safeguards at administrative, operational, and technical levels, and within the application architecture. Only those systems, databases, directories, and files that a user needs to perform assigned job duties are accessible to that user. This feature prevents unauthorized or accidental access to PII and other sensitive data. The system administrator can grant change privileges to a user or restrict a user to read-only access. The system logs modifications to data and creates an audit trail for viewing by authorized personnel.

We treat all information obtained in performance of the contract as confidential. We only use or divulge it when necessary for proper discharge of our obligations. We develop detailed and clearly defined IT

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policies, an all-encompassing System Security Plan, based upon our proven IT experience and industry standards, on ISO (International Organization of Standards) 9001, and on the National Institute of Standards and Technology (NIST) for the development of IT policies.

CMP07
The Contractor shall comply with all sections of the Americans with Disabilities Act (ADA), Section 508 of the Rehabilitation Act and ensure user interface standards account for the various forms of colorblindness.

The access to our web pages, the services we provide, and the materials we develop and distribute for the Claims Processing and Management Services project are designed to provide the same level of service for each applicant or client, regardless of accessibility needs. All the products built and implemented by Conduent comply with the Americans with Disabilities Act (ADA), Section 508 of the Rehabilitation Act. We employ Web Accessibility Evaluation tools to do Section 508 testing prior to every release to continuously confirm to our commitment to accessibility. We fully comply with all applicable laws and regulations for disability and language access, and we will continue to do so under the new contract. These laws, regulations, and rules include the following:

- Title VI of the Civil Rights Act of 1964
- Section 1557 of the Affordable Care Act
- The Americans with Disability Act
- Section 504 of the Rehabilitation Act of 1973
- Centers for Medicare and Medicaid Services' (CMS) regulations and guidance
- State laws and regulations
- State policies

Additionally, we apply standards that include those established by HIPAA for security, privacy, and electronic transactions; Sections 1104 and 1561 of the Affordable Care Act; and 508c of the Rehabilitation Act (ADA standards that provide greater accessibility for individuals with disabilities, including various forms of colorblindness) for all users. Our CMdS product provides services that fully support your goal to promote interactions with stakeholders and the public in a culturally competent manner. We have vast knowledge and experience in developing and executing communication and written materials, and we use proven strategies to create materials that improve readability.

CMP08
The Contractor and its services, work products and final deliverables provided by the Contractor applicable to the services described in the scope of work shall be knowledgeable of and in compliance with pertinent State and Federal Statutes, CIO Promulgated Rules, State IT policies, rules, and standards for required system hardware, software and development tools and processes, and operational procedures when completed and accepted by the Department. The Contractor shall also be aware of upcoming changes to existing rules and regulations as well as new rules and regulations that may impact the scope of work.

While fully appreciating the uniqueness of each state Medicaid program, Conduent's approach to our Medicaid projects is not formed in a silo. We track what works (best practices) and what doesn't (lessons learned), and we share technological, programmatic, and operational best practices with all our accounts.

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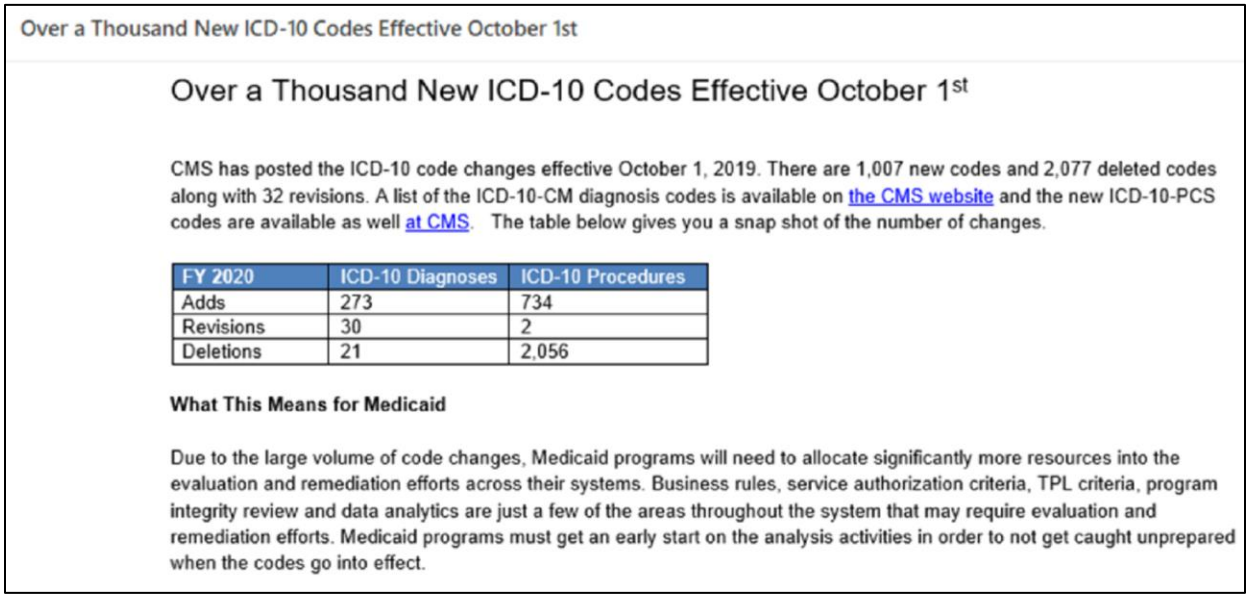
Figure 4.2.1.1-1 shows a sample communication from Conduent's Payment Method Development (PMD) team that spread awareness of a change that impacted many of our Conduent accounts.



Over a Thousand New ICD-10 Codes Effective October 1st

Over a Thousand New ICD-10 Codes Effective October 1st

CMS has posted the ICD-10 code changes effective October 1, 2019. There are 1,007 new codes and 2,077 deleted codes along with 32 revisions. A list of the ICD-10-CM diagnosis codes is available on the CMS website and the new ICD-10-PCS codes are available as well at CMS. The table below gives you a snap shot of the number of changes.

FY 2020	ICD-10 Diagnoses	ICD-10 Procedures
Adds	273	734
Revisions	30	2
Deletions	21	2,056

What This Means for Medicaid

Due to the large volume of code changes, Medicaid programs will need to allocate significantly more resources into the evaluation and remediation efforts across their systems. Business rules, service authorization criteria, TPL criteria, program integrity review and data analytics are just a few of the areas throughout the system that may require evaluation and remediation efforts. Medicaid programs must get an early start on the analysis activities in order to not get caught unprepared when the codes go into effect.

Figure 4.2.1.1-1. Announcement of National Coding Changes
Conduent experts monitor and analyze publications and communicate to affected audiences across Conduent's public sector.

This commitment to continuous quality improvement is underscored and supported by our expert organizations such as the following:

- **Conduent's Payment Method Development (PMD) Team,** specializing in industry-standard payment methods such as DRG, RBRVS, APC, APG, RUG, and fee schedules, helps the nation's Medicaid programs maximize the value they receive for their payments by implementing payment methods that maximize healthcare value for their beneficiaries. Since 2004, the PMD team has helped more than a dozen state Medicaid programs improve and maintain payment methods for institutional and professional healthcare services. Our projects include a focus on health systems and payment reform strategies, value-based purchasing, quality improvement, performance improvement and incentives in the full spectrum of settings. The PMD team delivers solutions that improve health outcomes, increase administrative and operational efficiencies, and save money for patients, payers, and providers.
- **Conduent's MITA Center of Excellence (COE)** provides corporate support to assure that our products, including CMdS, are aligned with each of our state customer's unique business processes. Our integral involvement in the MITA initiative since its inception over a decade ago is clearly reflected in the development and launch of our CMdS product and its alignment with MITA. Our MITA COE—the very first of its kind in the industry—provides expertise and strategic focus as MITA advances.
- **Conduent's Operations Consulting Services Team (OCS)** provides corporate leadership and general consulting services in the areas of Best Practices, Operations Improvement, Project Implementations, Issue Resolution, and specialized services that enhance operations and services provided for our customers.

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- **Government Health Services Quality Management System (QMS)** is a library of integrated documents, templates, and standards that provide process guidance across several critical disciplines: project management methodology (PMM), system development methodology (SDM), training methodology, and operations methodology for all GHS projects. Supported by a team of project managers and subject matter experts, we can quickly align our processes and supporting artifacts to your requirements, submit them for state's review, and execute them early in the project to set the stage for success. Our QMS plans and processes are strongly influenced by our own best practices and are aligned with industry standards such as Project Management Institute's A Guide to the Project Management Body of Knowledge (PMBOK® Guide), Software Engineering Institute's (SEI) Capability Maturity Model Integration (CMMI®), Institute for Electrical and Electronics Engineers (IEEE), and CMS IT eXpedited Life Cycle (XLC).
- **Conduent's National Standards Consulting (NSC)** team monitors the Federal regulation process for newly mandated requirements, interprets the requirements, and develops education and outreach of the potential impacts from the new regulations. By keeping our accounts well-informed of new or changing regulations, we enable them to react timely and move toward compliance with confidence of a thorough and accurate understanding of the obligations. We attend meetings and actively participate in, and in some cases lead, workgroups, and other activities in the following organizations:
  - ASC X12N Standards Setting Organization (x12.org)
  - National Uniform Claim Committee (NUCC.org)
  - Workgroup for Electronic Data Interchange (WEDI.org)
  - National Medicaid EDI Healthcare (NMEH)
  - Health Level Seven International (HL7)
  - National Council for Prescription Drug Programs (NCPDP.org)
  - ICD Code Maintenance Committee (CMS.gov)
  - National Uniform Billing Committee (NUBC.org)
  - Council for Affordable Quality Healthcare (CAQH)
  - Cooperative Exchange
  - Electronic Healthcare Network Accreditation Commission (EHNAC)
  - National Committee on Vital and Health Statistics (NCVHS)
  - Private Sector Technology Group – Technical Architecture Committee (PSTG-TAC)
  - Private Sector Technology Group (PSTG) – Innovations / Managed Care Committee (PSTG-TAC)
  - Private Sector Technology Group (PSTG) – Uniform RFP Guide White Paper Committee (PSTG-TAC)
  - Private Sector Technology Group (PSTG) – The Modularity Workgroup
  - American Public Human Services Association (APHSA) – National Collaborative for Integration of Health & Human Services (National Collaborative). Formerly the National Workgroup on Integration (NWI)

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- National Association of State Chief Information Officers (NASCIO) – Health Care Working Group
- Human Services Information Technology Advisory Group (HSITAG)
- Human Services Information Technology Advisory Group (HSITAG) – Healthcare Workgroup

These groups help address issues of concern, produce white papers about healthcare issues and their integration with human services programs, and examine the ways in which health and human services IT initiatives, particularly state-driven efforts, are developing and evolving. Our participation keeps our staff informed on current and evolving issues, allows us to work with industry partners supporting the health and human services across state, county, and federal government agencies, and address common issues and concerns. We leverage this knowledge to help our customers interpret and implement new federal legislation. As corporate resources and leaders in their fields, our NSC team provides our operational management the deep knowledge needed to assist the State in staying current with the ever-changing legislative and regulatory landscape.

We combine this knowledge with a deep understanding of every Department's unique business environment and public health landscape. This enables us to provide comprehensive, high-quality services and work products that incorporate relevant statutes, standards, and rules.

CMP09
The Contractor shall adhere to recognized best practices during the execution of the scope of work including the latest version of the National Institute of Standards and Technology (NIST) Special Publication (SP) 800 series related to cyber security.

Conduent complies with a number of security standards across our public sector and commercial accounts. Our security professionals have exposure to a broad range of security requirements, evolving updates to security standards, and new trends in security. We understand our critical obligation to protect our client data, which often includes private information that, if inappropriately disclosed or stolen, could have serious reputational impacts on all parties.

We have reviewed your Security and Privacy Controls document in the procurement library, including the following NIST related publications:

- NIST SP 800-53
- NIST SP 800-144
- NIST SP 800-18
- NIST SP 800-34

You also referenced two additional NIST controls in your Security requirements - NIST SP 800-111 and NIST FIPS 180-4. We will adhere to these NIST security controls, your other security requirements, and best practices. We outline our approach to security in Proposal Section 4.2.1.2 Security.

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CMP10
The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions-MITA Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture, and data.

Conduent brings extensive experience and proven processes for assisting states with MITA compliance and deeper maturity level achievement. That experience reinforces the connection between MITA principles and our efforts to drive improvements in healthcare delivery, quality, and efficiency.

One of the central themes of MITA is that business needs drive technology, rather than the other way around. At the heart of the MITA Technical Architecture are shared services governed by an SOA that provides the flexibility, scalability, reusability, and adaptability necessary to support the current and evolving needs of Medicaid programs.

Our vision of transformation is based upon the purpose and objectives of the organization, stakeholder input, improvements in information availability, and trends in policy and technology development. It depicts an objective that includes a description of the "as is" state, a description of the "to be" state, and a focused yet agile approach to the improvements needed to accomplish the transformation over time.

The MITA Concept of Operations recognizes that the transition from "as-is" into "to-be" is a journey. It represents a movement of both business processes and technological structure continuously growing and evolving. The augmentations in workflow, services, and data access allow business users to rethink their processes to take full advantage of the new capabilities. The roadmap to enhanced maturity represents a continuous evolution, not a single event.

The CMdS product captures the proven functionality developed from more than 20+ years of implementing claims processing and management solutions. It incorporates MITA-preferred technologies, including the use of a COTS rules engine, a workflow engine, web services, and a web-based user interface. With the release of MITA 3.0, we have engaged in a thorough review and update of all MITA processes, guidelines, and standards to make sure we remain aligned with federal requirements. Our solution helps the Department attain or exceed the "to be" capabilities defined in the MITA State Self-Assessment (SSA). It also helps to improve the quality of outcomes for all stakeholders, to implement administrative efficiencies, and to achieve cost savings.

Using MITA as a Tool for Strategic Application of Technology

Our proposed CMdS infrastructure supports MITA through flexibility, adaptability, and rapid response to changing technologies and business needs. Cloud hosting, Software as a Service (SaaS), and COTS components of our CMdS product leverage the SOA platform through standards-based connectivity and open APIs. Our DDI approach applies the MECT checklists as traceable input throughout the development and implementation lifecycle. We use the checklists to help us achieve the goals of modular and agile development, satisfy certification criteria, support milestone reviews, and obtain early feedback on potential issues needing resolution.

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Supporting MITA 3.0 Business Processes and Capabilities

Our CMdS product provides support for business processes defined by MITA 3.0. Automation for communication processes applies technologies for managing communication by paper, telephone, mobile devices, web portal, and Electronic Data Interchange (EDI) transactions. Our solution's claim features were built with automated and touch-free claims processing. Its flexible adjudication engine, real-time workflows, and rules database provide comprehensive auto-adjudication and claims management.

The user-configurable claims engine and embedded workflow support an extensive number of lines of business, including Medicaid, health information exchanges, and others. The business rules can be configured by items such as authorization and referral, provider, group, member, payment, correspondence, system, and benefit. The solution enables user-configurable setup rules to automate specific operations and business requirements.

CMP11
The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions - Industry Standards Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture, and data. The Contractor shall ensure alignment with, and incorporation of, industry standards, HIPAA, privacy, and transaction standards; accessibility standards, and standards that provide greater accessibility for individuals with disabilities and standards under the Affordable Care Act.

Conduent brings extensive experience and proven processes for assisting states with MITA compliance and deeper maturity level achievement. That experience reinforces the connection between MITA principles and our efforts to drive improvements in care delivery, quality, and efficiency.

We apply standards that include, among others, those established by 45 CFR 164 for HIPAA for Security and Privacy rules, and Technical Report Type 3 (TR3) for X12 electronic transactions; Sections 1104 HIPAA Operating Rules and 1561 Secure File Transfer Protocol of the Affordable Care Act; and 508 of the Rehabilitation Act (standards that provide greater accessibility for individuals with disabilities) for all users.

We monitor CMS standards and Medicaid Enterprise Certification Toolkit (MECT) requirements closely and keep current with details of the latest MITA 3.0 updates. We track changes that affect MMIS certification requirements and maintain in-depth knowledge of the latest CMS policy and MECT updates.

Table 4.2.1.1-2 describes our security approach to meeting HIPAA's Privacy and Security Rules and Health Information Technology for Economic and Clinical Health (HITECH) standards and applicable State and federal compliance regulations.

Table 4.2.1.1-2. Conduent's Information Security, Privacy, and Standards Approach

Standard	Conduent's Approach
CMS Minimal Acceptable Risk Standards for Exchanges (MARS-E) 2.0 (2015)	We have the capability to comply with applicable CMS security requirements for the solution in accordance with the MARS-E. As new versions of federal security standards and guidelines are released, we review for impact to our existing security policies and procedures and make necessary updates. If asked to participate in CMS audits, reviews, evaluations, tests, and assessments of our systems, processes, and facilities, we will work with the states to provide appropriate support and documentation.

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Standard	Conduent's Approach
EDIE (Emergency Department Information Exchange) Records System Standards	Conduent adheres to Standard Transactions mandated by HIPAA for exchange of information between proprietary information systems and can support the EDIE standards.
Federal Information Security Management Act (FISMA) of 2002	We establish protocols and procedures to protect personal information under FISMA. As a result of the work we perform for our government clients, we are experienced in developing and implementing procedures and practices that meet guidance, standards, and regulations such as FISMA.
FedRAMP (Federal Risk and Authorization Program) certification	The Microsoft Azure Commercial Cloud offers the FedRAMP-compliant systems that have been granted authorizations and have addressed the FedRAMP security controls (based on NIST SP 800-53). Microsoft used the required FedRAMP templates for the security packages posted in the secure FedRAMP repository. The Azure Commercial Cloud has been assessed by an accredited independent third-party assessor (3PAO) and maintains continuous monitoring requirements of FedRAMP.
Health Information Technology for Economic and Clinical Health (HITECH) Act	Conduent adheres to a comprehensive set of security policies aligned with the requirements of HIPAA and the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009. Our solution infrastructure is designed with application, data, and physical controls for protecting confidential information in accordance with federal and state rules and regulations.
Health Insurance Portability and Accountability Act (HIPAA) of 1996	We take all necessary steps to be certain that appropriate authorization to access electronic PHI (ePHI) is in accordance with HIPAA sections, including but not limited to HIPAA Privacy Rule 45 CFR Part 160 and Subparts A and E of Part 164, established under the Health Insurance Portability and Accountability Act, Public Law 104-191 (42 USC 1320d) to protect the security, confidentiality, and integrity of health information that is created, received, used, or maintained by a covered entity. Conduent employs key corporate privacy and security personnel responsible for physical, administrative, and technical security policy development, implementation, and review.
Internal Revenue Service (IRS) Publication 1075	The program design incorporates the appropriate privacy protections to control the collection, use, dissemination, and disposition of PII, PHI, and, as applicable, FTI data in adherence with all required federal guidance. We employ the appropriate security constructs to identify, verify, authorize, and authenticate users before allowing access to sensitive resources such as PII, PHI, or FTI data. We comply with the IRS Office of Safeguards IRC 6103(p)(4) requirements, which allow Safeguards to verify compliance through the identification and mitigation of any risk of loss, breach, or misuse of federal Tax Information held by external government agencies.
ISO 15408, ISO 27001, ISO 27002, ISO 27003, ISO 27005 and ISO 27034, Information Security	Conduent and Microsoft Azure have earned the highest international security certification, ISO 27001. The ISO 27001 standards cover physical security, systems and network security, employment and contract controls and the ISO continuous improvement mandate.
NIEM (National Information Exchange Model)	As a provider of solutions that include enterprise service bus (ESB), Health Information Exchange (HIE) technology, and other solutions, we have experience with NIEM and can apply those skills as needed.
NIST SP 800-100, Information Security Handbook: A Guide for Managers (2007)	Conduent meets the requirements for information security standards covered in NIST 800-100.

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Standard	Conduent's Approach
NIST SP 800-53A R4, Assessing Security and Privacy Controls in Federal Information Systems and Organizations Building Effective Assessment Plans (2014)	During requirements analysis, we review our controls for security, primarily addressing confidentiality, integrity, and availability of the system and information to help ensure they meet applicable NIST SP 800-53A, Rev 4 standards for moderate baseline controls, while remaining aligned with emerging standards and rules for health benefit exchanges.
Office of the National Coordinator for Health Information Technology 2017 Interoperability Standards Advisory	During our requirements discussions with the states, we consult the Interoperability Standards Advisory to determine the best standards to fulfill state's interoperability requirements. In most cases in the past, we have found that the standards we have traditionally supported, such as HIPAA Standard Transactions, are sufficient to achieve requisite interoperability capabilities.
Social Security Administration (SSA) Office of Systems Security Operations Management Guidelines	Conduent complies with the requirements of IRS Publication 1075, Tax Information Security Guidelines for federal, state, and local agencies regarding the treatment of federal Tax Information received from secondary sources such as the SSA. The security controls described in this proposal section protect personally identifiable information (e.g., name, Social Security Number, date and place of birth, mother's unmarried name, biometric records) received from the SSA. The controls provide for the continuous protection of taxpayer confidentiality as required by Internal Revenue Code (IRC) 6103.
State and Federal Security Audits as required, Federal Information Processing Standards (FIPS) 140-2, Security Requirements	We apply a proven and tested program for physical and IT security. We adhere to applicable publications pertaining to account security standards and controls, including applicable FIPS publications, guidelines, and special publications. Because the majority of information maintained represents a moderate or high impact on the program or individuals should a breach of security occur, our approach to system and data classification is carefully managed to meet moderate baseline requirements for all levels of information.
State Privacy and Security Policies and Procedures	We will work with the states to identify specific state privacy and security policies and procedures as required.

CMP12

The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions - Leverage Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture, and data. The Contractor shall promote sharing, leveraging, and reuse of healthcare technologies and systems within and among states.

To meet the Leverage Condition, we are offering the Department a SaaS solutions model hosted in the cloud. Designed as an interoperable, modular system, our CMdS product promotes collaboration, data sharing, reuse of healthcare technologies, and consolidation of processes. It uses a rules engine, a workflow engine, web services, and a web-based user interface; all key to attaining "To Be" capabilities defined in the Department's MITA self-assessment report. We base our approach on the view that the IT solution should never be a limiting factor in achieving MITA maturity. The solution promotes reuse, data exchange, and reduction of administrative burden on members, providers, and applicants. Our design objectives emphasize sharing and leverage of Medicaid technologies and data between states and other federal agencies. We participate in the development and implementation of regional/interstate standards and interfaces.

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CMP13

The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions -Business Results Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture, and data. The Contractor shall support effective communications with providers and the public.

Managing a complex operation requires effective communication and collaboration among various stakeholders. The Department needs to know that its contractor is capable of using a MITA 3.0-compliant communication approach and collaboration strategy that will maintain integration and alignment of services.

Our project management approach promotes clear communication about goals, responsibilities, performance, expectations, and feedback. We take our approach well beyond simple communication with providers and the public by fostering an environment that encourages and nurtures collaboration—bringing together the various stakeholders, required to provide high quality services.

Managing the stakeholder's experience from beginning to end, no matter what the communication method or purpose, is pivotal to supporting program satisfaction for the stakeholder and program success for the Department. In addition to providing telephonic communication with MPATH stakeholders, our proposed CMdS supports multiple channels for communicating information to members including paper, email, text, mobile devices, web portal, and other electronic formats. We also provide call center and interactive voice response (IVR) functionality.

For communication with stakeholders, CMdS uses member data to create letters, notices, packets, reports, and pamphlets, including but not limited to:

- Co-pay maximum notices to alert members that they have reached the co-pay maximum for the current fiscal year
- Utilization threshold letters to notify members that they are nearing their limit of services
- Responses to member and provider inquiries
- TPL warning letters regarding third party status changes to notify stakeholders when there is a change, such as a Medicare Part D reduction in benefits
- Medicare warning letters three months before a member's 65th birthday to notify the member that he/she may be entitled to Medicare benefits and must apply

All program information is written in plain language and at an appropriate level that makes the information easy to understand and allows members to make informed decisions regarding their healthcare.

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CMP15

The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0-Standards and Conditions- Interoperability Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture, and data. The Contractor's solution shall ensure seamless coordination and integration with components, other systems and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services and Federal data sources.

Conduent recognizes and complies with all data sharing and interoperability requirements in accordance with Department's and the respective owner's policies and agreements. Our CMdS product provides seamless coordination and integration with other modularity vendors, as well as other resources run by the state or federal government. We have industry standard existing interfaces already built into the CMdS product, for both web services and flat files, supported by industry standards such as X12.The solution supports SOAP for messaging between disparate solutions. It allows for interoperability with HIEs, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services and Federal data sources. Interoperability can be extended as required.

CMdS uses industry standard Enterprise Integration Patterns (EIPs) within the Digital Hub to integrate with the Systems Integrator's integration platform. The Digital Hub helps overcome fundamental challenges with integration solutions by enabling an external application to send data using point-to-point, publish/subscribe, and message bus communication methods. The Systems Integration Services Contractor can exchange information and data files using event-driven messaging or by calling web services published in our API gateway. Other integration pattern features include aggregator, splitter, and re-sequence functions that support processing of incoming information as required.

Financial system information exchange web services are accessible through our API gateway to the SI. Our API gateway acts like a security gateway to all the registered services. After successful registration, the SI can access the web services over the internet to transmit data securely. It provides additional capabilities to monitor the load and performance of integrator services and other published services.

Our API management process encompasses designing, publishing, documenting, and analyzing APIs in a secure environment. Through our API management approach, we create both public and internal APIs that are consumable and secure. Our SOA platform uses our Digital Hub to receive, publish, and expose APIs between our system and the SI's enterprise service bus (ESB). Figure 4.2.1.1-2 provides an illustration of how our SOA platform integrates with the SI's ESB.

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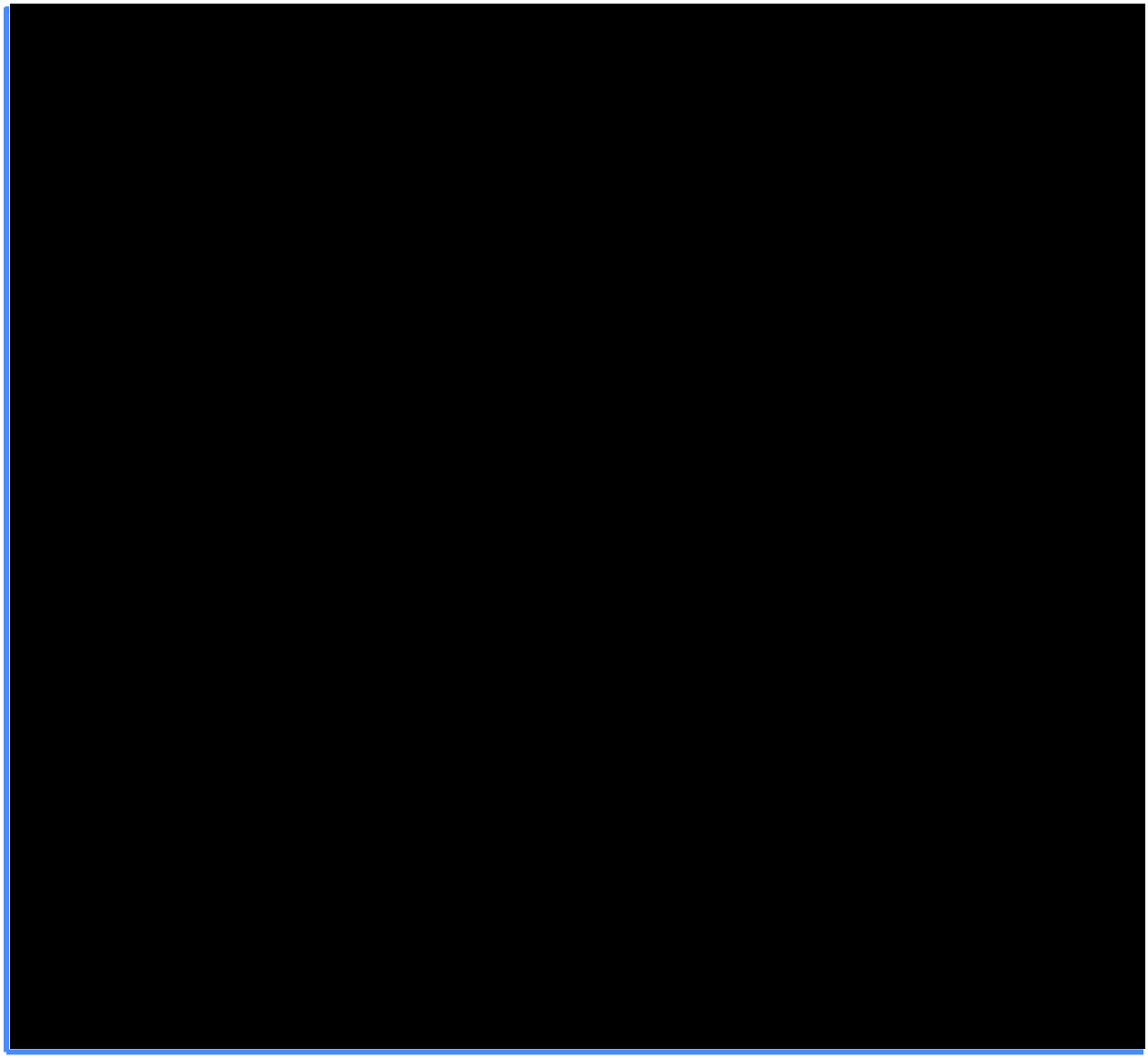

Figure 4.2.1.1-2. SOA Platform and SI ESB Integration
This flow illustrates how our SOA platform integrates with the SI's ESB.

CMP16
The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0-Standards and Conditions- Modularity Standard or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture, and data. The Contractor's solution shall use a modular, flexible approach to systems development, including the use of open interfaces and exposed Application Programming Interfaces (API); the separation of standardized business rule definitions from core programming; and the availability of standardized business rule definitions in both human and machine-readable formats.

CMdS architecture uses a modular and flexible approach, segregating the architecture into multiple layers which are exposed as APIs, and making changes to system development and deployment faster. CMdS architecture utilizes the Conduent Digital Hub to exchange the data using industry standard formats

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through open interfaces and APIs. Our Business Rules Engine (BRE) uses standard rule language (SRL) to define business rules. Blaze Advisor Structured Rule Language (SRL) is an easy-to-understand, English-like language. A built-in graphical UI tool called the RMA (Rule Maintenance Application) provides a comprehensive listing of the rules in business terms rather than programming language. This enables business analysts to employ familiar terminology and to develop new business rule syntax that fits their specific business environment. We separate the business rules from the core programing and invoked through the business rules APIs.

CMP17
The Contractor must provide the Department with compliance assurances for the Contractor scope of work.

To provide the Department with compliance assurances for the scope of work under the new contract, Conduent integrates the compliance standards into our plans and required deliverables. Our SaaS product affords us the opportunity for you to see the CMdS product as we configure it to meet your requirements. Through our industry-standard Conference Room Pilot (CRP) approach (e.g., a live, demonstration-based approach to implementation that allows users to visually validate the CMdS product against Montana business process requirements) we collaboratively configure the system and identify any gaps, which proceed through iterative requirements clarification, design sign-off, customization, and testing.

Our requirements validation process acknowledges the fact that our CMdS product already meets most of the State's requirements. We conduct CRP sessions to demonstrate the base product, confirm requirements satisfaction, validate policy and rules, collaboratively configure the system, and identify gaps. As we embark on iterative configuration, development, and testing, we continue the collaborative and interactive approach by demonstrating the product as it evolves to meet your requirements. We update the requirements traceability matrix (RTM) in Azure DevOps each step of the way to assure you that your requirements are being satisfied across the SDLC. Our System Security Plan documents all necessary compliance regulations associated with the scope of work and a roadmap on its achievement.

CMP18
The Contractor shall be fully compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Public Law 104-1919) and Administrative Simplification (Subset of Title II) requirements in effect as of the date of release for the RFP and with any changes that subsequently occur, unless otherwise noted.

The CMdS solution is aligned with, and incorporates industry standards (HIPAA privacy, security, and transaction standards, 508c of the Rehabilitation Act, Sections 1104 and 1561 of the Affordable Care Act), and Administrative Simplification into its design. Conduent's solution promotes reuse, data exchange, and reduction of administrative burden on patients, providers, and applicants. Our solution fully leverages industry standards to help ensure interoperability with other Department systems and programs. We agree to comply with these RFP requirements and with any changes that subsequently occur, unless otherwise noted.

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Conduent monitors federal regulations and has an established protocol for working with our clients as changes may be mandated by legislation. We actively participate in the following organizations:

- **ASC X12N Standards Setting Organization (x12.org).** This organization is designated by the Secretary of HHS as a Designated Standards Maintenance Organization (DSMO) under the Health Insurance Portability and Accountability Act – Administrative Simplification provision. We regularly attend the X12 meetings and participate in the work groups for the HIPAA-mandated transactions as well as transactions that are recommended for use, but are not under the current mandates. We have a corporate Membership.
- **National Uniform Claim Committee (NUCC.org).** This organization is designated by the Secretary of HHS as a DSMO under the Health Insurance Portability and Accountability Act – Administrative Simplification provision. Our corporate representative attends these meetings to keep abreast of CMS-1500 and provider taxonomy code related issues and changes.
- **National Uniform Billing Committee (NUBC.org).** This organization is designated by the Secretary of HHS as a DSMO under the HIPAA – Administrative Simplification provision.

CMP19
The Contractor shall enter into a Business Associate Agreement (BAA) prior to the initiation of work. The Contractor and the Department acknowledge and agree that the Business Associate Agreement is subject to HIPAA, and the HIPAA implementation regulations thereunder, and the Health Information Technology for Economic and Clinical Health Act (HITECH), and the HITECH implementation regulations thereunder. Under the Agreement, both parties are responsible for security and privacy compliance and must take advantage of the appropriate security capabilities and measures and adequate data validation, as well as have appropriate policies and procedures in place to minimize or prevent unlawful access by any person who may have access to the entire database.

Conduent agrees to enter into a BAA prior to initiation of work under the new contract with the Department as well as to acknowledge/agree that the BAA is subject to HIPAA and HITCH regulations. We understand both Conduent and the Department must comply with security and privacy requirements as described in the RFP.

Conduent's information security technical processes and procedures comply with HIPAA and HITECH regulations for Administrative, Physical, Technical Safeguards and Breach Notification. We have been exchanging data with insurers, health plans, employers, brokers, members, and state agencies using privacy-compliant methods and secure protocols for more than four decades and we are committed to the most stringent security protocols in the industry. Conduent takes a proactive, not reactive approach to HIPAA and other standards as we work together with the Department to stay ahead of the requirements, and ensure any applicable changes are seamless for your members.

We have successfully employed a mature, developed, and complete approach to all aspects of HIPAA, data, network, application, physical, and role-based information security. We base our approach for operations on, at minimum, state and federal statutes and regulations, including:

- NIST SP 800-53, Recommended Controls for Federal Information Systems
- American Disabilities Act (ADA)
- HIPAA Security Rule

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- HITECH Act
- Omnibus Rule
- Federal Information Processing Standards (FIPS) Publications 140-2
- Office of Management and Budget (OMB) Circular A-130
- 45 C.F.R. Subtitle A, Subchapter C, Parts 160, 162, and 164
- NIST SP 800-66, Guide for Implementing the HIPAA Security Rule
- State of Montana IT Security Policy and Standards

Each of our projects adheres to a comprehensive set of core information security policies aligned with the applicable requirements of HIPAA information security requirements. Our facilities and processes observe the HIPAA information security and privacy standards. Our approach to information security for our government healthcare projects includes a formal information security plan, in particular for our State government clients.

The development of this plan leverages our vast experience and detailed information security approach. We establish operational protocols and procedures to protect personal information, including PHI, PII, and tax information under all state and federal statutes and industry standards applicable to the project. For all of our accounts, our procedures and practices meet guidance, standards, and regulations such as those of the ACA, Fair Information and Practice Principles, FISMA, HITECH, National Institute of Standards & Technology, and the National Privacy and Security Framework for Electronic Exchange of Individually Identifiable Health Information for privacy and data security. Any financial data is safeguarded by strict compliance with all Payment Card Industry (PCI) Security Standards Council (SSC) standards.

We continuously monitor federal regulations and implement or change processes and/or systems to help ensure compliance with the most current applicable regulations. We also work in close partnership with our customers to ensure they have the information needed to make sound business decisions related to HIPAA rules and regulations. Additionally, we participate as leaders in many federal and professional organizations dedicated to HIPAA planning, standards, and implementation. This involvement allows us to stay on top of changes to standards.

CMP20
The Contractor shall ensure all information not specifically identified as Protected Health Information (PHI) or Personally Identifiable Information (PII) as defined under HIPAA and/or HITECH is treated as privileged communications, held confidential, and must meet the terms and conditions specified in the RFP, BAA and Contract.

We are fully compliant with HIPAA and we have successfully implemented the appropriate provisions in all of our systems. We treat all information (including that which is not specifically identified as PHI or PII) as privileged communications, hold the information as confidential, and continually meet the terms and conditions specified in the RFP, BAA, and Contract to protect this information.

HIPAA privacy and security standards are designed to protect members' PHI as well as other confidential data. Conduent complies with applicable HIPAA requirements as they relate to the use of PHI in business processes necessary to performing the activities that we have contracted with the Department.

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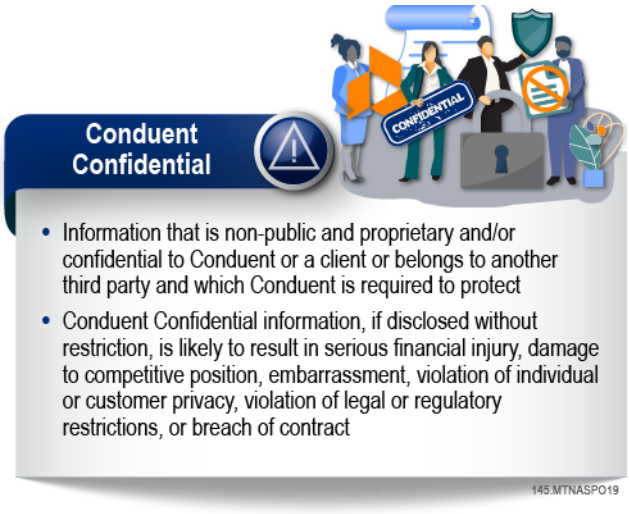
Conduent maintains policies and practices to support the information security and privacy requirements applicable to our system usage. Our information security approach aligns with the HIPAA threefold security objectives of integrity, confidentiality, and availability.



Conduent's stringent regulations for handling PHI apply to both hardcopy and electronic information. We comply with state regulations and applicable HIPAA regulations; assessing our operations to cover where PHI is required and located, who has access, and how it is used. We encrypt all outbound data communications (i.e. emails, data transfers, etc.) containing personal information, including PHI. We control access to confidential information contained in claims, prior authorizations, and related documents. Controlled sign-on procedures and other security tools protect confidential data. In addition, established, strict audit trails for all data received and transmitted allow Conduent to track and evaluate access and maintain strict confidentiality through safe, auditable data handling procedures.

We control and monitor access to any member PHI in accordance with HIPAA regulations and state policy. We define the appropriate sharing of information, including who can receive the information and at what level. As defined in 45 CFR 160.103, all demographic data that relates to the individual's past, present, or future physical or mental health or condition, the provision of healthcare to the individual, or the past, present, or future payment for the provision of healthcare to the individual, and that identifies the individual is accessed and transmitted only as required.

We provide training and information to staff with access to sensitive member information so they understand HIPAA confidentiality requirements and guidelines and so they do not disseminate member or provider data to unapproved sources. This training includes both initial and refresher training to keep staff informed and current on security and privacy guidelines and policies. We track and monitor requests to oversee and enforce these guidelines. We follow the requirements of 45 CFR 164.512 for releasing or transmitting PHI and/or individually identifiable information, in accordance with HIPAA regulations in effect at the time of the transmittal.

CMP21
The Contractor shall ensure that except as provided by law, no information in the possession of the Contractor about any individual shall be disclosed without prior written consent.

Under the new contract (except as provided by law), Conduent agrees to not disclose information we possess about any individuals unless we first receive prior written consent to do so. To track such a disclosure, we log an information request into the CRM, provide this information to the State's Privacy Officer, and take action to fulfill the request once we receive approval from the State Officer.

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CMP22

The Contractor shall follow all applicable technical standards for site and system security policies and procedures to protect the Department's healthcare data and information systems.

Conduent agrees to follow all applicable technical standards for site and system security policies and procedures to protect the Department's healthcare data and information systems.

Through our involvement and partnership with CMS, the Medicaid community, and customers worldwide, we understand the ever changing and increasingly complex security landscape. We also know that security is of paramount concern to the Department and MPATH. We are committed to protecting the confidentiality, integrity, and availability of the State's data and the shared network infrastructure from security vulnerabilities. We accomplish this through identifying and mitigating threats, and by complying with all applicable state and federal statutes, regulations, and rules, including but not limited to HIPAA and the Department's security policies, standards, and guidelines pursuant to the requirements outlined in the RFP.

Conduent protects the Department's physical and electronic data based on the stringent FedRAMP controls for our hosting services in Azure. We also secure our CMdS product from malicious attacks. To accomplish this, we establish, document, follow, and continually update security and privacy policies and procedures. We also implement defense in depth information security technical controls to protect confidential ePHI and PII data. These information security controls guard against the intentional or accidental release of information and ensure the security of operations, facilities, systems, and other aspects of the project. The project requires a balance: efficient staff onboarding procedures that grant users appropriate system access and the maintenance of strong information security controls that fully meet HIPAA security and privacy requirements.

The CMdS solution provides information security controls that are built into the Microsoft Azure Cloud infrastructure. The quality of these controls supports our decision to host protected data, system software, and solutions in the Azure Cloud environment. Azure's infrastructure is a trustworthy foundation upon which organizations can meet their hosting security needs.

As technologies that connect employees, vendors, and contractors proliferate, so do potential access points for unauthorized entry. Conduent's approach to optimizing information security in the face of these growing threats include:

- CMdS Product and processes are built in compliance to NIST 800-53 standards
- Autonomous continuous monitoring using Conduent Performance Management Suite
- Infrastructure hosted on FedRAMP Moderate Cloud hosting
- Web Application Firewall to ensure prevention of any malicious intrusion activity
- Full technical logging capability to meet industry compliance standards
- Personalizing access to specific roles and responsibilities with role-based access controls
- Protecting systems, files, and online activities from viruses, malware, spyware, and other threats with desktop antivirus software

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CMP23

The Contractor's data management approach and operational policies shall meet HIPAA, HITECH, ARRA and other Federal and State privacy and security requirements.

In compliance with the RFP, state, and federal standards, Conduent's operational policies fully meet the Department's requirements for data-management privacy and security. Further, our employees are required to adhere to corporate and applicable project policies, standards, and procedures for record keeping and asset protection. These protections and policies are designed to comply with the updated HITECH and HIPAA security and privacy guidance as published in the Omnibus bill of 2012. ARRA HITECH expands HIPAA privacy and security requirements to business associates as well as Covered Entities—expanding the group of entities with legal liability.

Our solution provides Hypertext Transfer Protocol Secure (HTTPS) and Secure File Transfer Protocol (SFTP) data encryption to safeguard sensitive data against unauthorized access during transit at the operating system level or through theft of hardware or backup media. Our encryption policies address privacy requirements as per HIPAA and CMS guidelines, and our products are hosted in a FEDRAMP Moderate Azure Cloud.

The information security controls in our solution prevent data disclosures to unauthorized users and systems. The system can tightly and automatically control access that formerly was restricted only through training and instruction.

Our information security controls protect data from being released without proper consent from the affected members. We work with the Department to confirm user needs and establish business processes specific to the program. Our onboarding process is in line with your expectations. Users are granted only the access that is appropriate to their job responsibilities, which is determined on a "need-to-know" basis.

Role-Based Security. Our system's robust, "role-based" security features are comprised of the Department and user profiles that are associated to specific roles. Each role is a configurable, uniquely defined group of system permissions (rules and procedures).

Passwords and Logins. Conduent implements a highly secure and robust information security and account lockout policy on the CMdS. The policy includes:

- Passwords must contain a predefined minimum number of characters that include at least two each of uppercase, lowercase, numerical and special characters.
- Passwords expire after a specific time interval and need to be changed.
- Last five passwords cannot be re-used.
- Passwords cannot be stored in clear text in tables, but must be stored in an encrypted fashion that is not accessible through standard file selection or inquiries. Employees who work for a provider or group of providers can configure security for their employee logins.
- The system limits the user's consecutive invalid logins and automatically locks out the user who exceeds the maximum number of login attempts. Our self-service web portal automatically logs off a user after a predefined time of inactivity.

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Provider IDs. The system identifies providers with unique internal provider numbers linked to external provider IDs, including the National Provider Identifier (NPI) or standards consistent with NPI and HIPAA requirements for providers, billing providers and facilities. NPI information is fully integrated throughout the system and includes, but is not limited to, claims processing, reporting and provider directories. The system stores and processes other provider IDs as well, such as National Council for Prescription Drug Program (NCPDP) numbers, Drug Enforcement Agency (DEA) numbers, unique physician identification (UPIN) numbers, Federal ID numbers, and State license numbers. To avoid duplicate provider information in the system, an external ID cannot be linked to more than one internal provider ID.

Penetration Vulnerability. An independent testing company performs external security/risk control assessments or audits. This testing entity executes penetration testing using automatic tools and manual probes to discover vulnerabilities. Our role in this process is to provide audit/assessment support, such as, cooperating with auditors, answering questions, providing artifacts, reviewing the audit feedback and so on.

The testing entity produces an assessment report on the status of the system's security. We then work to remediate improvements required by the assessment and that are within our contractual obligation, such as executing corrective action plans.

CMP25
The Contractor shall retain, all original paper documents for fifteen (15) calendar days from the date the documents are received and have been scanned, indexed, stored in the ECM and meet verification process standards. Original documents may be destroyed once indexed and stored in the ECM and the retention period is met in accordance with State and Federal guidelines.

Our paper documents/records management approach and services fully comply with state and federal guidelines described in the RFP. We agree to retain all original paper documents for 15 calendar days from the date we have indexed and verified them in the ECM. We have detailed and strict record retention policies and procedures to provide for securely maintaining, retaining, retrieving, and destroying paper documents.

We maintain inventory logs to manage document retention dates according to prescribed retention periods, retaining paper documentation onsite for at least 15 days. We dispose of records according to applicable disposition codes provided by the document retention and disposition schedule. Documents related to appeals, litigation, or settlement of claims are retained and available to authorized agencies or their authorized representatives until the appeal, litigation, claim, or exception has been resolved.

CMP26
The Contractor shall maintain an auditing system and employ accounting/auditing procedures and practices that conform to GAAP and GAAS. All charges applicable to the contract shall be readily ascertainable from such records.

As a publicly traded company, Conduent acts in accordance with SEC requirements. Through our public filing process, including formal earnings communications, Conduent management provides selective guidance to the public markets. Management uses both Generally Accepted Accounting Principles (GAAP) and non-GAAP forecasting methods to comply with accounting requirements and engage in strategic planning. Conduent also supports accounting and external financial reporting in accordance with

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the Cash Management Improvement Act (CMIA) Governmental Accounting Standards Board (GASB), and federal financial reporting requirements. The financial management component of the system ensures that each and every payment cycle balances, that reports balance to precursor steps, that financial data is reconcilable with internal and external sources, and that the process is transparently auditable. We maintain this principle of auditability and accountability throughout the life of the project as processes evolve. In accordance with GAAP, we review our internal fiscal control procedures with DPHHS for approval to maintain overall accounting integrity.

We also enforce GAAP standards at the corporate level as in every one of our project accounts. Our corporate accounting organization verifies that updates to these standards, including GASB standards, are enforced through internal audits of our financial procedures.

CMdS uses a role-based security model that allows automated provisioning of access rights and access, defined by what information users need to do their assigned responsibilities. We use security profiles and data classification schemas to maintain security access control. Our business functions and security access maintain separate functions and segregate duties of personnel to assure adequate financial, security, quality, and auditing controls consistent with GAAP and Generally Accepted Auditing Standards (GAAS). We agree to make all charges applicable to the contract readily ascertainable from these records.

CMP27
The Contractor will ensure that all technologies implemented are in compliance with any End User Licensing Agreements or other licensing arrangements.

Conduent has significant processes and mechanisms in place to verify and maintain compliance, in conjunction with three entities involved in procuring infrastructure, software, and hardware: our Architecture Review Board, Product Review Board, and our Chief Security Compliance Officer. Prior to acquiring new technologies, both of these entities review and approve the procurement. We acquire all software and hardware, including cloud subscriptions, through Conduent Global Procurement division. Through these safeguards, we confirm any implemented technologies comply with all End User Licensing Agreements or other licensing agreements determined by the licensor. We have regular monitoring processes in place, which include reviewing our license agreements before they expire.

At no additional cost and as an added value to the Department, in addition to the SaaS rights Conduent is granting the Department as set forth in the Contract, Conduent also is granting the Department a renewable, limited, non-exclusive, non-sublicensable, non-transferable right to use, to access, and to permit a mutually agreed upon list of state staff users to use and access portions of the CMdS-Claims Module. Alternatively, the Department can purchase all Optional Services for the CMdS-Financial Module and the CMdS-Federal Reporting Module necessary for the Department to use the Department Work Product for the purpose of continuing to process State Medicaid claims for payment for a 10 year term starting on the date the Contract is signed by the last party to sign it (as indicated by the date associated with that party's signature) (the "Effective Date") PROVIDED THAT this license does not apply to third party commercial off the shelf (COTS) software, programming, tools, documentation, materials, and other intellectual property, or materials or to open source software, programming, tools, documentation, materials, and other intellectual property, or materials AND THAT Department shall not extract such Contractor Work Product from Department Work Product for use separately therefrom.

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CMP29
The Contractor shall comply with Affordable Care Act Section 1104 Administrative Simplification, and Section 1561 Health IT Enrollment Standards and Protocols.

We comply with standards that include, among others, those established by HIPAA for security, privacy, and electronic transactions; Sections 1104 and 1561 of the Affordable Care Act; and 508c of the Rehabilitation Act (standards that provide greater accessibility for individuals with disabilities) for all users.

The CMdS product is deployed on a flexible infrastructure, where resources can be provisioned to meet spikes in user demand. Public-facing components comply with mandated standards and protocols: (1) accessibility standards established under Section 508c of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities, and compliance with federal civil rights laws; (2) standards adopted by the Secretary under Section 1104 of the Affordable Care Act; and (3) standards and protocols adopted by the Secretary under Section 1561 of the Affordable Care Act.

CMP37
The Contractor's Information Technology Equipment and Software purchased and licensed with monies under this Contract for use by departmental employees, program participants, or members of the public must provide, as required by 18-5-604, MCA, blind or visually impaired persons with access, including interactive use of the equipment and services, that is equivalent to that provided to persons who are not blind or visually impaired.

In accordance with MCA 18-5-604, as well as the ADA, and Section 508 of the Rehabilitation Act (29 U.S.C. § 794d), as amended by the Workforce Investment Act of 1998 (P.L. 105-220), we comply with all applicable federal, state, or other regulations, guidance, and laws in providing IT equipment and software access, and interactive use to blind or visually impaired persons. We further agree that the provided equipment and services will be equivalent to the equipment and services provided to those who are not blind or visually impaired.

CMP39
The Contractor's solution shall be compatible with multiple standard browsers in accordance to the State's IT Standards which can be found in the Procurement Library. The solution shall be compatible with standard browsers without requiring specialized or proprietary plug-ins.

As information becomes more digital and dynamic, it becomes increasingly important to supply enhanced web-based content for providers and members that use a variety of web browsers, smart phones, tablets, and emerging technology. Content must be relevant and easy-to-understand. The CMdS product meets all these requirements and more. Our solution supports the prominent web browsers such as Internet Explorer, Safari, Chrome, and Firefox browsers without requiring any additional plugins. It is also device agnostic since it is built on reactive web technologies rendering appropriately in laptops, desktops, tablets, and mobile devices.

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CMP40
The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions -Business Results Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data in support of the business results condition to accurately and timely adjudicate claims.

To support the Department in complying with the business results condition to accurately and timely adjudicate claims, CMdS offers high performance, real-time processing and adjudication of claims and claims correction 24/7. It provides flexibility and configuration options to automate claims processing within the State and federally required timeframes, with proven results for achieving turn-around times and accurate claims payment compliance. We also perform claims adjudication audits, review paid claims history reports, and conduct claims quality throughput reporting to identify issues that may have a negative impact on claims adjudication. If issues are identified, we meet with the Department to discuss adjudication rules and underlying policies affecting claims adjudication.

CMdS processes all types of adjustments, including mass adjustments, quickly and consistently and allows a complete audit trail of actions taken and transactions generated. Advanced tools are provided to analyze the impact of running mass adjustments so that decisions are made about whether to proceed. Multiple criteria can be combined to select claims for mass adjustments.

With rapid deployment times and ease of use at its foundation, CMdS-Claims rules management also provides strong support for present and future business process definitions through a flexible architecture. CMdS uses a COTS rules engine, enabling Conduent to quickly respond to administrative and policy changes as they affect DPHHS.

4.2.1.2 Security [RFP 3.10.1.2, Attachment F]

REQUIREMENT: RFP Section 3.10.1.2, Attachment F

This section addresses security requirements for the Contractor's solution(s) and operations. Due to the nature of the information managed by the State, any event resulting in a potential loss of confidentiality, integrity and/or availability of government data is unacceptable. Offerors must describe their approach to security in detail and describe how proposed solution(s) meet each of the Security requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

We have a long-standing, proven track record of complying with federal and state regulations, meeting audit oversight objectives, and earning the trust of government agencies. Conduent's approach to managing and mitigating risk builds on decades of experience developing Medicaid IT solutions across the country.

Conduent recognizes the importance of safeguarding the confidentiality, integrity, and availability of the sensitive information entrusted to our care. Since the issuance of the Health Insurance Portability and Accountability Act (HIPAA) Privacy and Security Rules, we constantly work to confirm that our practices support the privacy and security requirements that apply to our customers.

Conduent currently holds healthcare-related contracts in 26 states, the District of Columbia, and Puerto Rico, providing a range of healthcare services that positively affect the lives of millions of people. We are well versed in federal and state security standards, rules, and regulations and have consistently remained in compliance with them. Conduent offers a mature, developed, and complete approach to all aspects of

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HIPAA privacy and security. We also comply with Conduent information security policies, national guidelines, and industry practices for security, confidentiality, and auditing.

As an experienced Medicaid system vendor and fiscal agent, we have a responsibility to stay abreast of changes that affect Medicaid requirements and operations. We take all necessary steps to stay aligned with industry trends and changes through active participation in Medicaid forums, such as those managed by the Centers for Medicare and Medicaid Services (CMS), industry conferences, and other proactive involvement. We identify any major industry changes affecting Medicaid information security as quickly as possible to enable effective planning for such change.

Meeting the Most Demanding Security Requirements

- Experience safeguarding the toughest security environments
- Earned ISO 27001, the highest international security certification
- End-to-end security controls: physical security, network security, access control
- Commitment to the ISO continuous improvement mandate

We continue to stay knowledgeable about what is on the industry horizons and contribute our input to the standards-setting and rule-making process on issues that may have an impact on our clients.

SEC01
The System shall provide a physical and electronic environment that uses public key infrastructure to verify all transactions and the identity of all users and denies access to unauthorized users. For example:
a. Require unique sign-on (ID and password)
b. Require authentication of the receiving entity prior to a system-initiated session, such as transmitting responses to eligibility inquiries.

Conduent makes it a priority to implement strong technical information security controls related to identification, authentication, and authorization. Conduent emphasizes strong user authentication and password control measures to minimize the opportunity for unauthorized access through compromise of user access controls. We maintain and refresh our familiarity with the federal, state, and DPHHS laws, rules, and regulations surrounding privacy, security, and availability. Our grasp of policies, hardware, software, and procedures needed to create, manage, distribute, use, store, and revoke digital certificates is complete.

As a result, we have accumulated high levels of expertise and sophisticated tool sets for designing standards and COTS-based, security infrastructures for retaining flexible control over user identity management. Compliance with these requirements is a critical component of verifying the overall success of the Claims Processing and Management project. We know these standards and are committed to staying current with changes to them as they occur.

We understand our responsibility as your contractor to comply with all applicable laws, rules, regulations, and standards that govern the work we do. Recognizing the importance of safeguarding privacy and security, we make use of ForgeRock, an industry leader in digital identity management for these vital functions.

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ForgeRock Identity Management

Understanding the increasing importance of digital identity management and access control in the face of evolving threats to information security, we use ForgeRock Identity Management to achieve strong identification, authentication, and authorization.

ForgeRock was named a Visionary in the 2019 Gartner Magic Quadrant for Access Control Management, Worldwide, 2019. Its capabilities include identity management and governance, access management and strong identification and authentication, identity gateway, directory services, user-managed access, and edge security.

ForgeRock Identity Management supports comprehensive and secure management of the complete identity lifecycle of users and services across all kinds of devices. As the combined number of users, devices, services, and other IT touchpoints continues to grow, the need for an identity management tool capable of handling increasing complexity has become essential. The solution safeguards users on a broad array of devices and services, from digital identity to device registration, provisioning, synchronization, and reconciliation.

ForgeRock deploys strong identification, authentication, and authorization security controls. Digital certificates and the use of public key infrastructure (PKI) help provide non-repudiation services. The receiving entity's registration authority (RA) assigned in the PKI infrastructure accepts requests for digital certificates and authenticates the entity making the request.

ForgeRock works with the OpenDJ directory server, which uses secret keys for data confidentiality, and for encrypted backup files. OpenDJ uses public/private key pairs to establish secure connections and can use public keys to authenticate clients.

The software's Intelligent Authentication supports the creation of authentication trees for fine-grained user verification, allowing multiple paths and decision points throughout the authentication flow. Authentication trees are made up of authentication nodes, which define actions, such as the collection of user names and passwords, taken during identification and authentication process. Administrators create complex yet customer-friendly identification and authentication experiences by linking nodes together, as shown in Figure 4.2.1.2-1.

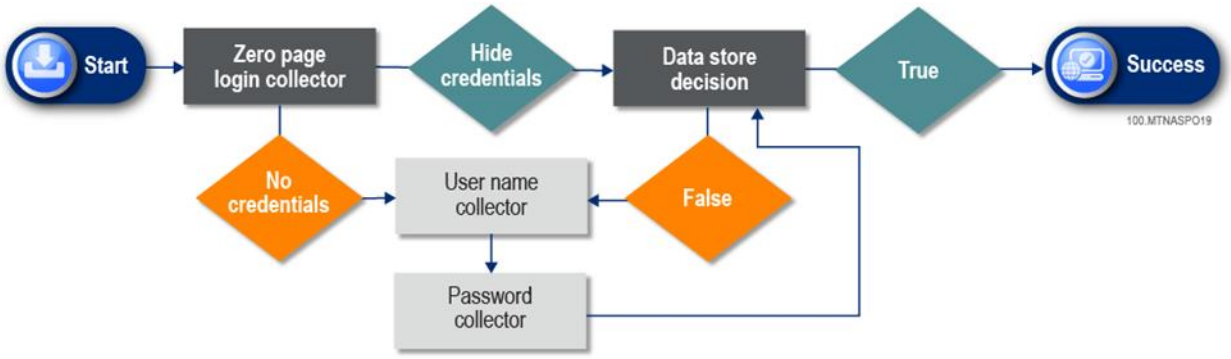

Figure 4.2.1.2-1. ForgeRock Intelligent Authentication
Enabling multiple paths and decision points helps security staff provide effective, user-friendly authentication.

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For denying access to unauthorized users, ForgeRock makes the following types of account lockouts available. They determine how user accounts are locked and unlocked:

- Persistent (physical) lockout
- Memory lockout
- Account lockout
- Directory server-based account lockout

To verify transactions, thread IDs are added to log statements, including how to correlate thread IDs with transaction IDs for tracing transactions through standard audit logs.

Authentication of the Receiving Entity (EDI)

During the trading partner onboarding process, each individual trading partner needs to complete and submit:

- A trading partner (TP) application: Includes all demographic, classification, and transactional data for the connection they are requesting
- Business Associate Agreement: Includes terms and HIPAA/HITECH language to which the trading partner needs to adhere
- Trading Partner Agreement: Additional terms and conditions with responsibilities of each organization

As a result of the enrollment process, approved trading partners that are migrated into test or production receive unique log-on credentials specific to any portals required to submit, receive, or view data within the platform. Conduent authenticates all user credentials prior to granting access to any system function. Secure Socket Layer (SSL), Transport Layer Security (TLS), or Secure Shell (SSH) secure all traffic through and from Conduent EDI solutions through flat or XML files processed with existing channels. However, for submitters working on older versions of FTP software, our solutions can support file-level encryption within Informatica Managed File Transfer (MFT). Channel-level encryption is the most efficient mode of communication.

File encryption tasks transform the file contents (referred to as plaintext) using an algorithm (called cipher) to make it unreadable to anyone except those possessing special knowledge, referred to as a key. The reverse process, decryption, transforms the ciphertext back into a readable form. Informatica Managed File Transfer provides OpenPGP compliant file encryption and decryption tasks for use within Projects.

SEC02
The Contractor shall ensure that any data being transmitted or transported either physically or electronically will be encrypted.

Conduent applies data encryption to protect data, especially ePHI and PII, from improper disclosure or alteration. We employ multiple measures to promote the security of the data entrusted to us, implementing data at rest and data in transit encryption for all ePHI and PII.

We use Conduent Digital Hub, based on the Apache Camel routing and mediation engine, which has cryptographic endpoints and Java Cryptographic Extension (JCE) for data being transmitted. JCE

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provides a framework and implementation for encryption, key generation and key agreement, and Message Authentication Code (MAC) algorithms. With these tools we create digital signatures for data exchanges. The software provides a pair of flexible endpoints, which are used in concert to create a signature for an exchange in one part of the exchange's workflow. The signature is then verified in a later part of the workflow. Figure 4.2.1.2-2 shows how data in transit is encrypted using Conduent Digital Hub.

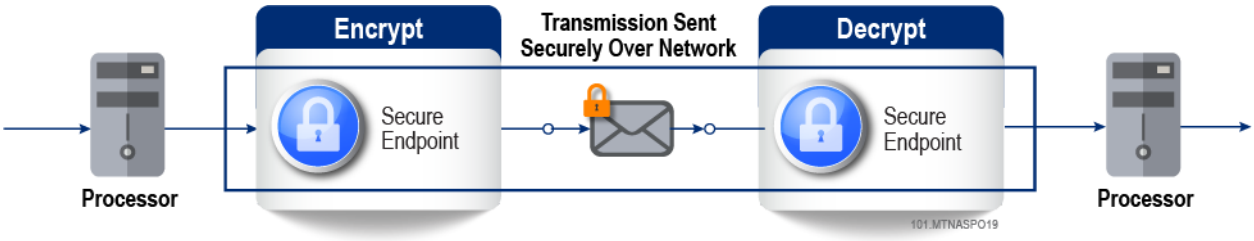

Figure 4.2.1.2-2. Conduent Digital Hub Encryption for Data in Transit
Secure routing of information between cryptographic endpoints for protecting ePHI and PII.

Physical encryption for storage media meets the requirements defined in NIST Special Publication 800-111, "Storage Encryption Technologies for End User Devices." Our approach protects sensitive data against unauthorized access by using industry-standard encryption algorithms and the cryptographic libraries validated against FIPS Publication 140-2, "Security Requirements for Cryptographic Modules." The encryption solution is full-disk unless an exception is approved.

We also use Transparent Data Encryption (TDE) to protect databases. Providing encryption at file level, TDE solves the problem of protecting data at rest, encrypting databases on the hard drive and backup media.

The encryption algorithms used for these purposes comply with current standards defined in FIPS Publication 140-2.

SEC03
The Contractor shall ensure that any unneeded hardware, software, and licenses have been decommissioned.

Using technologies hosted in the Microsoft Azure cloud based on the Platform as a Service (PaaS)/Infrastructure as a Service (IaaS) model enables us to size IT assets to the scale of business requirements at hand on demand. PaaS/IaaS provides the ability to rapidly scale down (or up) resources available to an application or even entire system or even rapidly deploy and remove an entire solution.

The model supports the ability to promptly get access to, or remove, resources: servers, storage, operating system, and configurations with access to a shared pool of resources that enables rapid, elastic use of the infrastructure.

In Azure, we create resource groups (RG), collections of assets in logical groups for easy or automatic provisioning, monitoring, and access control, and for effective cost management.

One benefit of using RGs in Azure is grouping related resources that belong to an application together, as they share a unified lifecycle, from creation to usage and finally, de-provisioning. Azure Resource Manager (ARM) provides application programming interfaces (APIs) used to provision resources in Azure. ARM enables the resources to be provisioned declaratively using JavaScript Object Notation

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(JSON) documents. The JSON document may include a description of multiple resources that need to be provisioned in a resource group, and ARM knows how to provision them, or remove them, accordingly.

The model enables assets to be removed or added at will. It thus significantly reduces the time and complexity of provisioning or removing IT assets. It also reduces the risk of acquiring assets that may soon become out of date or of having insufficient resources to handle periodic fluctuations in demand for computing capacity.

SEC04
The Contractor shall protect all government data from loss or unauthorized disclosure.

We create an information security plan that covers all of the information security performance requirements of the contract. The plan provides the basis for creating specialized procedures, training, skills, and technological solutions needed to protect government data from loss or unauthorized disclosure. The information security plan addresses the provision of adequate management, operational, and technical controls to protect data in CMdS.

Our facilities, systems, data, and operational procedures adhere to the highest CMS information security standards. As stewards of this data, we commit to the most stringent security protocols in the industry. Our program operates under a comprehensive set of information security policies, standards and technical procedures to protect government data under applicable state and federal statutes. The plan conforms to the applicable principles contained in:

- Applicable International Organization for Standardization (ISO) standards
- Federal and state legislation including the Health Insurance Portability and Accountability Act (HIPAA) Security Rule
- Federal Information Security Management Act (FISMA)
- Health Information Technology for Economic and Clinical Health (HITECH)
- Minimum Acceptable Risk Standards for Exchanges (MARS-E)
- National Institute of Standards and Technology (NIST) Publications, especially NIST Special Publication (SP) 800-53
- FedRAMP
- OMB Circular A-130
- PCI Data Security Standard

Additional information security controls and control enhancements contained are added where applicable to strengthen the level of protection provided.

Conduent affirms the fundamental significance of information security by delineating a set of policies and standards to secure and protect government information systems, while maintaining compliance with state and federal laws, executive orders, regulatory, contractual, and other policy requirements pertaining to confidentiality, integrity, availability, privacy, and safety. Conduent acts as the custodian of extensive information for Montana and relies upon information systems for fiscal, policy, and program delivery initiatives. Consequently, security measures must be implemented to guard against unauthorized access to, alteration, disclosure, or destruction of information and information systems. Safeguards will be implemented to offset all possible threats.

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SEC05
The Contractor's solution shall streamline electronic transactions by incorporating electronic and digital signatures compliant with HIPAA and other State and federal statutes.

Conduent satisfies the requirements of FIPS Publication 186-4, which defines the Digital Signature Standard (DSS). The standard specifies algorithms for applications requiring a digital signature, rather than a written signature.

Conduent Digital Hub, which we use to provide secure web-based trading partner business-to-business content management, supports digital signatures and X.509 certificates.

SEC06
The Contractor's solution shall provide tools (e.g., alerts or reports), which identifies usage anomalies or users who may have misused the system.

We tailor our information security plan to address the information security requirements of the Claims Processing and Management Services project. In creating that plan, we consult guidance provided in NIST SP 800-94, "Guide to Intrusion Detection and Prevention Systems (IDPS)," to define requirements for identifying anomalies or users who may have misused CMdS. To detect usage anomalies, we compare definitions of what is considered normal against observed events to find deviations, using profiles of normal behavior of users, hosts, network connections, or applications.

Likewise, we use an array of controls, such as security information and event management (SIEM) software, to identify users of systems who misuse their privileges or attempt to gain additional privileges for which they are not authorized. These include intrusion detection technologies and methods for recognizing when an attacker has successfully compromised a system by exploiting a vulnerability in the system. In addition to such measures, we apply broader strategies, procedures, and industry best practices, as shown in Figure 4.2.1.2-3.

Figure 4.2.1.2-3. Abuse Prevention and Detection Tools and Strategies
Conduent combines expertise, mature procedures, and advanced security technologies to detect anomalies and abuse of solutions.

Conduent network, systems, and applications provide for applicable capture and retention of access and activity logging at critical points in the solution. Audit logs are also critical forensic sources for incident

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response. Conduent has a well-defined incident response process to identify and remediate information security incidents. We include applicable project events in the monitoring activity.

CMdS uses role-based access and audit trails to address data integrity of PII and ePHI by preventing and detecting improper alteration or destruction. Within the security administration function, we link user IDs to role-based security profiles that allow and restrict access to the system consistent with job duties. Role-based authorization limits a user's access to only the data and functions for which he or she is approved. Each role's access can be customized allowing inquiry and/or update authority to specific functional areas of the system depending on a user's specialized needs.

SEC07
The Contractor's solution shall automatically maintain an audit trail of users, including database administrators, who pass through or view a record, regardless of whether data is changed.

Conduent has a data classification policy that identifies data retention requirements. CMdS includes preservation of audit trails that provide documented information about system and user activity. For example, solution modules record changes to data made by users or batch processes and inquiries made against data containing PHI and ePHI. Changes are logged by individual data elements and not by database rows, allowing for greater flexibility and analysis capabilities.

We have incorporated CMdS audit logs to be sent to our centralized SIEM infrastructure. The SIEM configuration applies CMdS logging and monitoring rules that define how the system detects all read (view), write, and change activities.

SEC08
The Contractor's solution shall have security audit trail reporting capabilities (e.g. security, level, locale, IP address, user ID, before and after changes).

CMdS has robust audit reporting and logging capabilities. The audit trail system has two hyperlinks that allow a user to see the source of an update. The Last Update function in CMdS shows the user ID, date, and time of the last update, as shown in Figure 4.2.1.2-4. An Update History link shows all updates to the field: the data before and after, along with the ID and timestamp. These two hyperlinks allow authorized users to see who or what specific data has been updated in the database. Data within the logging tables is retained for an unlimited number of occurrences.

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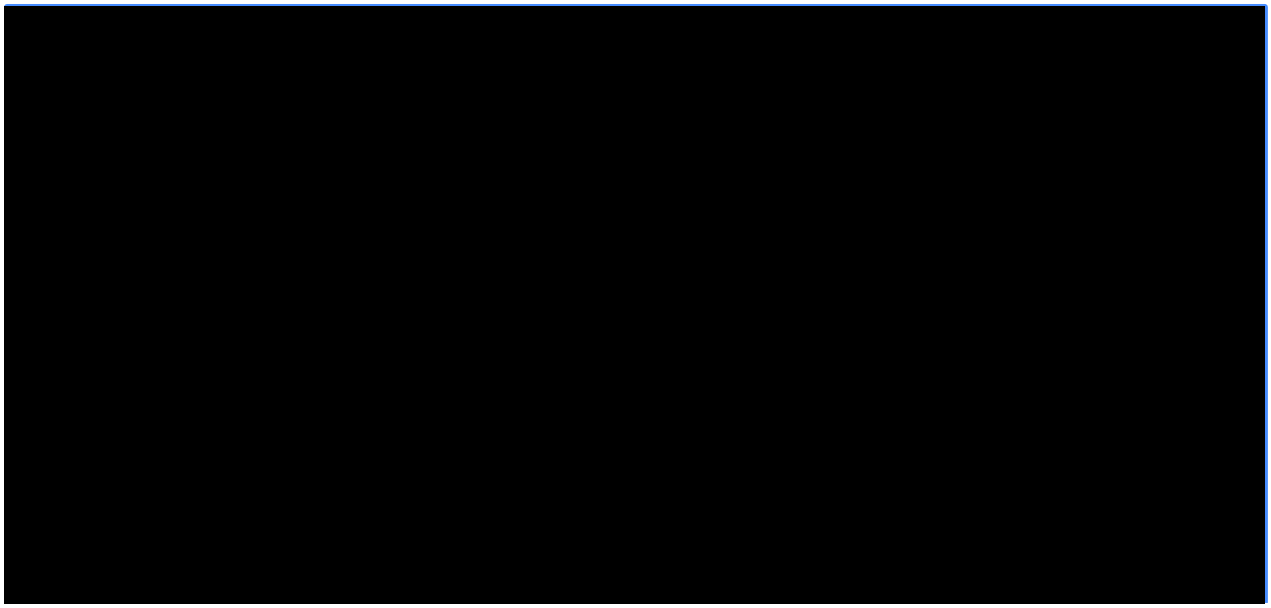

Figure 4.2.1.2-4. Last Update
Clicking on the hyperlink shows the user last update information.

The information the system logs includes:

- The column value before the change (old value)
- The column value after the change (new value)
- The User ID (to identify the specific user or process responsible for the change)
- The date and time of the change
- The key values necessary to identify and store the information in the log

SEC09
The Contractor's solution shall ensure the audit trail that cannot be modified.

SIEM administrative access control is granted only to a very limited group of administrators. SIEM solutions are typically engineered to restrict audit trail modification of any kind by default. Furthermore, administrative access control to systems is granted to only a very limited group of administrators. All administrator activities are logged and monitored.

We have verification processes for additions, deletions, or updates of data, as well as the ability to identify all audit information by user identification, network terminal identification, date, time, and date accessed or changed. The technology provides comprehensive history and audit trail functionality that tracks all data changes made in the system, including identification of who updated a system object or data element and when. This includes the date and time of the change, the user ID, the previous value of each modified field, and the new value of the field. This function is available from all updatable web pages.

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Conduent Proprietary Information

SEC10
The Contractor's solution shall contain information determined by the Department and must meet Health Information Technology for Economic and Clinical Health Act (HITECH) auditing standards.

Under the Health Information Technology for Economic and Clinical Health (HITECH) Act, Medicare Administrative Contractors (MACs) audit data elements used for the payment of incentives provided under the Act. The CMS-issued HITECH Desk Review and Audit Program used by MACs includes the review steps required for the data elements used in the incentive payment calculation.

To satisfy the audit requirements, the CMdS SIEM capability maintains an audit trail that monitors for and records information relevant to HITECH auditing standards:

- Date and time of transactions
- Date and time of receipt and response, as appropriate

We developed CMdS modules to contain and manage state Medicaid information and can be adapted to satisfy requirements determined by the Department.

SEC11
Risk assessments and security audit reports shall be completed on an annual basis and when additions or changes to functionality impact the security framework, architecture or when a new vulnerability exists.

We bring deep experience in implementing and managing risk assessments and security audit requirements processes, accumulated through decades of safeguarding security and privacy at Medicaid agencies across the United States. The Conduent Information Security Office (CISO) performs annual audits based on the Security Control Evaluation Process of Threats and Risks (SCEPTR) risk analysis of Conduent business units. SCEPTR provides a detailed security regimen comprising granular IT controls and processes at the business unit, client organization, and technology level.

We review a subset of these audits and perform a more rigorous audit and risk analysis on 20% to 25% of the business units.

Application of SCEPTR identifies operational risks to confirm that Conduent information security policies, contractual requirements, and external regulatory requirements align with DHS requirements. We devote special attention to instances in which additions or changes affect the security framework or architecture, or when we detect a new vulnerability. The approach includes assessments used to promote readiness of the infrastructure for any external audits or similar activities. It is the basis for our Information Security Management System (ISMS), and provides the principles behind our security policy, strategy, and success.

Plan of Action and Milestones (POAM)

If an audit or update parameter does not fully comply with the expected information security standards, Conduent will submit to the Department a gap analysis detailing any compliance irregularities and a Plan of Actions and Milestones (POAM), providing an overview of the reasonable effort and time required to comply with the standards.

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The POAM describes, at a minimum:

- Implementation of which information security standard controls are compliant in the Conduent solution
- How we are non-compliant
- Why Conduent believes we are non-compliant
- Ranking of the severity of each gap to our ability to protect the confidentiality, integrity, or availability per the rating scheme outlined in the standards
- Status, as of the date of POAM submission, of remediation efforts for the gaps and/or an explanation of compensating controls or workarounds for the gap that, in our opinion, reduce or eliminate the severity of the gap

The Department may review the gap analysis and POAM with us allowing the parties to agree to a timeline for correction of any deficiencies that is mutually acceptable to both parties. The POAM is updated to include the agreed-upon implementation timeline. We will meet with the Department from time to time as agreed upon deadlines approach to correct deficiencies. At those meetings we will review the POAM, implementation timeline, and any other documentation needed to determine our compliance status and assess what further actions need to be taken.

Conduent updates the existing plan of action and milestones at least monthly until all the findings are resolved. We determine the status of efforts to resolve vulnerabilities with findings from information security controls assessments, information security impact analyses, and continuous monitoring activities. Information security standards outside of that set can be rolled into that approach as required. Where applicable, we have the capability and understanding needed to support them.

SSAE – 18 SOC 2 Type II Audit

The Conduent Statement on Standards for Attestation Engagements (SSAE) 18 – Service Organizations Controls (SOC) 2 audit cycles are managed and maintained annually with auditors engaged by Microsoft for Azure Cloud services to confirm we are compliant to these standards and have processes and methodologies to stay in compliance. SOC audits for are performed annually.

We understand the need for controls in the project for governing security, availability, processing integrity, and the confidentiality and privacy of information. The SOC 2 Type II audit specified in the RFP provides both the Department, Conduent, and its relevant subcontractors the opportunity to examine critical functions annually where we store, process, or transmit sensitive information. Such areas include, but are not limited to, the call center or help desk services, information system hosting or system services, records storage and retention services, and mailroom and back office functionality. We welcome this requirement as it provides assurances to the Department that proper controls are in place. It also further strengthens our own ongoing efforts to maintain excellence in managing information functions and processes.

Independent audits, conducted for us by Ernst & Young, are an essential management practice. They validate our strict adherence to information secure practices and principles. Our audit reports are in accordance with "Reporting on Controls at a Service Organization Relevant to Security, Availability,

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Processing Integrity, Confidentiality, or Privacy," published by the AICPA. We also contract with Ernst & Young to produce the report.

Microsoft, which owns and administers the Azure cloud computing service, performs SOC 2 Type II audits annually. The auditor provides professional auditing services for SOC 2 reviews to evaluate Common Core Criteria and Trust Principles.

The auditor audits Conduent's handling of sensitive data and the Department's critical functions, which are identified as information security, availability and confidentiality, and address all areas relating to information technology security and operational processes.

The Department's Contract Manager determines the initial SOC 2 Type II Audit schedule for us. After the first audit, we annually perform the audit for the specified audit period. The Department receives complete copies of the final SOC 2 Report.

Further, the SOC 2 Reports from independent auditors for cloud environments are available for the Department. We present the Department annually with copies of SOC 2 Reports for the Azure cloud environments we use. We also provide our own independent audit and SOC 2 Report on our systems and business operations.

Ernst & Young LLP, the independent auditing firm, conducts an audit of Conduent and our relevant subcontractor environments. Auditing follows a logical and detailed audit cycle process shown in Figure 4.2.1.2-5.

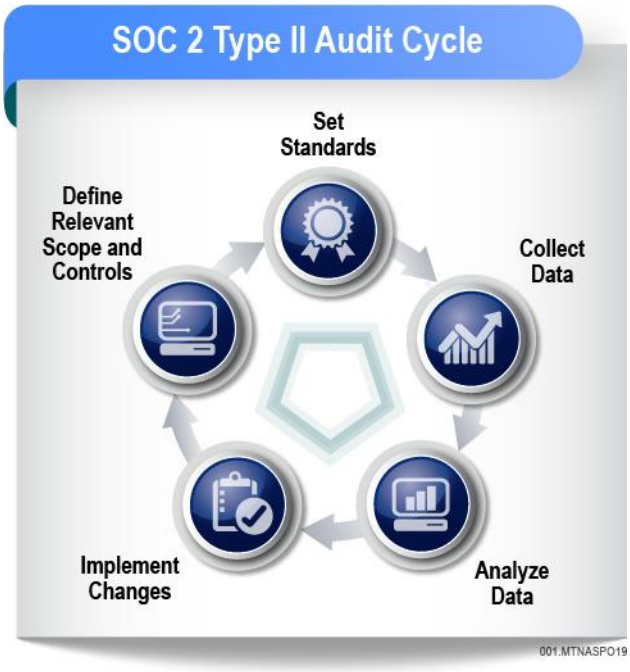

Figure 4.2.1.2-5. Annual Audit Cycle
Our annual audit cycle confirms that current controls and processes are included in scope and that deficiencies are appropriately remediated.

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SEC12
The Contractor's solution shall manage role-based permissions and provide a National Institute of Standards and Technology (NIST) compliant identification, authentication and accounting solution.

We assign operational roles to enforce separation of duties, limiting each individual's access only to functions needed to perform their job. We identify and account for potential opportunities for collusion, fraud, or abuse and separate tasks to reduce or eliminate possible opportunities to improperly access or manipulate data and records.

ForgeRock Identity Management solutions provide information security controls for satisfying NIST 800-53 rev 4 at a "moderate" system risk assessment designation. The solution provides secure identification, authentication, and authorization security capabilities:

It automates the entire identity lifecycle, delivering it as a comprehensive and secure service managed from a central location, with functions that include:

- Allowing for secure management of the complete identity lifecycle of users, devices, and services from identity to device registration
- Handling provisioning, progressive profiles, profile and privacy management, synchronization, reconciliation, and other functions to enable users to move across channels securely

Azure Cloud security enforces multifactor authentication for cloud resources (both privileged and non-privileged accounts) or network access to privileged accounts. It involves an authentication factor that uses a device (i.e., mobile phone) that is separate from the system gaining access.

CMdS is integrated with ForgeRock Identity Management for SSO federation, provides security functionalities for replay-resistant authentication mechanisms for privileged accounts. It provides technical capabilities to create and manage roles assigned to users based on organizational need and structure, such as job function, title, and geography. It also assigns and removes entitlements and resources consistently and rapidly.

Further, ForgeRock Identity Management provides the technical capabilities to accept and electronically verify Personal Identity Verification (PIV) credentials.

SEC13
The Contractor's solution shall have multiple layers of external and internal security that provide administrative, physical, and technical mechanisms to protect sensitive or confidential information used in performing the responsibilities and duties defined for the module scope of work.

We enforce the practical application of security measures across our organization and apply the relevant principles to CMdS for the Claims Processing and Management project. Through our involvement and partnership with DPHHS and the Medicaid community, Conduent understands the ever-changing and increasingly complex landscape of information security.

We employ a "defense-in-depth" approach that incorporates multiple layers of administrative, physical, and technical controls to protect the project's data, staff, and processing facilities. We use this approach throughout contract operations, as illustrated in Figure 4.2.1.2-6. As an incumbent contractor for

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Montana, we have successfully implemented our approach to safeguard the information entrusted to us by the Department.

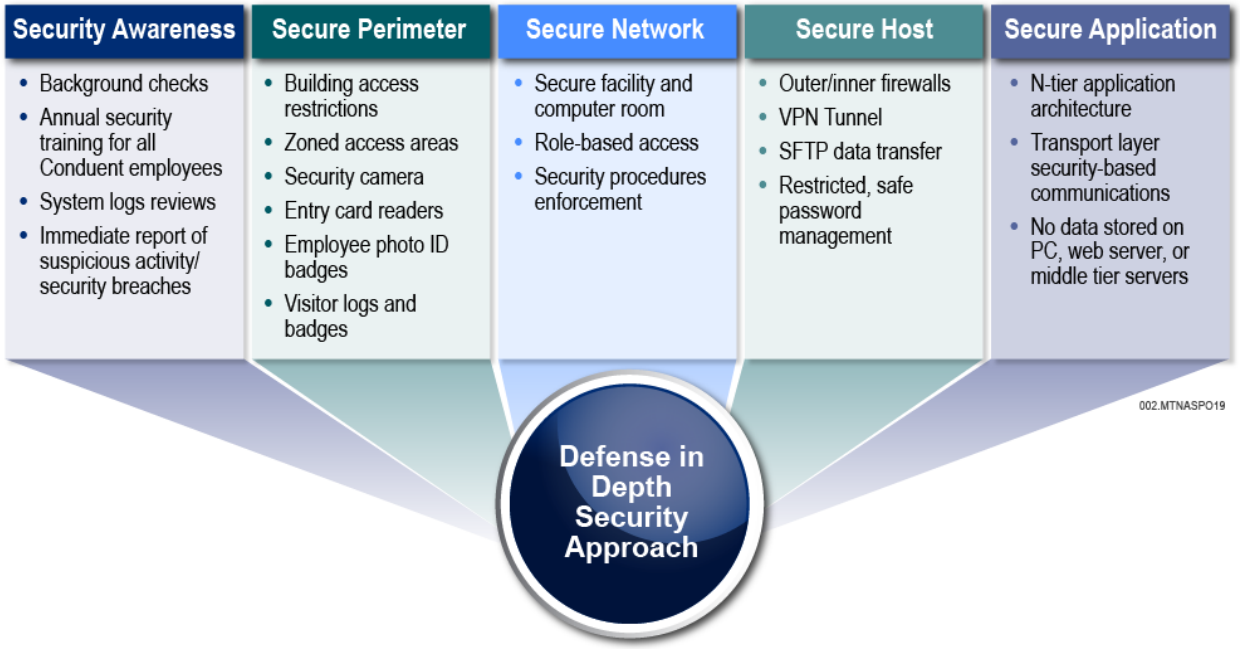

Figure 4.2.1.2-6. Data Secured by Multiple Defense Layers
Our defense-in-depth approach provides complete data security, from physical access through network, host, and application design.

This information security approach follows the principle that multiple layers of security provide greater security than a single layer alone. If one security layer is compromised, other layers of security continue to provide protection against unauthorized intrusion. This best-practice approach is considered an industry standard and has proven effective for protecting sensitive data for a wide range of customers, as well as 26 states and the District of Columbia.

Conduent always maintains the security and privacy of the project information under its control and in all formats. To accomplish this, we establish, document, follow, and update information security and privacy policies, procedures, and measures to guard against the intentional or accidental release of information. We secure the operations, facilities, systems, and other aspects of the project. We document our current and planned structure and controls for security and privacy associated with the project in a formal Privacy and Security Plan. Our plan aligns with relevant state, Conduent, and federal policies and procedures. The plan is a living document that we update annually throughout the life of the contract.

Our information security program sets forth safeguards for ensuring the following:

- **Confidentiality.** The right person has the right access to the right data.
- **Integrity.** Confidential data is used for the appropriate purpose.
- **Accountability.** Actions are traceable to the individual who accessed the data.

Multiple layers of external and internal security provide the administrative, physical, and technical means to protect sensitive or confidential data, project staff, and facilities.

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The security safeguards that Conduent uses to protect sensitive information include:

- **Physical Access Controls.** All facilities are secured with proximity card access control systems, software. and monitored intrusion detection alarms.
- **Identification Badges.** Conduent requires photo identification badges that control employee, State, vendor, and visitor access based on job requirements, restricting access to the minimum functions required to perform duties.
- **Visitor Control.** All visitors, vendors, and messengers must sign in and out of the Conduent facility and are granted escorted access for specific and authorized business purposes.
- **Handling, Packaging, and Transporting ePHI.** Conduent requires and tracks chain of custody forms.
- **Software Security and Anti-Virus.** Conduent uses McAfee's ePolicy Orchestrator (ePO), acknowledged as one of the most advanced and scalable information security management software products in the industry.
- **IP Filtering.** Conduent defines the specific allowable or disallowable points of origin and/or destination for access to ePHI using IP filtering.
- **Server Hardening.** Conduent uses standardized baseline builds, including codified security configurations for each platform and component application.
- **Data Encryption.** All data transmitted outside our secure network is encrypted in transit. All confidential data at rest is encrypted.

SEC14
The Contractor's solution shall not include any code of unknown origin.

All software in the Conduent solution is vetted by Conduent for comprehensive quality criteria, including code origin. We are aware always of the sources of our code. All open source and licensed software is vetted by Conduent software quality assurance staff for authenticity and safety.

SEC15
The Contractor shall provide an independent third party to perform penetration testing within six (6) months prior to implementation. Penetration testing must also be performed by an independent third party on an annual basis and when additions or changes to functionality impact the security framework, architecture or when a new vulnerability exists. Penetration Test Report results shall be supplied to the Department and any major or critical vulnerabilities mitigated.

We recognize the vital role independent penetration testing plays in protecting private information and place a high value on benefits third-party testing can bring to our initiatives for a balanced, effective security strategy. We have many years of experience working with independent penetration testing organizations, whose assessments are essential for discovering risk and defining appropriate mitigation strategies.

Our role when engaging independent third parties for these penetration tests includes providing audit/assessment support such as cooperating with auditors, answering questions, providing artifacts, and reviewing the audit feedback. We deliver to the Department a yearly assessment report on the status of the

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system's security to include the network penetration test, and the vulnerability test, for the complete solution including Conduent infrastructure and solutions as well as those of our subcontractors. We provide DPHHS with the findings of the vulnerability assessment and penetration test. If the findings demonstrate security vulnerabilities in our computing environment, we submit an updated POAM that addresses such deficiencies.

Vulnerability Testing

Conduent works with Cadence Consulting to provide independent vulnerability assessment and network penetration testing. We conduct ongoing automated network vulnerability assessments as a monthly process, engaging Cadence Consulting six months before solution implementation, and annually thereafter. When we perform our own vulnerability assessment, we analyze the results against those of the previous month and distribute the results to appropriate site personnel for timely and continued remediation.

These periodic assessments are necessary to help confirm that network-attached devices continue to remain hardened against known and emerging vulnerabilities. We expect third-party technology suppliers to resolve documented vulnerabilities in a reasonable and mutually agreed-upon timeframe.

Our vulnerability analysis capabilities provide the following benefits:

- Alerts from Conduent Cyber Security Coordination Center (CSCC), which monitors for new threats and issues alerts when threats are detected
- The capability to provide vulnerability filtering of false positives
- Internet-based threats vulnerability scanning, using the Conduent corporate standard for vulnerability scanning, which is performed no less than monthly designated by the Office of the CISO, to remediate any discovered vulnerabilities
- Periodic vulnerability scanning on the local-area network (LAN) to help confirm that systems and network devices are properly patched and configured on an ongoing basis

Conduent performs monthly vulnerability scans for the Department's external network. These scans are automated and powered by Nessus software from Tenable, Inc. A sample of output from the scan appears in Figure 4.2.1.2-7.

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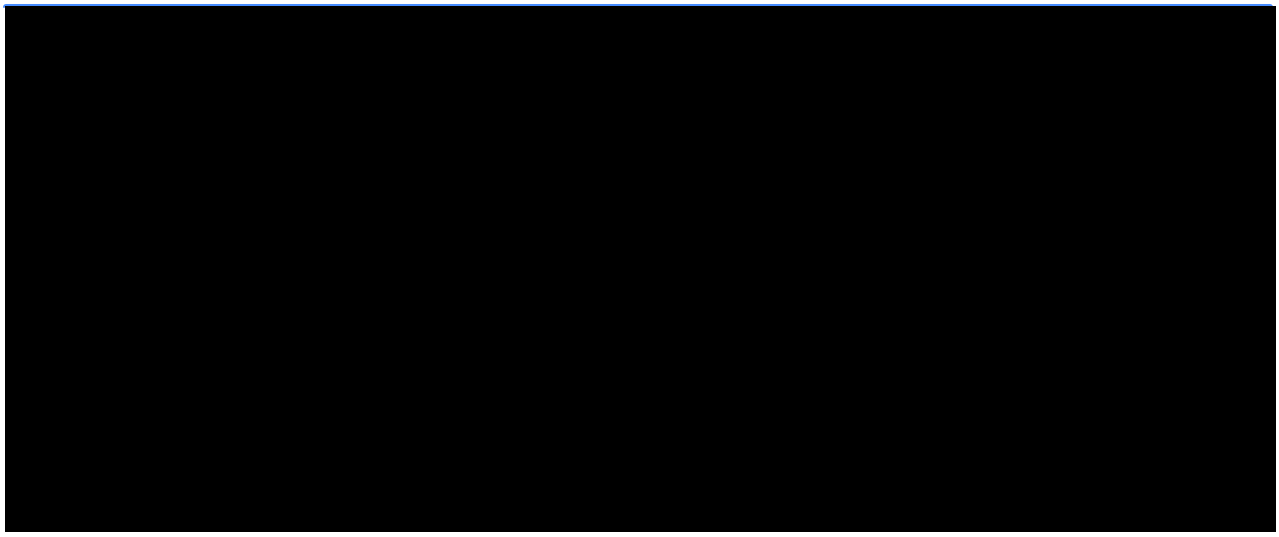

Figure 4.2.1.2-7. Sample Security Event Report
Tenable.io provides insight into the solution infrastructure's security risks, supporting identification, investigation, and prioritization of vulnerabilities.

The scans identify the following types of information:

- Network and system vulnerabilities by system
- System services running and visible from the internet by system
- Service packs and patch levels when possible by system
- Rogue systems running on the Department's network
- Systems no longer responding
- Possible Trojan horse software
- Remote control software
- DNS zone information

We are committed to working with the State to achieve compliance with state information security and privacy policies, should there be gaps in Conduent's policies as they pertain to state standards.

Penetration Testing

We engage The Cadence Group for penetration testing using industry-standard methodology to assess the ability of our computing environment to thwart efforts to penetrate the solution and its data.

We conduct ongoing automated network vulnerability scanning as a monthly process to identify vulnerabilities and distribute the results to appropriate site personnel for timely and continued remediation. This includes monthly internet vulnerability scanning, scanning internet-facing systems and network devices, and local-area network scanning.

Network penetration tests cover all networks that access state data and information. Testing involves a custom approach based on various scenarios to mirror the largest threats to the network. It employs a combination of both industry-standard and customized developed solutions to perform the necessary reconnaissance, enumeration and scanning, testing, and validation of security threats.

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Conduent Proprietary Information

SEC16
The Contractor shall provide the primary and disaster recovery facility(s) which will ensure security, performance and disaster recovery requirements outlined in the module scope of work.

Leveraging the high-availability capabilities of the Microsoft Azure cloud for hosting, our solution provides redundant infrastructure, data, and application features to maintain uninterrupted solution access. In Azure, the site identified as the secondary disaster recovery facility is often the primary production data center for many other Azure customers. It is not a data center whose only function is to wait for processing to switch over from the primary production site.

The Microsoft Azure cloud hosts the solution with geographically segregated regions in the continental United States that include a primary datacenter facility for production operations and a secondary datacenter for backup and recovery, as configured.

The Azure hosting and disaster recovery environments are self-sustained, with power generators and access to all major communication carriers. Failure in any component at Azure data centers results in automatic switch over to the redundant component. Azure Traffic Manager which is primarily responsible to detect if Primary endpoint is no longer healthy, it automatically uses the Failover endpoint (DR) in the DNS response and users connect to the application on Azure disaster recovery environment.

Conduent develops, delivers, maintains and executes a Business Continuity Plan that includes a contingency plan and adheres to HIPAA and International Organization for Standardization (ISO) 20000 guidelines and Information Technology Infrastructure Library (ITIL) best practices. We submit a baseline version of the plan early in the project for review and approval.

In addition to daily backups, virtual machine (VM) snapshots are taken and replicated daily to the secondary Azure datacenter supporting disaster recovery.

The backup site provides a redundant version of the primary production site, duplicating the security and accessibility characteristics of primary resources as it takes over production operations.

At the application layer, a file share server supports the project. It is geo-redundant and accessible to both locations. We use snapshot and backups to deploy the production environment and point to the replicated storage and databases.

SEC17
The Contractor shall maintain policies and procedures for security clearance and staffing controls for allowing access to confidential information and/or to restricted areas within the Contractor's solution.

Our physical security protocols address the implementation and maintenance of safeguards for the operations facility. They include site-specific components for physical security, data security, and confidentiality. In addition, controls for protecting confidential information include labeling documents containing confidential information appropriately. It also involves applying role-based access control tools and techniques to restrict permissions in document access systems.

General Access. A multi-level security system controls access into and within each facility 24/7/365. Key card/access badges limit employee, vendor, and visitor access to secured areas. Visitors to a facility must sign in and out, wear a temporary visitor badge, and be escorted by an authorized employee as

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appropriate. Vendors may, under some circumstances, receive temporary badges for access to low-risk areas (those not containing ePHI and/or PII). Regular employees are always required to display a picture ID access badge. The security system automatically monitors and records badge swipes of all building occupants and records unauthorized access attempts. To prevent anyone outside the building from inadvertently viewing PHI through windows, all facility windows have blinds and reflective windows.

High Security Access. We limit and control access to highly secure areas within each facility, such as a computer room or mailroom, to allow only authorized personnel or escorted visitors or vendors to enter the area. Access is maintained separately from adjacent areas and granted only to specific personnel (e.g., IT operations and telecom personnel) who are assigned responsibilities within that area. The security system automatically monitors and records badge swipes to these areas and records unauthorized access attempts.

Terminating Access. A formal process conforming to the HIPAA Workforce Security Standard 45 CFR 164.308(a)(3)(i) is in place that includes immediate termination of physical and system access as soon as it is no longer needed. We follow a formal change control process when employees are terminated or transferred to areas where their responsibilities dictate different levels of access. Requests for access changes are submitted through a help desk electronic form and immediately acted on by IT operations personnel.

After Hours Access. Facilities are protected with 24/7 key card restricted access. Most employees have access capabilities only during regular business hours. If extended access is necessary under normal business conditions, it is pre-approved, and the badge access times are adjusted. Employees that are part of incident response teams, disaster recovery, and IT operations have 24/7/365 access.

Background Checks

The responsibility for protection of ePHI begins before a new employee joins the project team. Conduent conducts a thorough background check of the candidate prior to completing a hiring agreement for a new employee or transferring arrangements for an existing employee. Results of the background investigation must confirm that the individual does not pose a threat for theft or disclosure of protected data.

Employment with Conduent on the project is contingent on successfully passing a background check and drug screen. Conduent contracts with third-party services to complete the background check and pre-employment drug test. Unless prohibited by law, an applicant's failure to disclose a criminal conviction or pending conviction (other than for a minor traffic offense) on an application is treated as a falsification of an application and is grounds for dismissal.

Security Awareness

We believe that fraud prevention and security awareness are fostered by open and ongoing communication with our staff. We require each employee to participate in a detailed privacy and security briefing on the first day of work and before we grant access to our systems and facilities. This training covers security procedures and awareness, HIPAA regulations, and fraud prevention. Employees learn what constitutes fraud and security violations, policies and procedures for handling data and information appropriately, and how to identify and report suspicious behavior. Each employee must sign a confidentiality statement before we approve access to information assets. In addition to new hire training,

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we require employees to take annual refresher training. At the conclusion of that training, each employee must again sign the confidentiality statement.

For the success of the project, security awareness is paramount. We practice information security through defined processes, user awareness, periodic audits, and supporting IT infrastructure. Processes like incident reporting, change and configuration management, firewall monitoring, separation of duties, and employee checks strengthen security and protect stakeholder assets.

We require all employees and contingent staff to complete initial and annual training prior to handling ePHI and PII. The training includes content related to legal compliance, data privacy, and security awareness. Figure 4.2.1.2-8 shows the web-based training we require our employees to take annually and when newly hired. Every year we update the training to keep it relevant. We test employees at the conclusion of the training to verify they understand the content.

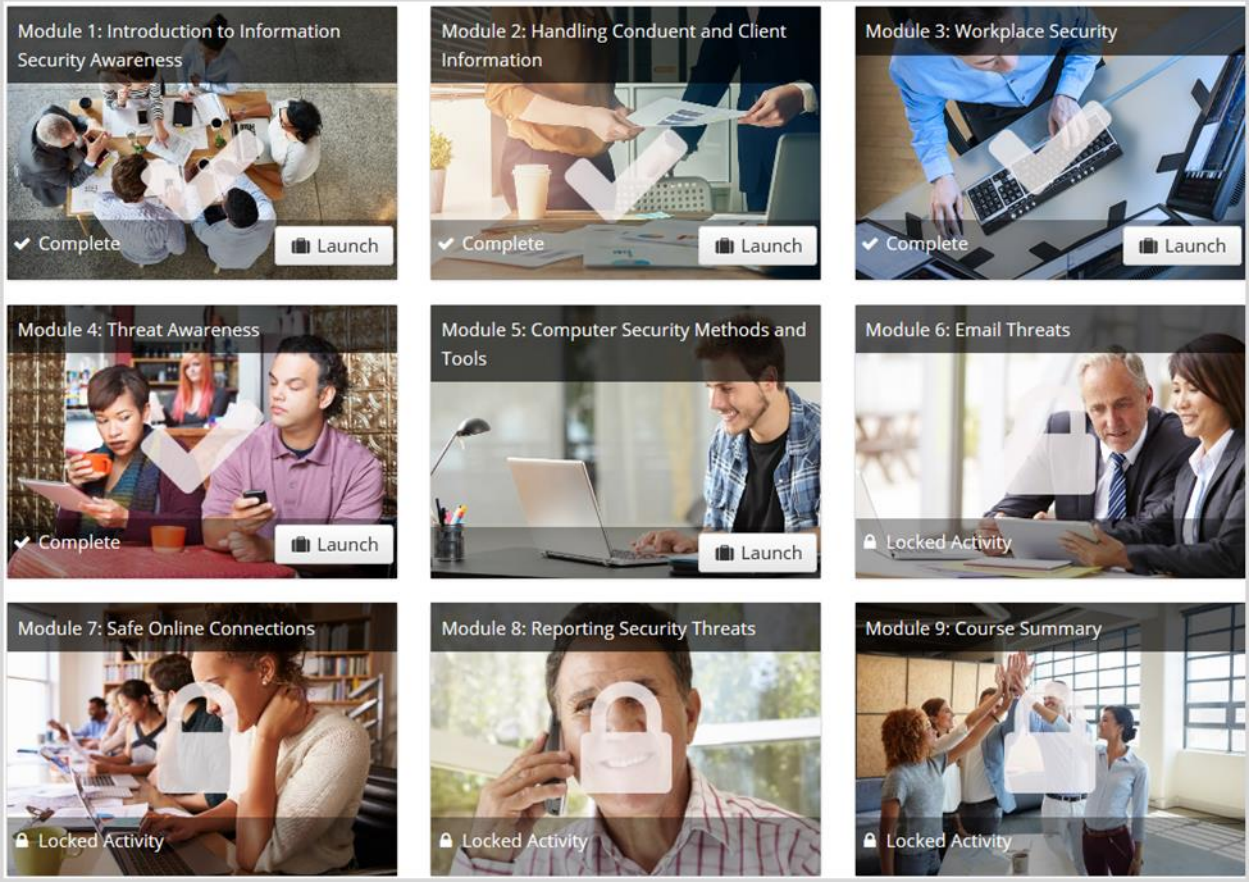

Figure 4.2.1.2-8. Employee Security Awareness Training
We provide annual comprehensive security awareness web-based training that every employee is required to take and pass the Security Awareness test.

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SEC18

The Contractor shall maintain adequate technical support/staffing to provide 24x7x365 coverage.

Our staff management approach and capabilities include procedures for identifying, recruiting, training and retaining quality staff, and address the importance of providing adequate staffing levels during all contract phases. It also includes guidance on how to provide backfills and replacements as needed.

Based on our understanding of your needs, we know that each phase of the contract requires a different mix of staff. Keeping this in mind, we crafted our staffing approach to include the specific needs of each phase. Our organization includes well-qualified operations and technical staff to meet operational needs, while also meeting our service level commitments to you. Every member of our team understands the importance of delivering quality service and has the required skills to support the continued success of the contract. As your current partner, our staff are in place from day one of the contract with ample experience in Medicare and Medicaid as well as other paying organizations.

For 24x7x365 technical support, we provide the State with true customer interaction management, employing advanced technology to integrate contacts and contact management, workflow, and reporting into a single and seamless support solution.

Providers, billers, and other stakeholders needing technical support call the main toll-free number or use other Department-approved channels to reach our helpdesk. Our team has direct, applicable experience in working with members, providers, and other stakeholders who need technical support. They know what to do, how to do it and when to escalate for assistance. There is no learning curve for our team as we move to the new contract.

Conduent understands the importance of delivering high-quality technical support and providing callers with a satisfying call experience. We also understand that the performance of our staff is a reflection of DPHHS and of the State's health care programs.

The technical support helpdesk provides technical assistance through telephone and other Department-approved channels during scheduled hours. We record all calls and screen data. We also document all contacts with providers in the Customer Relationship Management (CRM) system, including escalations and referrals, maintaining a complete record of communications from start to end. The technical support helpdesk:

- Responds to inquiries from providers, billing agents, DPHHS, and any other stakeholders regarding technical support of technical services following DPHHS-approved scripting, achieving a satisfactory resolution, using the most appropriate, approved communications channel
- Enrolls providers in electronic transactions services and manages access to transaction services, including providing temporary provider identification numbers (PINs), when required
- Validates provider and submitter testing of connectivity, file transfers, and electronic transactions prior to approval and activation
- Escalates calls requiring more complex responses or additional assistance to an internal Level 2 specialist or supervisor
- Refers back-end system problems to the maintenance (ITMO) resource, and actively monitors system problems while providing updates until final resolution

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For more information on our technical support for the project, please see Proposal Section 4.2.4, Operations, Maintenance, and Configuration.

SEC19
The Contractor's data encryption solution shall meet Federal Information Processing Standard (FIPS) 140-2 and at a minimum use AES 128 encryption.

Conduent deploys, at minimum, AES 256 symmetric encryption algorithms for data at rest to protect the State's data, especially ePHI and PII, from improper disclosure or alteration. We employ multiple measures to promote the information security of the data entrusted to us, including information security awareness training, role-based security, encryption of all desktop and laptop computers, encryption of data at rest, and encryption of all data across our corporate boundary.

Recognizing the importance for databases to support and maintain encryption of data at rest, databases supporting the Conduent solution remain encrypted at rest using Transparent Data Encryption (TDE).

Our encryption algorithms used for these purposes comply with current FIPS standards, as defined in "Security Requirements for Cryptographic Modules," FIPS Publication 140-2.

TLS 1.2+ Security for Incoming/Outgoing Connections

Databases must enforce transport layer security (TLS) 1.2 for all incoming/outgoing connections with the Department. Using data encryption, Conduent project solutions prevent sensitive data transmitted over the public internet from being intercepted and viewed by unauthorized parties. Conduent uses TLS 1.2+ data encryption to safeguard private information (including ePHI, PII, login IDs, and passwords).

The level of security that TLS provides is most affected by the protocol version (i.e. 1.0, 1.1, etc.) and the allowed cipher suites. Ciphers are algorithms that perform encryption and decryption. However, a cipher suite is a set of algorithms, including a cipher, a key-exchange algorithm and a hashing algorithm, which are used together to establish a secure TLS connection. Most TLS clients and servers support multiple alternatives, so they have to negotiate when establishing a secure connection to select a common TLS version and cipher suite.

At the application level, we create secure application programming interfaces (API) over Transmission Control Protocol (TCP) or using web services. At the operating system level, security requirements are met using registry changes, which disable SSL 1.0, 2.0, and 3.0 and TLS 1.0 and 1.1, using the TLS 1.2 option by default.

Data stored in solution databases is protected by encryption. We can encrypt all or part of the database. Field-level security provides capabilities for masking data, hiding data, or showing partial values of data. These attributes, when assigned to a user's role and access privileges, determine if data should be shown or hidden from the user based on his or her security permissions.

We have a corporate requirement to encrypt laptops and workstations, and to strictly control portable storage devices. In the rare cases portable devices are used, they are encrypted. Network access is not allowed without full encryption. We encrypt all disk and tape backups. File transfers, when required across the corporate boundary, are encrypted "in flight." We use TLS tunneling to encrypt and safeguard private information—including ePHI, PII, and login IDs and passwords—as it is transmitted.

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Data transmitted between external users and the servers in the system is encrypted. We encrypt all disk and tape backups. For ad hoc interactive transfers, files up to 2GB in size will be sent by Conduent's existing Secure Large File Transfer service supporting AES 256. PGP Command Line can be used to implement encryption into existing or planned file transfer applications. Where circumstances warrant, communications are encrypted through VPN tunneling.

SEC20
The Contractor shall ensure that all data, regardless of its location, is encrypted at rest.

Our enforcement of policy on the use of cryptograph controls to protect information at rest draws on assigning the Azure Policy definitions that enforce specific cryptograph controls and audit use of weak cryptographic settings. Azure Policy is a service in Azure that used to create, assign, and manage policies. Understanding Azure resource cryptographic configurations helps guide corrective actions to verify that resources are configured in accordance with the state's information security policy.

Specifically, the Azure Policy definitions assigned require encryption for data mining storage accounts; transparent data encryption on SQL databases; and audits for missing encryption on SQL databases, virtual machine disks, and automation account variables. Specific related directives include the following:

- Advanced data security should be enabled on managed instances
- Advanced data security should be enabled on SQL servers
- Advanced data security should be deployed on SQL servers
- Disk encryption should be applied on virtual machines
- Data lake store accounts should be encrypted
- Transparent Data Encryption on SQL databases should be enabled

Conduent has reviewed and understands your network requirements. We understand we have to encrypt data—both in flight and at rest—and that our solution must be secure and compliant with FedRAMP, NIST 800-53, and FIPS 140-2 as applicable. Technologies including database 256-bit encryption, 2048-bit encryption keys, FIPS 140-2-certified database encryption, and other standard technologies for encryption are applied to maintain privacy and security.

Conduent's network includes multiple security features, including firewalls, encrypted tunnels and logically segregated network paths. We use IP source filtering to limit access so that more than a stolen password is required to connect. Based on the internet gateway address of Conduent and the Department, we use firewall rules to restrict access to only those trusted addresses.

Conduent understands that managing security is an evolving practice that that must keep pace with the development of new technologies. Cloud computing and mobile computing were not considered by most security standards just a decade ago. Faster computing means that encryption techniques and key lengths must keep pace.

Database 256-bit Encryption. For encryption of data at rest, Conduent databases allow administrators and developers to choose from several encryption algorithms, including Data Encryption Standard (DES), Triple DES, TRIPLE_DES_3KEY, RC2, RC4, 128-bit RC4, DESX, 128-bit AES, and 256 AES.

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Our safeguards protect data and records from theft, viruses, mischief, tampering, loss, and destruction. Conduent has a corporate requirement to have all smart phones, workstations, laptops, and portable storage devices encrypted, and network access is not allowed without full encryption.

2048-bit Encryption Keys. All project web pages/websites support 2048-bit encryption. Digital certificates are used for the project to confirm validity to the end-user. These certificates use 2048-bit asymmetric encryption to securely establish cipher settings and a symmetric key between the server and browser.

FIPS 140-2-certified Database Encryption. FIPS 140-1 and its successor, FIPS 140-2, are United States Government standards that provide a benchmark for implementing cryptographic software. They specify best practices for implementing crypto algorithms, handling key material and data buffers, and working with the operating system. Project solutions are FIPS 140-compliant and support both data in transit and data at rest at the system/network architecture level of the production environment.

The project leverages various technologies for data at rest, including encrypted disk and SQL TDE. TLS-based communication is enabled for data traveling between the project applications and data sources. Conduent conducts periodic audits of all interfaces to maintain compliance with the latest security standards. We maintain the data in our system in secure firewall-protected servers, all of which are located in the United States.

SEC22
The Contractor will provide a completed Security Audit Report with results to the Department by the 30th (thirtieth) of September each year. The Security Audit Report must include either an electronic data processing (EDP) systems audit using SSAE - 18 at a minimum level service organization control (SOC) 2 Type II or a NIST 800-53 rev 4 assessment at a "moderate" system risk control level.
The Contractor shall provide a mitigation plan for all reported deficiencies. Major and critical deficiencies must be corrected within forty (40) calendar days of the report submission to the Department.

We conduct an annual SSAE - 18 SOC 2 Type II assessments for the project and supply the Security Audit Report by Sept. 30 of each year.

The SOC 2 Type II audit provides the annual opportunity to examine, no later than September 30 of each year, the project's critical functions and/or sensitive information. Our SOC 2 Type II Audit Report is produced in accordance with "Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy" published by the American Institute of Certified Public Accountants (AICPA).

The audit report examines our systems and networks (as well as those of subcontractors), the suitability of our design, and operating effectiveness of the project information functions and/or processes as it applies to processing, integrity, security, availability, confidentiality, and/or privacy. A Type II report also includes a detailed description of tests of the operating effectiveness of information security controls and test results. The objective is to confirm that the controls in operations (as distinguished from financial reporting) are valid and to provide confidence in the solution and its safeguards. Guiding our SOC 2 reports are these five AICPA Trust Service Principles, as shown in Figure 4.2.1.2-9.

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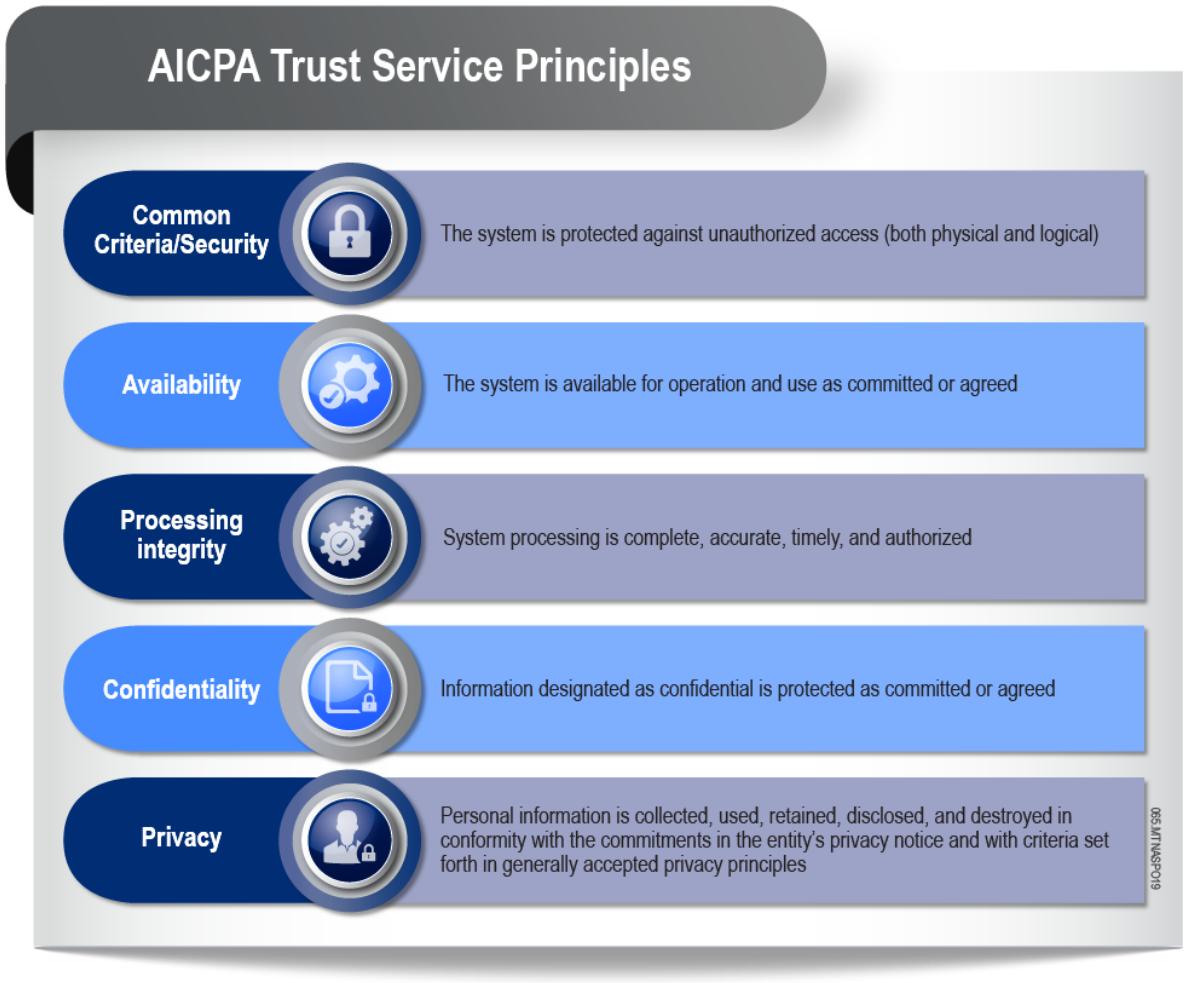

Figure 4.2.1.2-9. SOC 2 Type II Audits Leverage AICPA Trust Service Principles
Five key principles guide audits and promote confidence in security of CMdS solutions.

The principles, on which the SOC 2 Type II Audit Report is based, focus on four broad areas: policies, communications, procedures, and monitoring. Each of the principles has defined controls that must be met. Just as important, these controls produce an unqualified opinion with no significant exceptions. We are confident that SOC 2 Type II Audit Reports will orient personnel to easily know what information security and compliance needs are required and for users of the report to read and assess the adequacy. Expressed another way, the positive impact we expect to derive from the annual SOC 2 Type II Audit report is:

- Oversight of the solution operations as they pertain to information security functions and processes
- Internal corporate governance and risk management processes
- Regulatory oversight

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SEC23
The Contractor's solution shall provide security features that support increasing the complexity of the authentication and authorization as the sensitivity of the data or functionality increases.

We manage application security with ForgeRock, federated with the State's identity provider. Security of data in motion is achieved through the built-in support for TLS in the enterprise service bus.

ForgeRock Identity Management supports comprehensive and secure management of the complete identity lifecycle of people and services across all kinds of devices. As the combined number of people, devices, services, and other IT touchpoints continues to grow, the need for an identity management tool capable of handling increasing complexity has become essential. The solution safeguards users on a broad array of devices and services, from digital identity to device registration, provisioning, synchronization, and reconciliation.

With regard to sensitive data and/or critical system functions, Conduent can deploy a multi-factor authentication mechanism to confirm that the proper level of information security is used. The software goes beyond providing the protection afforded by strong passwords only, requiring more than only one piece of secret information for access. The additional secret factors can only be provided means different from the password entry, reducing the risk of accidentally losing or disclosing them. The most commonly used additional factor is a mobile device that sends additional secret information (a code of several numerals and/or letters) through text.

The ForgeRock Identity Platform supports access and authorization policies, from basic, simple, coarse-grained rules to rich, powerful, fine-grained entitlements with contextual understanding.

Among ForgeRock features that support increasing authentication and authorization complexity are:

- Flexible coarse and fine-grained authorization
- The ability to quickly add or update policies, without modifying underlying applications
- Authorization of how data is shared based on dynamic information
- Secure access to physical resources with fine-grained authorization
- Availability of delegated authorization of data between cloud, mobile, and other devices and locations with user-managed access

Azure Provisions for Encrypting Data at Rest

The goal of encryption at rest is to safeguard data on disk with the use of a secret encryption key. To achieve encryption at rest, Microsoft Azure provides encryption keys, storage, access control, and management of the keys.

Azure Key Vault

The storage location of the encryption keys and access control to those keys is central to an encryption--at--rest model. The keys need to be highly secured but manageable by specified users and available to specific services. For Azure services, Azure Key Vault provides a common management experience across services. Keys are stored and managed in key vaults, and access to a key vault can be

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given to users or services. Azure Key Vault supports customer creation of keys or import of customer keys for use in customer-managed encryption key scenarios.

Azure Active Directory

Permissions to use the keys stored in Azure Key Vault, either to manage or to access them for encryption-at-rest encryption and decryption, can be given to Azure Active Directory accounts.

Key Hierarchy

More than one encryption key is used in an encryption-at-rest implementation. Storing an encryption key in Azure Key Vault provides secure key access and central management of keys. However, local access to encryption keys is more efficient for bulk encryption and decryption than interacting with Key Vault for every data operation, allowing for stronger encryption and better performance. Limiting the use of a single encryption key decreases the risk that the key will be compromised and the cost of re-encryption when a key must be replaced. Azure encryption-at-rest models use a key hierarchy made up of the following types of keys in order to address all these needs:

Data Encryption Key (DEK). A symmetric AES256 key is used to encrypt a partition or block of data. A single resource may have many partitions and many DEKs. Encrypting each block of data with a different key makes crypto analysis attacks more difficult. Access to DEKs is needed by the resource provider or application instance that is encrypting and decrypting a specific block. When a DEK is replaced with a new key, only the data in its associated block must be re-encrypted with the new key.

Key Encryption Key (KEK). An encryption key used to encrypt the DEKs. Use of a KEK that never leaves Key Vault allows the DEKs themselves to be encrypted and controlled. The entity that has access to the KEK may be different than the entity that requires the DEK. An entity may broker access to the DEK to limit the access of each DEK to a specific partition. Since the KEK is required to decrypt the DEKs, the KEK is effectively a single point by which DEKs can be effectively deleted by deletion of the KEK.

The DEKs, encrypted with KEKs, are stored separately and only an entity with access to the KEK can decrypt these DEKs. Different models of key storage are supported.

SEC24
All Contractor's module components shall adhere to any applicable Department system security practices, configurations & procedures.

Conduent confirms that module components of the solution adhere to the Department system security practices, configurations, and procedures. We tailor our security plan to address the Department security policies and train our people on those policies.

Our CISO has implemented a corporate-wide security program that assesses compliance with granular IT controls and processes at the business unit, account, and technology tower level. The results identify any operational risks where alignment with Conduent information security policies, contractual requirements, and external regulatory requirements are not achieved. Results from this assessment are used to confirm

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that our corporate accounts maintain security requirements and are prepared to undergo any external audits or similar activities.

We tailor the information security plans and procedures making up the corporate-wide CISO directives to reflect the specifics of Montana information security policies. Our people are trained on that Montana-specific guidance and have years of experience learning and implementing those policies.

SEC25

The Contractor's solution shall provide the ability to grant authorization through role-based security (create, delete, modify and view) access to user interfaces, reports, data elements/field level, and menu items.

ForgeRock's Identity Management technology federates with the State's identity provider and retrieves role-based authorization based on user profiles. CMdS applies the role-based security.

ForgeRock Access Management module helps control access to resources, such as a web page, an application, or web service, available over the network. Once it is set up, the Access Management module provides an infrastructure for managing users, roles, and access to resources.

It centralizes access control by handling both authentication and authorization. Authentication is the process of identifying an individual, for example, by confirming a successful login. Authorization is the process of granting access to resources to authenticated individuals.

The software centralizes authentication by using a variety of authentication modules that connect to identity repositories for storing identities and providing authentication services. The identity repositories can be implemented as lightweight directory access protocol (LDAP) directories, relational databases, Windows authentication, one-time password services, and other standards-based access management systems.

ForgeRock Access Management supports chaining together of authentication services used. Authentication chains enable the configuration of stronger authentication, to manage access to more sensitive resources, for example. The solution also enables staff to set up modules that remember a device when the user logs in successfully. Or, it can be used to evaluate the risk given the login circumstances. For example, it can require more credentials when a user is logging in from an unusual location.

The software centralizes authorization by supporting managed access policies separately from applications and resources. Instead of building access policy into a web application, an agent can be installed with the web application to request policy decisions from ForgeRock's Access Management module. This helps avoid issues that could arise when developers must embed policy decisions into their applications. With ForgeRock's Access Management module, if policy changes or an issue is found after the application is deployed, it is necessary only to change the policy definition in Access Management instead of deploying a new version of the application. ForgeRock Access Management makes the authorization decisions, and web and Java agents enforce the decisions on its behalf.

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SEC26
The Contractor's solution shall allow access and role changes to be made in real-time with appropriate authorizations.

When a managed role and managed assignment are created in ForgeRock, staff create a relationship between the assignment and the role, in much the same way as a user references a role. These role changes can be performed by security administrators in real time.

A role definition can be updated, in real time, to include one or more assignments, either by using the ForgeRock Admin UI, or over the REST interface.

When using the Admin UI, the user:

- Selects Manage Role and then selects the role to which the assignment will be added
- Selects the Managed Assignments tab and then selects Add Managed Assignments
- Selects the assignment to be added, then selects Add

Using the REST interface, a role is changed by updating the role definition to include a reference to the ID of the assignment in the assignments property of the role.

SEC27
The Contractor's solution, in order to protect the database from SQL injection attacks, shall access the database from the application through a standard database abstraction layer.

CMdS uses the Object Relational Mapping (ORM) framework for database interaction. ORM provides a level of prevention. Furthermore, CMdS is configured to use Azure Application Gateway, which provides protection against attacks such as SQL injection and cross-site scripting. Conduent enforces coding best practices to prevent vulnerable code blocks.

Azure Web Application Firewall (WAF) on Azure Application Gateway provides centralized protection of web applications from common exploits and vulnerabilities. Web applications are increasingly targeted by malicious attacks that exploit commonly known vulnerabilities. SQL injection and cross-site scripting are among the most common attacks.

Our defense against intrusions such as SQL injection attacks is twofold. First, we write and inspect code to guard against such attacks as SQL injection or cross-site scripting. We implement protection at this stage in two layers. First, during the code development process itself, we write the code to include safeguards. We subject the code to static and dynamic analysis scans to quickly identify and remediate application security flaws efficiently.

Once code development itself is done and the security measures we take to secure code during development is completed, we apply Imperva Web Application Firewall. It helps us identify and act on dangers embedded in seemingly innocuous website traffic, preventing application vulnerability attacks such as SQL injection, cross-site scripting, and remote file inclusion or business logic attacks such as site scraping or comment spam.

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SEC28
The Contractor's solution shall be easy-to-use and provide a user interface that allows authorized users to edit, create, and implement role-based and group-based security at the data element/field level for authorized users based upon individual characteristics or functional security groups.

DPHHS needs to limit access to the solution software applications and databases to only those personnel who are approved and required to perform or support a specific task or process. We accomplish this through role-based access control (RBAC), fine-grained control, named user accounts, password protection, and session expiration. These access controls also limit the functionality to which a user has privileges to those functions needed to satisfy the responsibilities of his or her role.

We configured our solution to authenticate users through a secure user name and strong password. The solution can be modified to require the use of multi-factor authentication. We work with you to define the requirements of multi-factored authentication. The CMdS functions for managing role-based access are performed using the screen shown in Figure 4.2.1.2-10.

The following is a brief description of the measures the system uses to control user access to the solution:

- **User Authentication.** A unique user ID and forced strong password are required to log on to our systems, which require users to change their passwords at regular intervals.
- **Functional Access Controls.** Only those systems, databases, directories, and files that a user needs to perform assigned job duties are accessible to that user.
- **External Data Security.** Data transmitted between external users and the servers in the system is protected by authentication, authorization, and encryption. Multiple firewalls protect data stored on our network.

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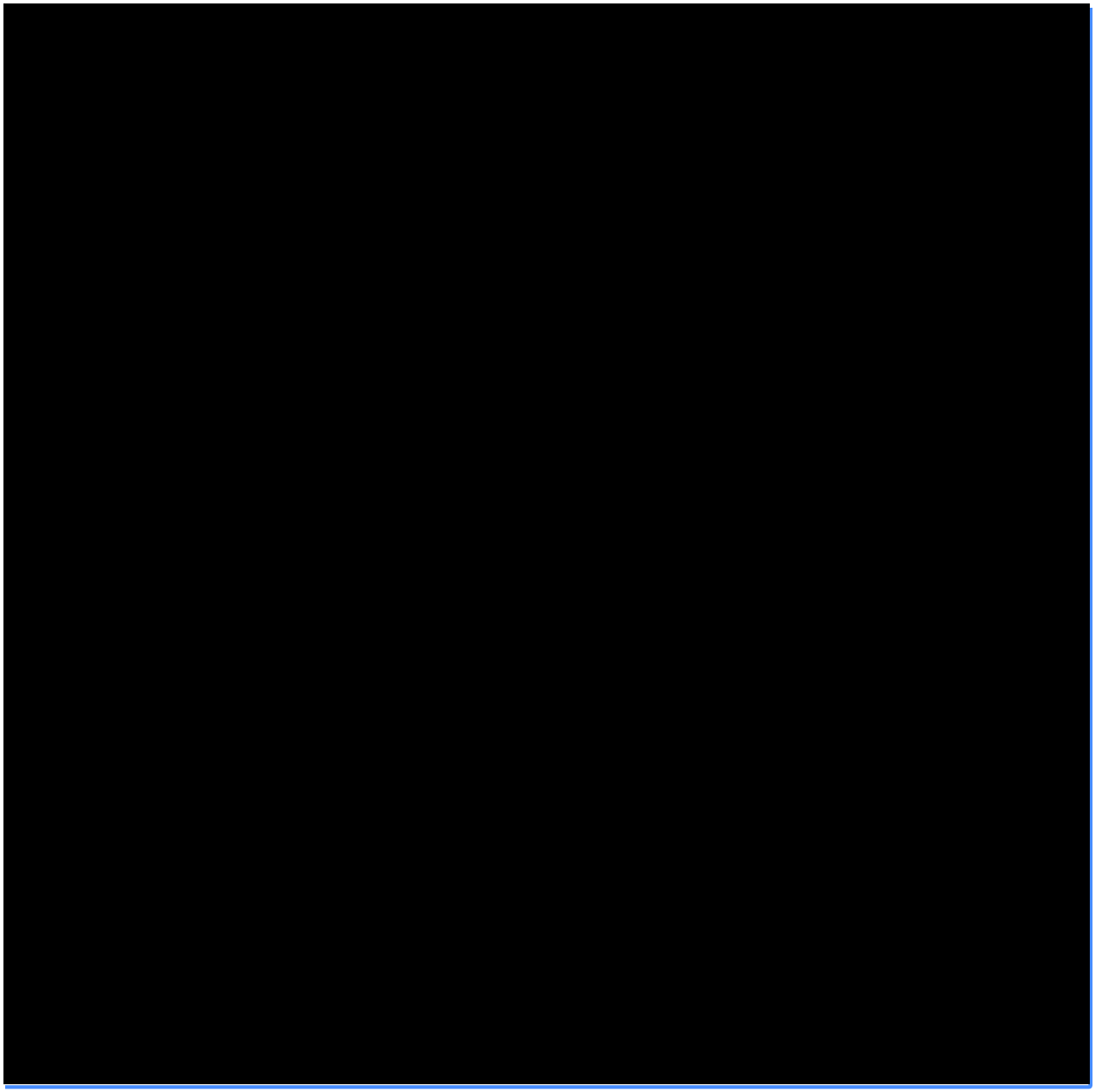

Figure 4.2.1.2-10. Managing Role-based Access Control (RBAC)
Administrators manage access to CMdS functions based on the principle of least privilege, the level of access required by individuals to do their jobs.

SEC30
The Contractor must limit access to its off-site facilities; including storage facilities. The Department has the right to perform physical security audits of the Contractor's off-site and on-site facilities at the Department's discretion.

Microsoft, which manages the Azure Cloud-based hosting infrastructure for the solution, provides alternatives to physical visits for audit purposes by clients of its subscriber organizations. Its audit-related

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tools and guidance help develop compliant solutions. Built-in compliance controls, configuration management tools, implementation and guidance resources, and third-party audit reports make audits quicker and less expensive than visits to Azure sites. In addition, auditors can perform remote audits of Conduent-deployed Azure resources, as well as Conduent datacenters.

Conduent operational sites can be visited by the Department or its representatives to perform security audits.

Applicable Azure audit-related tools include the following:

- **Azure Blueprints** simplify large-scale Azure deployments by packaging key environment artifacts, such as Azure Resource Manager templates, role-based access controls, and policies, in a single blueprint definition. Blueprints help fine-tune control and management through versioning.
- **Azure Security Center** provides a variety of physical, infrastructure, and operational controls to help secure Azure, and supports additional actions for safeguarding workloads. Azure Security Center utilities help quickly strengthen the project's security posture and protect against threats.
- **Azure Policy** helps reduce the time needed to audit environments by locating all compliance data in a single place. It helps set guardrails to enforce cloud compliance and avoid misconfigurations. Using Azure Policy, the number of external approval processes can be reduced by implementing policies at the core of the Azure platform for increased developer productivity.

Microsoft Azure Cloud services are audited at least annually against the SOC reporting framework by independent third-party auditors. The audit for Microsoft Azure Cloud services covers controls for data security, availability, processing integrity, and confidentiality as applicable to in-scope trust principles for each service. Subscribers such as Conduent rely on these audits in place of individual auditing visits by the subscriber or its clients

SEC31
The Contractor shall establish security and privacy standards and standard operating procedures. These standards include HIPAA, Federal Information Security Management Act (FISMA), Privacy Act, Federal Tax Information (FTI), and other Federal and State laws, regulations, and policies. The Contractor shall also establish business and technical protocols to ensure that the transmission and storage of information remains secure.

Conduent has developed information security polices, standards are procedures to meet the stringent requirements of common security frameworks and compliance regulations such as NIST 800-53, PCI DSS, ISO 27001/27002 and the HIPAA Security and Privacy Rule. These polices, standards and procedures are incorporated into our information security plan for the State.

The information security features described in the Conduent information security plan for the project help verify that the telecommunications and hardware deployed by Conduent, and the information that is processed with it, remain safe from unauthorized activity, sabotage, or damage. By implementing information security measures in the plan throughout the project, Conduent maintains the privacy of ePHI and PII and protects its integrity. The procedures described in this proposal section reflect what we outline in the project's security plan.

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All Conduent contracts require the secure processing of sensitive information. For the Montana Claims Processing and Management project, in particular, our information security measures meet the standards set by Conduent, relevant state and federal agencies, industry standards, and SSAE-18.

Conduent brings deep experience in applying the standards mentioned in RFP requirement ID SEC31, as well as all applicable state and federal compliance regulations, accumulated through decades of safeguarding security and privacy in Montana and at Medicaid agencies across the United States.

We align the Conduent information security and privacy approach to a uniform methodology and write our annual information security strategy to that set of standards. Standards outside of that set can be rolled into that approach as required and where applicable, and we have the capability and understanding needed to support them. Conduent SSAE 18 – SOC 2 audit cycles are managed and maintained annually with Ernst & Young to confirm that we are compliant to these standards and have processes and methodologies to stay in compliance.

Health Insurance Portability and Accountability Act (HIPAA) of 1996. We take all necessary steps to be certain that appropriate information security controls are implemented in accordance with HIPAA sections, including but not limited to HIPAA Privacy Rule 45 CFR Part 160 and Subparts A and E of Part 164, established under the Health Insurance Portability and Accountability Act, Public Law 104-191 (42 USC 1320d) to protect the security, confidentiality, and integrity of health information that is created, received, used, or maintained by a covered entity. Conduent employs key corporate privacy and security personnel responsible for physical, administrative, and technical security policy development, implementation, and review.

Federal Information Security Management Act (FISMA) of 2002. We establish protocols and procedures to protect personal information under FISMA. Because of the work we perform for our government clients, we are experienced in developing and implementing procedures and practices that meet these types of guidance, standards, and regulations.

Privacy Act. Having served Medicaid agencies across the U.S. for decades, we understand our obligations to comply with privacy policies governing the collection, maintenance, use, and dissemination of PII. We comply with the Privacy Act of 1974 and the rules and regulations issued under the act in the design, development, or operation of any system of records. We take all necessary measures to protect data in network transit, storage, and cache.

Internal Revenue Service (IRS) Publication 1075. The solution design incorporates the appropriate privacy protections to control the collection, use, dissemination, and disposition of PII, ePHI, and, as applicable, Federal Tax Information (FTI) in adherence with all required federal guidance. We employ the appropriate security constructs to identify, verify, authorize, and authenticate users before allowing access to sensitive resources such as PII, ePHI, or FTI data. We comply with the IRS Office of Safeguards IRC 6103(p)(4) requirements, which allow safeguards to verify compliance through the identification and mitigation of any risk of loss, breach, or misuse of FTI held by external government agencies.

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SEC38
The Contractor's solution shall employ malicious code protection mechanisms at IT systems entry and exit points, at workstations, servers, and mobile computing devices on the network to detect and eradicate malicious code.

To limit the solution's vulnerability to worms, exploits, viruses, and other threats, Conduent provides skills, procedures, and technologies described in Table 4.2.1.2-1.

Table 4.2.1.2-1. Safeguards for Protecting Against Malicious Code

Safeguard	Description
Anti-virus, anti-malware, host intrusion detection	Protection against a variety of known pre-existing exploits and viruses. Antimalware provides a more specialized layer of defense, for specific threats such as ransomware and Trojans. Intrusion detection technology monitors the network for malicious activity or policy violations, which are reported either to an administrator or collected centrally using a security information and event management system.
Imperva Web Application Firewall (WAF)	Analysis and inspection of requests coming into applications and blocking of the attacks.
Tenable Nessus	A vulnerability scanner for assessing computers, networks, or applications for known weak points, used to discover the weaknesses of a given system. Weaknesses can arise from misconfigurations or flawed programming in a network-based asset such as a firewall, router, web server, application server, etc.
Limiting internet access to authorized personnel	Reduces opportunities for exposure to malware, phishing sites, inappropriate content, data loss, lost productivity, reduced bandwidth, etc.
Next-generation stateful firewalls at the network layer	Monitors and blocks malicious TCP/IP traffic and provides enhanced intrusion detection and prevention security capabilities.
Enterprise vulnerability scanning software	Monitors project servers to confirm that security patches have been applied and that servers do not have any vulnerability to outside intrusion attacks.
Vulnerability assessment and network penetration testing	Performed by Ernst & Young and The Cadence Group, respectively. Verifies the effectiveness of security plan and controls and uncovers potential opportunities for breaches.
External connections are made through a dedicated circuit or VPN connection	All circuits run through managed boundary protection devices, including firewalls and routers.

SEC39
The Contractor's solution shall use foundational technical standards such as X.509 Certificate format and Public Key Cryptography Standard (PKCS).

Conformance to standard cryptography protocols across the IT infrastructure enables us to address security and privacy requirements of an array of business functions. Certificates make up an intrinsic part of our tool set for secure, web-based, business-to-business exchange:

- Inbound and outbound transactions
- Interactions and collaborations with trading partners
- Exchange of documents and information through certified secure file transfers and email

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Conduent uses software for provisioning and managing identity for systems and services associated with the project. This technology, combined with other measures for RBAC, helps us define access privileges according to user role. This approach to provisioning and managing user accounts supports all systems and services associated with the project and all modular component systems located away from the hosting facility.

The software also supports exchanges with a centralized Enterprise Service Bus (ESB) and uses automated processes such as workflows, certificates, and credentialing. It features workflows for all authentications, screens, and actions that must happen during login, registration, and other workflows. It supports login to servers with an X.509 client certificate, configured for mutual secure sockets layer (SSL) authentication. The authentication system also includes a credentials management function that streamlines managing authentication and authorization.

Data security is an end-to-end process, rather than an isolated system attribute. The needs of each institution are unique, and one size never fits all. For this reason, our solution is not hard-coded to a single specific security configuration. By design, our solution can be configured to meet a variety of security configurations and provide a good fit with the Department needs. ePHI is encrypted while in transit, with the TLS using PKCS as the underlying mechanism, with server and client certificate-based authentication.

SEC41
The Contractor shall collaborate with the Systems Integration Services Contractor to integrate the Contractor's solution into the State's integration platform for single sign-on and federated identity management.

CMdS solution uses the ForgeRock platform to secure applications, with federated identification and authentication providing single sign-on for applications. This security measure generally follows an integration pattern that is fairly simple. Conduent collaborates with the Systems Integration services contractor to integrate the CMdS web application into the State's integration platform for single sign-on (SSO), for trusted information exchange between Identity providers (IdP) and Service Provider (SP) applications.

ForgeRock federated SSO provides frictionless, secure account access to users. It relies on open standards, including OAuth, WS-Federation, WS-Trust, OpenID Connect, and SAML to pass authentication tokens among identity providers. The ForgeRock Identity Platform is composed of multiple standards-based components and is built on a common framework using best-in-class open technologies.

ForgeRock supports all major federation standards, including:

- Federation protocols: SAML 2.0 (SP, IdP, ECP and IdP Proxy) and WS-Federation (asserting, relying party)
- Federation standards for cloud and mobile use, including OpenID Connect, Mobile Connect, OAuth 2.0 (consumer, provider, authorization server) and User-Managed Access (UMA)
- Web services security standards: Liberty ID-WSF, WS-I Basic Security Profile, WS-Trust (STS) 1.4
- Federal Identity, Credential, and Access Management (FICAM), supporting the U.S. initiative to simplify identity and access management across government systems

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We provide the solution using single sign-on (SSO) with access-control through authentication of users of one or more system (e.g., Claims Processing) and the functional groupings per each system. ForgeRock works with the Systems Integration Contractor to provide identity management software that can be configured to implement federated identity-based services, including centralized identity services and SSO for the solution, its associated systems, and their functional groupings.

SEC42
The Contractor shall have an overall data security process that supports data security auditing.

The overall data security process we use is the Conduent Information Security Standard, or CISS. It identifies standard methods for meeting the requirements specified in the Conduent Information Security Policy.

All Conduent employees (including supplemental labor workers, contractors, and consultants) who design, build, support and/or use Conduent electronic information systems must use this document when implementing security controls. This includes computing and storage devices, peripherals, and networks. These standards apply to Conduent information (and any customer or third-party information entrusted to Conduent) and systems that originate, process, transmit, or store information in electronic form. The goal of these standards is to prevent the unauthorized disclosure, modification, destruction, or other misuse of Conduent information and to preserve the confidentiality, integrity, and availability of Conduent Information.

The data security audit trails we apply are chronological records of system resource usage that is sufficient for enabling the reconstruction, review, and examination of the sequence of activities surrounding or leading to an operation, procedure, or event in a transaction, from its inception to output of final results. Automated or systematic records of changes to data are significant in the reconstruction of data in the event of data loss. These records are useful in establishing normal activity, identifying unusual activity, assigning responsibility for lost data, determining whether any actual or attempted security violations occurred, and ascertaining if it is legitimate or unauthorized.

Generally accepted security practice dictates that organizations must:

- Create, protect, and retain information system data security audit records to the extent needed to enable the monitoring, analysis, investigation, and reporting of unlawful, unauthorized, or inappropriate information system activity.
- Confirm that the actions of individual information system users can be uniquely traced to those users so they can be held accountable for their actions. The logging, monitoring, and reporting controls are requirements for key regulations.

In addition to using the CISS, the Conduent CISO performs annual checks based on the Security Control Evaluation Process of Threats and Risks (SCEPTR) risk analysis of Conduent business units. SCEPTR provides a detailed security regimen comprising granular IT controls and processes at the business unit, client organization, and technology level.

A subset of these audits is reviewed and a more rigorous audit and risk analysis is performed on 20% to 25% of the business units.

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Application of SCEPTR identifies operational risks to confirm that Conduent information security policies, contractual requirements and external regulatory requirements align with the Department requirements. The approach includes assessments used to ensure that your infrastructure is ready for any external audits or similar activities. It is the basis for our Information Security Management System (ISMS), and provides the principles behind our security policy, strategy, and success.

SEC43

The Contractor shall provide, configure, support, maintain and manage a federated identity and access management solution that will perform user authentication and authorization through single sign-on for all module components.

We provide ForgeRock Identity Platform to extend authentication and access management across organizational boundaries in a repeatable and scalable way. It provides the federated identity management needed to securely share identity information across heterogeneous systems or domain boundaries using standard identity protocols.

Users can access services that span the cloud and mobile devices, on-premises and off, eliminating the need for multiple passwords, user profiles, and the added complexity that frustrates users and slows adoption. Conduent provides associated services for configuration, support, maintenance, and management of this software.

ForgeRock provides web access management capabilities and supports most identity federation-related standards. It provides federation and provision for cloud services as well as support for the System for Cross-domain Identity Management (SCIM) standard.

ForgeRock's Access Management has centralized storage and a policy definition point. The authorization engine can be invoked at any point in the user session, and access policies can be exported in XACML format.

SEC44

The Contractor must be compliant with the security processes outlined in the "Security and Privacy Controls Requirements" document that has been included in the Procurement Library.

We have reviewed NIST Special Publication 800-53, "Recommended Security Controls for Federal Information Systems and Organizations," and understand its requirements for security and privacy controls for federal information systems. We align our process for protecting the Department operations and organizational assets from threats, including hostile cyber-attacks, natural disasters, structural failures, and human errors with the process described in the publication.

Conduent has extensive familiarity with the NIST Special Publication 800-53 and uses it as guidance in forming its internal security requirements. We apply security and privacy controls that the publication catalogues and consult it for selecting controls to protect client and Conduent operations and their assets and staff from threats.

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We understand and apply these controls to address security and privacy requirements, including the publication's guidance on developing special controls for specific functions. We consult NIST SP 800-53 to verify our adherence on a broad set of controls and procedures we put in place:

- Physical security
  - Physical site security policies and procedures
  - Third-party access to data
- Personnel security
- Computer software security
  - Auditing, monitoring, and logging
  - Administrative terminal security and reports
  - Web transmission security
  - Personal identification number
- Data access and user security
  - Data backups
  - Segregation of duties
  - Laptop encryption
  - Security policies for Conduent personnel
- Telecommunications security
  - Transaction processing and customer service networks
  - Client interface security
- Addressing security deficiencies or breaches
- Security roles and responsibilities

SEC45
The Contractor shall monitor system activity and prevent and detect intrusion, hacking, unusual activity, or system compromise. The Contractor shall immediately report any incidents of such, regardless of the outcome to the state, activate a Department approved communication strategy, perform mitigation activities, and provide continuous status updates to the Department until the issues are resolved to the Department's satisfaction. Only authorized contractor personnel may override system security alerts and edits.

Monitoring and Detecting Intrusion

Conduent continuously reviews network, application and systems activity logs to detect unusual activity that could indicate a potential security breach and/or actual security breach, and reports events or findings to the Department. As previously mentioned in the response to ID SEC15, in this proposal section, we use Tenable Nessus vulnerability scanning software to monitor and detect intrusions. Using SIEM software, we identify correlations of unusual usage events occurring among diverse components. Examining such correlations may reveal activity of potential security interest. These records are useful in confirming normal activity, identifying unusual activity, assigning responsibility for lost data, and ascertaining if any actual or attempted security violations occurred.

We report all suspected, attempted, or actual unauthorized access to facilities and data centers, along with any inadvertent disclosures identified, to the Department within 24 hours. Reporting on all such incidents

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includes an impact analysis, which describes the implications of the event on data and systems and documents any remediation required to prevent reoccurrence of the incident in the future.

Conduent's new Command Center for IT operations is housed at our state-of-the-art data center in Sandy, Utah. The 5,700 sq. ft. Command Center is expected to be complete by late January. This marks a significant step toward improving overall service delivery for our clients and their end users.

The Command Center is staffed 24x7, 365 days a year, serving as our centralized monitoring and incident response center, enabling us to better manage issues and respond to service disruptions in real time. The facility itself has leading-edge features, including a 30-foot video wall that displays all our monitoring tools as well as glass that can go from clear to frosted at the touch of a button. Command Center associates are first responders to any reported or detected issues with Conduent systems and infrastructure, confirming our infrastructure and applications are performing as intended for our clients.

The center gives us the unprecedented ability to see real-time performance and status updates across our enterprise systems, positioning us to quickly isolate the root cause for any outages and plan for better system reliability. Further, the center improves our ability to respond to issues before calls from clients are received and, to the extent possible, correct these issues before they impact our clients.

For each confirmed event, we produce a written report that assesses the impact of the event, including:

- The nature of the event
- The sensitive data involved
- Who made unauthorized use or received the unauthorized disclosure of sensitive data
- What we did or will do to mitigate any harmful effect of the event
- What corrective action Conduent has taken or will take to prevent future similar events from occurring

Intrusion Prevention

Conduent deploys next-generation stateful firewalls in a multi-tiered architecture by creating demilitarized zones (DMZs) using explicit access lists. We use TCP/IP port-level filtering and network address translation (NAT) between internal and external systems and users to provide the highest level of security.

The architecture of our systems includes access isolation and protection through the DMZ, various network devices, and firewalls. This approach provides protection from access over unauthorized ports. Access to the DMZ is limited to the minimum necessary TCP/IP ports within the firewalls and by access lists on the internet routers. Network security protocols include the use of outer/inner firewalls, DMZ staging, secure file transfer protocol (SFTP), and password management for administrative accounts. Source hosts and networks, destination hosts, and specific protocols and ports are specified in firewall rules and router access lists. The system is further protected by a Network Intrusion Detection System (NIDS) that monitors the network and records both successful network access and unauthorized attempts.

The NIDS detects hacking activities, denial of service attacks, or port scans. We use it to monitor network traffic and help to detect malicious activities by identifying suspicious patterns in the incoming packets.

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The NIDS monitors incoming, outgoing, and local traffic. Inspecting outgoing or local traffic can yield valuable insight into malicious activities, as can inspecting incoming traffic. Some attacks can originate and stay with the local network or be staged inside the network with an outside-the-network target. The NIDS also works with other systems, like a firewall, to help better protect against known attack sources (e.g., a suspected attacker IP address).

Security Event Notification

The Conduent computer security incident response process includes notification procedures to be followed for incidents where investigation determines that information was, or is reasonably believed to have been, accessed by an unauthorized person.

The Conduent Computer Security Incident Response Team (CSIRT), under the direction of the Information Security Officer, shall determine the appropriate response required for each suspected computer security incident.

The Conduent CSIRT notifies the State's senior security officer of computer security incidents including suspected or confirmed breaches within 24 hours and Information Disclosure Events within one hour of discovery. The reported incident information is sent to the appropriate client representatives. The CSIRT also promptly reports incident information to appropriate authorities, including the Conduent Incident Response and Crisis Response Center (IRCM). We provide continuous status updates to the Department until the issues are resolved to the Department's satisfaction.

The IRCM team provides a simple and effective channel to report, track, and follow up on privacy and security incidents. It supports both regulatory and Conduent policy requirements for documentation, accountings of disclosures, mitigation, client reporting, internal reporting, oversight, and education.

Each suspected computer security incident, including findings and corrective actions, is documented and maintained as specified in the Conduent computer security incident procedures. The Conduent information security officer documents the incident, actions, and responses with the help of the IRCM.

Procedures for filing a security incident include:

- Workforce members report security incidents to either operations management or the information security officer. The information security officer notifies the Conduent business unit director for safety and security
- The information security officer, in coordination with the reporting party, logs the incident with IRCM
- Conduent takes no retaliatory action against the person who reported the incident (unless the person reporting the incident was responsible for the infraction) nor will Conduent allow any individual to take retaliatory action
- The Conduent director for safety and security issues a response to the reporting party and documents the response by calling and opening a ticket with the IRCM team
- The Security Coordinator and Staff Managers will provide follow-up action to correct the issues that caused the security incident

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No one overrides system security alerts and edits without authorization to do so.

SEC46
The Contractor shall provide and operate solutions that terminate access immediately and/or generate alerts for conditions that violate security rules, unauthorized attempts to access data and system functions, and system activity based on security parameters.

CMdS provides the capability for users to configure push notifications and alerts through email for various systems. Multi-step workflows are set up to provide alerts and notifications automatically to initiate various email alerts. Dashboards, letters or next review dates, along with automated delivery fulfillment methods, such as faxing or printing can also be established. Our technology is designed to be configurable to the Department's needs.

Our tool set includes cross-departmental workflow, triggers, and alerts as well as quality improvement data analytics and reporting. The data analytics functionality is used to alert security management of unusual trends, and violations of defined thresholds.

The CMdS solution includes department and user profiles with associated roles and access to a specific combination of system features, which are determined in the administrator security functions by setting up user roles, then assigning one or more users to the roles. Users, departments, and their roles can vary and provide flexibility for multiple databases if applicable.

The security solution provides tools to create, modify, or terminate access to the system. It has audit reports that can be run periodically to support the capability, as well as alerts that we can customize to specific conditions.

The system provides the ability to perform audits and reviews of all activities based on a specific timeframe and or date, along with the ability to track who accessed or updated a given record or screen.

System administrators can monitor and track system access based on user levels and application functions, and can control access to inquiry only access, write only access, and remote site access. Additionally, the system provides the ability to control access at the application screen level and reports level. It assigns read-only access to notes for employees that are not approved to add or alter notes. This system-enabled strict adherence to role-based security protects data confidentiality and prevents disclosure to unauthorized users.

Terminating Access

ForgeRock Access Management (AM) manages active sessions, allowing single sign-on when authenticated users attempt to access system resources in AM's control. AM confirms that user sessions are terminated when a configured timeout is reached, or when AM users perform actions that cause session termination. Session termination effectively logs the user out of all systems protected by AM.

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AM terminates sessions in four situations:

- When a user explicitly logs out
- When an administrator monitoring sessions explicitly terminates a session
- When a session exceeds the maximum time-to-live
- When a user is idle for longer than the maximum session idle time

Under these circumstances, AM responds by sessions from the Core Token Service (CTS) token store and from AM server memory caches. With the user's session no longer present in CTS, AM forces the user to reauthenticate during subsequent attempts to access resources protected by AM.

When a user explicitly logs out of AM, AM also attempts to invalidate the iPlanetDirectoryPro cookie in user browser by sending a Set-Cookie header with an invalid session ID and a cookie expiration time that is in the past. In the case of administrator session termination and session timeout, AM cannot invalidate the iPlanetDirectoryPro cookie until the next time the user accesses AM.

Session termination differs for client-based sessions. Since client-based sessions are not maintained in the CTS token store, administrators cannot monitor or terminate them. Because AM does not modify the iPlanetDirectoryPro cookie for client-based sessions after authentication, the session idle time is not maintained in the cookie. Therefore, AM does not automatically terminate client-based sessions that have exceeded the idle timeout.

As with CTS-based sessions, AM attempts to invalidate the iPlanetDirectoryPro cookie from a user's browser when the user logs out. When the maximum session time is exceeded, AM also attempts to invalidate the iPlanetDirectoryPro cookie in the user's browser the next time the user accesses AM.

AM cannot guarantee cookie invalidation. For example, the HTTP response containing the Set-Cookie header might be lost. This is not an issue for CTS-based sessions, because a logged out session no longer exists in the CTS token store, and a user who attempts to access AM after previously logging out will be forced to reauthenticate.

However, the lack of a guarantee of cookie invalidation is an issue for deployments with client-based sessions. It could be possible for a logged-out user to have an iPlanetDirectoryPro cookie. In such cases, AM could not determine that the user previously logged out. Therefore, AM supports a feature that takes additional action when users log out of client-based sessions. AM can maintain a list of logged out client-based sessions in a session blacklist in the CTS token store. Whenever users attempt to access AM with client-based sessions, AM checks the session blacklist to validate that the user has not, in fact, logged out.

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SEC47

The Contractor's solution shall ensure that only authorized users have access to systems and data, by requiring the following:

- Unique authentication credentials identifiable to each user of the system, not allowing for the re-use of credentials;
- Authenticates the receiving entity prior to a system initiated session, such as transmitting responses to case inquiries;
- Maintenance of key user information as part of a user profile including user ID, name, employer/state agency,
- Identity verification information, and an indicator of employee versus contractor;
- Multi-factor user authentication and the ability to restrict or permit a user's access to system functions, features, and processes based on the user's assigned roles based on business need and user security profile and a unique user ID and password and including a read-only access level;
- Column and row-level security access, data classification schemes, and/or the designation of data at multiple levels (e.g., case, individual) as restricted or sensitive (e.g., substance abuse treatment data) with the ability to define and implement exclusion controls on a per-user or user-group basis within a multi-level organizational structure, (e.g., external agencies and Appeals units).
- A method for authentication of all internal and external users and systems and the ability to deny access to all invalid users and systems;
- Encrypted passwords in storage and in transmission;
- The capability to automatically suspend users who have not accessed the systems within a time period specified by the Department;
- The termination of authorized sessions after a time period of no activity specified by the Department, with a warning message displayed prior to the session timeout;
- Enforce a sufficient level of authentication and identification against fraudulent transmission, imitative communications, and deceptive communications by validating the transmission, message, station or individual; and
- A method for designated security administrators to set and modify user security access profiles.

Conduent understands the importance of limiting access to State information to authorized individuals only. We further understand the importance of having each of the mechanisms for safeguarding access listed in RFP requirement ID SEC47. We satisfy each of those requirements, as shown in Table 4.2.1.2-2.

Table 4.2.1.2-2. Required Measures for Restricting Information Access

Security Measure	Conduent Solution
Unique authentication credentials identifiable to each user of the system, not allowing for the re-use of credentials	Each user has a unique system account. Conduent provides minimum password requirements that include a password history requirement that prohibits reuse of a password for 24 password changes. We can also enforce multi-factor authentication when required.
Authenticates the receiving entity prior to a system-initiated session, such as transmitting responses to case inquiries	Conduent uses the System Integrator's authentication platform choice, ForgeRock Identity Platform, which includes Open Identity Platform Community's OpenAM to authenticate a receiving entity before allowing transmission. Once that entity is authenticated, OpenAM creates a session to track the progress of the entity or transmit responses to case inquiries. It also allows a user or an entity to use one set of credentials to access multiple applications within a single domain through single sign-on (SSO).

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Security Measure	Conduent Solution
Maintenance of key user information as part of a user profile including user ID, name, employer/state agency	The CMdS solution includes user profiles and roles to provide access to system features required by those roles. Security administration functions set up user roles and assign access privileges.
Identity verification information, and ensure that only authorized users have access to an indicator of employee versus contractor	Role-based access information, including indications that a user is an employee or contractor, is available to security administration personnel only.
Multi-factor user authentication and the ability to restrict or permit a user's access to system functions, features, and processes based on the user's assigned roles based on business need and user security profile and a unique user ID and password and including a read-only access level	The solution can be modified to require the use of multi-factor authentication, adding to access challenges beyond strong passwords. The system requires more than only one piece of secret information for access, provided by means different from the password entry, such as a code delivered on a mobile device.
Column and row-level security access, data classification schemes, and/or the designation of data at multiple levels (e.g., case, individual) as restricted or sensitive (e.g., substance abuse treatment data) with the ability to define and implement exclusion controls on a per-user or user-group basis within a multi-level organizational structure, (e.g., external agencies and Appeals units)	Conduent CMdS enables the definition and implementation of fine-grained authorization though ForgeRock Identity Platform, which provides the role information. ForgeRock works with Open Identity Platform Community's OpenAM, which allows each module to be configured with an authentication level indicating the user security level. If users need access to more sensitive resources, OpenAM may require reauthentication, providing an additional credential type. Authorization policies may also require an authentication level to access sensitive resources (e.g., substance abuse treatment data), which may be at a higher level than the user currently has in the session. When an authenticated user tries to access a sensitive resource with a valid session that does not have the required authentication level, OpenAM returns an authorization decision that denies access to the resource, with a notice that the user needs to reauthenticate at the required authentication level. CMdS also provides for the definition and implementation of exclusion controls at the application level on a per-user or user-group basis using OpenAM. These controls are designed according to the principle of least privilege (POLP), limiting users' access rights to the minimum permissions needed to perform their work.
A method for authentication of all internal and external users and systems and the ability to deny access to all invalid users and systems	ForgeRock Identity Platform provides access management across organizational boundaries. It provides the federated identity management needed to securely share identity information across heterogeneous systems or domain boundaries. Users who cannot satisfy authentication requirements do not obtain access to protected information resources.
Encrypted passwords in storage and in transmission	Data transmitted between external users and the servers in the system is protected by authentication, authorization, and encryption. For encryption of data at rest, Conduent databases support security administrators' choice several standard encryption algorithms, as well as Azure approaches to encryption data at rest. We apply an array of approaches to encrypting storage (data at rest). One example is full- disk encryption (FDE), by which all the data on a hard drive used to boot a computer is encrypted, including the computer's OS. It also permits access to the data only after successful authentication to the FDE solution. We deploy the latest data transmission encryption technologies

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Security Measure	Conduent Solution
	for all confidential data in transit. For more information on our use of encryption technology, see the response to ID SEC50. For more information on measures applied by Microsoft Azure for encrypting data at rest, see the response to ID SEC23.
The capability to automatically suspend users who have not accessed the systems within a time period specified by the Department	We configure our user and administrative accounts to be disabled automatically after a predefined period of inactivity. The period is configurable, per requirements.
The termination of authorized sessions after a time period of no activity specified by the Department, with a warning message displayed prior to the session timeout	We configure user and administrative accounts to disconnect after a preset period of non-activity. That period is configurable, per requirements.
Enforce a sufficient level of authentication and identification against fraudulent transmission, imitative communications, and deceptive communications by validating the transmission, message, station or individual	CMdS system provides a secure level of identification, authentication, and authorization for all system accounts. User accounts comprise a user ID for identification and password for authentication. CMdS enforces multi-factor authentication and can enforce security groups and roles for secure authorization.
A method for designated security administrators to set and modify user security access profiles	According to our procedure for setting and modifying user-level access, security administrators require proper authorization from end user management to change a user access level. If this authorization is not obtained, the account access will not be modified.

SEC48

The Contractor shall provide to the Department, upon request, a listing of all users having access to the Contractor's module components and/or data with details regarding the access granted to each user.

Conduent provides a list of all users with access to CMdS modules, and data with details on access granted, upon request. ForgeRock Identity Management provides us with a complete listing of users and the capabilities each individual user can access, based on users' job roles and the requirements of that role for information.

SEC49

The Contractor shall provide and operate solutions for security incident reporting and mitigation mechanisms. The Contractor shall preserve and report specified audit data when security violations are detected and mitigated.

Incidents are occurrences having actual or potential adverse effects on information systems. Incidents will occur, but the resources necessary to recover from incidents can be reduced through both preparedness and response.

Conduent's generally accepted information security practice dictates that organizations across the business must:

- Establish an operational incident handling capability for organizational information systems that includes adequate preparation, detection, analysis, containment, recovery, and user response activities
- Track, document, and report incidents to appropriate organizational officials and/or authorities

The Conduent Incident Response/Crisis Management (IRCM) group develops, maintains, and distributes all procedures governing incident response and crisis management.

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Business continuity and security incident response plans are subject to testing at planned intervals or upon significant organizational or environmental changes. Incident response plans involve affected customers and other business relationships that represent critical intra-supply chain business process dependencies.

Procedures exist to provide for backup, offsite storage, restoration, and disaster recovery, consistent with the entity's defined system availability and related security policies.

Higher levels of assurance are required for protection, retention, and lifecycle management of audit logs, adhering to applicable legal, statutory, or regulatory compliance obligations and providing unique user access accountability to detect potentially suspicious network behaviors and/or file integrity anomalies, and to support forensic investigative capabilities in the event of a security breach. In such instances, we implement file integrity (host) and network intrusion detection (IDS) tools to help facilitate timely detection, investigation by root cause analysis, and response to incidents.

Established policies and procedures support business processes and technical measures implemented, to triage security-related events, and facilitate timely and thorough incident management, per established IT service management policies and procedures.

Procedures exist to identify, report, and act upon system security breaches and other incidents.

Workforce personnel and external business relationships are informed of their responsibility and, if required, consent and/or contractually agree to report all information security events in a timely manner. Information security events are reported through predefined communications channels in a timely manner adhering to applicable legal, statutory, or regulatory compliance obligations.

Conduent describes its solutions and methods for reporting, preventing, and mitigating security incidents in our previous response to ID SEC45, in this proposal section. There, we describe our procedures for handling the following related events:

- Monitoring and detecting intrusion
- Intrusion prevention
- Security event notification

We preserve and report audit data on violations for the period of time required by the state.

With the report in hand, we conduct a Plan of Action and Milestones (POAM) as needed. Please see previous responses to IDs SEC11 and SEC 55 in this proposal section for detail on our planning for and execution of a POAM.

SEC50

The Contractor shall comply with NIST Special Publication 800-111: Guide to Storage Encryption Technologies for End User Devices where required by CMS to protect confidential information stored on end user devices.

NIST SP 800-111 provides a high-level overview of the most commonly used options for encrypting stored information: full disk encryption, volume and virtual disk encryption, and file/folder encryption. The following content summarizes key points of NIST SP 800-111 and Conduent approaches to complying with its guidance.

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Full Disk Encryption (FDE), also known as whole disk encryption, is the process of encrypting all the data on the hard drive used to boot a computer, including the computer's OS, and permitting access to the data only after successful authentication to the FDE product. Most FDE products are software-based, so this section focuses on explaining the capabilities and characteristics of software-based FDE solutions.

The Conduent ITS Storage team centrally stores certificates, keys, and system software, even when developed or maintained by a contractor. The controls the configuration of the key management hardware and software.

Encryption systems are designed so no single person has full knowledge of any single encryption key. This is achieved by separation of duties (use of more than one individual to handle a certain important activity) and dual control (two people shall be simultaneously present for an important activity to be accomplished).

These protection standards comply with the standards set forth by the NIST and are FIPS 140-2 compliant.

Managing Access to Keys. In Conduent locations, as part of FIPS 140-2 compliance, the CMdS solution supports an Enterprise Key Manager (EKM). EKM provides a complete security solution for unifying and automating an organization's encryption controls by securely creating, protecting, serving, controlling, and auditing the encryption keys.

Generation. Encryption algorithms used to protect production information and information systems adhere to industry standards. Each individual key record is signed to enable tamper detection. Certificates generated use a complex passphrase created by a random generator to keep certificates practically indiscernible by an adversary. The keys shall be created in two parts, with a different person each creating half without the knowledge of the half being presented to the owner.

Materials for developing secure keys as well as the keys themselves are kept secured when not in use and throughout the life cycle of the information. Certificates are stored on a USB drive kept in a secured lockbox in the datacenters. The lock box has both a lock and a key.

Distribution. The information protected with encryption is transmitted over a different communication channel than the keys used to govern the encryption process. Backup keys are stored on physical removable media and are not sent over the internet. Access will be restricted.

Storage. Access to encryption keys are strictly limited to those who have a business need for them. Encryption keys are prevented from unauthorized disclosure by storage in a secure location accessible by only select IT staff members. Keys shall be stored on a USB drive kept in a lockbox in the datacenters. The lock box has both a lock and a key.

The keys are kept inside a sealed package in a locked cabinet. The names of those with access to the keys are at all times documented. Any access to the lockbox is be documented with both the names of the individuals involved and the time of access recorded.

Security Level. The secrecy of any encryption key used for confidentiality purposes is maintained until all of the protected information is no longer considered confidential. FIPS 140-2 defines four security levels to which a product adheres:

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- **Level 1,** primarily used for software-only encryption, imposes very limited security requirements.
- **Level 2,** which improves on level 1 by requiring features that show evidence of tampering. On an SED disk this typically is seen by a tamper proof cover over the electronics section on the bottom of the disk and the placement of tamper proof seals on the mating surfaces of the disk drive.
- **Level 3** adds physical tampering resistance to disassembly of the SED; if tampering is detected the device is able to erase critical security parameters (CSP). Physical security mechanisms may include the use of strong enclosures and tamper detection response circuitry.
- **Level 4** provides the highest level of security, with the physical security mechanisms providing a complete envelope of protection around the cryptographic module to detect and respond to all unauthorized attempts to physical access.

AES 256. The Advanced Encryption Standard (AES) is a specification for the encryption level of electronic data established by NIST in 2001. AES is a symmetric key algorithm that uses the same key for encrypting/decrypting the data on the disk drive.

All data is encrypted prior to being written to disk. Data enters the disk as a readable clear text; upon being sent to the disk the data enters a special chipset only found on SED disks. This chipset then encrypts the data prior to being written to the disk drive. The crypto-period (the time a key can be used for signature verification or decryption) is the life of the controller. The secrecy of any encryption key used for confidentiality purposes shall be maintained until all of the protected information is no longer considered confidential. Conduent adheres to the following requirements for AES 256 encryption:

- Private digital signature keys are kept confidential and accessible for at least seven years
- The existence of and location of supplies used for the generation, distribution, and storage of keys are known only to those persons authorized on a need-to-know basis
- When they are no longer needed, the media is data scrubbed and then physically destroyed by shredding, pulverization, and/or incineration

Lost Keys. Keys are changed immediately whenever there is a suspicion of compromise and the matter referred to the Conduent information security team for further investigation and response. Refer to previous section header "Managing Access to Keys," in this response for controls around key access. Lost and compromised keys are labeled as such and stored on the USB drives so that signatures generated prior to a specified date can still be verified. If a public encryption key has been posted on a publicly accessible location, all regular correspondents are notified through email or telephone whenever there is a change in the public key.

Encryption Key Management Policy. All encryption keys shall be maintained in accordance with standards listed above and are secured in the following manner:

- No keys are to be generated, stored, or transmitted in plain text. Current technology does not allow for keys to be generated in this manner, but extra attention to management of these keys is considered to be imperative.
- Keys generated at the time of the encryption for the purpose of decryption are handled by authorized IT personnel only. Any attempt to substitute or generate additional keys is not possible by unauthorized people and will not be possible without original encryption keys securely managed by the Conduent IT team.

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- In the event that a key is needing to be regenerated or retired, the Conduent IT team retrieves the original secured key from its secured location and uses it to generate the new key. After this is done, storage of this new key follows the same standards as mentioned previously. When it is time to retire a device that uses an encryption key maintained by the Conduent IT team, it will be deleted and removed from the secure repository for documentation purposes.
- Storage of these keys is maintained on the Conduent IT SharePoint site with access limited to only authorized IT members. These keys will be reviewed on an annual basis to confirm accuracy.
- Because encryption and decryption occur on a physical device layer, specific decryption of data, sensitive information, or any other confidential data is not possible without decrypting the entire system. Security enforcement of the management of these keys shall be strictly monitored to prevent exploitation of this information.

SEC51
The Contractor shall comply with NIST Federal Information Processing Standards (FIPS) Publication 180-4: Secure Hash Standards as required by CMS for use of secure hash algorithms.

A hashing algorithm is a mathematical function that condenses data to a fixed size. For example, the sentence, "[t]he quick brown fox jumps over the lazy dog," when subject to a specific hashing algorithm known as CRC32, can be translated to "07606bb6." This result is known as a hash or a hash value. Sometimes hashing is referred to as one-way encryption.

Conduent complies with NIST FIPS Publication 180-4 when using hash algorithms. We use hashes for situations where computers may want to identify, compare, or otherwise run calculations against files and strings of data. It is easier for the computer to first compute a hash and then compare the values than it would be to compare the original files. One of the key properties of hashing algorithms is determinism. Any computer in the world that understands the hashing algorithm chosen can locally compute the hash of our example sentence and get the same answer.

SEC52
The Contractor shall comply with NIST Federal Information Processing Standards (FIPS) Publication 186-4: Digital Signature Standard as required by CMS for use of secure algorithms in digital signatures.

Conduent understands the purposes of FIPS Publication 186-4, which defines standard algorithms for applications requiring a digital signature, and we implement the technologies needed to comply.

Conduent uses TIBCO BusinessConnect to provide X.509 digital certificates. Using this software, a Certificate Authority (CA) creates a certificate, after which the CA verifies the identity of an entity that has submitted a Certificate Signing Request (CSR). When the CA signs and issues a certificate to a user, the CA's signature on the certificate verifies the authenticity of the link between the user's public key and the user's actual identity. A user can then use its certificate, as contained in its certificates file, to identify itself during e-commerce. The three basic items in a certificate are the CA's signature, the user's identity, and the user's public key.

A certificate is issued by a recognized authority (a CA or a governmental agency) and both identify the holder. Certificates are specified by the X.509 standard, such as X.509v3.

Digital certificates perform these functions:

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- Certify the identity of the holder of the certificate
- Allow for non-repudiation of transactions
- Encrypt email messages
- Sign mobile code that can be downloaded by a web server

This is a trusted third party that validates identities and issues X.509 certificates by signing the certificate with its signature. Any client or server software that supports certificates has a collection of trusted CA certificates, which determine the certificate issuers that the software can trust.

The root CA's certificate is unique in that it is a self-signed certificate. It is signed by the root CA itself. The CAs that are directly subordinate to the root CA in the CA hierarchy have CA certificates that were verified and signed by the root CA.

SEC53
The Contractor shall comply with the Harmonized Security and Privacy Framework - Exchange Reference Architecture Supplement Version 1.0 and as required by CMS.

We align with the CMS Harmonized Security and Privacy Framework and other Exchange TRA Supplements. Our information and security controls are based on current and emerging federal guidelines and security categories for both systems and data. They are coordinated with the secure exchange of data with other systems.

Our security approach incorporates key cybersecurity domains. The controls included in these domains are:

- Incident response
- Operational security
- Identity management
- Credentials
- Access management
- Secure infrastructure and managed services computing
- Data encryption
- Audit trails
- Continuity of operations
- Disaster recovery

SEC54
The Contractor shall comply with the OASIS Web Services Security - Simple Object Access Protocol (SOAP) Message Security Specifications to build secure web services to implement message content integrity and confidentiality.

Our solution leverages an open web services architecture and adheres to key MITA standards such as SOAP, XML, WSDL, UDDI, SAML, and other web services standards and specifications as relevant from OASIS Web Services Security – Simple Object Access Protocol (SOAP) Message Security Version 1.2 Specifications.

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The web portal includes role-based security that allows authorized providers, members, and the Department staff to access the portal through a single point of entry. Access to functions and data depends on the user's assigned role and security profile. We encrypt all data in transit to prevent unauthorized interception and viewing.

Conduent works closely with the Department during sprint sessions to integrate with and use web services security and enterprise user provisioning systems for user registration, authentication, provisioning, and de-provisioning. The master federated user authentication provisioning solution is integrated with the CMdS security solution through Security Assertion Markup Language (SAML) tokens. We work with the Department to develop interfaces to support single sign on (SSO) through the use of a common identity to enable members and providers to seamlessly access relevant information stored in other state enterprise systems.

OASIS enables a highly customizable reporting environment to address the day-to-day (operational real-time) and overall business management information needs. OASIS supports multiple data access points. Each of the data access points is capable of multiple export formats to external applications and/or system reporting services. There are four distinct types of data reporting and exchange supported:

- Operational reporting, driven directly from the production database with the most current data content
- Trend reporting, requiring longer term data analytics in a near term data environment (reporting database)
- Data exchanges with partners, using a stand-alone database with supported extracts
- Analytic reporting, using de-normalized, highly indexed reduced views (warehouse model)

OASIS satisfies the most demanding reporting needs. This results in having access to the information needed, when it is needed, in the format required. The system allows integrated customization of datasets and reporting services.

SEC55
The Contractor shall respond to all risks identified through the periodic security risk assessments with a CMS Information Security Program Plan of Action and Milestones (POA&M) containing clarifying information, a proposed mitigation strategy if necessary, a timeline for implementation, and shall work with the Department to successfully execute the POA&Ms.

Our experience managing Plan of Actions and Milestones (POAM) on behalf of the Department helps us keeping our finger on the pulse of day-to-day business activities. It sets us apart from a standpoint of assessing and prioritizing information security and privacy weaknesses to achieve the most effective means of mitigation and resolution.

Conduent's partnership with DPHHS means that we can offer stability and continuity in risk and vulnerability management.

Conduent knows that identifying, managing, and resolving known vulnerabilities is a critical front in an overall plan to strengthen an organization's information security and privacy posture. Conduent has a well-established practice of maintaining a POAM process to record identified weaknesses and monitor them all the way through to resolution.

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Our privacy and security professionals have extensive professional knowledge of and familiarity with applicable NIST standards and industry best practices. They stay abreast of the most current security and privacy threats, providing a POAM process that addresses all DPHHS business operations services, while including all DPHHS-required information.

Conduent's expertise goes hand-in-hand with our solid understanding of DPHHS business operations needs and standards, enabling us to provide a comprehensive means of identifying, prioritizing, monitoring, and reporting weaknesses as required with a POAM strategy that serves each IT service under our watch.

We understand the requirement to implement a POAM process to address significant weaknesses or deficiencies to reduce or eliminate known vulnerabilities that cannot be remediated within DPHHS required timeframes. We know the requirements to use applicable NIST standards to rank POAM items and to submit all reportable POAMs items quickly, and report POAM item status changes to DPHHS.

Conduent has developed and maintains a POAM procedure in accordance with NIST SP 800-53, Revision 4, control numbers CA-5 Plan of Action and Milestones and PM-4 Plan of Action and Milestones Process. This includes the Centers for Medicare & Medicaid Services POAM Process Guide.

We know that for POAM items to function effectively, they must be continually monitored and diligently updated. Inputs for the POAM are from various sources, including but not limited to:

- Independent audit findings
- Security Risk Assessment (SRA) process
- DPHHS comments from security plan reviews
- Internal self-assessments
- Control reviews
- Implementation of security controls

Our experience gives us a firm understanding of how to make a POAM process work, including capturing appropriate POAM item fields and giving the Department access to the reporting needed to monitor and contribute to our efforts. Conduent understands POAM, its purposes, its importance and its value to an organization as a means of managing vulnerability and risk.

SEC56
The Contractor shall ensure all contractor and subcontractor personnel providing services under this contract are familiar with and comply with the Business Associate Agreement and the privacy and security policies included in the RFP.

Conduent has developed Information Privacy and HIPAA training, administered to employees and subcontractors dealing with ePHI upon hire with an annual refresher thereafter. That training content is updated annually to verify that changes in regulatory or threat landscapes are included. Training for those whose responsibilities include processing or exposure to ePHI is focused upon the principles of Duty to Protect, Individual Rights, Minimum Necessary, and Need to Know. Concepts are explained with practical scenarios and incident notification processes are built into the training.

The account team educates all Conduent employees working on the Department solution on state-specific expectations for safeguarding information privacy and security as needed, in addition to the security

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education given to all Conduent employees annually. We write specifics about our expectations for security compliance, such as relevant rules and regulations, definitions, reporting requirements and procedures, and audit requirements into our subcontractor Business Associate Agreements.

Our Corporate Information Privacy and HIPAA training covers Conduent privacy policies and HIPAA requirements, and provides guidelines how to protect, use, and disclose data.

For specific requirements, Conduent operations trains our account team as needed. We leverage web-based training, proctor the training to ensure attendance, and manage other related requirements. Information Privacy and HIPAA training includes:

- Information privacy standards
- Information safeguards standards
- HIPAA privacy and security standards
- Scored test assessment
- Signed confidentially acknowledgement

SEC57

The Contractor shall provide logical segregation of the Contractor's solution, components, and network connections with other entities and prevent any unauthorized disclosure of the States' data.

We understand the importance of maintaining strong separation of the State's data from those of other clients we serve. As a result, we require client network environments to be designed and configured with network security zones.

We use multiple network security zones to logically separate the state's data information systems, to verify they are secure from unauthorized disclosure. We confirm that our network security policy entails segmenting the network into multiple zones, with varying security requirements, and rigorously enforcing the policy on what is allowed to move from zone to zone.

Network security zoning separates systems based on their communication and protection needs to minimize security risks. Zoning segments similar information technology assets (hardware, software, and data) into logical groupings that have the same security policies and security requirements.

We apply granular controls on network security zone traffic, users, and assets. The controls must be reviewed periodically and are supported by documented justifications for use by users, services, protocols, and applications.

Requirements for network security zoning include the definition and implementation of a firewall configuration. The configuration standard dictates how firewalls should handle network traffic for specific IP addresses and address ranges, protocols, and applications based on the organization's information security policies.

By default, all access ports on the network outside of the restricted Azure cloud physical infrastructure are configured to deny access to any external, connected device.

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Segregating Personnel Duties

Our business functions and security access maintain separate functions and segregate duties of personnel to assure adequate financial, security, quality, and auditing controls consistent with Generally Accepted Accounting Principles (GAAP) and Generally Accepted Audit Standards (GAAS).

This includes using the security profiles and data classification schemas to maintain security access control. All audit trails are logged using the user IDs. All update transactions—whether batch or online—are reported and create appropriate audit trails and reports.

SEC58
The Contractor's solution code shall never run from a system level account with unlimited privileges such as "root" or "administrator".

We do not allow code to run with root/administrator access. We designate service accounts with limited privileges to run solution code.

We apply the rigorous security controls and minimum privileges assigned to end users when running code from system-level accounts. The number of accounts with root and/or administrative privileges is kept to the absolute minimum needed to maintain operations.

With the application of least privilege principles, the actions of an intruder are significantly limited.

SEC59
The Contractor shall ensure the confidentiality, privacy, and security of all state data passing through the Contractor and subcontractor networks.

Each Conduent client has its data processing logically separated from our other clients by default. We require subcontractor networks to follow the same practice. While Conduent believes a secure yet cost-effective data processing environment can be built without physical separation, we apply physical and logical separation of data processing environments from other Conduent clients. Using our virtualization and storage solutions, we will enforce the physical separation of your data processing environments.

As part of the requisitioning of Conduent data processing resources, our IT Support team requests separate physical infrastructure for the Claims Processing and Management Services project. Our Vendor Management coordinates through our vendors and subcontractors to request and confirm physical and logical separation.

SEC60
The Contractor shall establish and implement emergency access procedures for the Department to obtain secure access to module data during an emergency. Emergency access procedures shall be subject to the Department's approval.

Conduent provides a web-based tool to manage application configuration parameters and features and functionality in real-time. Configurable items such as Temporary Emergency Messaging, Call-Center Routing, Outbound Call Frequency, and other parameters required to be changeable in a moment's notice are managed right from a web browser.

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Authorized users can use this toolset to manage and monitor applications and access. Access to the features is role-based and different access for viewing and changing system behavior can be restricted to specific login-IDs.

In Table 4.2.1.2-3, we list as many of the significant potential types of interruptions as possible and our proposed solution to each type.

Table 4.2.1.2-3. Solutions for Interruptions

Interruption	Potential Solution
Server failure	Redundant components are standard with Conduent remittance processing operations, allowing for hot-swappable repairs
Key equipment failure	Use functioning equipment for day's processing; call for maintenance/service on non-functioning equipment
Power outage	Immediately notify local power company to initiate repairs; rely on redundant connections as appropriate and secure to process electronics
Network failure	Rely on redundant connections as appropriate and secure to process electronics
Severe weather conditions resulting in limited staff	All available management and staff will work until day's processing work is completed. Message will be placed on automated call distributor advising of longer waits due to limited staff and weather conditions. Process remotely through Conduent VPN
Access to building denied but building is energized	Process remotely through Conduent VPN
Epidemic or pandemic Illness resulting in limited staff	All available management and staff will work until day's processing work is completed. Message will be placed on automated call distributor advising of longer waits due to limited staff; other staff will be queried for availability until ordinary staff able to return to work.
Building or mail is toxic	Invoke Disaster Recover and Business Continuity Plans
Earthquake, tornado, hurricane, flood, or other natural disaster makes facility uninhabitable	Invoke Disaster Recover and Business Continuity Plans
Terrorist threat or bomb renders facility uninhabitable	Invoke Disaster Recover and Business Continuity Plans

Conduent creates a Business Resumption Plan (BRP), which includes a list of step-by-step instructions that facilitate the resumption of critical business functions in the event of an interruption or an outage. The plan is provided to the Department for review and approval.

In the event that a significant emergency or crisis is declared, the Incident Response Manager, with support from Corporate Security, has the responsibility to establish a command center in a safe location. A command center will serve as a physical or virtual facility outside of the affected area used to gather, assess, and disseminate information and to make decisions to enable recovery of business operations.

Command centers are equipped with PCs with secure internet access to module data. Provider Inquiry and Member Services units both have an organizational email account that allows stakeholders to send questions and updates 24/7. The email can be accessed through the Outlook web application.

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If there is no system outage but operations are disrupted due to an incident, operations onsite are suspended but may be resumed at any facility with internet and VPN access, depending on the circumstances.

SEC61
The Contractor's solution must protect data from improper alteration or destruction including authentication mechanisms and to corroborate that the data has not been altered or destroyed in an unauthorized manner.

The SIEM monitors user management access controls, data modification, backups, and other actions. We set up a connection from the SIEM and the log data we want to monitor databases and perform identity access management. The domains managed this way are access management identification and data.

We set up proactive alerting rules to tell if anyone accessed and modified information, and who did it. This involves all the log data from ForgeRock and the database where we set up proactive alerting to monitor access control, when data has been modified or destroyed, and who did it.

Azure-based Protection

Conduent applies data encryption to protect the State's data, especially ePHI and PII, from improper disclosure or alteration. We employ multiple measures to promote the security of the data entrusted to us, including security awareness training, role-based security, and encryption of all desktop and laptop computers, encryption of data at rest, and encryption of all data in transit.

Backup copies of data maintained at the secondary Azure cloud-based data center protect data from destruction. They also provide the basis for corroborating that data has not been altered or destroyed.

Combined with security provisions discussed in this section—role-based access control, firewalls, DMZs, vulnerability assessment, etc.—these measures protect data from improper alteration.

Conduent's data security features maintain confidentiality, integrity, and availability of our database hosts through various information security controls, based on the Conduent Security Framework. The security controls are as follows:

- Our access control policies and standards provide access to data only when required. We implement access controls based on the principle of least privilege (POLP)
- We prevent any deletion of data through soft deletion information security controls, where in the event of a "deletion," data is flagged, rather than directly deleted. This prevents loss of data and allows for recall of items for immediate replacement.
- Backup and recovery procedures protect the data against loss and reconstruct the data should loss occur. Backups are performed regularly according to the project requirements. The reconstructing of data is achieved through media recovery, which refers to the various operations involved in restoring, rolling forward, and rolling back a backup of the data.

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- We use our host replication, which provides failover in the event of an irresponsive host. Cluster management provides an added level of security with corrective design efficiencies. These measures are critical to application performance and consistent uptime.
- Our API gateway provides access to only authorized integrators and authorized users, with the enforcement of secure account authentication and authorization controls.

Combined with security provisions discussed in this section—role-based access control, firewalls, DMZs, vulnerability scanning, audit trail logging, etc.—these measures protect data from improper alteration.

SEC62
The Contractor's solution shall display a security warning banner prior to allowing entry into the system. The solution shall have security warning banners and headers and footers that adhere to Federal, state, and other applicable standards that are prominently displayed introductory screens.

Conduent solutions include security warning banners, headers, and footers adhering to federal, state and other applicable standards. Anyone obtaining access to the solution will first see the warning before entry is allowed. As shown in Figure 4.2.1.2-11, the login screen includes a link to the Conduent Acceptable Use Policy, and requires users to check a box stating that they read and agree to the policy along with providing their passwords.

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Figure 4.2.1.2-11. CMdS Enterprise Login

When entering the password, the user sees a link to the Conduent Acceptable Use Policy and must check a box stating the requirement to read and agree to the policy before signing in.

The policy the banner refers to states the range of Conduent requirements for access to the system, such as separation of duties, least privilege, limits to unsuccessful logon events, conditions for access through wireless connection and mobile devices, and use of external information systems. Requirements also include adherence to federal, state, and other applicable standards.

SEC63
The Contractor shall utilize cloud-based technology wherever advantageous to maximize the efficient and effective utilization of technology.

Microsoft Azure Commercial Cloud services provide defense in depth, able to both detect and help protect against threats. Using machine learning to process trillions of signals across Microsoft services and systems, the Azure Security Center issues alerts about threats to the environments, such as remote desktop protocol (RDP) brute-force attacks and SQL injections. And it provides recommendations for mitigating these threats.

Microsoft provides Azure public cloud services that meet US Federal Risk and Authorization Management Program (FedRAMP) standard. Further, Microsoft extends FedRAMP Provisional Authorization to Operate (P-ATO) to all Azure public regions in the United States.

Conduent hosts the solution in the Microsoft Azure Commercial Cloud, with a primary data center site for production operations and a secondary site for disaster recovery. These cloud-based data centers allow for easy configuration upgrades for increased capacity. Microsoft constantly upgrades and replaces Azure hardware and underlying software. Hardware performance is reviewed and replaced/adjusted regularly to maintain operations and compliance. We have the capability to migrate Azure resources manually to the latest generation of virtual machine (VM) servers, maximizing the likelihood that the solution runs the newest hardware as appropriate (e.g., VM type v2, VM type v3).

The cloud-native CMdS solution integrates with the enterprise through the MPATH System Integrator through the CMdS internal enterprise system bus (ESB). Working with the MPATH SI, we have completed testing of site-to-site VPN process and protocols, and production DSS file transactions have begun.

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Conduent Proprietary Information

For more information on our hosting environment and use of the Microsoft Azure Commercial Cloud, please see Proposal Section 4.2.1.3, Hosting and Environments.

SEC64
The Contractor shall ensure user account access is reviewed on a quarterly basis at a minimum. User accounts should be appropriately disabled as roles and responsibilities change.

Account access to the system is controlled through the Conduent administrative portal system. In addition to quarterly user access reviews, we keep access privileges current by automatically disabling accounts without a login in the last configured time period. Reports can be run on the data collected by the administrative portal to detail locked account, disabled accounts, and accounts about to be automatically disabled due to inactivity.

Conduent has an account review process that identifies quarterly review of all user accounts and access levels. If there are discrepancies, we work with users' management to get access levels aligned with job responsibilities. We convey those discrepancies to the security administrators charged with maintaining user access privileges for adjustment.

SEC66
The Contractor's solution shall meet the minimum password requirements below:
1. Must not contain the user's account name or parts of the user's full name that exceed two consecutive characters
2. Minimum password length: 8 characters
3. Contain characters from 3 of the following 4 categories
a. English uppercase characters (A through Z)
b. English lowercase characters (a through z)
c. Base 10 digits (0 through 9)
d. Non-alphabetic characters (for example, !, $, #, %) (these will not work when logging into ReRite from Toshiba printers ... not on the key pad)
4. History: Cannot reuse a password for 24 password changes, user cannot reset password again for 24 hours
5. Expiration time frame: 60 day
6. Lockouts for failed attempts – account locks after 3 failed attempts, will unlock after 15 minutes

Conduent enforces strong user authentication and password control measures to minimize the opportunity for unauthorized access through compromise of the user access controls. These measures comply with the most current State security policy. We provide skills needed to confirm that these controls conform to the requirements of the federated security infrastructure managed by the System Integrator.

A unique user ID and forced strong password are required to log-on to our systems and the systems require that users change their passwords at regular intervals. When a session is inactive for a predetermined amount of time, the system automatically logs the user out. The system also locks users out after a set number of unsuccessful login attempts. We have established procedures by which a locked out user can request a password reset.

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Users are asked to create a password associated with their accounts. The Conduent password policy requires that:

- At least eight characters long and no more than 20 characters
- At least one capital letter
- At least one lower case letter
- At least one number
- At least one of the following special characters: @, #, !

Password policies are adapted to conform to the details of state requirements described in the RFP. Our solution is configured to authenticate users through a secure user name and strong password and can be modified to require the use of multifactor authentication. They are designed to be inherently secure and employ strong technical controls to safeguard the system's data from unanticipated threats and hazards, as well as to restrict the availability of data to authorized users.

SEC67
The Contractor's solution shall track disclosures of ePHI; provide authorized users access to and reports on the disclosures.

Under the HIPAA Security Rule, Conduent is obliged to maintain appropriate administrative, technical, and physical safeguards for protecting ePHI. Specifically, we meet our obligation to:

- Protect the confidentiality, integrity, and availability of all ePHI that we create, receive, maintain or transmit
- Identify and protect against reasonably anticipated threats to the security or integrity of the information
- Protect against reasonably anticipated, impermissible uses or disclosures
- Provide for compliance by our workforce

We exercise stringent personnel, data, system information, and physical security controls for the protection of all ePHI contained either in hard copy or electronic format. From the point of initial receipt, throughout use and archive, until final disposition or transfer of information is authorized, all State information is protected, to the best of our ability, from breach of confidentiality. The project operations are conducted in a secure, access-controlled facility.

On occasion, ePHI may include summary health information that has been "de-identified," i.e., cleansed, of individually identifiable health information.

Conduent maintains compliance with State and federal laws, executive orders, regulatory, contractual, and other policy requirements pertaining to confidentiality, integrity, availability, privacy, and safety. We act as the custodians of extensive information for the Department and rely on information systems for fiscal, policy, and program delivery initiatives. Consequently, we apply advanced security measures to guard against unauthorized access to, alteration, disclosure, or destruction of information and information systems, and safeguards will be implemented to offset all possible threats.

The information security policies, standards, processes, and guidelines contained within the Conduent Security Plan are key components of the information security program. The plan comprises five information security imperatives: Confidentiality, Integrity, Availability, Privacy, and Safety.

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Should an actual or attempted intrusion occur, Conduent has a prepared response team to secure the facility and to assess the extent of the security breach. The Conduent Incident Response/Crisis Management (IRCM) group develops, maintains, and distributes all procedures governing incident response and crisis management. This unit maintains a 24/7 presence and has a toll-free number to address any issues that may arise during operations or to respond to State inquiries.

Use and Disclosure of PII/ePHI

Conduent creates, receives, maintains and transmits PII/ePHI, and may have access to PII/ePHI in the course of its performance of services. In the event a Conduent representative accesses PII/ePHI, we follow the procedures required by State and federal regulatory agencies closely. In no event does PII/ePHI leave the Conduent or State facilities.

If required, Conduent may use PII/ePHI for our management, administration, data aggregation, and legal obligations to the extent such use of PII/ePHI is permitted or required by compliance/contractual agreements and not prohibited by law. We may use or disclose PII/ePHI on behalf of, or to provide services to, authorized representatives or purposes of fulfilling our service obligations, if such use or disclosure of PII/ePHI is permitted or required by the State and would not violate the Privacy Rule.

In the event that PII/ePHI must be disclosed to a subcontractor or third party, Conduent will requires the subcontractor or third party to abide by the same restrictions and conditions that apply to us under the BAA with respect to PII/ePHI, including the implementation of reasonable and appropriate safeguards.

Reporting Disclosure

For the Claims Processing and Management project, we report all suspected, attempted, or actual unauthorized access to project facilities, data centers, any related telecommunications or information to state information security within 24 hours.

The appropriate state staff will always be informed immediately of any suspected or actual security breaches. Information security breach incidents are unique events requiring a client-negotiated set of investigatory, communication, and remediation steps. It is not a "one-size-fits-all" response. Conduent works with the Department to review and confirm any reports of a security breach and the actions to be taken.

An immediate verbal report is provided to the Project Director. This will be followed by a written report when the full extent of the breach of security is determined. The appropriate State staff will always be informed immediately of any possible or actual security breaches

Should a breach be suspected, Conduent takes the following prompt actions:

- Notifies the Department of any unauthorized possession, use or knowledge, or attempt to obtain confidential information
- Furnishes to the Department full details of the breach
- Assists in investigating or preventing the recurrence of a breach
- Uses our best efforts to prevent a recurrence of unauthorized disclosure

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Conduent provides training to employees on the process for reporting security breaches or incidents, how to identify and respond to insider threats, handling Conduent and client information, email and phishing threats, and other areas as deemed appropriate by Conduent security leadership. Potential risk areas for breach of confidentiality are fully discussed with examples specific to each of the functional area responsibilities of the project. During employee orientation, the confidentiality and security requirements of the program are further explained and defined as Security Awareness, as well as the penalties that may result from a breach of this trust.

Should an actual or attempted intrusion occur, Conduent has a prepared response team to secure the facility and to assess the extent of the security breach.

Computer Security Incident Response Team (CSIRT) Actions

Conduent has established incident response and CSIRT protocols that are used throughout our organization to investigate, and if necessary manage, suspected or confirmed potential violations of privacy safeguards, such as inappropriate access to confidential information. We customize these policies and procedures for each project.

In instances of threats to the well-being of project personnel or property, we have procedures in place to report the calls immediately to the appropriate law enforcement agencies. Project personnel have access to members of our CSIRT team, which is responsible for directly assisting them in responding to incidents or crises. We train our CSIRT team to assist the State in responding to the following of incidents.

The CSIRT team maintains an operational response capability supporting response to all incidents involving Conduent or state-managed systems. The response capability includes:

- Preparation, analysis, containment, and recovery
- Tracking, documenting, and reporting security incidents or crises to higher-level Conduent executive management, appropriate state personnel, and/or appropriate authorities
- Addressing accidental or unauthorized disclosure, modification, or destruction of ePHI or other confidential information by any Conduent or non-Conduent (e.g., janitorial staff) individual, criminal acts, or natural disasters

We work with the Department to create a monitoring plan for the solution. The monitoring plan establishes the monitoring criteria, thresholds, benchmarks, and alerts that align with Conduent and State requirements. The monitoring plan also defines when alerts are triggered, defines the severity level of each alert, and identifies the personnel who receive those alerts.

We train employees to recognize and report security events immediately. We track, document, and report security events, as appropriate, to higher-level Conduent officials, the State, and/or law enforcement authorities.

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SEC68

The Contractor shall support the State in developing a Privacy Impact Analysis for each module or module component that includes the following information:
Use of personally identifiable information (PII) or personal health information (PHI) and a description of the types of data that will be collected
Sources of PII/PHI, populations, and transfer and disclosure mechanisms
Legal environment (legal authorities and state privacy laws)
Details about the entities with which the collected information will be shared
Privacy and security standards for its business partners and other third parties and the agreements that bind these entities
Incident handling procedures
Privacy and/or security awareness programs and materials for its workforce

Conduent conducts privacy impact assessments on all information systems in accordance with CMS and state policies. We complete and return to the State the Privacy Impact Analysis forms from Montana and CMS for this purpose. These forms collect the information on privacy used by Conduent Medicaid Suite modules for the project. Our National Standards Consulting team monitors the federal regulation process for newly mandated requirements, interprets the requirements, and develops education and outreach of the potential impacts on privacy resulting from the new regulations.

The project privacy impact assessment is conducted as part of the annual risk assessment audit. The impact assessment included review of the privacy risks, controls, vulnerabilities, and impacts to the project.

For compliance reference, we use the CMS "Privacy Impact Assessment Form Completion Guide," Version 2.0, February 17, 2017, which provides guidance for implementing required privacy provisions.

SEC70

The Contractor shall provide the ability to de-identify and/or redact data for entities not authorized to receive PII or ePHI and utilize de-identification algorithms to allow for re-identification of data if required.

Exposing sensitive data to unauthorized users jeopardizes data security and violates data privacy laws. De-identifying the data allows us to be compliant with federal and state mandates, as well as internal data security policies.

We constantly strive to protect data from a complex mix of authorized and unauthorized users—both internal and external. Conduent understands the importance of production data security and data integrity. To prevent security issues, we use an internal standard data masking tool to de-identify production data and to load data for non-production environments, such as the testing and training environments.

Our internal data de-identification process removes sensitive information by applying sophisticated data transformation techniques to non-production environments. The result is realistic data enabling application developers, testers, and outsourcing vendors to meet their objectives without ever exposing the personally identifiable information contained in the original production database.

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SEC71
The Contractor shall provide a process for masking, sanitizing, scrambling, or de-sensitizing sensitive data (e.g., PII/PHI) when extracting data from the production environment for use in non-production environments.

Public sector organizations and businesses constantly strive to protect their data from a complex mix of authorized and unauthorized users—both internal and external. Conduent understands the importance of production data security and data integrity.

Masking or otherwise obscuring sensitive data is necessary in certain instances, such as using production data for testing purposes. To prevent security issues, Conduent uses an internal standard data masking tool to de-identify production data and to load data for non-production environments, such as the testing and training environments.

Exposing sensitive data to unauthorized users jeopardizes data security and violates data privacy laws. De-identifying the data allows us to be compliant with federal and state mandates as well as internal data security policies.

The Conduent Security Framework provides capabilities for masking of data, hiding of the data, or showing partial values of the data. These attributes, when assigned to the users' role and access privileges, determine if data should be shown or hidden from the user based on his or her security permissions. This is in accordance with the Security and Confidentiality Plan and Title 45 of the Code of Federal Regulations, section §164.514.

SEC72
The Contractor shall review and identify monthly, any unneeded hardware, software, and licenses, present recommendations to the State for review and ensure that any unneeded hardware, software, and licenses have been decommissioned upon approval from the State.

We apply system hardening procedures to eliminate as many security risks as possible. These procedures may include, but are not limited, to removal of unnecessary software, disabling or removing of unnecessary services, the removal of unnecessary usernames or logins, and the deactivation of unneeded features in our (and our subcontractors') system configuration files.

To verify that hardware and software is current and in use, we perform monthly vulnerability scans for the project network. These scans are automated and performed on the Tenable Nessus vulnerability scanner.

We have documented control policies and procedures to disable unneeded accounts and historical records in a timely manner. Our administrative users disable or modify user accounts and set role-based security profiles, as needed. We have verification processes for these actions as well as the ability to identify all audit information by user identification, network terminal identification, date, time, and data accessed or changed.

We are committed to working with the Department to help maintain compliance with State security and privacy policies where there may be gaps in Conduent's security policies as they pertain to State security and privacy standards.

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SEC82
The Contractor's transmission security shall use, at a minimum, TLS 1.2, SHA 2 with a minimum of a 2048 bit key, or a more advanced industry standard transmission security protocol.

We use Managed File Transfer (MFT) for secure file transfer protocol (SFTP) transfers of data files with external systems. As data files pass through the MFT proxy, the transmission protocol and port change to prevent unauthorized access to internal applications.

Conduent requires enforcement of transport layer security (TLS) 1.2+ security for all incoming/outgoing connections with the Department. Using data encryption, Conduent project solutions prevent sensitive data being transmitted over the public internet from being intercepted and viewed by unauthorized parties. Conduent uses TLS 1.2+ data encryption to safeguard private information (including ePHI, login IDs, and passwords) as it is transmitted from the browser client to the web portal over the public internet.

At the operating system level, security requirements are met using registry changes, which disable SSL 1.0, 2.0, and 3.0 and TLS 1.0 and 1.1, using the TLS 1.2 option by default. At the application level, we create secure application programming interfaces (API) over Transmission Control Protocol (TCP) or using web services.

For ad hoc interactive transfers, files up to 2GB in size will be sent by Conduent's existing Secure Large File Transfer service supporting AES 256. PGP Command Line can be used to implement encryption into existing or planned file transfer applications. Where circumstances warrant, communications are encrypted through VPN tunneling.

2048-bit Encryption Keys

All project web pages/websites support 2048-bit encryption, following practices in place at Conduent since 2014.

Digital certificates are used for the project to confirm validity to the end-user. These certificates use 2048-bit asymmetric encryption to securely establish cipher settings and a symmetric key between the server and browser.

The project encrypts data using HTTPS technology, the industry-standard method for protecting communications for all web applications.

SEC83
The Contractor will provide the completed reports with the results of the service organization control (SOC) 1 Type II audit annually on date identified by the State. The Contractor shall provide a mitigation plan for all areas of non-compliance. Issues found to be non-compliant shall be corrected within ninety (90) calendar days of the report submission to the Department.

We welcome the opportunity to report on the results of the SOC 1 Type II audit, as it provides assurances to the Department and strengthens our own ongoing efforts to maintain excellence in information functions and/or processes. We comply with the reporting deadlines identified by the Department.

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Mitigation initiatives follow a defined set of stages through which solutions must pass. Our mitigation process guides project leaders in determining the issue's current problem-solving stage towards resolution:

1. **Identifying.** Problem has been identified but no proposed solution has been defined yet
2. **Analyzing.** Problem is not fully understood; a hypothesis has been proposed
3. **Generating Potential Solutions.** Problem is now understood and a solution set has been proposed
4. **Selecting and Planning Solutions.** Solution set has now been defined but not yet implemented or verified
5. **Implementing the Selected Solution.** Solution is now being implemented
6. **Evaluating the Solution.** Solution has been implemented and is being evaluated for effectiveness

This guidance provides consistent, predictable results, and promotes timeliness by providing a pre-defined regimen. It enables the elimination, control, and resolution of areas of non-compliance within 90 calendar days of submitting the report to the Department.

4.2.1.3 Hosting and Environments [RFP 3.10.1.3, Attachment F]

REQUIREMENT: RFP Section 3.10.1.3, Attachment F

This section addresses hosting and environment requirements. The Department expects the delivery of the solution/services to be seamless with the hosting environment providing the flexibility to integrate other solutions for security and regulatory purposes in the future, and be cost-effective and scalable. The Contractor is expected to provide a hosting environment for all solution components that has a Federal Risk and Authorization Management Program (FedRAMP) Certification, FedRAMP Risk Assessment that indicates compliance, or has a documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation. In addition, the Contractor is required to demonstrate that their hosting solution is Statement on Standards for Attestation Engagements (SSAE-18) SOC 2 Type II compliant.

In their response, the Offeror must describe in detail their approach to solutions and services that meet State and federal regulations and each of the Hosting requirements detailed in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent's hosting strategy and IT environment focus on supplying superior levels of efficiency, reducing operating costs, and providing readiness for a quick time to market.

Our CMdS product is provided as a SaaS offering hosted on industry-standard FedRAMP-certified cloud platforms. Our hosting environments come pre-built with standard connectivity and robust security instrumentation.

CMdS is built on cloud-native architecture that helps overcome the limitations of traditional storage, reduces capital costs, minimizes downtime, increases agility, and maximizes resource provisioning and deployment. Azure Commercial Cloud hosts the solution and its technical environments.

Your preferred host:

- Cloud-based approach maximizes efficiency and cost reductions
- Offers pre-established connectivity to all major commercial and private clouds
- FedRAMP certified services

The CMdS is built on cloud-native architecture, which offers the following benefits and cost-saving strategy to the Department:

- Breaks the dependency on physical hardware by eliminating the need to perform a hardware technical refresh
- Encompasses software technology upgrades as part of the SaaS offering
- Provides up-to-date security patching and remediation

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- Reduces the cycle of hardware procurement and decommission from months to a few days through a combination of DevOps, Continuous Delivery, Containers, and Microservices as shown in Figure 4.2.1.3-1

Figure4.2.1.3-1. Conduent's Cloud-Native Approach
The CMdS product is built on cloud-based infrastructure, allowing states to harness powerful and reliable technology.

It is important to note that Conduent's approach is to take a "cloud-first" strategy that leverages FedRAMP and NIST 800-53 Rev 4 compliance:

- Through application design, the solutions are deployable to container-based architecture patterns
- Conduent's modern cloud-native approach uses applications with databases that work across multiple geographic instances
- CMdS-Claims and CMdS-Financial are both cloud-native applications in Azure, allowing for real-time infrastructure and resource scaling

As we have noted, Conduent's CMdS is a SaaS cloud-hosted solution implemented within a FedRAMP-moderate compliant cloud infrastructure and a Conduent Security Framework (CSF)-compliant Conduent data center. The CSF incorporates information security controls (administrative, technical, and physical) from all the major security frameworks such as HIPAA Security Rule, PCI Data Security Standard, NIST 800-53, ISO 27001/27002, FedRAMP, and MARS-E. We take the necessary steps to meet each of the State's requirements, policies, and obligations as noted in RFP Sections 3.10.1.2, Security and 3.10.1.3, Hosting and Environments.

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ENV03
The Contractor's hosting solution shall provide the flexibility to integrate other solutions for security and regulatory purposes in the future and be cost-effective with burst capacity.

The Conduent SaaS offering is hosted on the Azure cloud platform. As with Azure, we have established partnerships with industry-leading network exchange providers that have pre-negotiated interconnectivity with all major cloud providers and private cloud partners. The network exchange accelerates and provides flexibility to integrate other solutions that are part of the scope in a seamless way.

The exchange partners are compliant with key federal regulations and industry standards. Our approach to leverage such established and mature exchange partners, as shown in Figure 4.2.1.3-2, provides us with the capability to increase our network bandwidth to meet the scale and demands of the current and future needs.

Figure 4.2.1.3-2. Exchange Partners
Conduent works with Exchange partners for pre-established connectivity to all major commercial and private clouds.

ENV06
The Contractor shall provide the ability to run multiple sessions / environments/ applications/ areas/views simultaneously. This includes providing sufficient environments and configurations (e.g., multiple environments, multiple application layers, hub architecture) necessary to perform all required (e.g., testing, training, production operations, modeling, disaster recovery).

Conduent's SaaS offering is designed with a flexible DevOps and containerized deployment architecture. This foundation overcomes the traditional limitations while scaling the application to meet dynamic needs of business. Our DevOps, continuous integration, and continuous deployment services can scale environments on demand.

We provide sufficient environments/regions to meet the requirements described in the RFP. All these environments are independent of each other and available simultaneously for the needs of the projects. For any future needs, the underlying architecture enables us to stand up a new region/environment in a few days.

The technical environments are fully equipped with the necessary platforms, software, applications, databases, network, and communication tools necessary to support the project's demands throughout contract execution. We comply with the environment requirements described in the RFP.

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ENV09
The Contractor's environments (e.g., development, testing, training and production) shall be available and accessible twenty-four (24) hours a day, seven (7) days a week, with the exception of planned downtime due to system upgrades or routine maintenance. All planned downtime and maintenance outages shall be coordinated and approved by the Department at least five (5) business days in advance.

Conduent has a high-availability approach based on moving the responsibility of system reliability from infrastructure to application and from application into service as shown in Figure 4.2.1.3-3. Cloud-native services are built as a compilation of loose-coupling sub-services developed and deployed separately from one another. They can be replaced and redeployed easily in case of a failure without affecting other parts of the application. They can also be scaled out to accommodate load changes. This robust and efficient approach allows for improved tolerance for failure and faster response rates based on specific project needs.

CMdS' SaaS offering includes the following features:

- **Load balancing.** We utilize technology that detects the load and stands up another instance of the resource-constrained application to maintain the quality of our service. This allows us to specify the minimum instances, so that in a period of low utilization, the applications can reduce to the minimum set.
- **Automated rollout and rollback.** The system pushes out changes in a controlled manner. The system can be configured such that changed components co-exist with the existing component to reduce the need for maintenance windows.
- **Self-healing.** In the event of a component issue, our technology detects the issue, adds in a new instance, and removes the errant component, resulting in continuous availability.
- **Database scaling.** Our databases have a primary-replica database architecture that facilitates scaling of database servers to seamless handling of growing needs of data. The EDB Postgres Replication Server enables geographically distributed Postgres data management, with fast read/write access in every location. With multiple primaries, data are secured and accessible on any other primary almost immediately.
- **Hosted Infrastructure.** Our solution's components are hosted by top cloud services provider Azure, with facilities designed to run 24/7 and reliability capabilities that stand at an uptime of 99.5%.

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Figure 4.2.1.3-3. CMdS High Availability Architecture
CMdS Architecture with High Availability, Autoscaling, Continuous Integration, and Continuous Delivery capabilities.

Based on this model, our solution is designed to provide high-availability/reliability features so that project staff may have access to the technical environment in accordance with SLAs for availability and uptime.

We discuss all deployments and planned downtime with the State five business days ahead of time to obtain necessary approvals.

ENV10
The Contractor shall provide hosting services that shall meet all functional and non-functional requirements defined in the RFP.

Microsoft's Azure Cloud hosts our applications. Its global datacenter network runs in geographically distributed Microsoft facilities designed to run 24/7. All locations employ various security measures to protect operations from power failure, physical intrusion, and network outages.

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Simply put, cloud-based hosting is better because it:

- **Is Cost Efficient.** Cloud-based hosting drastically reduces costs derived from purchasing and maintaining equipment.
- **Offers Data Protection.** Advanced security features guarantee secure storage and data handling.
- **Is Scalable.** IT departments may be easily scaled up or down depending on project needs without having to invest in physical infrastructure.
- **Is Mobile.** Users can access the system 24/7 through any internet-connected device.
- **Enables Disaster Recovery.** Data stays accessible despite emergency scenarios, from natural disasters to power outages. Cloud infrastructure prevents data loss and deterioration.
- **Streamlined Control.** Complete/restricted data visibility, enhanced team collaboration, and streamlined tasks and processes make control easy.
- **Competitive Advantage.** Not every company is on the cloud bandwagon…yet.

The platform's architecture is fully redundant, highly elastic, and maximized for speed and high availability. Azure's services are certified at the highest level of FedRAMP compliance, currently supporting 91 compliance offerings. This is more than any other cloud service provider in the market.

Our solution meets all of DPHHS' hosting requirements and provides the capability to meet all functional and nonfunctional requirements in the RFP with all the benefits of a cloud-hosted, contractor maintained solution.

ENV11
The Contractor shall identify the physical location(s) where the Contractor's solution is installed and operating. In the event the Contractor is utilizing a SaaS or PaaS-based service the Contractor shall provide the State with sufficient identifying characteristics of the physical location(s) and allow the State to independently verify the security of said location(s). To the extent possible, the State must have transparent access to this location(s).

All hosting locations are FedRAMP certified. BC/DR sites are in a different location from Production. Table 4.2.1.3-1 describes the work performed in Helena and other locations where staff works remotely.

Table 4.2.1.3-1. Hosting Locations

Function	Site
Operations	Helena, Montana. Primary Project Location.
Production Hosting	Azure Commercial Cloud. Azure runs in multiple geographies around the world. An Azure geography may have at least one region. An Azure region may hold one or more datacenters. Azure is available in 54 regions worldwide, providing physical isolation, platform-provided replication, prioritized order recovery, sequential platform updates, data residency, etc.
Production Hosting BC/DR Location	Azure Commercial Cloud. Azure runs in multiple geographies around the world. An Azure geography may have at least one region. Azure is available in 54 regions worldwide.

Our geographic location and 35 plus years' experience in working Montana Medicaid represent an asset to DPHHS in terms of reducing configuration and State policy risks.

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We agree to provide the State with a profile of these physical locations to the extent allowed by Conduent and our subcontractor's security/access policies. Upon request, we facilitate communication between the State and Azure. Access to Azure data centers is on a need-to-access basis and must follow Microsoft's access request and approval process.

4.2.1.4 Integration [RFP 3.10.1.4, Attachment F]

REQUIREMENT: RFP Section 3.10.1.4, Attachment F

This section addresses integration requirements. The Claims Processing and Management Services solution will be required to integrate with the MPATH Integration Platform. The MPATH Integration Platform, administered by the Systems Integration Services Contractor, will enable interactions between MPATH modules via MPATH Integration Platform enterprise messaging services, bidirectional interfaces, data imports and data exports. The Claims Processing and Management Services Solution Contractor must ensure all service endpoints/APIs are clearly defined, exposed to the MPATH Integration Platform and be able to receive and submit messages through the MPATH Integration Platform to facilitate standardized data exchanges. The Offeror must describe their approach in detail to meet each of the integration requirements in Attachment F – Requirements Response Matrix. The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

With more than 49 years of pioneering experience in the development, support and operation of multiple MMIS systems, Conduent naturally has worked through implementations involving combination of in-house developed, third party custom and COTS products. Conduent employs a team of seasoned professionals with extensive experience in multi-vendor implementations and operational support. To that point, the Conduent team in Helena, Montana has been supporting the Agency's system integrator (SI) and provider module solution provider for the past two years, providing technical and operational knowledge to both solution providers. Today, Conduent solutions interface with multiple PBM and other third-party solutions creating a single integrated MMIS system.

Our CMdS data exchange technology provides adaptability for business change with a native service-oriented architecture (SOA) and openness to emerging commercial, off-the-shelf (COTS) technologies.

INT01

The Contractor's solution shall have the ability to identify errors in member information and member eligibility transactions and immediately notify the source system of the specific errors including whether the errors have precluded loading and/or using the data.

CMdS architecture supports data exchange in a variety of formats via the Conduent Digital Hub as shown in Figure 4.2.1.4-1. Both Real-time (API based) and ETL batch process are supported. Real-time enrollment and eligibility transactions go through two rounds of editing and vetting prior to acceptance and refresh of member databases. Errors are identified immediately by validating message format and message content. Conduent's Digital Hub supports SOAP/REST interface where any specific error and the type of errors (for example, whether the errors have precluded loading and/or using the data) can be included in the error response via a defined error message structure that includes error ID, error type and error description etc. Upon getting this error response, CMdS returns the error response immediately to the source system via the System Integrator in synchronous mode in the case of real-time data exchange or asynchronous mode in case of batch data exchange.

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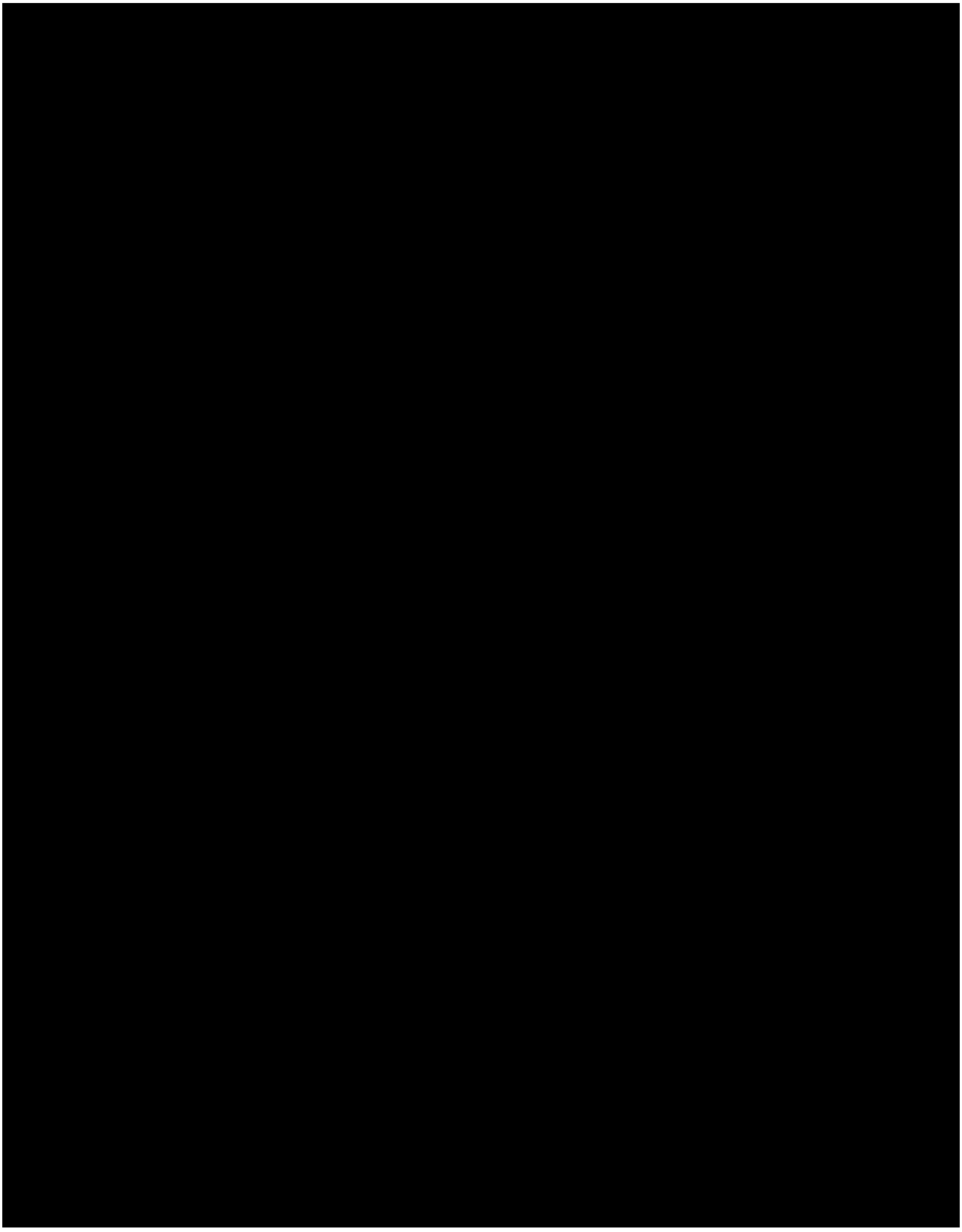

Figure 4.2.1.4-1. CMdS Error Notification

Sequence of actions to identify errors and notify source systems via the SI.

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INT02
The Contractor's solution shall support retrieval and presentation of data associated with geographic indicators such as by state, by county, by zip code, by peer group, or other geographical indicators specified by the Agency.

Our CMdS data model, that currently supports multiple MMIS implementations, accounts for and has placeholders to store commonly used geographical indicators. Our User Interface (UI) enables access and comprehensive reach capability including geographical and other key attributes.

We store provider and member geographic indices such as state, county and zip code. The claim geographic indicators are stored and used within the adjudication processing rules. For example, the billing provider zip code information is utilized to validate a unique provider ID when processing the NPI ID. Provider peer group information is used during DRG pricing to determine the appropriate rates.

INT10
The Contractor shall develop operational procedures in coordination with other enterprise module vendors to restore system availability.

Conduent employs mature operational procedures that have been refined over time to support a multi-vendor solution. Conduent collaborates with the SI and other solution providers supporting Montana MPATH to assess and incorporate unique requirements for system restore into Conduent operational procedures. Within CMdS, system availability is provided with periodic backups, rapid restore, service redundancy and High Availability (HA) configuration of the system.

INT35
The Contractor shall provide an architecture that has clearly defined service endpoints.

Conduent built CMdS as an API-driven approach and we maintain various types of APIs as part of the CMdS implementation. We understand successful API integration is key for successful modular integration. Each endpoint is clearly documented with details such as connectivity, version, message format, error codes etc.

Conduent Digital Hub. Conduent Digital Hub readily supports several Enterprise Integration patterns and has a built-in management module for end-points. Powered by Apache Camel it supports a variety of endpoint types, ranging from http, file, messaging and many more. Conduent maintains a directory of producer and consumer end points with clear documentation of URI for easy discovery. End-point definitions are version controlled in the source control repository.

Private APIs. CMdS is built with a microservice architecture pattern and is made up of several API-based services and event- or message-driven services. All private APIs used and exposed by CMdS microservices are built with OpenAPI based endpoint documentation. Swagger framework based on OpenAPI specification provides a set of tools that help our developers to generate client or server code and install self-generated documentation for web services or APIs. Below are some capabilities that we adopt to define and document private API end points:

- Swagger Codegen: to generate client library code for CMdS Microservice APIs
- Swagger UI: to get self-generated documentation for CMdS Microservice APIs
- Swagger Inspector: for testing and auto-generating OpenAPI documentation

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External APIs. As part of modular integration, Conduent exposes and manages all API end-points via Azure API Management suite. Azure API Management helps us to manage and publish CMdS APIs to developers, other module vendors via the System Integrator and Conduent partners, and to ensure successful MPATH API vision. Figure 4.2.1.4-2 shows the architecture that we adopt to define and manage end points that are exposed to the System Integrator and to our partners in a safe and secure manner.

Figure 4.2.1.4-2. API End-Point Management
We manage API definitions using CMdS API Management Suite.

INT40
The Contractor shall provide technical, functional and performance documentation required by the IV&V Contractor for the solution in order to support IV&V reporting needs identified in the most current version of MECT.

The Conduent team is committed to having a cooperative relationship between all the parties involved in the modular implementation, including the IV&V. Having experience with projects using modular certification and gate reviews, we have estimated and included staff in our staffing model to create, tailor, and deliver required documentation to the IV&V. We understand that IV&V contracting has been changed by CMS, and the ability to review IV&V artifacts prior to submission to CMS may be limited. We are prepared to deliver high quality artifacts – including technical, functional, and performance documentation – to the IV&V related to our scope of work.

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Conduent maintains exhaustive documentation on all requirements in the form of product documentation. The approved system design documentation is made available in SharePoint with controlled access. Conduent develops system documentation in electronic form using Microsoft Word, Microsoft Excel, and Microsoft Visio. The documentation includes:

- System Design Documentation (which includes work flow diagrams and UI specifications)
- Business Rule/Error Message Catalogs
- Master Reports and Letters Inventories and Specifications
- Role/Security Privilege Matrix
- Logical/Physical Data Model (LDM/PDM)
- Technical and System Architecture Documents

Conduent updates the above documentation as necessary during and post go live. Our subject matter experts (SMEs) review the documentation before it is delivered. Conduent acknowledges and provides additional artifacts that may be required by the IV&V.

INT52

The Contractor shall collaborate with all State enterprise contractors and solutions to accurately collect, process, and distribute applicable HIPAA EDI transactions.

Conduent EDI/HIPAA Gateway supports all transactions seen in state healthcare programs including:

- 270/271
- 276/277
- 277U
- 278
- 820
- 835
- 837

We collaborate with the Agency contractors on specific requirements for data sharing and data is collected and processed by Conduent through its EDI gateway.

With decades of fulfilling large-scale government Medicaid, commercial payer, and federal payer's ANSI X12N healthcare transactions, Conduent maintains access to a vast library of X12 transactions.

We support electronic data interchange (EDI) and non-EDI data transmissions between healthcare stakeholders in a safe, efficient manner. Our services include:

- Transaction validation
- Transaction response
- Any-to-any translation services.

Our EDI solution is fully 5010-compliant, and within the Medicaid space, was the very first solution to achieve the ACA Section 1104 Phase I mandate.

Our EDI solution provides connectivity for the flow of PHI data among providers, facilities, claims payment agencies, State offices, clearinghouses, and various other partners that exchange data with Medicaid Management Information Systems and Commercial Insurers.

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We work closely with all State enterprise contractors to define requirements, test and implement new transactions. The flexibility of the translator and the Enterprise Service Bus (ESB) environment enables Conduent EDI Solutions to implement new transactions as they are adopted.

INT54
The Contractor's solution shall require (when appropriate), capture, and maintain the 10-digit NPI.

All known provider identifiers (e.g., Medicaid ID, Medicare ID, NPI, EIN, etc.) are stored in the system in order to accurately cross-reference the submitted provider information to the system identifier. The NPI provider ID must be submitted on the claim for all medical providers, and this is the primary identifier used by claim processing. The Conduent EDI translation engine has check digit validation of NPI to reject transactions with invalid numbers. The same edit applies to the user interface to prevent entry of invalid numbers.

INT55
The Contractor's solution, shall accept the NPI in all applicable standard electronic transactions mandated under HIPAA

The Conduent EDI solution enforces CMS guidelines for requiring NPI for mandated providers. It is important to note that Conduent's EDI gateway solution is currently supporting Montana's HIPAA and NPI requirements. We have partnered with the Agency to build a solution that specializes in trading partner management, adherence to HIPAA X12 transaction standards and payer of front-end translation services. We assign all entities that transmit claims in Montana a unique submitter number and require each entity to submit/receive their transactions using HIPAA compliant X12 transactions.

INT59
The Contractor shall ensure all hardware, software, and communication components installed for use by State staff are compatible with the State currently supported versions of the Microsoft Operating System, Microsoft Office Suite and Internet Explorer; and current technologies for data interchange.

As the incumbent vendor in Montana, we successfully support DPHHS through local office staff in Helena. Our hardware and software are compatible with State-supported versions of Microsoft products. Conduent leverages the Microsoft suite of products including Office 365, Internet Explorer, and current technologies for data interchange.

INT61
The Contractor's solution shall allow internal and external stakeholders to upload and view electronically submitted documents.

CMdS has its own Enterprise Content Management (ECM) solution in which images are stored and can be accessed by the SI through exposed services. Conversely, the Conduent application can access the EDMS from the SI and access images stored at the Agency's enterprise EDMS. Furthermore, the Conduent EDI gateway has an online feature for accessing and viewing received data.

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INT62
The Contractor's solution shall ensure information and event notifications include aggregated and integrated information.

Monitoring the correctness and performance of interfaces (real time and batch) is critical to high-quality system operations on a day-to-day basis. Proper and consistent oversight maintains the highest data integrity across the Department ecosystem of applications exchanging data for different business operations.

The CMdS product includes tools to both monitor and communicate with stakeholders involved in data exchanges. Some monitoring activities include:

- CMdS is able to send out an email identifying any SLA misses for a specific scheduling interval
- CMdS can send out emails when a specific point in a collection of interrelated tasks is reached
- Sending notifications to other applications in the Department ecosystem
- The CMdS monitoring dashboard provides up-to-date information on status of job execution
- Automated operators can track the output of a particular task, make more informed decisions based on the context in which it is run, and move to a specific branch of execution for notification purposes

Our monitoring approach tracks execution status and performs timely communication for intervention and remediation.

INT63
The Contractor's solution shall have business process orchestration in an event-driven environment that maximizes process automation.

CMdS is built on Service Oriented Architecture (SOA) principles and event-driven architecture as recommended by MITA. CMdS uses an ESB for integration of various distributed services. Each business service can be scaled and tuned individually based on usage load.

Business process orchestration is performed by Conduent Digital Hub Apache Camel Routes, which fully support most of the industry standard Enterprise Integration Patterns (EIP) to integrate all CMdS business services. Routes perform service integrations by connecting various CMdS services using flow and integration logic, which support both synchronous and asynchronous messaging. Sources and end-points are maintained and managed at the route level, and all changes are version controlled in a source control repository for compliance. Routes supports different sources and services and transport protocols or messaging models for service communication. This includes HTTP, JMS, Amazon's SQS, Docker, MQTT and many more. Figure 4.2.1.4-3 is an example scenario of CMdS service orchestration.

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Figure 4.2.1.4-3. CMdS Business Process Orchestration
Example of CMdS SOA-based Service Orchestration.

INT65
The system shall provide the ability to share and federate data with other data sharing partners.

The Conduent CMdS product is designed with the intent to distribute and share captured data with the Systems Integration Services Contractor and other stakeholders. The CMdS Digital Hub and API suite handle integration and data exchange in both real-time and batch mode. Figure 4.2.1.4-4 shows the high-level architecture for how data is shared and federated.

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Figure 4.2.1.4-4. CMdS Data Federation
Federating and Sharing Data Using Conduent Digital Hub, API Gateway and the SI's ESB.

INT66
The Contractor's solution shall provide the ability to create/edit, send, receive and process X12, NIEM standardized transactions and NCPDP D.0 transactions relative to the Contractor's scope of work.

The Conduent EDI solution can process X12 837 P, 837 D, 837 I, 835, 834, 820, 276, 277, 270, 271, and 278. As the EDI/HIPAA gateway receives files, submitter authentication occurs based on the associated trading partner's unique credentials issued during the enrollment process and elements in the individual transactions. The system tracks the claim through the full transaction lifecycle including submission, routing, clean translation, validation and adjudication, while generating standard acknowledgements at the appropriate stages. We validate cross-application throughput and backlog for data consistency. To control balancing, a trace numbering system assigns a unique trace number to each claim received then delivers the number to CMdS-Claims. As the system processes claims, it generates confirmation records to reflect accepted and rejected claims. Along with X12, CMdS supports NCPDP D.0 transactions for processing Pharmacy transactions.

NIEM provides a common vocabulary to enable efficient information exchange across diverse public and private organizations. Conduent will work with Agency's SI and HIE vendor to support NIEM interoperability standard for identified claims and financial data elements for interfaces.

INT68
The Contractor shall collaborate with the Systems Integrator to automatically report system availability to the SI availability solution. The frequency of each module component verification will be defined by the Department.

Conduent leverages industry leading monitoring tools and collaborates with the SI to agree on governance around notification and setup of automated alerts regarding availability notifications. The necessary APIs are exposed to integrate with the System Integrator's system availability solution.

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INT70

The Contractor shall identify and describe the licenses necessary for the scope of work to support the infrastructure that will provide sufficient bandwidth and redundancy to ensure accessibility, reliability/fault tolerance and acceptable performance.

The CMdS product is available through a SaaS offering based on commercial clouds to provide sustained availability and access to the N-1 level software needed to operate and maintain CMdS at optimum and required performance levels. The CMdS SaaS offering includes all necessary licenses required to operate for the duration of the contract period. The infrastructure is sufficiently fine-tuned to support the bandwidth and computing power required to operate within SLA limits. Figure 4.2.1.4-5 shows how CMdS infrastructure design supports elastic scalability and is built with redundancy and fault tolerance to support performance and disaster recovery requirements and SLAs.

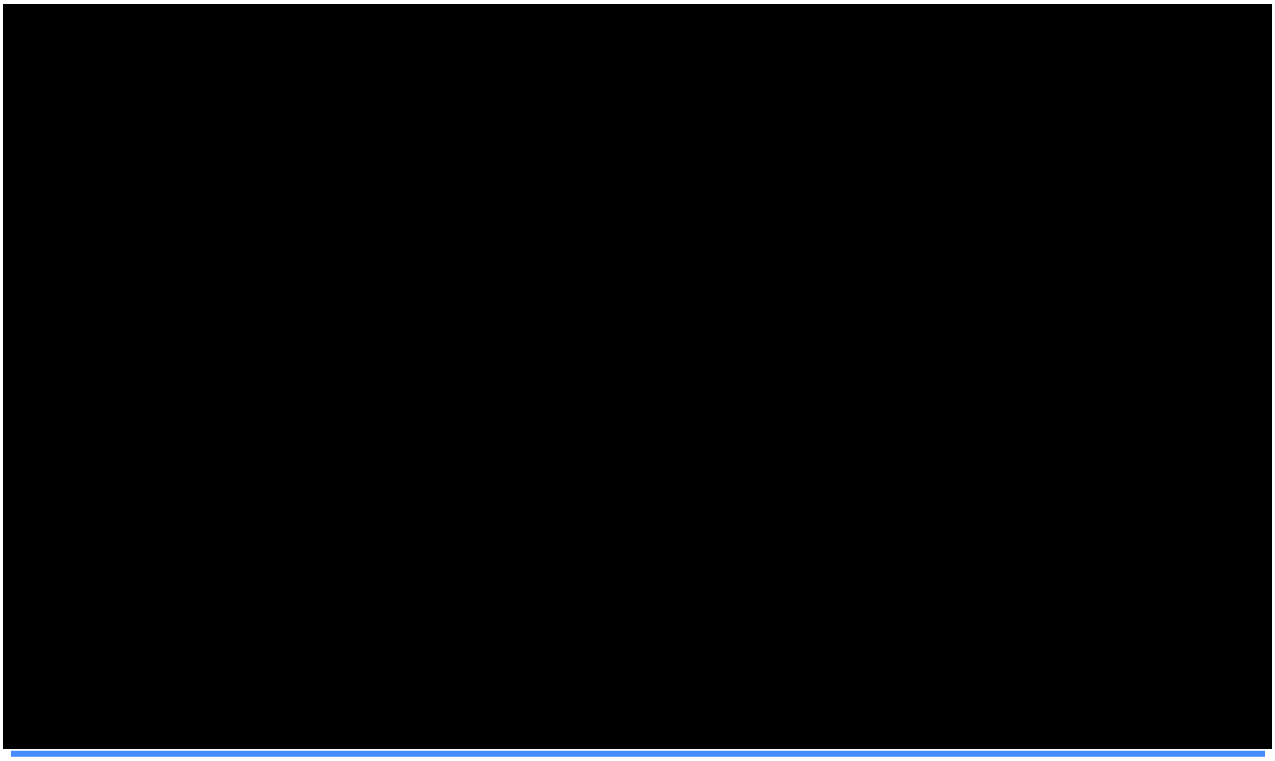

Figure 4.2.1.4-5. CMdS Fault Tolerant Architecture
CMdS infrastructure architecture provides redundancy and fault tolerance to support performance and disaster recovery.

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INT73
The Contractor shall be responsible for understanding the business processes to automate and orchestrate appropriate workflows, business rules, data flow and metadata within the solution and work collaboratively with the SI.

Our team of product specialists and architects work with the State and the SI to configure business process workflows that are suitable for process automation and rules engine integration. Here are a few of the CMdS components that are configured to meet these requirements.

- Workflow Engine: Automates the business process workflow
- Rules Engine: Supports rules authoring and rules execution with business user friendly rules authoring UI
- Conduent Digital Hub: Supports CMdS integration with the System Integrator for data exchange for most common enterprise integration scenarios

INT77
The Contractor's solution shall provide a highly automated systematic processing of healthcare claims and eligibility transactions.

CMdS is a fully automated claims processing product with built-in capabilities for handling data interchange and claims intake real-time. We understand there could be multiple mediums for claims ingestion through various sources like OCR, trading partners via EDI, and manual data entry for some exceptions. CMdS invariably handles all these methods through the necessary processing engines by applying the same sets of rules and controls on their adjudication. Our adjudication rules are centralized through a COTS business rules engine and we use industry-standard process orchestration tools to accomplish this high level of automation.

CMdS includes both real-time and batch eligibility interfaces that capture comprehensive eligibility information. This information is used by our claims processing engine to adjudicate the claims accurately. This high level of automation within CMdS-Claims provides the highest auto-adjudication rates.

INT78
The Contractor shall provide an environment where components can be added or replaced quickly.

Conduent CMdS utilizes cloud-native architecture for flexibility and scalability to add and update components with great flexibility. CMdS utilizes API Management Suite and Conduent Digital Hub backed by microservices. Each microservice is independent and can be replaced with ease and rolled back to prior versions if necessary, using build script automation. Figure 4.2.1.4-6 depicts the microservice-backed API and Conduent Digital Hub Architecture used to address rapid integration needs for the State.

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Figure 4.2.1.4-6. CMdS Component Deployment Flexibility
Ease of flexibility in adding and replacing components in various layers

INT79
The Contractor's solution shall allow internal and external users to enter data using electronic forms and receive documents electronically from other systems.

Conduent CMdS has web-based user interfaces for internal and external users to perform data entry and interact with the system. For electronic data interchange (EDI), CMdS utilizes industry standard formats such as X12, NCPDP, HL7 and coordinates with the SI to determine mutual data exchange format.

INT81
The Contractor's solution shall have the capability to receive and display data, messages, and alerts from other systems in real-time.

CMdS interfaces support well-known data exchange protocols such as REST and SOAP based web services, and we utilize Conduent Digital Hub for asynchronous data exchange and message-oriented communications and API Management Suite for real time data exchange. Alerts captured from other systems via the System Integrator's ESB are queued and routed in Conduent Digital Hub for CMdS to consume.

INT87
The Contractor's solution shall provide context sensitive help (situational clarification and support associated with process specific steps), to support user activities (e.g., provider enrollment and maintenance activities).

The CMdS-Claims product has a context-sensitive help feature as shown in Figure 4.2.1.4-7. Context-sensitive help is available on all user interfaces where a user performs an action. To access the help information, the user clicks the "Help" link in the corresponding screen. Help is available in a pop-up window and the system displays information specific to the screen with which the user is interacting.

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Figure 4.2.1.4-7. Context-sensitive Help

If the user selects "Help" on the Search Diagnosis Code screen (top image), the system displays information that is specific to the diagnosis code functionality (bottom image).

INT88

The Contractor shall implement a solution where module components are loosely coupled and can be added or replaced quickly.

The Conduent CMdS is a cloud-native system built on the principles of modularity with loosely-coupled components that the system develops and deploys separately. These components may be redirected without affecting other applications. Applications can be redeployed easily in case of a failure and scaled to accommodate load changes through a stateless protocol. They can connect to other applications through APIs maintaining robustness and efficiency, which allows for scaling services and improved tolerance to failure. All components are connected via the Conduent Digital Hub, which allows a single connection point to add or replace modules or connections via the SI as shown in Figure 4.2.1.4-8.

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Our container-based solution includes the following features:

- **Load balancing.** We utilize technology that can detect the load and stand up another instance of the resource constrained module to ensure the quality of our service. This also allows us to specify the minimum instances so that in a period of low utilization the applications can reduce to the minimum set.
- **Automated rollout and rollback.** The system pushes out changes in a controlled manner. The system can be configured such that changed components co-exist with the existing component to reduce the need for maintenance windows.
- **Self-healing.** In the event of a component issue, our technology can detect the issue, add in a new instance, and remove the errant component, resulting in continuous availability.

Figure 4.2.1.4-8. Loosely-coupled Services
Conduent CMdS is a cloud-native system built with loosely-coupled services.

INT93
The Contractor shall provide electronic notification including detailed release notes for Major and Minor version, patches, updates and fixes deployed to the production environment.

Our operations management, configuration management, and product maintenance practices all include a framework for release planning and communication, including the publication of a release schedule. Release schedules are shared with all impacted stakeholders via email or preferred communication method in advance of the release. Release notes for major versions, minor versions, patches, updates and fixes are published post-release and reviewed during post-release meetings.

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INT94
The Contractor shall work collaboratively with module vendors to reconcile ODS data elements with the data elements for each module component.

Conduent currently supports multiple large-scale systems that include third party solution components with data source and/or repositories such as warehouses, analytics, marts, PBM, etc. These systems may require reconciliation and synchronization with ODS from time to time. The Conduent team has successfully worked with third party solution providers to complete data reconciliation and develop controls and audit trails. Our team is experienced and prepared to assist Agency's module vendors in their data reconciliation effort.

INT107
The Contractor's solution shall provide an architecture designed to support vertical and/or horizontal infrastructure and application scaling to meet increases in demand.

The CMdS product is scalable and fully capable of supporting your infrastructure and application scaling requirements. A cloud-based approach allows Conduent to provide the appropriate level of dynamic scalability to meet changing customer demands and varying system loads. All servers are designed for vertical scalability and can take advantage of added computing power and memory. Our expert team carefully measures each component's optimum capacity and fine tunes it for best performance as shown in Figure 4.2.1.4-9 below.

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Figure: 4.2.1.4-9. CMdS Infrastructure
CMdS infrastructure scalability with horizontal auto-scaler at the cluster level.

Conduent also uses Kubernetes native auto scaling capabilities with the following key benefits:

- Cluster nodes are used efficiently, because Pods use exactly what they need
- Pods are scheduled onto nodes that have the appropriate resources available
- It is not necessary to run time-consuming benchmarking tasks to determine the correct values for CPU and memory requests
- Maintenance time is reduced, because the auto-scaler can adjust CPU and memory requests over time without manual intervention

INT108
The Contractor's solution shall use standard messaging formats (e.g. XML, JSON, EDI, etc.) to ensure interoperability.

Conduent Digital Hub supports XML, JSON and other industry standards for interoperability. Our SaaS hosted EDI solution supports various X12 messaging formats.

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The technical architecture of CMdS product is flexible and adaptable to respond quickly to changing business needs or regulatory requirements. We can reuse existing services to combine existing functions to meet future business needs; develop and test new functions rapidly; and scale operations for changing levels of demand. This gives us the ability to support rapid evolution in State programs and policies.

The underlying hardware and software architecture incorporate industry-leading elements:

- N-tier SOA-CORE with multiple layers, enabling complete separation of the data layer from the application layer, business process layer, or presentation layer
- Services component architecture (SCA) framework provides tools and underlying technology to integrate the business layer components and provide integration with external system components and applications
- Highly scalable but lightweight ESB and integration framework supports services and applications using disparate transport and messaging technologies
- Standards-based interoperability technologies, including JMS, XML, XSLT, JCA, and JEE
- Application Program Interfaces (APIs) provide a framework that supports middleware integration. This API framework manages business process workflows within the CMdS product and extends process routing to other applications
- COTS-based rules engine and data-driven parameter values and Web-based business rules management system (BRMS)
- Conduent EDI Gateway supports files, data, and protocols exchanged via XML, XSLT, WS-I, WSDL, SOAP 1.1 or 2.0, BPEL, file transfer protocol (FTP), Secure File Transfer Protocol (SFTP), Connect: Direct, or other means of secure transmission.

INT109
All service endpoints/APIs shall be exposed to the State's Integration Platform and are able to receive and submit messages through the State's Integration Platform.

Conduent Digital Hub supports different industry standard external service end-points/APIs which will be exposed to the System Integrator (SI) and would be able to support messaging interactions.

Our API management process encompasses designing, publishing, documenting, and analyzing APIs in a secure environment. We create both public and internal APIs that are consumable and secure end-points. Our SOA platform uses our Digital Hub to receive, publish, and expose APIs between our system and the SI's ESB.

The Digital Hub supports a majority of the industry standard Enterprise Integration Patterns (EIP) as well as custom connectors as required. We base this approach on our understanding of Medicaid industry needs.

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INT110

The Contractor's solution shall have the ability to identify errors in transactions and immediately notify the State's Integration Platform and the source system of the specific errors including whether the errors have precluded loading and/or using the data.

Errors can be identified immediately by validating message format and message content received from source system via SI Platform. Conduent's Digital Hub supports SOAP/REST interface where any specific error and the type of errors (for example, whether the errors have precluded loading and/or using the data) can be included in the error response via a defined error message structure that includes error ID, error type, error description, etc. Upon receiving this error response, CMdS returns the error response immediately to the source system via the System Integrator in synchronous mode in case of real-time data exchange or asynchronous mode in case of batch data exchange. Figure 4.2.1.4-10 shows a depiction of the real-time and batch messaging.

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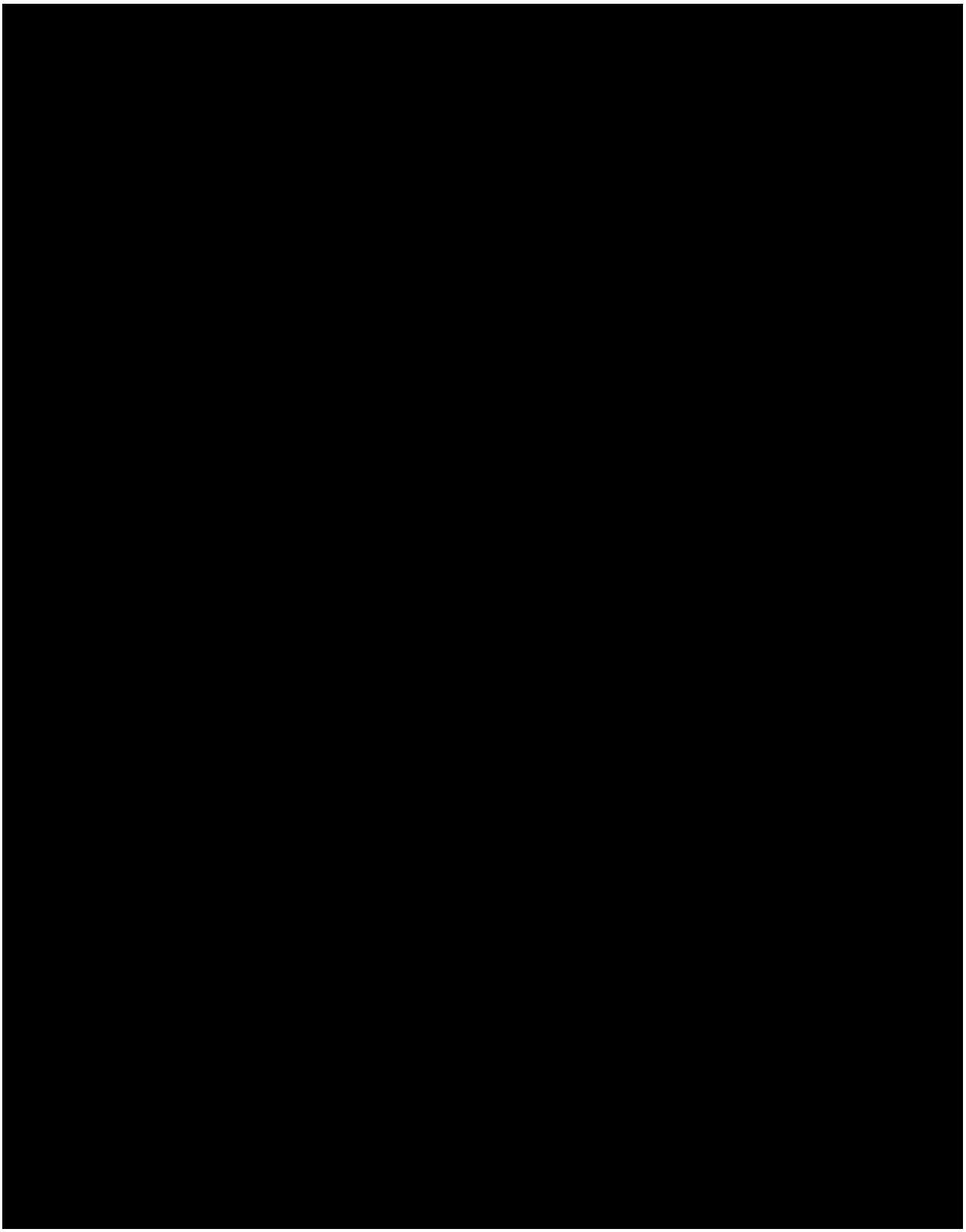

Figure 4.2.1.4-10. CMdS Error Notification Process

CMdS performs a series of actions to identify errors and notify the source system.

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INT111
The Contractor's solution shall be integrated in loosely coupled design patterns with the rest of the enterprise by encapsulating its core functions and interacting with the rest of the enterprise via interfaces to and from the State's Integration Platform which leverage interoperability data standards.

The CMdS product is built so that interactions among modules are managed through its Service Bus (Conduent Digital Hub). Conduent has successfully leveraged the Digital Hub for building integration between MMIS and State Enrollment and Eligibility systems.

CMdS is a cloud-native system built with loosely-coupled services that the system develops and deploys separately, as shown in Figure 4.2.1.4-11.

Figure 4.2.1.4-11. CMdS Cloud Native Architecture
CMdS is a cloud-native system built with loosely-coupled services.

These services may be redirected without affecting other applications. Applications can be redeployed easily in case of a failure and scaled to accommodate load changes through a stateless protocol. They can connect to other enterprise applications through API interfaces via the System Integrator platform, maintaining robustness and efficiency which allows for scaling services and improved tolerance to failure.

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Our container-based solution includes the following features:

- **Load balancing.** We utilize technology that detects the load and stands up another instance of the resource constrained application to ensure the quality of our service. This also allows us to specify the minimum instances so that in a period of low utilization the applications can reduce to the minimum set.
- **Automated rollout and rollback**. The system pushes out changes in a controlled manner. The system can be configured such that changed components co-exist with the existing component to reduce the need for maintenance windows.
- **Self-healing**. In the event of a component issue, our technology detects the issue, adds in a new instance, and removes the errant component resulting in continuous availability

INT112
The Contractor's solution shall support standard web services and specifications (e.g., REST, WSDL, WS-*, SOAP, JSON, XML, EDI).

The Digital Hub provides up to date, real-time information to the application interfaces and the SI. The Digital Hub exposes the necessary Enterprise Integration Patterns (EIP) to send and consume data. It is built to support industry-standard data exchange protocols such as REST, WSDL; data formats such as JSON, XML, CSV; and data standards such as EDI.

INT113
The Contractor's solution must be capable of receiving, translating, and processing data to and from the variety of secure protocols (e.g., HTTPS, FTPs, SFTP, AS2, AS3). The Contractor shall include in their response a list of protocols supported.

Conduent Digital Hub supports most of the industry adopted standard protocols. Table 4.2.1.4-1 provides a detailed list of protocols and technical specifications that are supported by Conduent's Digital Hub.

Table 4.2.1.4-1. Supported Protocols and Technical Specifications

Name	Description
MDN	AS1, AS2, AS3
Amazon S3	Retrieve data from an Amazon S3 bucket or copy data into a bucket.
AMQ	Obtain messages from an ApacheMQ broker or publish messages to an ApacheMQ broker.
AMQP	Obtain messages from an Advanced Message Queue Protocol broker or publish messages to an AMQP broker.
Dropbox	Download files from Dropbox or upload files to Dropbox.
FTP/SFTP	Download files from an FTP or SFTP server or upload files to an FTP or SFTP server.
Gmail	Obtain messages sent to a particular Gmail account and send messages from a particular Gmail account.
Google Calendar	Obtain events from a Google Calendar that you specify or add/update events in a Google Calendar that you specify.

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Name	Description
HTTP/HTTPS	Connect to an HTTP or HTTPS endpoint and execute the GET, PUT, POST, DELETE, HEAD, OPTIONS, TRACE, OR PATCH method.
Kafka	Obtain streams of records from or publish streams of records to a Kafka topic that you specify.
Log	Send information about messages that an integration processes to the integration's log.
MQTT	Obtain messages from an MQ Telemetry Transport (MQTT) broker or publish messages to an MQTT broker.
REST APIs	Create a custom REST API client connector by uploading an OpenAPI schema. You can then create a connection to that REST API. Create a REST API provider integration by uploading an OpenAPI schema that defines operations that trigger integration execution. See triggering integration execution with API calls in Integrating Applications with Fuse Online.
Salesforce	Create, update, fetch, or delete a Salesforce record.
SAP Concur	Perform any one of a large variety of SAP Concur actions.
ServiceNow	Obtain records from or copy records to your ServiceNow instance.
Slack	Obtain messages from a channel or send a message to a Slack channel or user.
SQL databases	Invoke a SQL statement or a SQL stored procedure on an Apache Derby, MySQL, or PostgreSQL database. To connect to other types of SQL databases, you upload a Fuse Online library extension that contains a JDBC driver for that database.
Telegram	Obtain messages from a chat or send messages to a chat by using a Telegram chat bot.
Timer	Set a simple timer or a cron timer to trigger integration execution.
Twitter	Trigger execution of an integration upon tweets that mention you or that contain data you specify.
Webhook	Trigger integrations with HTTP GET or POST requests.

INT114

The Contractor shall participate in the Data Governance process, as defined and administered by the Agency. The Data Governance process will define processes and adjudicate concerns for items including but not limited to:

- Enterprise data lifecycle management processes (including master data management)
- Data synchronization processes
- Data formats for data exchanged by/between systems in Agency's Enterprise
- Management of reference data (i.e. code list versions)
- Dispute resolution for data management issues

As stated above, Conduent has implemented, operated, and supported large scale multi-vendor sourced solutions requiring collaborative governance and framework on similar issues in the past. Our solutions interact with dozens of eligibility and enrollment vendor sourced solutions, interface and integrate with different PBM, TPL, Provider, and number of other specialty third party solutions, requiring strong governance across issues listed above. Conduent will participate and contribute to the Agency's and SI's governance discussions.

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INT115

The Contractor's solution shall support full and incremental data synchronization between the solution and the State's Integration Platform for data entities as defined by the Agency.

Conduent CMdS fully supports data synchronization with full, incremental data synchronization. We utilize Conduent Digital Hub to subscribe to the SI's ESB to capture changes as they occur and synchronize data. Figure 4.2.1.4-12 depicts our pub/sub data synchronization architecture.

Figure 4.2.1.4-12. The Conduent Digital Hub
Conduent Digital Hub and API gateway enable real-time data exchange.

INT116

The Contractor's solution shall ensure that module operational data is available and is supplied to the State's Integration Platform in a format and frequency as defined by the Agency. The State's Integration Platform may require periodic data refreshes at agreed upon intervals.

Conduent solutions have been and are supplying and exchanging operational data to a multitude of 3rd party solutions and can supply the same to the Agency's SI contractor. The Conduent support team in Helena has been supporting the efforts of the Agency's SI and Provider module contractors since the engagement of those contractors and we are prepared to continue supporting the Agency's operational data requirements as part of their modernization program.

INT117

The Contractor shall work with the Agency and the Systems Integrator if data quality issues arise and shall assist in remediating those issues.

The Conduent team is prepared to collaborate with the SI and the Agency on data quality issues and prepared to support efforts around identifying root cause and mitigation. Conduent teams have supported similar efforts across multiple installations partnering, assisting, leading, and owning root cause analysis and mitigation and correction of data. The Conduent team has significant experience in this area. The issues are identified and consolidated into our Azure DevOps life cycle management tool, which is accessible by authorized stakeholders and used throughout the life of the contract to track all technical

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work. Quality issues are categorized based on the severity and the root cause. Conduent teams identifies issue owners and work independently or in conjunction with impacted stakeholders in remediating these issues. The fixes can vary from changes to the interface, data conversion transformations, or SQL-based data updates.

Similar to our process to track test defects, issues are logged in Azure DevOps, triaged, assigned, fixed, and retested. Any documentation updates are tied back to the issue to demonstrate end to end compliance and traceability. The audit information on the database tables includes the issue ID from Azure DevOps to ensure traceability at the database level.

INT118

The Contractor shall participate in the API Governance process, as defined and administered by the Agency. The API Governance process will define processes and adjudicate concerns for items including but not limited to:

- Design and definition of solution endpoint API specifications
- Revisions to solution endpoint APIs (minor & major)
- Deprecation of solution APIs
- Definition of data formats and code lists utilized by an API
- Dispute resolution for API designs and behavior
- Publication of solution API specifications to the Agency's API Registry

Through our API management approach, we create both public and internal APIs. CMdS has API end points that integrate with the ESB created by the SI through the Digital Hub. The format can be predefined, consumed by the SI ESB, and transformed into a format that can be consumed by the document management system. Similarly, the response is also received in the same way through the SI ESB and CMdS Digital Hub back to CMdS.

INT119

The Contractor shall implement interfaces with the State's Integration Platform in accordance with technical specifications approved by the Agency.

Conduent works with the Agency and the State's System Integration Services Contractor to design and agree on common technical specifications. Our team captures the following details as part of the technical specification:

- Signature of an interface
- Data types/structures required (input data types, data size, output data types, exceptions)
- Detailed models including all methods, attributes, dependencies, and associations
- Specific transformation logic and/or algorithms that a component employs
- Physical data and logical data models including attributes and each entity/data type

INT120

The Contractor's solution shall support query-based service calls (e.g. request & response) for data entities and associated query parameters as required by the Agency.

The Conduent Digital Hub and CMdS product are developed with RESTful services and support REST query-based service call and associated response. Conduent solutions support an array of third party

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solutions requiring data access interface with Conduent systems and data repositories and can be integrated using Conduent Digital Hub.

INT121
The Contractor's solution shall support real-time notifications as required by the Agency including but not limited to: changes to solution's data, transaction events, etc.

Conduent uses industry standard monitoring tools with built in capability for notification and alerts which can be configured to support the Agency's specific requirements. The Conduent API Management suite allows the Agency to subscribe and consume alerts and notifications raised by CMdS for predefined business cases for changes to transactions.

INT122
The Contractor's solution shall transmit all dates in a format specified by the Agency (ISO8601).

Conduent solutions support Medicaid programs across multiple states, which gives us the ability to support a wide range of requirements including ISO8601 transmittal requirements.

INT123
The Agency reserves the right to make use of and share with stakeholders at the Agency's discretion, the technical specifications supplied by the Contractor for the solution endpoints exposed to the State's Integration Platform.

We recognize the criticality of stakeholder identification, appropriate engagement, and consistent communication. Our experience on multi-vendor projects provides proof that promoting transparency and open communications help foster a successful working relationship among stakeholders. Conduent is supportive of sharing technical specifications on service end-points with the Agency's SI contractor to support development of integration between the two solutions.

INT124
The Contractor shall ensure that all data, transactions and service calls between the Contractor's solution and other modules (including legacy systems) are routed through the State's Integration Platform as required by the Agency.

Conduent understands the need and is fully prepared to support the requirements for all data exchanges with the Agency's other solution vendors through the SI solution. Conduent's Digital Hub was designed to facilitate exchange of data with SI solutions. Figure 4.2.1.4-13 depicts the communication of service calls and integration approach with other modules including legacy systems.

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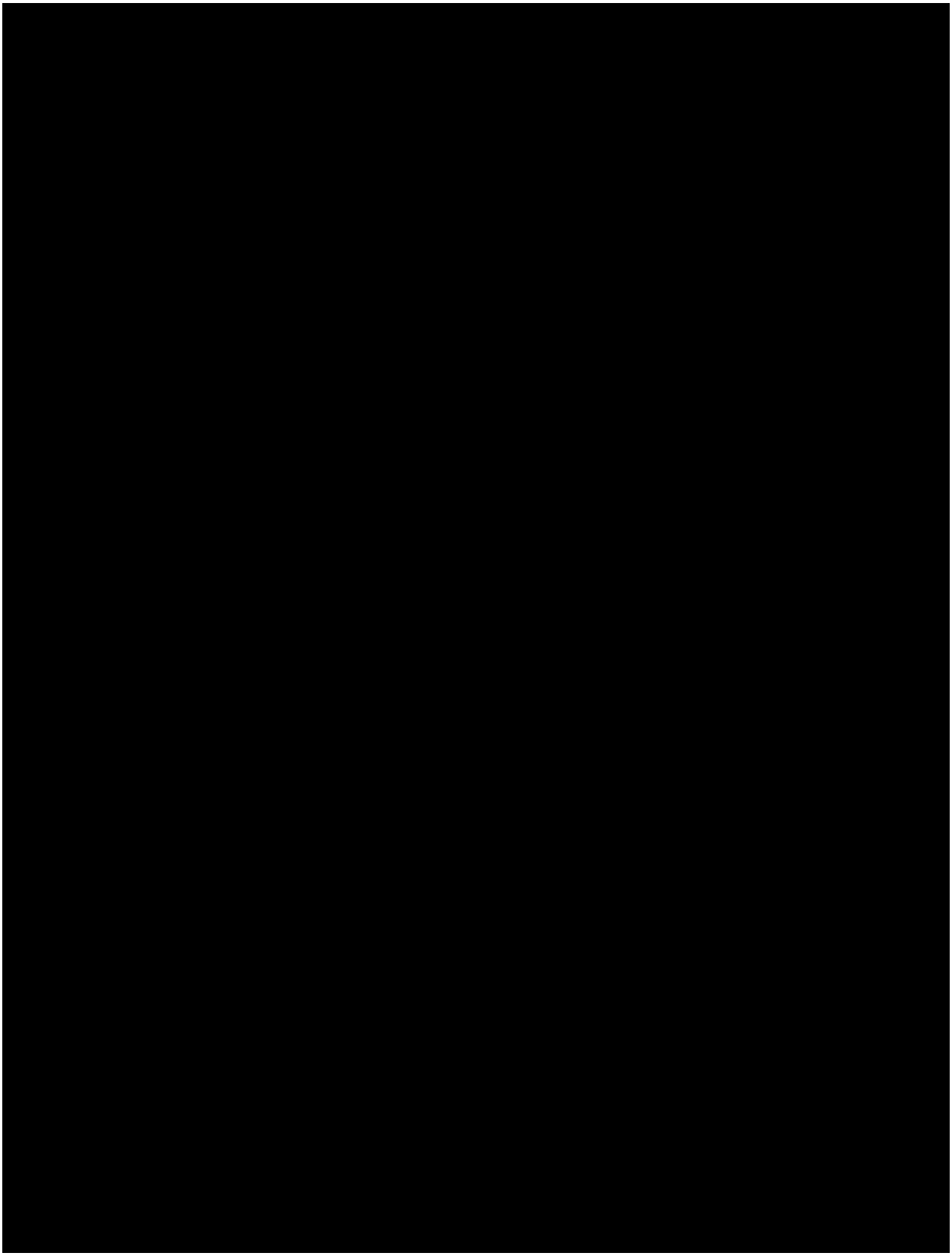

Figure 4.2.1.4-13. CMdS Modular Integration

CMdS Service Oriented Integration into MPATH via the System Integrator.

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INT125

The Contractor shall route data, transactions and service calls between the Contractor's solution and third-party systems and federal systems (e.g., CMS, IRS, SSA) through the State's Integration Platform as required by the Agency.

The Conduent Digital Hub and the CMdS products were developed with intent to channel data exchange with various program stakeholders through the SI solutions inclusive of CMS, IRS, and other entities required by the Agency. Figure 4.2.1.4-13 presented in our response to INT124 shows how CMdS is integrated with State's integration platform.

INT126

The Contractor's solution shall utilize supporting services, data sources, or data feeds (master indices, reference data, etc.) provided by the State's Integration Platform as required by the Agency.

Conduent has a large array of solutions deployed nationally resulting in advanced and mature capabilities in utilization of supporting services and data such as CARC and RARC captured from the translation server. Figure 4.2.1.4-14 shows how Conduent can integrate with the State's integration platform to utilize data sources, reference data, and master data from source systems. Conduent will coordinate with the SI to identify transactions which are mission critical and would benefit from data synchronization using publish / subscribe patterns or real-time APIs to support High SLA requirements.

Figure 4.2.1.4-14 CMdS Data Federation

Real-time data exchange with API Gateway and Conduent Digital Hub.

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INT127
The Contractor shall generate and supply solution test data (including synthetic or de-identified data). Test data shall approximate production data with sufficient fidelity to ensure reliability and accuracy of test results.

The practice we employ to maintain, protect, and restore testing datasets relies on the concept of a "Golden Copy." Conduent takes a copy of production data and loads it into a separate schema, known as the Golden Copy. The data, now separate and distinct from the production database, is de-identified according to HIPAA guidelines, including the 18 PHI identifiers. We use industry standard data masking tools to ensure no PHI/PII related data exists in any development or testing environment without compromising the integrity of production data. We load the data into the test environment and use it for test execution. In order to preserve the integrity of the test data set, we refresh the test environments with the deidentified copy on an "as needed" basis. In addition, to prevent staleness of data scenarios, we refresh the Golden Copy from Production on a defined schedule. No testing or development environments will ever contain live production data.

INT128
The Contractor shall coordinate security configurations and data sensitivity for multiple environments (e.g. integration testing, pre-production) with the State's Integration Platform as required by the Agency.

CMdS provides an advanced infrastructure for protecting the security and privacy of data exchanged with the enterprise. We subject Agency information to rigorous privacy-related rules and regulations, especially when related to health information such as claims data and data provided by MCOs, providers, carriers, and other entities. We know the data requires the same protections and safeguards as applied to clinical health data. Each module within CMdS is secured individually to scale access based upon the type of data present.

Data with PHI/PII is only available in Production, Disaster Recovery, UAT, and Integration environments. Conduent controls the integrity of data through access and identity controls and strong role-based access controls. No resources working on development or testing will ever have edit access to Production. In addition, our tightly controlled change management process prohibits data manipulation of Production via the back end without explicit approval from the State. We control all testing activities end-to-end including data copy, data refresh, and de-identification through Conduent's rigorous change and configuration management processes.

INT129
The Contractor's solution shall capture, log, maintain and supply upon request to the Agency metadata for transactions and service calls between the solution and the State's Integration Platform. Metadata shall include but is not limited to, enterprise-supplied transaction IDs, transaction success/failure status, and other information as defined by the Agency.

Conduent Digital Hub has the responsibility for capturing and logging transaction information including metadata and service calls between Conduent CMdS platform and the SI solution.

Conduent understands the significance of log capture in various system component levels to address all security, compliance, and business needs. Our Application Performance Management (APM) solution aggregates all log data to a centralized repository for the purpose of log analytics. Understanding the

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application environment holistically is a challenge, and pinpointing issues impacting performance and availability can be difficult given the level of interconnectivity and breadth of the platform, CMdS' APM log capture and analytics help in running powerful advanced searches to pinpoint errors and perform ad--hoc log analysis to "connect the dots." We maintain a strict logging process in CMdS for all components deployed for this solution. We will work with Agency and State's Integration Platform vendor to integrate CMdS log repository for ease integration and exchange. We configure all our components to capture log data to track at the transaction level and provide visibility of transaction IDs, transaction completion status, and other vital information for analysis.

INT130

The Contractor must maintain any and all hardware and software products required to support the Contractor's solution at their most current major version (patches, fixes, upgrades, and releases for all software, firmware and operating systems) or no more than one version back from the most current major version.

The Conduent CMdS solution is a SaaS offering based on commercial clouds to provide sustained availability and access to N-1 level software, which is needed to operate and maintain CMdS at optimum and required performance levels. The SaaS model and commercial cloud hosting approach significantly reduces the opportunity for the use of unsupported or aged software and results in continuous availability and access to current and N-1 level software.

4.2.1.4.1 Integration Service Type Definition [RFP 3.10.1.4.1, Attachment G, Schedule J]

REQUIREMENT: RFP Section 3.10.1.4.1, Attachment G, Schedule J

Integration Service Type definitions are critical to defining the various types of integrations that the Claims Processing and Management Services Contractor will be required to perform throughout the life of the Contract. These integration service type definitions will also serve as the basis for the fixed hour amounts that the Department will require each Offeror to provide for each Integration Service Type definition (see Attachment G – Pricing Schedules, Schedule J – Integration Service Types).

The Department has outlined five discrete Integration Service Types below, to describe the distinct types/levels of integration services required to support module integration. The Contractor will use the Integration Service Type definitions below to provide a fixed number of hours (i.e. level of effort) for each Integration Service Type. For each unique integration service required to support MPATH integration needs (e.g., the integration of a module, Montana Healthcare Enterprise component, or outside entities) the Department and the Contractor will mutually agree on the appropriate Integration Service Type category for each unique integration service request. The Department will require the Contractor to identify the hour breakdown for each Integration Service Type by resource type necessary to implement services in Attachment G – Pricing Schedules.

The following sections define each integration service type.

3.10.1.4.1.1 Major Integration Service

A major integration service involves some combination of significant data transformation/translation development, complex orchestration, frequent communications, high number of business process steps, significant performance requirements, multiple shared data stores, extensive data transformation conformance requirements, or significant failure handling requirements.

3.10.1.4.1.2 Complex Integration Service

A complex integration service involves some combination of simple data transformation/translation development or difficult transformations, detailed orchestration, frequent communications, a moderately high number of business process steps, significant performance requirements, multiple shared data stores, technical conformance requirements, or significant failure handling requirements.

3.10.1.4.1.3 Standard Integration Service

A standard integration service involves some combination of moderate transformation development, simple orchestration, regular interval communications, a moderate number of business process steps, performance requirements, several shared data stores, well defined and supported technical conformance requirements, or limited failure handling requirements.

3.10.1.4.1.4 Simple Integration Service

A simple integration service involves some combination of simple transformation development, simple orchestration, infrequent communications, a small number of business process steps, straight forward performance requirements, few shared data stores, well defined and supported technical conformance requirements, or limited failure handling requirements.

3.10.1.4.1.5 Onboarding Integration Service

An onboarding integration service involves the setup of a connection of a new system, component, or module including the setup/coordination (e.g., security settings, interface testing, training) to an existing claims module integration/interface. Reuses existing integration/interface without the need for any changes to the interfaces themselves such as the creation of any additional adaptors, changes to the data format, changes to transmission method, etc. in order to set up the integration/interface with the new

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system. Outside of planning, configuration, testing and training, no labor is required for modifications to the existing interface being reused.

3.10.1.4.2 Integration Service Dimensions and Scoring

To determine the appropriate integration service type of a particular interface, the following table provides nine complexity dimensions (see Table 3.10.1.4.2.1 Integration Service Dimension and Scoring). For each dimension, a score of "low," "medium," or "high" will be determined based on the description of the dimension. Each score has a point allocation, which will be added together to determine the appropriate integration service type category using scoring ranges in Table 3.10.1.4.2.2 Integration Complexity Definition and Scoring Ranges.

Conduent understands that various integration activities and associated levels of support are required throughout the life of the Claims and Management Services contract.

Conduent acknowledges and understands the Integration Service type definitions associated with the following categories (major, complex, standard, simple, and onboarding) and their correlation with the integration service dimensions and scoring. In addition, we acknowledge that these service type definitions serve as the basis for the fixed hour amounts that the Department requires each Offeror to provide in Attachment G – Pricing Schedules, Schedule J – Integration Service Types. We have provided the necessary information as requested in the aforementioned section.

4.2.1.4.2 Integration Service Dimensions and Scoring [RFP 3.10.1.4.2 , Attachment O]

REQUIREMENT: RFP Section 3.10.1.4.2 , Attachment O

To determine the appropriate integration service type of a particular interface, the following table provides nine complexity dimensions (see Table 3.10.1.4.2.1 Integration Service Dimension and Scoring). For each dimension, a score of "low," "medium," or "high" will be determined based on the description of the dimension. Each score has a point allocation, which will be added together to determine the appropriate integration service type category using scoring ranges in Table Integration Complexity Definition and Scoring Ranges.

Examples of each integration service type are found in Attachment O – Integration Service Type Examples.

Conduent acknowledges and understands that, to determine the appropriate integration service type of a particular interface, the nine complexity dimensions have been provided in Table 3.10.1.4.2.1 Integration Service Dimension and Scoring. We also understand that, for each dimension, a score of "low", "medium," or "high" will be determined based on the description of the dimension, and each score has a point allocation that will be added together to determine the appropriate integration service type category using scoring ranges.

4.2.1.4.3 DDI Requisitioned Integration Services Pool [RFP 3.10.1.4.3, Attachment F, Attachment L]

REQUIREMENT: RFP Section 3.10.1.4.3, Attachment F, Attachment L

The DDI Requisitioned Integration Services Pool is a bucket of hours to be used during the Project's DDI phase to provide integration services to support the exchange of data between modules that is beyond integrations required within the Scope of Work and/or those proposed to be provided by the Offeror in their response. The Offeror shall include all integrations/interfaces listed in Attachment F - Requirements Matrix in their base solution cost. Also, the Offeror shall include the interfaces listed in Attachment L - Technology Matrix Tab L-2, where columns K, L, M and/or N are "Yes" in their base solution and cost. Any interface required by a Participating State that is not explicitly described in Attachment F - Requirements Matrix or that is listed in Attachment L - Technology Matrix Tab L-2 where columns K, L, M, and N are "No" will be implemented using the DDI requisitioned pool hours.

The Offeror will be required to propose a fixed dollar estimate for the hours in the DDI Requisitioned Integration Services Pool in Attachment G – Pricing Schedules.

The DDI Requisitioned Integration Services Pool will provide the Department the hour equivalent of 5 Major Integration Services, 15 Complex Integration Services, 25 Standard integration Services, 35 Simple Integration Services, 10 Onboarding Integration Services. The actual number of integration services to be provided by the DDI Requisitioned Integration Services Pool will be dependent on the composition of integration services and the mutually agreed upon category designation (defined in Sections 3.10.1.4.1.1 through 3.10.1.4.1.5), for each required service integration. The actual composition of services required from the DDI Requisitioned Integration Services Pool will be based on what is required to integrate the actual modules and will likely differ from the predefined Integration Services Type quantities used to establish the pool (e.g., based on the total hours available in the pool, the eventual composition of integrated services may be 7 Major Integration Services, 20 Complex Integration Services, 27 Standard Integration Services, 30 Simple Integration Services and 16 Onboarding Integration Services).

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The Claims Processing and Management Services Contractor will develop an interface control document (ICD) for each integration, including base integrations and those that are implemented through the DDI Requisitioned Integration Service Pool. The Department and the Contractor must mutually agree upon the Integration Services Type using an Integration Service Type form. The Integration Service Type form template can be found in the Procurement Library. Development work can begin following the Department's approval of the ICD. Each integration service, once approved for implementation by the Department, will be a deliverable during the DDI phase. Upon delivery and Department acceptance of each unique integration service, the Contractor will be reimbursed the Integration Service category hours for the service at the DDI Requisitioned Integration Services Pool Average Hourly Rate defined in Attachment G – Pricing Schedules, Schedule K – DDI Requisitioned Integration Services Pool Hours and Cost.

The Contractor will not be guaranteed to be paid the DDI Requisitioned Integration Services Pool cost. The Contractor will only be paid for the hours related to completed and approved integration service. If upon completion of the DDI phase, DDI Requisitioned Integration Services Pool hours remain, at the Department's discretion, all unused DDI Requisitioned Integration Services Pool hours and cost for DDI will:

a) be rolled over to the System Enhancement Pool for Operations; or

b) be reduced from the Contract along with the unused dollars.

Section 5, Cost Proposal, details how the Integration Service Types will be used to develop Attachment G – Pricing Schedules, Schedule K – DDI Requisitioned Integration Services Pool Hours and Cost.

Conduent acknowledges that the DDI Requisitioned Integration Services Pool is a bucket of hours to be used during the Project's DDI phase to provide integration services to support the exchange of data between modules that is beyond integrations required within the Scope of Work and/or those proposed to be provided by the Offeror in their response.

As required, Conduent is including all integrations/interfaces listed in Attachment F - Requirements Matrix in our base solution cost. In addition, we are including the interfaces listed in Attachment L – Technology Matrix Tab L-2, where columns K, L, M and/or N are "Yes" in our base solution and cost. We also acknowledge that any interface required by a Participating State that is not explicitly described in Attachment F - Requirements Matrix or that is listed in Attachment L – Technology Matrix Tab L-2 where columns K, L, M, and N are "No" will be implemented using the DDI requisitioned pool hours.

We are, as required, proposing a fixed dollar estimate for the hours in the DDI Requisitioned Integration Services Pool in Attachment G – Pricing Schedules. The DDI Requisitioned Integration Services Pool provides the Department the hour equivalent of 5 Major Integration Services, 15 Complex Integration Services, 25 Standard Integration Services, 35 Simple Integration Services, and 10 Onboarding Integration Services. We further acknowledge that the actual number of integration services to be provided by the DDI Requisitioned Integration Services Pool will be dependent on the composition of integration services and the mutually agreed upon category designation (defined in Sections 3.10.1.4.1.1 through 3.10.1.4.1.5) for each required service integration. We also understand the actual composition of services required from the DDI Requisitioned Integration Services Pool will be based on what is required to integrate the actual modules and will likely differ from the predefined Integration Services Type quantities used to establish the pool (e.g., based on the total hours available in the pool, the eventual composition of integrated services may be 7 Major Integration Services, 20 Complex Integration Services, 27 Standard Integration Services, 30 Simple Integration Services and 16 Onboarding Integration Services).

Conduent will develop an Interface Control Document (ICD) for each integration, including base integrations and those that are implemented through the DDI Requisitioned Integration Service Pool. We will work with the Department to mutually agree upon the Integration Services Type using an Integration Service Type form (as provided in the procurement library).

We further acknowledge that development work can begin following the Department's approval of the ICD and that each integration service, once approved for implementation by the Department, will be a deliverable during the DDI phase. Conduent understands that reimbursement for the Integration Service

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category hours for the service at the DDI Requisitioned Integration Services Pool Average Hourly Rate defined in Attachment G – Pricing Schedules, Schedule K – DDI Requisitioned Integration Services Pool Hours and Cost is considered by the Department upon delivery and acceptance of each unique integration service. We acknowledge that payment is not guaranteed to be at the DDI Requisitioned Integration Services Pool cost; and payment will only be for the hours related to completed and approved integration service. We also understand that if upon completion of the DDI phase, DDI Requisitioned Integration Services Pool hours remain, at the Department's discretion, all unused DDI Requisitioned Integration Services Pool hours and cost for DDI will:

- be rolled over to the System Enhancement Pool for Operations; or
- be reduced from the Contract along with the unused dollars.

Section 5, Cost Proposal, details how the Integration Service Types will be used to develop Attachment G – Pricing Schedules, Schedule K – DDI Requisitioned Integration Services Pool Hours and Cost.

4.2.1.5 Data Management [RFP 3.10.1.5, Attachment F]

REQUIREMENT: RFP Section 3.10.1.5, Attachment F

Data management within the Offeror's proposed solution and operational data management policies must at a minimum meet HIPAA, HITECH, ARRA and other federal and state privacy and security requirements as they exist on the release date of this RFP and be configurable to assist in meeting future requirements. The Offeror must describe in detail their approach to meet each of the Data Management requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The Conduent Medicaid Suite (CMdS) is engineered to not just meet, but to exceed, your stated Data Management needs from a functional, security and interoperability perspective. The highly scalable, rules engine driven platform, running on a secure cloud infrastructure, is crafted to meet most if not all your evolving needs now and in the future through configuration not code.

Conduent is committed to keeping your data protected and secure. To this end, Conduent's Information Security group, as well as identified individuals at each project, keep abreast of the ever-evolving security standards and compliance requirements for the industries we service. These dedicated resources are charged with employing all available measures and safeguards to ensure our solutions and administrative controls are always secure, compliant and hardened.

Our solution supports information security controls—administrative, technical, and physical—on major security frameworks such as HITECH, HIPAA Security Rule, PCI Data Security Standard, NIST 800-53, ISO 27001/27002, FedRAMP, and MARS-E. Our operations and solution comply with regulatory and security frameworks of the ARRA.

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CMdS uses secure data storage for data at rest and in motion. The persistent data stores that house all the critical claim information (PHI/PII) have a multi-level security solution. At the database level we apply a logical encryption technique for required attributes and we supplement that with the hardware level physical storage encryption for all data at rest. Any data that we receive or transmit through files are stored within an encrypted hardware. All data in motion are through secure protocols.

Enterprise Class Data Management

- Independently Audited Security and Compliance.
- HITECH, HIPAA CFR Parts 160 and 164, PCI, NIST 800-53, FedRAMP, MARS-E, FIPS 140-2, SSA Safeguards, ISO 27001/27002.
- SSAE-18 SOC 2 Type 2 Audits.
- Cloud-native open architecture aligned with MITA principles
- Informatica PowerCenter EDI engine for Data Exchange Standardization and Automation

Our solution's data interoperability and integration services are built on the industry-leading Informatica PowerCenter EDI (Electronic Data Interchange) platform to provide functionality for sharing claims data, financial data, as well as ancillary data provided by MCOs, providers, carriers, and other entities, with the enterprise in a secure and traceable manner. The engine allows us to exchange data in any of the HIPAA EDI X-12 standards or HL7 Electronic Healthcare Data standards as well as exchanging unstructured data in any format. Data exchange with external entities is managed through integration with the System Integrator's ESB (Enterprise Service Bus) and complies with the required standards for data integrity, authenticity, and traceability.

DM02
The Contractor's solution shall provide an indicator to suppress generation of documents containing Member identification for confidential services.

Configurable confidentiality codes can be assigned to individual member records in CMdS, as seen in Figure 4.2.1.5-1. The codes are utilized to suppress generation of documents altogether or for partially redacting information during document generation. The codes appear at the bottom of the member details in our web-based user interface.

Figure 4.2.1.5-1. Suppressing Generation of Documents with Member Identification
The Member Details screen includes codes for suppressing documents containing confidential member information.

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DM03
The Contractor's solution shall maintain a record/audit trail of a Member's requests for copies of personal records (including time/date, source, type, and status of request).

A request for copies of personal information is documented as a type of correspondence record. Our customer relationship management (CRM) solution captures all of your requested fields on a correspondence record.

DM04
The Contractor's solution shall maintain record/audit trail of errors during update processes, accounting for originating source and user.

CMdS audit logs provide end-to-end traceability for all transactions submitted to the system. Transactions posted successfully as well as transactions that were not posted due to errors are logged. The audit log includes date and time information, information about the user or entity submitting the transaction and error codes and descriptions. A sample transaction errors while loading an interface is shown in Figure 4.2.1.5-2.

Figure 4.2.1.5-2. Interface Load Transaction Errors
The report provides the errors encountered while loading a standard interface file.

A sample audit log of transaction containing errors is shown in Figure 4.2.1.5-3.

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Figure 4.2.1.5-3. Global Audit Search
The global audit search capability enables authorized users to search for update processing errors.

DM56
The Contractor's solution shall receive and process member eligibility information from external sources (such as through the State's Eligibility Systems) on a real-time or near real-time basis, including:
a. Producing total and detailed information that supports error correction and synchronization.
b. Applying reconciliation changes.

CMdS-Claims can receive member eligibility data transactions real-time. CMdS has a common eligibility interface (CEI) format that can be used to send the transactions. These CEI transaction are grouped by data type and each requires the member identifier. The transactions are broken down so the external source would only need to send the specific data that is changing. However, the system is built to take an existing format and convert it to the CEI prior to processing. An example of a real-time process flow used for a project in production is in Figure 4.2.1.5-4.

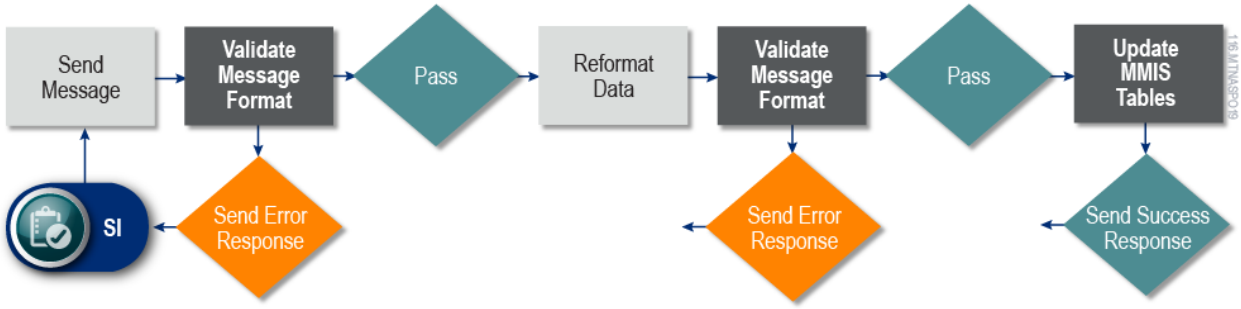

Figure 4.2.1.5-4. Real-time Enrollment Processing
CMdS-Claims supports real-time processing for member information and performs multiple layers of validation during processing.

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At a minimum, new members require a demographic, case, and eligibility transaction. The demographic transaction would contain member name, date of birth, social security number, race, and gender. Additional data elements may be sent on this transaction, but this is the minimum required. The case transaction would contain the case number, address, phone, email, and income information. As indicated, other potential data elements could also be sent on this transaction. The eligibility transaction requires the aid category, begin and end dates, and the case number.

Changing existing data for a member will require only the transaction that is changing. For example, when end dating an eligibility span, the source only needs to send the eligibility transaction with the member ID, aid category, begin and new end date. If changing the name, only the demographic transaction is needed.

Validation, Editing, and Loading. When processing incoming enrollment, we may encounter members not previously known. When this occurs, we generate a new system identifier for the member as part of loading their data to the system. The data must pass a sophisticated series of edits before they are added to the system. These edits are implemented by applying a series of business rules at various points in the process. The types of errors identified in this process are indicated in Table 4.2.1.5-1.

Table 4.2.1.5-1. Enrollment Processing Edits

Error Type	Description
Validation	Basic validation errors • An example is invalid date • Real-time transactions lessen these types of errors due to the schema validations common to XML structures
Data Relationship	Inconsistent data either within the incoming enrollment or between the enrollment data and member enrollment information in the database
Overlap	Invalid overlap between eligibility and other date spans
Data Match Errors	Suspected errors based on data matching • These are not applied but are reported • An example is enrollment data that is covered by an existing span but has minor differences not expected

When the system detects enrollment errors, it logs them in a report table and loads them to a suspense table. The report table is used to generate monitoring alerts and is captured on scheduled reports for appropriate staff to review. A sample report is shown in Figure 4.2.1.5-5.

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Figure 4.2.1.5-5. Enrollment Processing Exception Detail Report Layout

We capture enrollment processing errors in a reporting table that is used for both event/alert processing and to formally capture errors in a scheduled report saved to the EDMS for oversight and audits.

Any reconciliation discrepancies can be addressed by transmitting additional records/corrections from the source. For a real-time interface these can happen at any time. For file-based interfaces an extra file with corrections can be transmitted to us and processed.

DM05

The Contractor's solution shall be able to store existing relationships created in other systems (e.g., a filing unit, parent/legal guardian/caretaker to a child/dependent, and any other member relationship(s) required to administer the State's healthcare programs).

Our CEI format accounts for a variety of data elements including but not limited to demographic, aid categories, long term care, TPL, and managed care data. We use transaction types to identify the different category of data. A list of supported transaction types is in Table 4.2.1.5-2.

Table 4.2.1.5-2. Common Eligibility Interface Transaction Types

Transaction	Description
Case Information	Case and assistance group information
Member Demographic	Member demographic information and pregnancy
Authorized Representative	Case head and authorized representative (alt payee) name and demographic
Address	Common interface used for all address types and entities
Phone Numbers	Common interface used for all phone numbers
Email Address	Common interface used for all email addresses
Disability	Disability spans

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Transaction	Description
Eligibility (COE)	Eligibility, special eligibility, waivers, pending eligibility, alien eligibility
Spenddown	Spenddown spans and amounts
ID Card Requests	For requesting replacement ID cards
Nursing Facility	Nursing facility spans, including LTC and SNF
Patient Liability	Patient liability spans, including LTC, SNF, and cost share
Medicare Eligibility	Medicare eligibility spans for Part A, B, and D
Merge/Unmerge	Requests to merge or unmerge ID's
Confidential Codes	Confidentiality codes with start date and end date

The relationship records included in this requirement are handled as part of the Case Information and Authorized Representative records. An example of a stored relationship is illustrated in Figure 4.2.1.5-6.

Figure 4.2.1.5-6. Storing Relationships Created in Other Systems
The link on the individual name provides links to information on household members.

DM06
The Contractor's solution shall maintain a current and historical record of benefit plan assignment(s) for members, including periods of dual-eligibility historical record of benefit assignment(s) for a client including identifying dual-eligibility spans.

CMdS maintains detailed current and historical records of benefit plan enrollments/assignments and eligibility/benefit assignments. Periods of dual eligibility for both entities are captured and tracked. For each of these items, the system captures the span/period and maintains the data indefinitely. Span periods are stored as beginning and end date pairs. Dual eligibility is indicated by overlapping beginning and end date periods for each segment.

DM09
The Contractor's solution shall provide audit trails to allow information on all transactions to be traced from receipt of the transaction through the completion of the transaction, capture at a minimum date/timestamp, data source, worker id, action taken and log any errors encountered for reporting.

CMdS provides a full end-to-end granular audit trail down to the field level for all critical data elements that any user/transaction changes. Successful as well as transactional errors are logged and available for reporting and audit. Our audit solution is fully configurable, and we can choose the data elements to be audited. We maintain full audit trails for user activity including additions, modifications, and deletes. Audit trails log, track, and report the details of changes. An example is shown in Figure 4.2.1.5-7.

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Figure 4.2.1.5-7. Audit Trail
We capture audit details showing before and after values, timestamp, and user.

DM71
The Contractor's solution shall verify that all dates are valid and reasonable.

The CMdS business rules engine (BRE) is configured to run a robust set of data validation rules on all data elements before data is loaded into CMdS. Records that do not pass pre-configured "hard" data validity checks are rejected outright. A log of hard rejects is generated and the submitting entity receives an automatic notification of the rejected transaction along with an error code(s).

For dates, the system is configured to perform data validity checks along with logical checks for reasonableness. As an example:

- Does the input contain a valid calendar date? The date must be formatted correctly; dates such as February 29th would not be valid unless the year component indicates a leap year etc.
- The date of birth cannot be later than the date of death
- The date of service cannot be prior to date of birth unless related to prenatal care
- The last date of service cannot be prior to the first date of service

Any number of consistency and reasonableness checks can easily be configured using business rules.

DM10
The Contractor shall ensure that all narrative descriptions of codes and abbreviations are available for reporting.

Our CMdS modules include a built-in data dictionary that allows you to view table structures and define valid values across the solution. You can display tables, columns, and column characteristics. We also support re-use of column characteristics, such as linking related fields, i.e., how we handle different iterations of provider type for each provider role (billing, rendering, etc.). Each field has a code, a short description and a long description.

DM11
The Contractor shall develop and maintain an electronic data dictionary using industry best practices to be approved by the Department. At a minimum, the data dictionary shall contain for each field: field name in human readable format, field description, database field name, database table, field type and length, valid values and their corresponding descriptions.

Our solution already includes a built-in web-based data dictionary that meets your requirements. The lookup values are utilized for screen displays, reports, and data extracts in order to maintain consistency. The table and field definitions are used to create schema changes to the database. An example of configuration in our data dictionary can be seen in Figure 4.2.1.5-8.

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Figure 4.2.1.5-8. Narrative Descriptions of Codes and Abbreviations
The data dictionary shows data element name, its business name, description, and other information.

DM13
The Contractor shall be able to demonstrate the ability to support requirements for backup and archiving consistent with Department SLAs and CMS, State, and industry standards. The Contractor shall also adhere to data retention requirements cited in 45 CFR 164.316 and the State's Administrative Rules.

Leveraging the FedRAMP-certified Microsoft Azure cloud for hosting, our product provides redundant infrastructure, data, and application features for high availability. The Microsoft Azure cloud hosts the solution with geographically segregated regions that include a primary data center facility for production operations and a secondary data center for backup and recovery, as configured.

The Azure hosting and disaster recovery environments are self-sustained, with power generators and access to all major communication carriers. Failure in any component at our data centers results in automatic switch over to the redundant component.

CMdS performs backups on a different Microsoft Azure Cloud zone than production. Backups occur at a regular frequency that is mutually agreed upon with the Department. Data are retained for seven years. The Azure Cloud meets CMS and industry standards for backups.

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We archive data using Department-defined timeframes and archival specifications. Our solution meets CMS and industry standards, including 45 CFR 164.316, allowing for archived data to be highly accessible at short notice. The data are retained for at least six years and three months from the date on which the service was rendered or until any dispute or litigation concerning the services is resolved, whichever is later, as required by Montana Administrative Rule 37.85.414.

DM14
The Contractor's solution shall maintain an audit trail of all changes to data, including changes that were made in error and subsequently backed out of or suspended.

CMdS provides a full end-to-end granular audit trail down to the field level for data elements that any user/transaction changes. Successful updates and transactional errors are logged and available for reporting and audit. Our audit solution is fully configurable, which means we can choose the data elements to be audited.

CMdS does can delete based on user security, but many time voiding the data in its rules management and benefit plan configuration is more appropriate and provides easy access to view voided spans through the web-based user interface. As an example, backing out an existing record in the procedure code screen is shown in Figure 4.2.1.5-9. This void option sets the data to a void status with an associated date. The data are no longer used in processing but can be view through the user interface with the show voids option. This allows users to view the changes without having to go to the audit log data, which would be required to view deleted data. The void information is shown in the user interface Figure 4.2.1.5-9.

Figure 4.2.1.5-9. Voiding a Record
Authorized users can void data by selecting yes to void when updating data.

DM17
The Contractor's solution shall provide the ability to store and apply updates to all applicable codes upon new release at an interval appropriate for the data or when requested by the Department.

CMdS stores and maintains reference data that are updated at different frequencies, as appropriate for the type of data stored. We typically apply updates to Healthcare Common Procedure Coding System (HCPCS), Current Procedural Terminology (CPT) or International Classification of Diseases (ICD) annually. The solution also stores and maintains Claim Adjustment Reason Codes (CARC) and Remittance Advice Remark Codes (RARC) quarterly. The frequency of updates can be modified as requested by the Department.

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Quarterly updates such as the HIPAA code sets are published by the Washington Publishing Company, monthly updates by organizations such as the DEA, and weekly files such as the drug file are also published. We follow the prescribed quarterly schedule for updating the Medicaid National Council on Compensation Insurance (NCCI) edits. In many cases the system also allows for updates online through the web-based user interfaces as needed by authorized users. Some examples include pricing, codes and indicators or other attributes that are used by claims processing and may not be sourced from the standard code sets. Staff can view and maintain current reference data, along with the historical date spans, online through the user interface.

Tools for text management, referencing rates, and maintaining codes are available in CMdS for updates at appropriate intervals. They are shown in Figures 4.2.1.5-10 through 4.2.1.5-12.

Figure 4.2.1.5-10. Text Management

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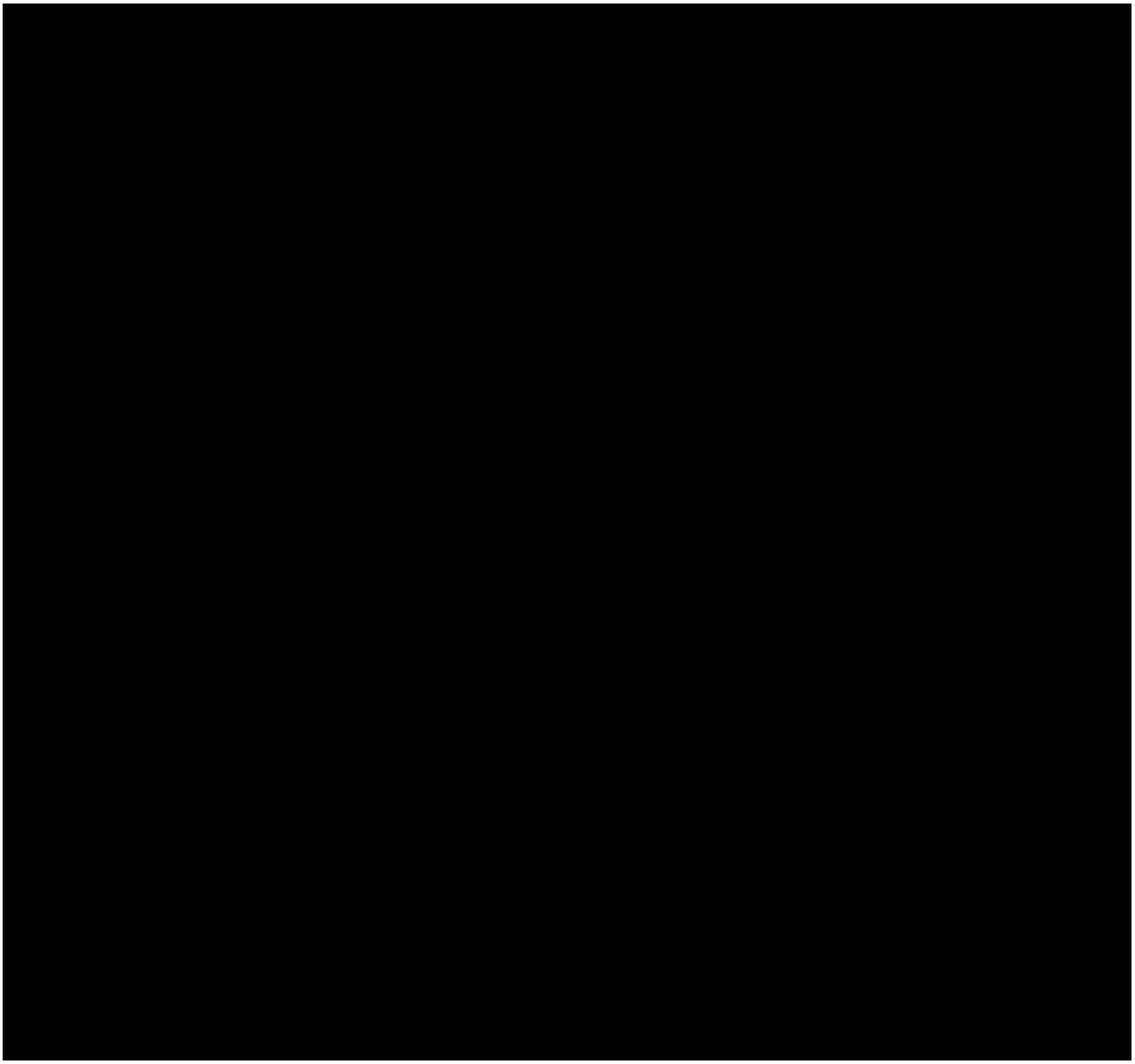

Figure 4.2.1.5-11. Rates

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Figure 4.2.1.5-12. Maintaining Codes and Associated Reference Files
Tools for viewing and maintaining service codes are available in CMdS-Claims.

DM18
The Contractor's solution shall perform batch control including logging and reporting.

The CMdS product provides batch control as a key component of processing. Each file becomes part of a batch that we monitor through batch control, which tracks the status of batches in the system, prevents the entry of duplicate batches, and provides a balancing control count for claims in the system.

CMdS automatically reconciles the number of claims in the batch to the number specified on the batch control record. Monitoring staff reviews the Batch Status Aging Report daily to ensure timely entry of batches and to balance and account for every claim in a batch. A batch remains on the Batch Status Aging Report until the system reconciles the claim count and batch count.

DM19
The Contractor's solution shall archive all versions of reference information and update transactions.

CMdS stores reference information with begin and end dated spans maintained including where appropriate a source identifier, and a reason code for the added or changed information. A begin date with

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an open-ended end date identifies an active data element. The date information maintained in the reference database is not just one set of begin and end dates, but rather a stack of date sets that represent all versions of historical reference information. The reference data tables are designed to include an unlimited number of years. In addition we retain the audit log information to indicate what changes occurred over time and the user id or process that made the change. Staff views audit log details using the online web pages.

DM20
The Contractor's solution shall have the ability to void or reverse recent changes by rolling back to prior configurations.

CMdS employs multiple strategies to roll-back to the prior configuration of the application as well as to restore data in the event the configuration change resulted in an unexpected impact to data contained in the application.

All new configurations can be introduced by voiding the current setting. In case of situation where the previous one needs to be restored as the active configuration, the voided span data can be used to enter a new active span. In a scenario in which data were deleted our audit log provides the information that can be utilized to get the previous enter the data based on the previously deleted information. This can all be done by authorized users on the online web pages or through bulk updates.

DM21
The Contractor's data management strategy shall include the following concepts: Data Integrity (data cannot be modified undetectably), Data Availability (access is not inappropriately blocked or denied), Data Authenticity (validation of transactions), Data Security (encryption and Department approved security protocols and processes), Non-repudiation of Data (parties to a transaction cannot deny their participation in the transaction).

Built into the design of the CMdS-Claims APIs and services are functions that guarantee the integrity and validity of database transactions in the event of an error or unanticipated events such as power failures, etc. The product enforces the ACID (Atomicity, Consistency, Isolation, and Durability) properties of database transactions:

Data Integrity (data cannot be modified undetectably)

Our product uses role-based security access to ensure only authorized users and services are permitted to create or modify data. Every database event is logged, and audit trails are maintained to detect improper alteration or destruction.

Data Availability (access is not inappropriately blocked or denied)

Within the security administration function, we link user IDs to role-based security profiles that allow or restrict access to the system consistent with job duties or system functions. Role-based authorization limits a user's and system services access to only the data and functions for which they are approved. Each role's access can be customized, allowing inquiry and/or update authority to specific functional within the system depending on the user's role. The controlled access allows us to apply data access privileges, consistently ensuring access to required data is not impeded.

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Data Authenticity (validation of transactions)

We utilize strict access controls and end-to-end traceability of data from origination to processing in CMdS-Claims. To prepare for periodic audits, we retrieve all information related to each transaction type. We examine lists of transactions subject to the audit to confirm that they are being processed correctly. We further retrieve the information related to a particular transaction and match it against data in our reporting system for validation.

Data Security (encryption and approved security protocols and processes)

Our CMdS-Claims product comes with built in with secure data storage solutions for data at rest and in motion. The persistent data stores that houses all the critical claim information (PHI/PII) has a multi-level security solution. At the database level we apply a logical encryption technique for required attributes and we supplement that with the hardware level physical storage encryption for all data at rest. Any data that we receive or transmit through files are also stored within an encrypted hardware using an industry--standard solution as part of our Infrastructure security strategy. All data in motion are through secure protocols.

Non-repudiation of Data (parties to a transaction cannot deny their participation in the transaction)

In addition to unique access credentials utilized to authenticate an entity exchanging data with CMdS--Claims, all data exchanges require entities to utilize Digital Certificates and the use of public key infrastructure (PKI) to ensure the end-to-end traceability and security of transaction from source to destination. Because digital certificates are used by both parties participating in the transfer participation in the transaction cannot be denied.

DM22
The Contractor's solution shall provide entity search capability including the ability to search by entity type, entity name, entity address elements, entity phone number(s), unique identifier for entity type, any alternate identifiers including EIN, SSN, TIN and other demographic elements.

CMdS-Claims provides a search capability for any entity stored in the system. The search criteria available are specific to the type of entity being searched. Figure 4.2.1.5-13 and Figure 4.2.1.5-14, displays examples of CMdS-Claims search screen. As illustrated, the search capability meets the Agency's stated objectives.

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Figure 4.2.1.5-13. Entity Search in CMdS
Users can search any entity with a broad range of identifying details pertinent to that entity.

Figure 4.2.1.5-14. Member Search in CMdS
Users can search any entity with a broad range of identifying details pertinent to that entity type.

DM24
The Contractor shall ensure complete transparency of all data fields in reports generated by the system including: providing the Department with SQL, pseudo code, narrative description, analytic protocols and assumptions to document the logic and formulas used in all calculations.

Conduent provides complete and comprehensive documentation of the logic utilized for reports provided to the Agency. Documentation is maintained on regular basis as part of our change management process. The documentation is posted to the project's secure SharePoint document library.

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For each report, Conduent provides documentation that includes the following information:

- Report Name
- Run Frequency
- Narrative Description
- Assumptions and Constraints if any
- For each data element displayed on the report, we include the source table and column name along with the data type. If the data element is a derived/computed column, we provide the logic utilized to compute or derive the data element.
- We provide the actual SQL code utilized to generate the report along with corresponding pseudo code.

DM25
The Contractor shall create and maintain a suite of State/Contractor-defined on-line reports to allow users to choose from pre-built defined parameters (such as provider number, procedure code, date of service, etc.) to generate customized reports for monitoring the daily operations of the system and Fiscal Agent Operations.

CMdS-Insights is feature rich, intuitive platform for reporting. The platform provides flexibility that enables authorized users to use the pre-defined criteria (e.g., date range, provider number, report type, procedure code) on multiple online reports.

To generate results based on different pre-defined parameters, users are prompted to specify values such as provider ID, member ID, or claim type before running the report. A user can schedule saved reports, whether from the user's personal library or from the general report library, to run on a regular basis, with the results reported directly to the requester.

DM26
The Contractor shall certify that any and all unmasked or unscrambled Department data will reside in data centers located in the continental United States. Additionally, this data will only be accessible by resources within the continental United States that have completed the necessary HIPAA and PHI training. Any data that will be accessed by resources that are not physically located in the United States will be masked or scrambled (which would make it impossible to establish a connection between claims data and a specific member or provider associated with the claim) thereby removing the HIPAA and PHI connection between interested parties and the claim data.

All CMdS data reside in the Microsoft Azure FedRAMP moderate Commercial Cloud infrastructure. Access to the environments is standardized, controlled, and centrally monitored through industry standard virtual desktop infrastructure (VDI) that restricts any access for offshore staff to regions that has PHI and PII. Any Conduent staff in the continental United States obtaining access to data, masked, or otherwise, must have completed annual HIPAA and ePHI training, as do all Conduent State Healthcare employees. For all lower regions that are accessible by offshore staff we have a standard process to mask the production quality data to deidentify all PHI, PII information.

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DM31
The Contractor's solution shall be configured and maintained to validate and standardize addresses according to United States Postal Service (USPS) verification, validation and standardization rules.

The CMdS solution uses the USPS APIs service to verify, validate, and standardize address information against USPS standards.

DM37
The Contractor's solution shall facilitate real-time data processing including data cleansing, data loading, data brokerage, integration, validation, reconciliation, and synchronization with the State's enterprise.

Conduent Digital Hub facilitates real-time data processing meeting all the data translation requirements while integrating with other Department applications through the system integrator's ESB. Our solution provides both batch and real-time API capabilities to enable this data exchange.

Conduent Digital Hub is a standards-based integration platform that combines messaging, web services, data transformation, and intelligent routing to reliably connect and coordinate the interaction of significant numbers of diverse applications across extended enterprises with transactional integrity. We have standard services for reconciliation and synchronization of data received. During the data conversion process, we will use an industry standard ETL tools for data cleansing, data loading, and validation.

DM38
The Contractor's solution shall optimize and consolidate data management storage.

Use of cloud storage instead of physical drives affords a range of benefits, with optimization improvements enabled by removal of requirements such as directly having to manage spindles, RAID configurations, fragmentation, etc. Further optimization and consolidation advantages are:

- **Cost.** Without the need for hardware, cloud storage is significantly less expensive per gigabyte than using external drives.
- **Accessibility.** The cloud consolidates storage, affording users access files from anywhere that has an internet connection.
- **Recovery.** In the event of a hard drive failure or other hardware malfunction, users can access local files on the cloud. It acts as a backup solution for local storage on physical drives.
- **Synchronizing and Updating.** Every time a user changes a file it will be synced and updated across all devices that access the cloud.
- **Security.** We utilize the Azure FedRamp moderate certified Commercial Cloud which meets all Agency stated objectives for security of the solution.

DM39
The Contractor's solution shall maintain all data sets defined by the HIPAA Implementation Guides to support storage of all transactions required under HIPAA Administrative Simplification Rule (e.g., Gender, Reason Code) for seven (7) years.

Our EDI gateway solution provides translation and clearinghouse services for supported transactions. The platform supports all HIPAA X-12 EDI data sets. We commit to maintaining backward compatibility

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support for all required HIPAA data sets, or for that matter custom data sets, for a period of seven years after the data set is rendered obsolete or is revised.

DM40
The Contractor's solution shall maintain a normalized RDBMS with referential integrity and is optimized to meet performance requirements.

The underlying CMdS database is normalized with the goal of eliminating redundancy and inconsistency of data held in the system in order to maintain referential integrity. We were careful to strike the right balance between performance and a database that is a textbook example of a database in third normal form, which is why we would say our database is mostly in a third normal form. We judiciously utilize database views to render data consistently, unambiguously, and efficiently.

DM41
The Contractor's solution shall provide a method to access, query, and report against archived data external to the Operational Data Store (ODS).

We use CMdS-Insights to report against our ODS. Based on a COTS product, our solution comes packaged with a reporting solution that supports templates, filters, client branding, and visualization. Our ODS stores claims data for various claim types, including fee-for-service and encounter claims. CMdS-Insights provides a comprehensive and predefined library of more than 500 reports to support claims operational processing and statistical analyses. Our robust, configurable, real-time reporting capabilities allow users to generate reports on demand, to schedule reports for automatic generation, and to define ad hoc reports without changing code. Reports can be generated into several common formats including PDF and support for Microsoft Excel.

DM43
The Contractor shall demonstrate through data analysis that the implementation outcomes have been validated and are accurate.

As part of the change management process, Conduent conducts unit testing, user acceptance testing, system performance and integration testing as needed prior to promoting changes to production. We also conduct a six-month parallel testing phase to compare and validate the outcomes with the current MMIS solution and make sure that the CMdS system outcome is accurate and meets requirements. Once changes have been promoted to production, we perform post implementation review and monitoring of changes.

DM44
The System shall maintain a snapshot of member eligibility and plan enrollment information (i.e., full audit history or equivalent capabilities) that existed at the time of claims/encounters/capitation adjudication or payment. All transactions, including the execution of database scripts, need to be recorded in the full audit history.

CMdS-Claims adjudication stores point-in-time snapshots of member eligibility details, including benefit plan spans. The eligibility and benefit plan data in the claim is displayed in both claim correction and inquiry web pages as shown in Figure 4.2.1.5-15.

Database scripts are recorded in the CMdS audit log, as are all resulting transactions. We maintain full granular field level audit trails for online user activity including additions, modifications, and deletes.

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Figure 4.2.1.5-15. Member Eligibility and Enrollment
CMdS provides a snapshot within each claim of the eligibility and enrollment at the time the claim was processed.

DM57
The Contractor shall standardize the structure and visibility of data and applications to support automated electronic data exchanges within the State's enterprise to promote interoperability.

The CMdS utilizes our EDI Gateway platform for all electronic data exchanges within the State's enterprise. In addition to pre-configured modules for standard data interchange formats such as HIPAA X12 transactions, custom formats can easily be built. We work with the State and the system integrator to define and standardize custom data interchange structures to transmit or receive data to support seamless interoperability with all of State's enterprise partners when required.

DM47
The Contractor shall participate in ongoing data governance meetings as required by the Department.

We participate in working data governance sessions and meetings when requested by the Department. These activities may include web conferencing sessions and other media as appropriate for specific audiences and topics. The sessions promote consistency, uniformity, and predictability in providing services for Medicaid recipients.

Our data governance program also includes enforcement policies and practices to continually maintain the integrity, consistency and meaning of the data. To define, communicate, and confirm adherence to data governance policy, Conduent works with the Department to manage aspects of data definition and usage protocols.

Collaboration with the Department on data governance covers messaging standards, API definition, data definition and modeling, metadata definition and design, payload formatting, and archive strategy. It also provides guidance on reassembling archived files in disaster recovery, rules on encryption, data naming standards, data quality metrics, security compliance and data use, and data audits.

Working with the State, we communicate governance rules, such as naming standards and data definitions. We also communicate data governance practices, such as cataloging and safeguarding, consistent data definition, modeling, and design. We provide oversight to validate that rules are followed.

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This helps to develop a common understanding of information, establishing consistent data definitions and a common vocabulary.

DM52
The Contractor's solution must have the flexibility to quickly accept new and incremental data items from module components required by the ongoing component, product or service integration.

In addition to experience driven custom capabilities baked into our Conduent Digital Hub, we employ enterprise class industry leading third-party tools such as Rules Engine, EDI Engine etc. Coupled together, these capabilities allow us to quickly adapt to changing and evolving needs through configuration not code. We have demonstrated this capability for our clients time and time again. We can rapidly adapt to consuming and acting on new or incremental data items from any source.

DM54
While the Department prefers real-time/event driven process, the Contractor shall provide a tool to easily administer and execute scheduled events (e.g. reports, file transfers, processes, notifications) to be performed on a regular basis (e.g. daily, weekly, monthly).

We use utilize the Apache Airflow tool to schedule system events. The tool is also utilized to monitor scheduled events. The tool allows us to easily schedule any type of system event with any frequency. Interdependences between tasks are easily managed by creating appropriate work flows that are referred to as a directed acyclic graph (DAG) in Apache Airflow parlance. All actions are logged.

DM64
The Contractor shall be responsible for backup and retention of data to include:
1. Daily incremental backups with retention of sixty-one (61) days.
2. Weekly incremental backups with retention of twelve (12) weeks.
3. Monthly full backups with retention of eighteen (18) months.
4. Annual full backups with retention of seven (7) years.

Conduent commits to the required backup and retention schedule.

We backup the CMdS product to the Microsoft Azure Cloud Data Center using the Microsoft Azure Backup service. Backups are encrypted and retained for the time periods required by the Department.

DM58
The Contractor's solution shall maintain online access to at least four (4) years of selected management reports and five (5) years of annual reports.

Copies of all contract required reports are maintained in the ECM. Users with the appropriate role-based access privileges are granted online access to content in the ECM by document class. The retention period for content in the ECM is configurable by document class, which allows us to meet the contact-mandated period of a minimum of four years of access to management reports and for five years to annual reports. These retention periods can be adjusted if required.

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DM60
The Contractor shall be responsible for data management including ensuring the architecture addresses data semantics, data harmonization, and shared-data ownership.

CMdS uses industry-standard tools to publish our data models and we have a process to publish this in a periodic manner for all stakeholders of the solution. We can work with the department to make sure this publication is available at the Department enterprise level for all other participating partners to benefit.

We understand that the need for data harmonization becomes very critical in a modular MMIS implementation to make sure all the disparate modules within a modular MMIS use a common data framework, and display data the same data the same way. So, we need to make sure that we coordinate this with other modules to make sure we all display information with consistency. It also goes without saying that we need to display the data within our modules that way as well. Conduent understands this well, and will work with the other Department partners in the MMIS modular ecosystem to accomplish this.

In an Enterprise that is this modular, data integrity across the enterprise becomes the most critical need to keep all the participating applications and their business operations in check. Although we understand our CMdS product has its own schema, we will make every effort to work alongside the Department and SI to ensure we establish an Enterprise-wide data sharing framework that assures data integrity always.

DM61
The Contractor's solution shall collect and maintain the relevant data necessary to support the budget neutrality reporting requirements specified in the State's 115 Waiver (including the ability to identify those Members who would be ineligible for Medicaid in the absence of the State's 1115 Waiver).

CMdS accumulates and maintains all datapoints needed to support budget reporting requirements for specific population groups. We accumulate and report on all expenditures, as well as characteristics of specific population groups. Figure 4.2.1.5-16 shows a sample budget data filter. Budgets can be run against member information.

Eligibility indicators stored against individual members allows us to identify and provide the Agency with a summary as well as detail report of members who would lose eligibility in the absence of a State 1115 waiver.

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Figure 4.2.1.5-16. Collecting Data for 1115 Waivers
The budget screen assembles complete data relevant to supporting specific waivers.

DM62
The Contractor's solution will ensure current and historical provider IDs are linked back to one universal/common identifier.

CMdS utilizes a unique internal ID as the primary key for each unique Provider. This identifier allows the system to maintain a single master record for the Provider. Historical Provider IDs for the provider and associated data are stored in a related table. A cross reference table is utilized to map all related historical records for the provider to the unique master record.

As shown in Figure 4.2.1.5-17, the unique identifier is referred to as provider system ID (P-SYS-ID) and appears under "Details" in the upper left corner of the screen. Associated historical records for that provider appear in the identifiers list.

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Figure 4.2.1.5-17. Managing Provider IDs
Conduent cross references external provider identifiers to a unique internal ID.

DM63
The Contractor's solution shall assign standardized unique internal identifiers for entities and prevent the creation of duplicate records.

CMdS-Claims assigns a unique system identifier to all entities including payees, providers and members. We also have the capability to accept alternate identifiers for members and providers based on integration with external systems. Every transaction processed is assigned a unique unduplicated identifier, such as the transaction control number (TCN) for claims, the internal authorization id for service authorizations and referrals, and the financial control number (FCN) for financial transactions.

CMdS-Claims assigns a unique system identifier to every new member or provider. Prior to assigning this identifier, the system executes a set of unique rules for either entity to determine if that entity is already known in the systems. If the entity is known and considered an exact duplicate, the new record is not created for the entity. An error is generated. Current logic considers the SSN as an exact duplicate for the member. If the entity is known and considered a suspect duplicate, the member is added, assigning a unique system identifier. The member suspect duplication data is reviewed on the member user interface.

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For provider an exact duplicate would be identified if the NPI or tax ID entered is already know in the system. In this case the provider will be marked as duplicate and will not allow the addition of the provider until and authorized user reviews the duplication to determine if the provider truly is a duplicate or not.

DM65
The Contractor's solution will provide service authorization search based on user defined criteria (e.g., provider name, provider ID, member name, member Medicaid ID number, date of submission range, dates of service requested range, service requested, status of the request).

The CMdS makes all captured data elements searchable, accessible, and reportable. The elements can be configured to meet the Department's terminology and processing requirements. Search capabilities permit authorized users to search and access service authorization by the authorization ID, member, provider and various date fields. Standard and ad hoc reporting capabilities support tailored reporting critical to meeting emerging compliance requirements. Figures 4.2.1.5-18 shows the service authorization search screen.

Figure 4.2.1.5-18. Service Authorization Search by Member Criteria
Users search and access case records in the system.

DM69
The Contractor's solution shall maintain online access to all reference tables with an option to search and display by reference data type and code.

CMdS provides online access to reference tables using its rules engine functionality, which makes all data types and codes available for use in searches. It supports online inquiry and updates through its web portal, enabling searches of reference data type and code by a broad selection of search criteria, as shown in Figure 4.2.1.5-19. Users are granted online access to the reference tables solely at the direction of the Department and in compliance with HIPAA security requirements.

We tightly control and monitor online access to the reference tables, whether for inquiry or update purposes, such as making changes related to reference policy and pricing. Access to data is limited through system security in order to ensure the utmost confidence in the data for claims processing. Only authorized personnel can submit changes or make changes online to the rate data according to established security and validation procedures.

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Figure 4.2.1.5-19. Rate Search Leveraging Rules Management
Rates can be searched by a broad selection of criteria.

DM70
The Contractor's solution shall maintain user controlled parameters for all standards and messages.

As shown in Figure 4.2.1.5-20, CMdS provides a library of pre-defined and pre-coded parameters that are maintained by authorized users on our web pages. Code set standards and messages are maintained using our online data dictionary, text management, and system list capabilities. Messages to the provider on their remittance advice and notifications are also user maintained using the online web pages. Member EOMB service descriptions are part of the online text management.

The web page below shows the web page to enter provider notifications for the remittance advice. This notification can be sent to all providers or limited by provider type and/or specialty as needed.

Figure 4.2.1.5-20. Text Management CARC Maintenance
Text management web pages allow authorized users to add and maintain standard messages.

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DM72
The Contractor's solution shall provide proper data validation rules (e.g., all fields defined as alphabetic contain only alphabetic data, fields defined as numeric contain only numeric data, items with definitive upper and/or lower bounds are within the proper range).

The CMdS performs a rich set of data integrity checks that include data validation and data consistency checks. Built-in and highly configurable business rules help us ensure only clean data is ingested into the system. Data validation checks are used to ensure the input data matches the data type of the target data field (for example: if a field is defined as a positive integer, then the input must be numeric and greater than or equal to zero). Data consistency checks ensure data sets are complete (for example, if the input is expected to contain a social security number, date of birth and name, then all three elements must be present), maintain referential integrity (for example, if a member record is to be purged, then data for that member must be deleted from all tables in which member data resides), are logical and realistic (for example, a person's date of service cannot be prior to the date of birth unless the service is related to prenatal care and within a pre-configured range). Lookup and reference tables are utilized to ensure data input is within the bounds/range of the specific data element (for example, ICD-10 codes are validated against a table for ICD-10 codes).

DM73
The Contractor's solution shall capture and maintain the data items needed for State or Federal reporting requirements.

Conduent affirms the CMdS product captures and maintains all data elements required for State and Federal reporting. We have detailed our response to State and Federal reporting in proposal section 4.2.13 Claims Data and Reporting. Furthermore, you will find our response to additional Federal reporting requirements in Proposal Section 4.2.18 Option C. Federal Reporting of our response.

DM74
The Contractor's solution shall validate calculated data items.

During the implementation phase all new calculations are thoroughly tested and validated. Our CMdS-Claims solution also supports automated balancing between claims adjudication and claims payment to systematically validate aggregated claims counts and amounts. During claims adjudication, a series of business rules perform cross validation of the claim data and calculated values, such as covered days on inpatient claims.

Testing throughout the system lifecycle ensures a non-systematic validation of the results of all calculations across the CMdS-Claims module. Parallel testing provides the external comparison of calculated amounts to ensure any potential outliers are analyzed to ensure accuracy.

DM75
The Contractor's solution shall validate, and/or verify that all data items that contain self-checking digits (e.g., National Provider Identifier) passes a specified check-digit test.

The CMdS-Claims module utilizes business rules to validate data during data entry as well as during real--time or batch updates to the system. This includes self-checking/checksum algorithm to validate data

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entry on pertinent fields. Common algorithms such as the Luhn algorithm utilized to validate an NPI (National Provider Identifier) are pre-configured.

As an example, when a user adds an NPI to a provider, we display an error message if the checksum fails. When we adjudicate a claim, the claim will post an exception if a provider NPI field fails the checksum. An error message is generated if the NPI checksum fails when a system update is applied in real-time or batch mode. The system can be configured to reject the transaction outright or to post it and log and report the error.

DM79
The Contractor's solution shall support the Extract, Transform and Load (ETL) processes from real-time web services or batch processes.

We can load data received either in batch or real-time. Communication for either comes through the Conduent Digital Hub. Real-time transactions are processed immediately through the ETL process. Batch transactions are processed based on a trigger or schedule.

DM114
The Contractor's solution shall use the most current version of clinical codes (e.g., ICD-10, HCPCS, CPT, ICD Surgical Procedure Codes, NDCs).

Code set updates affect Conduent across all our government healthcare clients. We have corporate resources including subscriptions such as with Washington Publishing Company (WPC), and expert staff that regularly consult with our clients on reimbursement projects. We specifically monitor and track updates and distribute communications across Conduent so that we can address the impacts of code set updates with all our Medicaid and healthcare contracts. Figure 4.2.1.5-21 shows a sample communication from Conduent's Payment Method Development (PMD) team.

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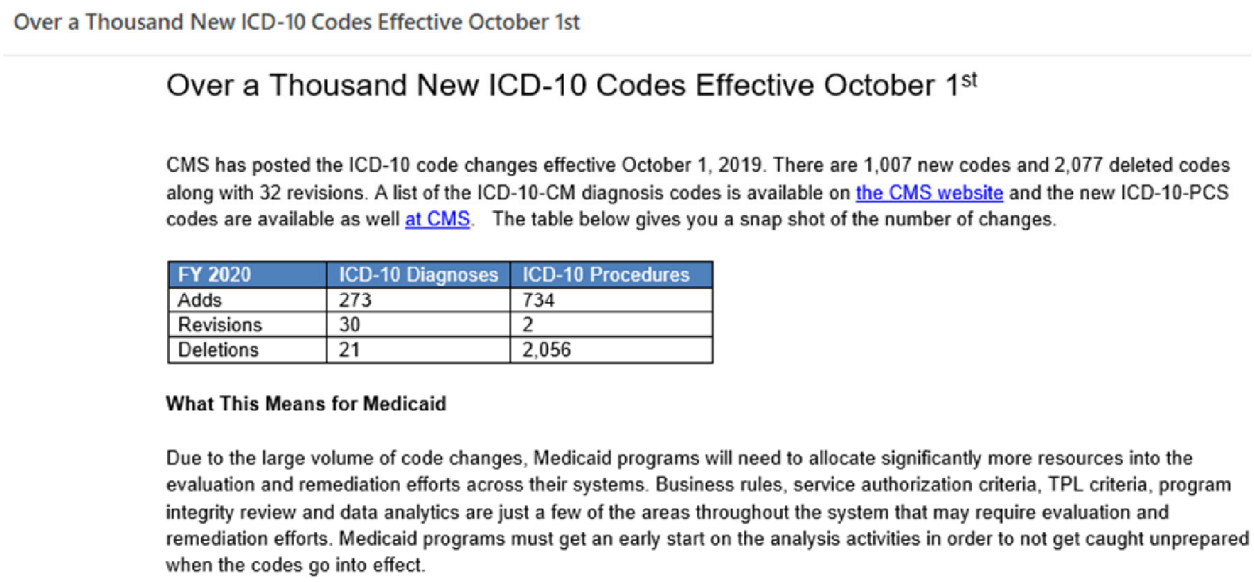

Over a Thousand New ICD-10 Codes Effective October 1st

Over a Thousand New ICD-10 Codes Effective October 1st

CMS has posted the ICD-10 code changes effective October 1, 2019. There are 1,007 new codes and 2,077 deleted codes along with 32 revisions. A list of the ICD-10-CM diagnosis codes is available on the CMS website and the new ICD-10-PCS codes are available as well at CMS. The table below gives you a snap shot of the number of changes.

FY 2020	ICD-10 Diagnoses	ICD-10 Procedures
Adds	273	734
Revisions	30	2
Deletions	21	2,056

What This Means for Medicaid

Due to the large volume of code changes, Medicaid programs will need to allocate significantly more resources into the evaluation and remediation efforts across their systems. Business rules, service authorization criteria, TPL criteria, program integrity review and data analytics are just a few of the areas throughout the system that may require evaluation and remediation efforts. Medicaid programs must get an early start on the analysis activities in order to not get caught unprepared when the codes go into effect.

Figure 4.2.1.5-21. Announcement of National Coding Changes
Conduent experts monitor and analyze publications and communicate to affected audiences across Conduent's public sector.

At the local level, we also have controls in place to perform timely benefits and reference updates. We set reminders and monitor websites where new code sets are released. We also attend CMS webcast trainings on new programs and innovative ideas.

As updates occur, we reach out to you to confirm interest and/or receive approval and ensure that formal requests are submitted to initiate updates to the CMdS modules. We download updated code sets. We conduct analysis to identify added, revised, and deleted codes to determine where recommended updates need to occur. We analyze the impact of changes to reimbursement methodologies and we present recommendations on the changes that need to occur.

CMS Update Schedules. In addition to our subscriptions, here are some examples of the schedules and types of CMS updates we monitor as applicable to the project:

- Codes
  - January 1st – HCPCS/CPT codes (annual release)
  - Quarterly – HCPCS codes
  - October 1st – ICD-10-CM and ICD-10-PCS codes (annual release)
- Fee Schedules
  - Medicare Physician Fee Schedule (annual and quarterly release)
- MUE, OCE
  - Medicaid MUE files (annual release, also quarterly)
  - OCE files (annual release, also quarterly)
- PPS
  - IPPS Final Rule and associated files (usually available by August)
  - OPPS Final Rule and associated files (may be posted in October or November)

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DM115
The Contractor's solution shall collect, store, and maintain the data necessary for T-MSIS reporting as required by CMS.

We affirm CMdS will allow the Agency to meet the mandated T-MSIS reporting requirements. Our data model is in use today successfully capturing the data required to complete T-MSIS reporting in multiple states.

DM138
The contractor shall participate in governance processes led by the Agency and including the System Integrator and other module vendors as appropriate during design, definition, and any subsequent revisions of data formats to be used for communicating data to and from the module.

We participate in working sessions and meetings when requested by the Agency. These activities may include teleconferencing sessions and use of media as appropriate for specific audiences and topics. Sessions promote consistency, uniformity, and predictability in providing services for Medicaid recipients.

Our data governance program also includes enforcement policies and practices to continually maintain the integrity and meaning of your data. To define, communicate, and verify adherence to data governance policy, Conduent works with the Department and the systems integrator to manage aspects of data definition and usage protocols.

Collaboration with the Department and its contractors on data governance covers messaging standards, API definition, data definition and modeling, metadata definition and design, payload formatting, and archive strategy. It also provides guidance on reassembling archived files in disaster recovery, rules on encryption, data naming standards, data quality metrics, security compliance and data use, and data audits.

To support communication of data governance requirements, we make them accessible to solution stakeholders. We conduct regularly scheduled audits to monitor data for consistency, validity, compliance, integrity, and accuracy.

We store all fields in a data dictionary and identify existing fields or define new fields when needed on an ongoing basis. We test changes through a change lifecycle that ends with change control board approval for production. Post-implementation reviews are done for at least 30 days.

Working with the State, we communicate governance rules, such as naming standards and data definitions. We also communicate data governance practices, such as cataloging and safeguarding, consistent data definition, modeling, and design. We provide oversight to validate that rules are followed. This assists in developing a common understanding of information, establishing consistent data definitions and a common vocabulary.

Our data governance role encompasses verifying that processes are in place for adherence to State-defined requirements, as well as monitoring and reporting on adherence.

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DM145

The Contractor's solution shall provide, implement, operate, and maintain a data modeling tool to develop and maintain comprehensive structural metadata data models for data processed by, stored in, or delivered for consumption from the solution for the duration of the Contract that includes the documentation and illustration of data elements, structures, and their relationships of the following:

- Conceptual Data Model - a graphical depiction of the conceptual data model for the solution that identifies data field names and relationships. Business process flows and data models (e.g., Entity Relationship Diagrams (ERD) and any other descriptive graphic document) of the entire system and all modules and functions, showing all inputs, processes, programs, interfaces, program interrelationships, and outputs
- Logical Data Model - a graphical depiction of the logical data model for the solution that provides data field names, attributes and relationships, data tables, and primary key fields
- Physical Data Model - a graphical depiction of the physical data model for the solution that identifies data field names, attributes and relationships, data tables, and primary key fields. Unlike the conceptual and logical data models that use descriptive table and field names, the physical data model will reference actual table and field names used for coding.

Over our decades of healthcare processing for public health programs, we have defined and enhanced our data model. The different views of the data model are maintained throughout the project and used for their appropriate purpose. For example, the conceptual data model, as shown in Figure 4.2.1.5-22, is good for discussion about how to store new types of information, while the physical data model conveys how the structures are implemented in a database.

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Figure 4.2.1.5-22. CMdS Conceptual Data Model
CMdS Conceptual Data Model helps align to MITA business architecture as a founding principle for underlying logical schema

- **Conceptual Data Model.** Our CMdS conceptual data model is the most abstract form of data model level to create a common vocabulary for all our business stakeholders. We base our conceptual business model on MITA business areas. This helps our logical schema and physical schema to use the same foundation and when it comes data sharing and harmony in a modular ecosystem this becomes a facilitator.
- **Logical Data Model.** CMdS logical data models help to define the detailed structure of the data elements in the system and the relationships between data elements. We have created CMdS logical models in UML class notation and maintain them to stay current.
- **Physical Data Model.** Our DBAs maintain the CMdS physical data model to visually represent the structure of CMdS data as implemented by a relational database schema. In addition to providing a visual abstraction of the database structure, this data model also helps our DBAs to automatically derive the database schema from the model using data modeling tool. We maintain rich metadata for our physical data model and its close mapping to aspects of the database schema, such as database tables, columns, primary keys, and foreign keys.

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DM139
The Contractor shall provide the capability to exchange data in standard and non-standard formats as well as structured and unstructured data with multiple sources.

We support industry-standard HIPAA formats using our EDI gateway. We also bring proprietary interfaces that accelerate loading data into CMdS such as our common eligibility interface. For all non-standard formats and other unstructured data formats the Conduent Digital Hub has in built capabilities that combines messaging, web services, data transformation, and intelligent routing to reliably connect and coordinate the interaction of significant numbers of diverse applications across extended enterprises with transactional integrity.

DM140
For audit and reporting purposes, the system shall provide and maintain the following data for all reference codes:
a. Effective date
b. End date
c. Date when last changed
d. Who made last change
e. Short description
f. Long description
g. Create date
h. Create user

An audit trail is maintained for all reference data and codes as well. Only authorized users are permitted to maintain reference data and must do so through a reference table update interface. The reference code update interface and audit trail are shown in Figure 4.2.1.5-23. As you will note, we not only maintain the required elements, but we also maintain a copy of the old data that was present prior to an update.

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Figure 4.2.1.5-23. Logging, Tracking, and Reporting Required Data Items
Begin and end dates, dates of changes, and user IDs are available in audit trails.

DM141
The Contractor shall provide real-time access to transactional data (e.g., detailed data for member, provider, claims, and claims-related functions) for all module components).

CMdS retains all master and transactional data processed by the system in an internal data store and exchanges it with the external systems as needed. The architecture supports the data exchange in a variety of formats. Data interchange is supported by a real-time data interface (using an API), or a batch process, both of which are coordinated through an ESB, i.e., Digital Hub, shown in Figure 4.2.1.5-24. We also have web-based user interfaces that allow access to transactional data.

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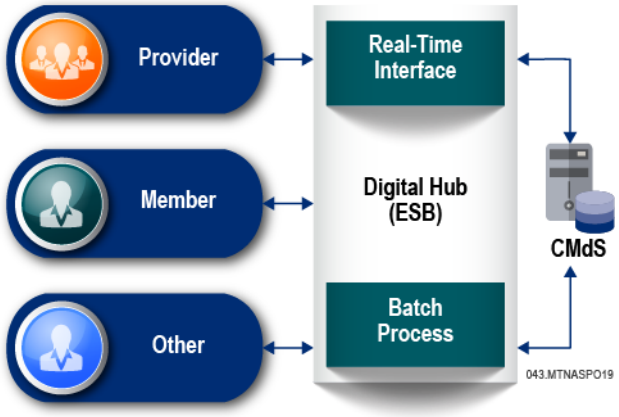

Figure 4.2.1.5-24. Storing Relationships Created in Other Systems
A portlet provides links to information on household members.

DM142
The Contractor's solution shall provide the ability to modify transactions (e.g., updates to reference information, member demographics and eligibility, provider information, service authorization details and amount used, TPL information) in real-time

CMdS solution provides ability to modify reference information, service authorization details, TPL information and amount used in a real time. For all member information, TPL information and provider information we can do a real time integration (REST-API's) with the source system to perform these updates real-time in the CMdS database. For authorized users, transactional data can also be changed using our web-based user interface.

DM143
The Contractor's solution shall capture, maintain, and link relevant information (e.g., member and provider) associated with the claim (for all claims) during the adjudication process for the claim date of service.

Our CMdS-Claims module user interfaces include links to key data such as member, provider, service authorization to review edits posted to the claim. These links provide easy access to additional information for the claims. Reference data such as the procedure and diagnosis codes display the description of the codes for quick reference. TPL policy information is accessed using the link to the member ID to view the member's policy information. The financial information such as fund code is accessed through the fund code assignment user interface and from there authorized users access the associated budget detail when necessary. When the user needs to perform more detailed analysis, the CMdS-Claims module provides an extensive set of search options to access the information required.

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DM144
The Contractor's solution shall retain in the module, after implementation, seven (7) years of electronically imaged documents and data. After seven (7) years, the data will be purged (deleted) from that module. All active records (active providers, active members, active cases, etc.) and 100% of all history for any entity or case that has been active within the last seven years will be retained. Any entity and/or case that has been continuously inactive for the last seven years will not be retained, will be purged, and will no longer be accessible by users in that module.
In addition, the following exceptions apply to the data retention limitations: once in a lifetime events, active SURS or TPL cases, future TPL case (e.g, .members over 55 years of age that have ever been in a nursing home), drug rebates, and service frequency limits as defined by the Agency.

We acknowledge your data retention requirements and will comply. CMdS defines a retention period that is stored as part of each claim, whether an original claim, a replacement claim, an adjustment, or a void, and regardless of whether the claim denied or paid. This is a configurable set of values through our online data dictionary. We include a lifetime retention option for "once in a lifetime" claims. We maintain retention periods based on Agency direction.

4.2.1.6 Interfaces [RFP 3.10.1.6, Attachment F]

REQUIREMENT: RFP Section 3.10.1.6, Attachment F
This section addresses interface requirements. The Contractor's Application Program Interfaces (APIs) and components must comply with industry standards (e.g., National Information Exchange Model (NIEM), National Institute of Standards and Technology (NIST) and HIPAA compliance standards). In their response, the Offeror must describe methods they currently use for electronic data exchange, detail the industry standard formats currently used and describe any proprietary formats used. The Offeror must also describe in detail their approach to meet each of the interface requirements in Attachment F – Requirements Response Matrix. The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent provides a stable, robust system environment and an experienced team to support the State's data exchange requirements.

What makes us better?

- Single source approach supplies a unified source for data needs
- Standards based data interchange formats
- Real-time exchange speeds up business cycles and reduces transaction errors

We design our technical solutions to accommodate changes and system enhancements over time. The CMdS solution uses an API--led microservices architecture, allowing us to add additional functionality without causing major disruption to MPATH modules. Our CMdS solution is also internally modular—with each component (i.e. Claims, Financial, PBM, EDI, etc.) acting as an individual product interconnected by our Digital Hub. This structure gives the State the flexibility to easily expand functionality with minimal risk to program integrity. The CMdS solution, including all APIs and module components, adheres to National Information Exchange Model (NIEM), National Institute of Standards and Technology (NIST), and HIPAA compliance standards.

Each CMdS solution component shares data with other modules through the System Integrator's (SI) Enterprise Service Bus (ESB) and API gateway to comply with required security standards. The CMdS solution uses industry-standard Enterprise Integration Patterns (EIPs) within its Digital Hub to integrate with the System Integrator's platform. The Digital Hub helps overcome fundamental challenges by enabling an external application to send data using point-to-point, publish/subscribe, and message bus

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communication methods. The SI can exchange information and data files using event-driven messaging or by calling RESTful services published in our API gateway.

The API gateway acts as a security gateway to all registered services. After registration, the SI can access the web services over the internet to transmit data securely. Our management framework in the Digital Hub and API gateway monitors the load and performance of all published services. Additionally, the cloud-native integration services can be scaled on-demand to meet the needs of high volume data interchanges.

Other integration pattern features include aggregator, splitter, and re-sequence functions to support the processing of incoming information. Our CMdS data exchange technology provides adaptability for business change with a native service-oriented architecture.

INR01
The Contractor's solution must ensure that all data exchanges including inbound and outbound interfaces shall comply with industry standards (e.g., National Information Exchange Model (NIEM), National Institute of Standards and Technology (NIST), HIPAA-compliance standards, Health Level 7 (HL7), Fast Healthcare Interoperability Resources (FHIR)).

Conduent fully understands and will fulfill our responsibility to follow federal and state data exchange regulations and best practices. We have extensive experience acting as a secure data exchange gateway for Medicaid Management Information Systems (MMIS), Pharmacy Benefit Management (PBM), the Department of Labor, and various commercial clients.

Our Conduent Information Security Office (CISO) implements extensive policy standards for physical and information security, minimum baseline configurations and standard operating procedures, encompassing the full breadth of our technical footprint. This ensures the stability and security of our systems. Our track record of compliance with various healthcare regulations extends to memberships, certifications, and accreditations as applicable with the Council for Affordable Quality Healthcare, the Electronic Healthcare Network Accreditation Commission, and Accredited X12.org.

Conduent security procedures support the physical safeguards, technical safeguards, and administrative safeguards called for by the Health Information Technology for Economic and Clinical Health Act (HITECH) and HIPAA. Our project documentation defines the departments charged with carrying out these policies. Employees are required to adhere to corporate and applicable project policies, standards, and procedures for record keeping and asset protection. Yearly security awareness training is mandatory for all staff. Together, these security controls help ensure proper use and dissemination of privileged information.

Our information security and privacy controls are based on the most recent federal guidelines for securing systems and data and coordinating the secure exchange of data with other systems. During requirements analysis for the Claims Processing and Management Services project, we review our controls for security, confidentiality, integrity, and availability of the system and information to help ensure they meet applicable NIST 800-53 standards. We apply the safeguards for confidentiality, integrity, and availability required by those standards.

The Conduent EDI Gateway protects sensitive data against unauthorized access by using industry--standard encryption algorithms and the cryptographic libraries validated against FIPS

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Publication 140-2. This includes data storage (data at rest) and transmission across the corporate boundary (data in motion).

We also adhere to FIPS Publication 140-2 for encrypting data in motion and follow the encryption guidelines in NIST Special Publication (SP) 800-111 for encrypting data at rest. Conduent complies with NIST guidance conveyed in FIPS Publication 112, which provides basic security criteria for personal identity authentication and data access authorization, as required. Conduent's adherence to standards published in FIPS Publications 140-1 and 140-2 can be validated through the use of the NIST database search capability. The search yields the certificate number, module name, type, and date of the validation.

Promoting Excellence in HIPAA Compliance

The Conduent HIPAA Center of Excellence (CoE) focuses on helping to ensure we have the information needed to maintain HIPAA compliance. Conduent adheres to a comprehensive set of security policies aligned with the requirements of HIPAA and the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009. Our solution infrastructure applies application, data, and physical controls to protect confidential information in accordance with federal and State requirements. Our comprehensive security network approach is an industry-standard best practice and works hand-in-hand with HIPAA privacy and security regulations.

Conduent security measures include those for protecting electronic PHI (ePHI) in accordance with HIPAA and the Patient Protection and Affordable Care Act (ACA). They address sections including, but not limited to, the following:

- Privacy Rule, 45 CFR Part 160 and Subparts A and E of Part 164, established under HIPAA, Public Law 104-191 (42 USC 1320d) to protect the security, confidentiality, and integrity of health information
- Security Rule, 45 CFR Part 160 and Subparts A and C of Part 164, established under HIPAA, Public Law 104-191 (42 USC 1320d) to protect electronic personal health information that is created, received, used, or maintained by a covered entity
- ACA sections 1104 and 1501 includes the privacy, security and transaction requirements

HIPAA and the ACA set national standards for electronic transactions, code sets, and security provisions to reduce paperwork and streamline business processes across the health care system. As an organization with a lengthy record of close adherence to these standards, we have controls and procedures in place to stay compliant. Notably, the Conduent EDI Gateway, shown in Figure 4.2.1.6-1, promotes manageable workflows to enable configuration instead of coding. This capability helps manage how transactions interact and flow through systems. It also contributes to further streamlining workflow.

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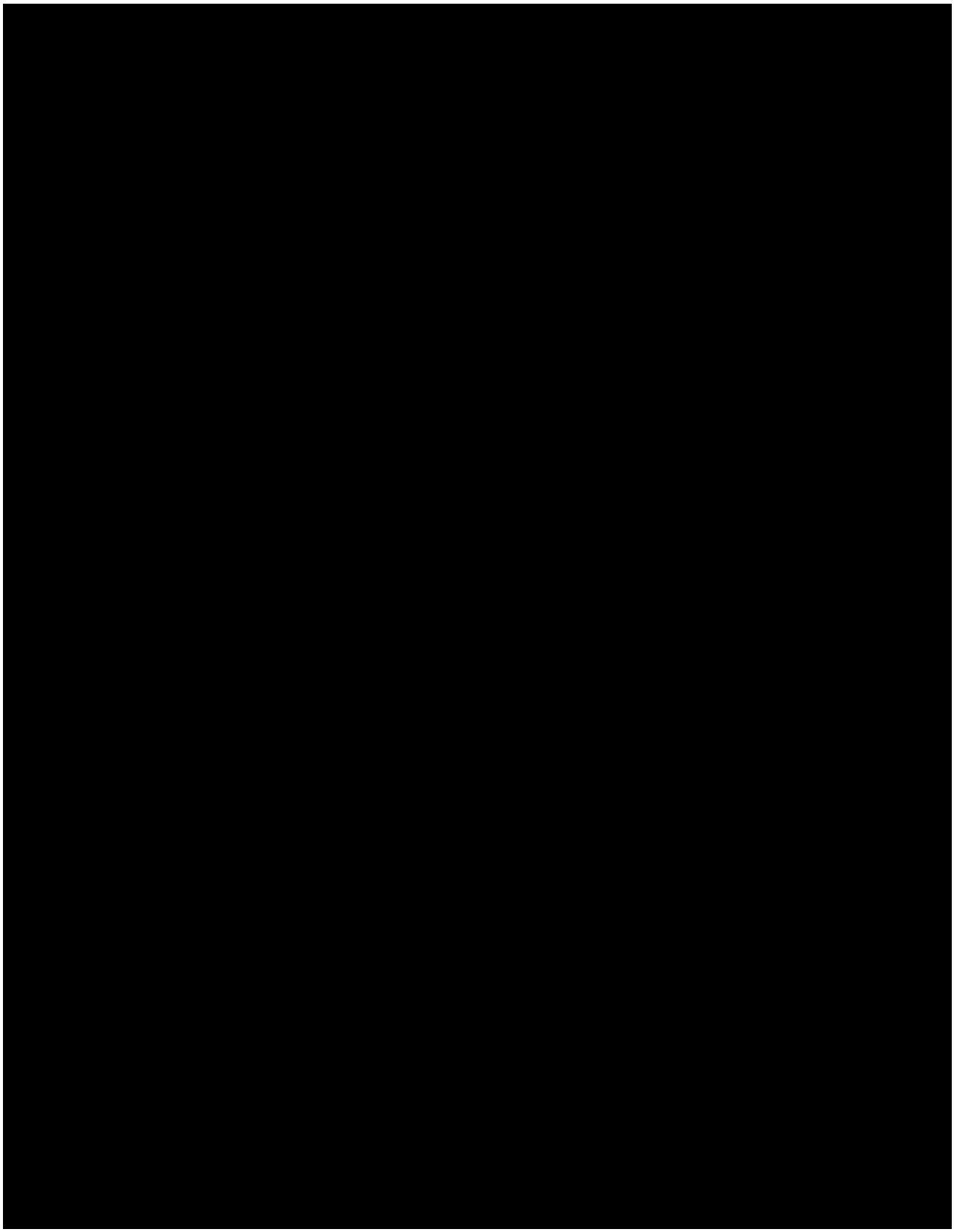

Figure 4.2.1.6-1. Conduent EDI Gateway

Conduent EDI Gateway Interchange uses industry standards and best practices to communicate.

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We take all necessary steps to be certain that appropriate authorization to access electronic PHI (ePHI) is in accordance with HIPAA sections, including but not limited to, HIPAA Privacy Rule, CFR Title 45 Part 160 and Subparts A and E of Part 164 and HIPAA Security Rule, 45 CFR Part 160 and Subparts A and C of Part 164. Conduent employs key corporate privacy and security personnel responsible for physical, administrative, and technical security policy development, implementation, and review.

We monitor and enforce compliance with policies for protecting PHI and PII in accordance with HIPAA rules at the corporate level. Our privacy and security experts participate in and contribute to policy development committees, helping to stay current with regulations and requirements for ongoing technology maintenance. We have taken a leadership role in HIPAA advancement, including active involvement within industry organizations—such as the Accredited Standards Committee (ASC) X12, the Council for Affordable Quality Healthcare and Committee on Operating Rules for Information Exchange (CAQH CORE), and others—to assist in the development of transaction and code sets, identifiers, and privacy/security rules.

INR02
The Contractor shall support the exchange of data between the System and the systems with which it interfaces (including external entities) to facilitate business functions that meet the requirements of Department policy, and federal and State rules and regulations.

In addition to the CMdS solution's API-led microservices architecture, the solution is internally modular with each component acting as an individual product that is interconnected by our Digital Hub. This structure gives the State the flexibility to expand functionality with minimal risk to the program.

Our Digital Hub provides up-to-date, real-time information to the application interfaces and the System Integrator. The CMdS solution uses industry standard EIPs within the Digital Hub to integrate with the SI integration platform and seamlessly exchange information. The Digital Hub helps overcome fundamental challenges with integration solutions by enabling an external application to send data using point-to-point, publish/subscribe, and message bus communication methods. The Digital Hub integrates with the security framework to protect State data.

The combination of the subject matter expertise of our Advisory Council, coupled with the standardization and capabilities of our Digital Hub, allows Conduent to successfully implement and follow the State approved data governance policies.

INR04
The system shall send and receive real-time discrete transactions between modules and the State's integration platform to reduce the need for bulk data transfers.

The CMdS solution can share required data with the SI integration platform in a variety of formats, through the Conduent Digital Hub (ESB) and API gateway as needed. They both provide the capability to exchange real-time discrete transactions in a fail proof and secure way.

The Conduent Digital Hub supports Enterprise Integration patterns that enable real time transactions, and the API-Gateway provides end points that are secure access points for our services. Figure 4.2.1.6-2 illustrates the Conduent Digital Hub and API gateway.

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Figure 4.2.1.6-2. The Conduent Digital Hub
Conduent Digital Hub and API gateway enable real-time data exchanges.

INR05
The Contractor's solution shall provide the ability to view raw daily interface files for up to sixty (60) calendar days. Archive raw daily interface files after sixty (60) calendar days and maintain for up to six (6) months.

The CMdS solution is capable of archiving and maintaining files for online viewing for a specified and configurable duration, and can meet the required timeframes. The system processes and archives files to secondary storage and then removes them from the active system. Clean and untouched copies of the files are kept in the secondary storage location for a specified time period. In addition, our Azure Cloud supplies a backup system to recover electronic data stored in the cloud easily. This eliminates the potential for loss of data.

The project requirements determine the interval at which the archived transmissions are available in the secondary storage location. Conduent agrees to archive and make available raw interface files for the timeframe specified by the DPHHS.

INR06
The Contractor's solution shall provide the ability to view raw monthly and quarterly interface files for up to one year (365) calendar days. Archive raw monthly and quarterly interface files for two years (730) calendar days and maintain for up to two (2) years.

Conduent archives received copies of raw interface files before processing. The copies of the interface files are maintained for online viewing. The timeframe for which the raw monthly and quarterly interface files are available is one year (365 calendar days), as required by the State and program guidelines. We agree to archive and make available archived raw monthly and quarterly interface files for two years (730 calendar days) as required by the State.

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INR08
The Contractor's solution shall include a process and toolset to maintain interfaces, code, and data models.

The CMdS solution Application Lifecycle Management leverages OpenAPI specification to document all Interface Specifications. OpenAPI is a specification for machine-readable interface files for describing, producing, consuming, and visualizing RESTful services. All specifications can be exported and provided to other participating vendors, so they can import and perform auto discovery.

We use Azure Repos in our ALM tools set for code maintenance. This is a standard set of version control tools we use to manage our code. This version control system maintains various code levels permanently and can recall appropriate versions as necessary.

We use a standard data modeler tool to document all our conceptual, logical, and physical data models. Our data modeler can publish these models over our internal developer portal for availability.

INR11
The Contractor shall design, develop and maintain interfaces. Each Application Program Interface (API) and components that will interface with the Systems Integration Services Integration Platform will be documented using a mutually agreed upon ICD template. This effort is performed in collaboration with other stakeholders in the State's healthcare programs enterprise.

We welcome the opportunity to collaborate with State designated stakeholders in establishing a common format for the Interface Control Document to describe inputs, outputs, and system interfaces. Conduent confirms that we establish a mutually agreed Interface Control Document (ICD) template and work alongside the other stake holders as appropriate.

INR12
The Contractor shall ensure proprietary interfaces and protocols between modules are not used.

Conduent understands the private and restrictive nature of proprietary interfaces and protocols. We agree not to use any proprietary interfaces and protocols between system modules, either state or third-party owned, during contract execution.

INR33
The Contractor shall document all interfaces in the Agency's Interface Control Document (ICD) format which will include data layout documentation, data mapping crosswalk, inbound/outbound capability and frequency of all interfaces. The Agency will approve finalized interface designs detailed in the ICDs.

As part of our system design process, Conduent creates an ICD for each existing and new interface. The ICD identifies the system, responsible office, interface method, data elements, frequency, format, and communication method for each interface.

Our approach to developing and maintaining interfaces requires team members from each functional area identify relevant interface requirements from all entities, specify design details, support development, create delivery schedules for file layouts, identify sample data needs, and support testing with the interfacing entities.

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The Conduent team works closely with the State and business partners to establish processes and protocols for schedules, rules, interface availability, and other interdependencies for each interface. This includes the definition of the message structure and protocol that govern the exchange of data between systems, the identification of the communication path along which the data between the systems is expected to flow, completion times, timing windows, inbound definitions, as well as delivery requirements for outbound interfaces.

There are three primary sections in the ICD that capture the required information for each interface: definition, file layout, and specification. These forms are used for each interface and capture the requirements identified for the ICD, including data assembly (envelope), data elements, communications, and security.

Once designed, the Conduent team makes the necessary modifications to current data interfaces and develops new interfaces as necessary to meet specifications. Interfaces are thoroughly tested both internally and with external business partners to guarantee true end-to-end functionality and make sure measures are in place to handle file receipt errors and other failures. This interface control process continues throughout the Software Development Life Cycle (SDLC).

The ICD is reviewed for alignment with State requirements and updated as required. The ICD is then made available to the State in an agreed upon format. Conduent agrees to document all interface specifications in the State's ICD format and recognizes DPHHS's authority to approve finalized interface designs.

INR34
The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price.

Conduent includes all production costs related to integration and interface development within this proposal's scope of work and includes these costs in the overall fixed price.

4.2.1.7 Business Rules [RFP 3.10.1.7, Attachment F]

REQUIREMENT: RFP Section 3.10.1.7, Attachment F
This section addresses Business Rule requirements for the Contractor's solution(s) and operations. The Contractor shall describe the proposed solution's capacity to configure, support and maintain business rules (i.e., add, modify, or remove/retire rules) and the type of resource and necessary skill set(s) required for business rule configuration. Describe the change management processes associated with business rule configuration. In addition, the Offeror must describe in detail their approach to meet each of the Business Rules requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The Conduent Medicaid Suite's powerful COTS-based Business Rules Engine (BRE) is supported by data configurable online web pages that make complex business rules transparent.

CMdS-Claims provides a simple way for a configuration analyst or subject matter expert to access the business rules catalog and add, modify, or remove/retire rules. Our Business Rules Engine (BRE) uses standard rule language to define business rules. Rules are compiled for maximum execution speed and form the system's core decision logic. Additional features and benefits of our BRE are shared in Figure 4.2.1.7-1.

CMdS-Claims Business Rules

- 1700+ Business Rule Catalog
- COTS-based Business Rules Engine
- Web-based entry of rule settings

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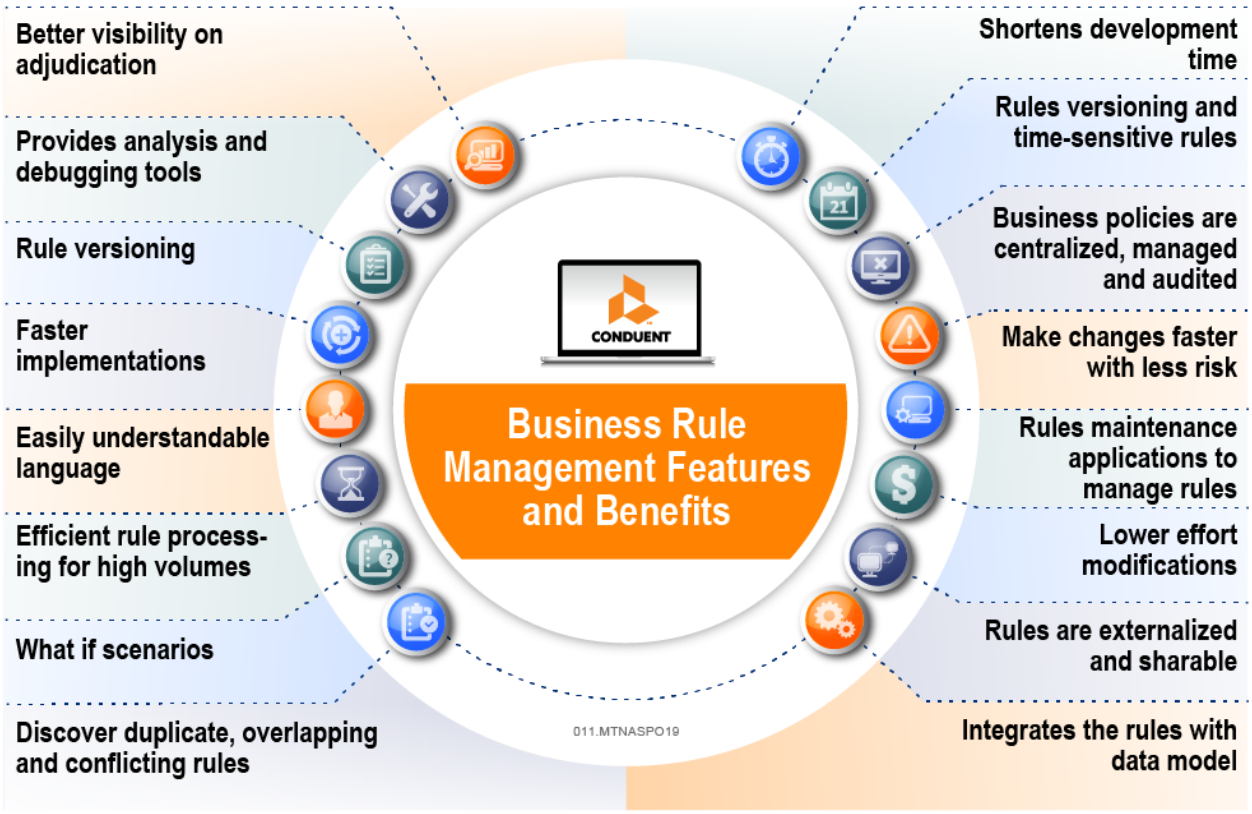

Figure 4.2.1.7-1. Business Rules Management Features and Benefits

Our solution uses a COTS-based BRE that meets all MECT requirements for decision management and aligns with advanced (above level 3) MITA technical architecture capabilities.

Our overall business rule implementation approach combines the use of the BRE and online data (table) driven configuration. Our solution's modern architecture for implementing business rules creates transparency and re-use and is designed for business users. A built-in graphical user interface (UI) assists users in modifying the rules as business needs evolve. The UI allows staff to use data elements and attributes to author/modify rules in the Integrated Development Environment (IDE).

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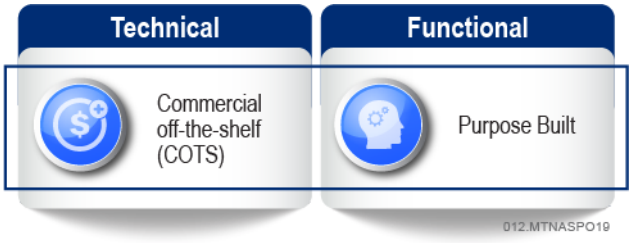
The BRE uses a customizable, English-like language for rules management. This enables business analysts to employ familiar terminology and to develop new business rule syntax that fits their specific business environment. We create rule templates from frequently used rule patterns, eliminating the need to recreate the rules. We create and view comprehensive documentation for rules that can be accessed using a web browser. The BRE integrates with other components in a service-oriented architecture (SOA) environment. Our BRE provides open and standards-based architecture that allows for integration to the system.

Powered by over 1,700 business rules and data configurable processes using online web pages, CMdS-Claims is not a hard-coded solution and is designed for configuration by non-technical business analysts. The solution's COTS-based BRE uses an intuitive and readable syntax to specify and change rules.

Scalable Rules Configuration and Processing. There are no limitations to the number of business rules the solution supports. Using the inherent scalability capabilities of our cloud-based infrastructure, we provide appropriate sizing to support both the configuration and performance requirements of the project. Program-specific business rules are configured throughout our data-driven configuration and are an inherent part of the benefit plan structure.



COTS-based Rules Engine. Our solution strategy includes industry standard COTS products to satisfy technical requirements, while creating purpose-built software modules tailored to serve the functional needs unique to government healthcare programs. We don't build our own rules engine, reporting tool, or visualization software, because COTS products are available from vendors focused on those core technical capabilities. The use of these specialized COTS products allows us to focus on providing features and capabilities that make a difference for your program.

Configuration of Rules. CMdS performs claims edits based upon the Department-approved business rules. When the solution detects non-compliance with business rules, it posts exceptions to claims. Exception maintenance is part of the solution's rules management. Users can configure and maintain exceptions online. The online web pages allow users to define appropriate dates and settings for each exception.

Exception dispositions vary based on document type (FFS, FFS adjustment, encounter, encounter adjustment), media source code, and claim type. For example, the same exception can be configured to suspend paper claims for further review but deny EDI submitted claims. Users can also end date exceptions if they no longer apply or set them to ignore when not applicable for certain claims.

Configurable Claims Resolution and Finalization. The solution routes suspended claims to locations for easy resolution of claims with similar issues. For example, claims with eligibility exceptions are routed to the same location. Locations are configurable. Additionally, the remittance advice's adjustment reason codes, remark codes, and explanation of benefit (EOB) codes are also configurable. During final adjudication, CMdS-Claims evaluates the claim's exceptions and associated disposition information across the claim's line items and header and uses a hierarchy to determine the claim's overall status and line item statuses.

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Our solution is not driven by hard coded logic or by complex-looking rules hiding your policy behind the scenes as illustrated in Figure 4.2.1.7-2. Other solutions don't use a true BRE, use a proprietary BRE that only the vendor understands, and/or use spaghetti rules that look like legacy COBOL code.

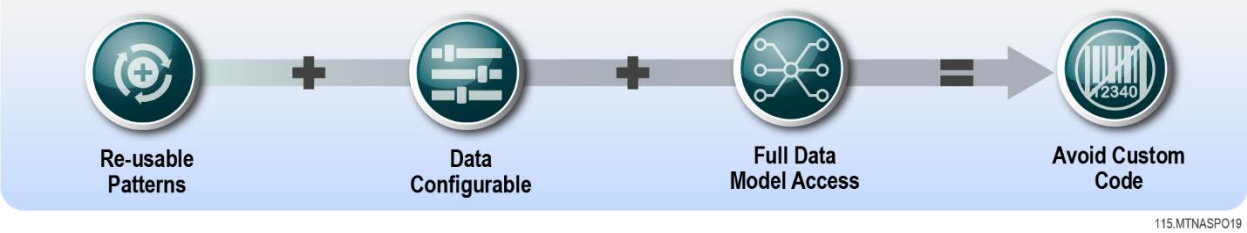

Figure 4.2.1.7-2. Avoiding Custom Code

We minimize the use of custom code by making it possible to configure even complex business rules in our solution. We create reusable patterns and leverage for related business rules. We support configuration through web pages that includes support for complex criteria that provides access to our full data model.

A Better Approach. CMdS-Claims avoids these pitfalls and instead provides a powerful combination of the externalized and in-built business rules combined with a vast (1,300+) exception catalog which meets your requirements. We provide an industry known COTS-based BRE that has web-based configuration, and we provide purpose-built online web pages to solve the most complex data configuration tasks seen in government healthcare programs such as duplicate check and TPL processing. We solve re-use opportunities using powerful constructs:

- **Rule templates.** Created from frequently used rule patterns, eliminating the need to recreate the rules
- **Mapsets.** Reusable patterns in our data configurable rule setup
  - Support ranges of values, lists of values, or single value
  - Extend configuration beyond frequently used fields
  - Allow for complex and/or and include/exclude logic

Controlling Change. Our combination of configuration and change management processes and standards means that even though business rules are easy to configure and deploy, they are still subject to change protocols to make sure changes are approved by stakeholders with the proper authority, documented appropriately, and managed through the system development life cycle. We make sure business rules are captured in the Azure DevOps life cycle management tool, changed at the right time in the development life cycle, and that the impact of the rule change is assessed and tested before deploying the change to subsequent test environments or to production.

Resources and Skill Sets. Table 4.2.1.7-1 presents the resource types and skill sets needed to support business rule configuration.

Table 4.2.1.7-1. Business Rule Management Resources and Skill Sets

Resource Type	Skill Set
Product Specialist/Configuration Analyst	Product Specialists tasked with business rule configuration and the related change control must: • Be familiar with the Business Rules Engine, business function, and configuration • Understand the standard rule language used to define business rules • Be knowledgeable in project management approaches and tools • Be knowledgeable in change management principles, methodologies, and tools

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Resource Type	Skill Set
	• Possess exceptional written and verbal communication skills • Be adept with large-scale organizational change efforts

In the following responses, we provide more details about how CMdS-Claims is the right solution to support your business rules in a powerful and transparent way.

BR02
The Business Rules Engine (BRE) shall allow authorized system users including Department resources, the ability to create, configure and maintain rules for business functions in a user-friendly graphical user interface (GUI) that facilitates rules maintenance without coding changes.

Our solution is designed to allow the Department and Conduent resources the ability to create, configure, and maintain rules for business functions in a user-friendly GUI that facilitates rules maintenance without coding changes. These configurations supplement rule execution in the BRE. Rules in the BRE read data configured in those web pages to provide the capability to control business logic. For example:

- **Parameters.** i.e., Suspend a claim with a billed amount greater than $**X,XXX,XXX**.
- **Lists.** i.e., Allow provider type **(provider type)** to only bill these procedure codes: **NNNNN, NNNNN, or NNNNN**

By leveraging user configurable options, we support transparency, faster changes, and minimize maintenance of both rules and the rules catalog. We also support several purpose-built web pages based on our years of experience in public healthcare programs that centralize and simplify the creation, configuration, and maintenance of some of the most challenging Medicaid business rules. A list of these can be found in Table 4.2.1.7-2.

Table 4.2.1.7-2. CMdS-Claims Major Configuration Web Pages

Configuration Item	Features and Benefits
Benefit plans and limits	• Represent State policy in configurable format • Define criteria to enroll members and cost sharing requirements • Define providers authorized to provide member services and plan specific rates • Identify covered/non-covered services and service authorization requirements
Claim type and category of service	• Invoked in claims adjudication after data validity and provider eligibility edits • Compares claims data to configuration attributes
Duplicate check	• Validates in-process claims against history claims • Determines if similar or exact services were previously reimbursed • Provides capability to update the rules based on code set and policy changes
TPL cost avoidance and subrogation	• Controls cost avoidance and pay and chase • Allows payment authorization when benefits are not available • Identifies possible accident related claims • Defines adjustment reason and remark codes used in 835's
Member/provider on review	• Stops claims processing activity from completing based on specific criteria • Supports fraud investigations

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Our CMdS products are designed to allow delegation of configuration updates to business users based on project requirements and client authorization. Based on the State's Question & Answer Board response to question *Attachment F, BR02*, we understand the Conduent team is responsible for all new or configured business rules in the production environment. In our staffing estimates, we have included enough staff to complete this work as part of our core solution and services. Our "what-if" environment allows the Department to model business rule additions/changes in User Acceptance as described in our response to ID BR05.

BR03
The Contractor shall provide real time access to a Business Rules Catalog, in an electronic format approved by the State, that documents all business rule logic used by the solution.

We propose our proven approach to maintain our Business Rules Catalog (BRC) in Microsoft Excel. We provide real time access to the BRC in that format, subject to your approval, using our Microsoft SharePoint document repository. We capture all business rules with a rich set of data elements as shown in Table 4.2.1.7-3.

Table 4.2.1.7-3. Business Rule Catalog Attributes

Attribute	Description
BR Tag	• Business rule identifier • Uniquely Identifies the business rule
Name	• Name of the business rule • Identifies the business rule within a use case or user story or rule engine
Title	Business rule short description
Long Description	Business rule long description
Classification	Where the business rule is implemented (Application, UI, DB, etc.)
Conditions	Business rule evaluation conditions
Actions	Response to take when the solution detects non-compliance with the business rule condition
Type	• Rule – single rule • Rule Set – logical grouping of rules
Where Used	Use cases that use the business rule
Functional Area	Business area related to the rule, i.e. claims, member, provider
Chapter	• System documentation reference • Refers to chapter of the documentation

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An example of BRC entries is shown in Figure 4.2.1.7-3. We document the business rule logic in the Conditions column and provide references to the use cases associated with the rule in the Where Used column.

Figure 4.2.1.7-3. Business Rules Catalog
Here is a sample of a few rules from our Business Rules Catalog (BRC) to show you a typical example of how several rules are documented.

BR04
The Contractor shall update the Business Rules Catalog with all additions or changes.

As part of our solution maintenance lifecycle, we work with you to set shared expectations for business rules to promote transparency, avoid rework, and achieve your desired outcomes from the addition or change. We prepare updates to the BRC prior to starting development and attach the updates to our requirements management tool. We prepare a final version for system documentation as part of production deployment activities. We capture, update, and manage changes/edits to business rules in the BRC as part of our application lifecycle management.

BR05
The Contractor's Business Rules Engine shall be integrated into a testing environment that contains production data to allow users to perform "what if testing" and compare the before and after outcomes. The Contractor will provide Department staff and designated project resources, support and access to reports or reporting tools to evaluate the impact analysis.

The User Acceptance Testing (UAT) environment allows the Department to perform "what if testing" and compare before and after outcomes. The environment meets project security requirements to receive copies of production data that includes PHI. The environment provides users with access to our CMdS--Insights reporting tool for evaluating, summarizing, and comparing data to perform impact analysis of changes. We also provide access to our standard report library.

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We deploy rules from our source control repository which allows us to deploy the versions of the rules applicable to the scenario being analyzed. Data configurable options can be synchronized from production to the UAT environment to create a production baseline. Typical UAT environment planning for "what if testing" includes identifying:

- Production data to be imported – i.e., selective time period or selective provider, member, claims, and reference
- EDI data to be processed (i.e. provider submitted X12 837P/I/D claims)
- Rule set version to deploy from source control
- Data configurations to be imported
- Product version with client-specific configuration
- Coordination with module interface partners integral to the scenario
- Coordination with other planned UAT environment activities

The specific options selected can be project specific. We recommend selecting standard approaches during implementation and adjusting based on lessons learned and the release schedule for the project. A typical option would be scheduling monthly data refreshes and aligning rule and configuration updates with release schedules.

BR06
The Contractor's Business Rules Catalog shall include granular check-out and check-in rules and an audit trail of business rules changes.

We maintain the BRC in Microsoft Excel format in our Microsoft SharePoint site. We restrict access to update the BRC to appropriate personnel allowed to check out the BRC, make updates, and check it in. Our use of rule parameters and lists limits the frequency of rule changes that impact the BRC.

We support Microsoft co-authoring technologies to allow concurrent update access to the BRC. More than one user can make changes, see the selections made by other users, and provide feedback and collaboration using comments. Users can view an audit trail of changes using the native comparison features of Microsoft Excel between any two versions of the BRC. The SharePoint version history identifies the date and user responsible for each revision to the BRC.

We use standard source code version control tool to maintain our COTS rules engine rules and it provides us the ability to do granular check-out and check-in capabilities as well as record of various versions and respective audit trail information.

BR08
The Business Rules Engine shall allow changes to be made to valid values without impacting production rules engine availability and operations.

We maintain valid values in our online, web-based database. Changes to valid values immediately effect processing without restarts, manual steps, or impacts to production rules engine availability and operations. The BRE always uses the latest valid values available.

CMdS-Claims retrieves valid values needed for executing business rules as part of calling the BRE and executing rules. In a service-based environment, the services will always be fetching the latest values from the database.

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BR09
The Business Rules Engine shall include the ability to debug business rules at rule execution.

Our solution's BRE allows users to step through the rule flow and debug the business rules at rule execution. We can also enable or disable the logs for debugging business rules using a parameter passed during deployment to an environment.

Breakpoints. Our developers can signal the rules engine to pause at one or more points during execution. This allows you to see what is being executed and the exact sequence. After a breakpoint is set, the Breakpoint Marker icon appears to the right of the project or entity name. You can use this feature as described in the Question & Answer Board response to question *Attachment F, BR09* to step through the rule flow on execution and identify the value variable and key session values at each step.

Trace statements. We can print a detailed record of BRE activity for a project or specific sets of rules using tracing. Traces are set on the project, entity, or procedural statement in rules, event rules, functions, and on the initialization statements for objects and variables. To place a trace on an entity derived from a template and instance, a developer just expands the node under the instance file in the Project Explorer and locates the resolved entity.

Step commands. Our developers can isolate where a problem is using step commands. This construct allows you to step through the rules by pausing at individual statements, blocks, or rules. When the rules engine pauses, you can view the following:

- Rules that are scheduled and the related object properties that are needed
- Prompts for the end users that are included in any event rules
- The actions of the rules that are processed

BR10
The Contractor shall provide the ability to allow multiple users to work concurrently on different parts of the same rule base.

Our COTS-based BRE stores business rules in an XML-based repository. Within the Integrated Development Environment (IDE) that we use to create and update rules, the BRE allows developers to define the granularity at which rules are versioned. In claims editing for example, the rules that support an edit or group of similar edits is developed independently and concurrently.

We share that rule repository between multiple users for both collaboration and division of labor using a source code management (SCM) system. Our SCM solution supports full versioning capabilities, including branching and tagging, support release management. SCM access is integrated within the BRE's IDE.

BR11
The Business Rules Engine shall have the ability to rollback to prior versions of rules without impacting production rules engine availability and operations.

CMdS-Claims can rollback to prior versions of rules without affecting rules engine availability or operations as a standard deployment feature. Additionally, changes to valid values, parameters, and many other changes to data are done online through configuration. These changes don't require rule changes

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within the BRE. For rule changes that do require deployment, our solution is designed to accommodate seamless deployment.

Our COTS-based BRE compiles business rules into an intermediate format deployment file designed for faster performance. Our deployment process involves replacing the deployed file running under the rules server. This is a fast event within the rules server measured in milliseconds and does not create an outage.

BR12
The Contractor shall provide and maintain a graphical representation of business rule flow(s) and orchestration for all business rules.

Our COTS-based BRE provides the ability to automatically generate graphical representation of business rule flows from the Integrated Development Environment (IDE). The graphics resemble a flow chart where you can see the orchestration for all business rules, including sequencing and branching. An example of this is shown in Figure 4.2.1.7-4.

Figure 4.2.1.7-4. Graphical Representation of Business Rule Flow and Orchestration
Our BRE's IDE provides a graphical representation of rule flows that allows you to see the branching and sequencing of events that execute. When accessed from the IDE, clicking on one of the objects opens it.

For all business rules in CMdS-Claims, we provide graphical representations that represent that type of business rule. For example, we provide representation of how data validation business rules process user entered data against defined criteria and return responses using exceptions.

BR13
The Business Rules Engine shall have mechanisms to identify which rules are executed for each specific business process.

In our Business Rule Catalog (BRC), you will find that every rule is mapped to the business process using the 'Where Used' column. The values are the names of the use cases where the business rule may be executed. Business rules can be leveraged across multiple business processes, so it's common to see more than one use case listed. In Figure 4.2.1.7-5, you can see where the NCPDP pharmacy number that may be present for DME providers has check digit validation is performed on both the provider enrollment (use case UIS-PRV-ENR-0.2.1) and provider maintenance (use case UIS-PRV-MNT-02.1) web pages. The Functional Area column correlates to your description of the rule flow a rule supports as clarified in the Question & Answer Board response to question *Attachment F, BR13*.

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Figure 4.2.1.7-5. Business Rules to Process Mapping
The Where Used column tells you which processes (use case) a rule is used in.

We provide the rules' linked use cases as part of our system documentation to provide information about the business processes that executes the rules. A sample of the provider maintenance rule's linked use case is shown in Figure 4.2.1.7-6.

Figure 4.2.1.7-6. Provider Maintenance Sample Use Case
One of the two referenced use cases for the business rule in the catalog. This use case provides details about how we process identifying numbers during provider maintenance.

BR14
The Business Rules Engine shall be able to produce a report on rules passed or failed for all transactions.

CMdS-Claims keeps extensive audit trails of system activity. For example, for claims processing, we track data updates, exception history, and claim adjustment history. Our BRE also supports producing XML-based reports with detailed output of rule processing. We do not typically use this capability in our claims processing projects due to the number of built-in features in CMdS modules to capture transaction data at a more practical level that is business focused. The sheer volume of rule executions in a production claims environment is so large that for best performance we do not recommend doing this unless there is a specific need. An example of the rule output from one of our eligibility projects that uses the same BRE is shown in Figure 4.2.1.7-7.

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Figure 4.2.1.7-7. Rule Report
Using the capabilities of our BRE, we can produce rule tracing in an XML format.

BR15
The Business Rules Engine shall send alerts to the appropriate resource for issues identified in the rules engine. The Contractor will take appropriate action to address any alerts or rule failures.

We use a COTS Application Performance Management (APM) solution to monitor the health of our applications including the BRE. By monitoring from outside of the BRE, we can catch classes of failure that might otherwise impair it from sending alerts. Once an event has been determined, the policy will invoke the configured actions to execute, such as sending emails or text messages.

We maintain a 24x7 corporate help desk and situation management team to deal with outages that could potentially affect our clients. We escalate issues detected by our APM solution to appropriate team members who have the skills and access to troubleshoot and resolve issues.

BR16
The Business Rules Engine rules editor shall allow subject matter experts or technical resources to write natural language business rules (i.e. human readable).

Our BRE uses standard rule language (SRL) to define business rules. SRL is an easy-to-understand, English-like language. A built-in graphical UI tool supports a comprehensive listing of the rules in business terms rather than programming language. The UI the developers, technical resources and subject matter experts to quickly create or modify the business rules using SRL.

We use a specific feature of our BRE to create code templates to take blocks of logic and turn them into natural language. We then use that natural language in rules as shown in Figure 4.2.1.7-8. Here we show the rule that support an edit that posts an exception when claims are billed with dates of service that cross years that we use on professional claims for one of our current clients. Rather than date comparison logic represented as code you see the natural language "Claim Dates of Service span across years." We created

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this code template to support identifying spans across either months or years. You select the desired option in the code template when used as part of rules, allowing for greater leverage across the solution.

Figure 4.2.1.7-8. Natural Language Business Rules
Using code templates our solution provides sophisticated logic as human readable business rules.

BR17
The Business Rules Engine shall provide the ability to prioritize, sequence, and allow administrators to control processing.

Our BRE supports several constructs that we use to control the processing of rules. This includes features that allow rules to be either on or off, execute in a certain order, execute together, or execute according to their relative priority. A list of these control features is in Table 4.2.1.7-4

Table 4.2.1.7-4. BRE Features to Control Processing

Feature	What It Controls
Rule Sets	• Groups rules that work together • Supports initialization statements
Decision Flows	• Determines sequence of processing • Includes a start node and end node • Supports splits for branching
Effective Dates	• Control when rules start being considered for execution • Control when rules stop being considered for execution
Rule Priorities	Allows one rule to be a priority over another

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BR20
Where applicable, the business rules engine shall use standardized business rules definitions.

We create rule templates for frequently used rule patterns, speeding the development of new rules and reducing maintenance. A template is as simple as a single SRL statement that exposes a single value or list of values for editing. Templates provide design patterns for rules, sections of rules or groupings of rules. They contain static sections and replaceable value holders. Templates can be reused to create distinct decision services. Providers act as controls on allowed values for the value holders in a template. They specify how many values are allowed, whether information should be typed in or presented in a list, what formats are valid and more. One template can be used to create many instances, each of which is a distinct entity with its own unique conditions and actions.

BR21
The Contractor's business rules shall execute in a runtime environment.

We deliver CMdS-Claims as a Software-as-a-Service (SaaS) hosted in Microsoft Azure Cloud. The runtime environment hosts the application code, associated services, data, and the BRE. Rules are deployed from the rule repository to the BRE, which runs as an application server.

Business Rule Repository. The business rules repository serves as a central storage and maintenance area for business rules and their metadata. The rules repository allows for auditing and traceability of the rules. The history of a rule—or the entire rule set or the rule flow—can be viewed simply by running a report in the repository. The version of the rules in the rule repository can enable multiple version of the rules to run in different environments. This is managed though source control.

Business Rule Application Server. The BRE runs in an application server environment where it processes business rules deployed from the rule repository. Performance rules are compiled into an intermediate file format that is deployed into the runtime environment. CMdS-Claims accesses the running rule server using a SOAP-based web services API for rules executed under the BRE. We provide an overview of deployment and interfacing activities in the runtime environment in Figure 4.2.1.7-9.

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Figure 4.2.1.7-9. Business Rule Maintenance and Deployment
When a policy change requires new or changed rules in the BRE, we complete a structured and streamlined authoring, testing, and deployment. Many types of changes do not require deployment. The BRE runs its rule service under an application server where it processes rule executions requests from CMdS-Claims.

BR27
The Contractor shall configure, support and maintain a business rules capability (e.g., add, modify, or remove/retire rules) based on the Service Architecture (SOA).

Our BRE easily integrates with other components in a SOA environment. Our BRE provides open and standards-based architecture that allows for simple integration to the system. The rules engine provides extensive support for web service and provides support for REST over JSON and XML-based messaging management.

We also support the ability to modify the behavior of processing through data configuration interfaces. Many rules consume system lists, parameters, and other reference information when executing.

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4.2.1.8 Correspondence Management [RFP 3.10.1.8, Attachment F]

REQUIREMENT: RFP Section 3.10.1.8, Attachment F

This section addresses Correspondence Management requirements for the Contractor's solution(s) and operations. The Contractor's correspondence engine shall be configured to generate print, and mail enterprise correspondence. The Contractor must describe the proposed solution's capacity to configure, support and maintain correspondence management functionality (i.e., add, modify, or remove correspondence), the type of resource and necessary skill set(s) required for correspondence management functions, and the change management processes associated with correspondence management. In addition, the Offeror must describe in detail their approach to meet each of the Correspondence Management requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent maintains and delivers clear and accurate communications—letters, notifications, and bulletins—to support the State's business operations and relationships with providers, members, and other stakeholders.

Correspondence Management

Built for flexibility and scalability:

- Scheduled and ad hoc letter generation using State-approved templates
- Workflow and ECM integration
- Indexes metadata and identifiers for ease of access

Our Conduent Medicaid Suite (CMdS) features an integrated correspondence management solution that plays a key role in meeting the Claims Processing and Management Services requirements.

As your incumbent, we will continue to provide a solution that delivers clear and accurate communications, promotes positive relationships, and complies with business and operational requirements. Our modern, user-friendly technology provides a complete solution for configuring, supporting, and maintaining your correspondence. We offer the right mix of functionality to add, modify, and remove correspondence and the related templates at any time, allowing us to continue meeting your evolving business needs.

The CMdS global letters component generates letters based on predefined templates. We can configure our solution to generate correspondence on a scheduled basis or allow the user to create ad hoc correspondence whenever needed. Letters that require hard copy delivery are forwarded for printing and mailing to recipients.

In addition to letters, CMdS facilitates immediate delivery of messages to providers and members through our web broadcasting process of posting bulletin notices on the web portal. We can also include notifications in the remittance advices that we post in the provider in-boxes on the web portal.

Correspondence Management Resources and Skill Sets. Table 4.2.1.8-1 provides details on the type of resource and skill sets necessary to support correspondence management functions.

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Table 4.2.1.8-1. Correspondence Management Resources and Skill Set

Resource Type	Skill Set
Product Specialist/Business Analyst	Product specialists assisting with correspondence management must be: • Familiar with the global letters component of CMdS • Knowledgeable in project management approaches and tools • Knowledgeable in change management principles, methodologies and tools • Adept with large-scale organizational change efforts and possess exceptional written and verbal communication skills

Controlling Change. Our combination of configuration and change management processes and standards means that, even though letters and other correspondence are fairly easy to configure and deploy, they are still subject to change protocols to make sure changes are approved by stakeholders with the proper authority, documented appropriately, reviewed for quality, and managed through the system development life cycle. We make sure correspondence requirements and changes are captured in the Azure DevOps life cycle management tool, changed at the right time in the development life cycle, and tested before deploying the change to subsequent test environments or to production.

COR01
The Correspondence Management Solution must be able to generate correspondence (e.g., scheduled and ad-hoc correspondence and bulletins) using standard letters or forms, letter templates, and free-form letters.

The CMdS correspondence management functionality provides a global letters component that can, depending on the need, generate a single letter or an entire batch of letters. Scheduled letters are generated for situations such as provider license renewals, terminations, and welcome letters. Ad hoc or free-form letters are generated for situations such as follow-up to a provider inquiry. Bulletins, including provider notices, are created in standard formats and posted to the provider website.

We can produce these communications manually or automatically. Remittance advices include remittance data (payments, partial payments, offsets, and denials) that we receive from carriers, providers, and fiscal intermediaries. Our solution maintains a historical trail showing the origin of the correspondence and any activity related to it from initial setup.

We can configure these communications to meet the State's specifications, including customizing various templates or forms for any correspondence, letter, notification, or bulletin. Template styles can differ by program, as needed, and they are designed for each correspondence type based on the State's specifications. We can add additional sections and data elements to the standard layout, such as additional claim detail or a new summary section, if needed.

Our team drafts notification materials and works with the State to finalize them for delivery. We use both print and electronic delivery methods and determine the best method of delivery by working with you on your specific initiatives.

Figure 4.2.1.8-1 provides an example of the Letter Generation Request user interface in which authorized users can create an on-request/ad hoc letter.

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Figure 4.2.1.8-1. Letter Generation Request
Authorized users can create ad hoc/on-request letters through the Letter Generation Request webpage.

COR03
The Contractor's solution shall utilize industry standard barcode technology that is approved by the Department.

Our correspondence management solution for letter generation includes technology for integrating barcodes on the correspondence generated by CMdS. These barcodes are unique identifiers that allow us to track this correspondence, including the responses we receive back from an original correspondence that was sent out.

Barcode designs include both 1D and 2D technology—the main difference being the level of complexity, which results in the level of information that can be stored into each barcode. A person can quickly grasp this difference with a cursory glance of the examples in Figure 4.2.1.8-2. Conduent's solution is capable of supporting 2D barcode technology, which is the industry standard.

Figure 4.2.1.8-2. Graphical Comparison of 1D and 2D Barcodes
The complexity of a 2D barcode allows us to store more information in the barcode.

The advantages of 2D barcodes include:

- More data can be stored in a smaller amount of horizontal space, allowing more free space for other details in the letter footer
- Vertical height is approximately the same, depending on the number of characters required

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- It is easier to expand into smartphone and other mobile device usage, since 2D barcode (specifically, QR type) decoders are more accessible for mobile devices
- Scan errors are much lower on 2D barcodes
- Studies show that between 20% and 60% of 2D barcodes can be damaged and still read accurately.
- 2D barcodes hold much more data than linear 1D barcodes

Table 4.2.1.8-2 provides a comparison of the two technologies.

Table 4.2.1.8-2. Detailed Comparison of 1D and 2D Barcodes

Barcode Type	Information Density	Information Capacity	Information Type	Error Correction Function	Dependence on Database	Nature
1D	Low	Small	Numbers, English	Yes	Must depend on database or communication network	Object label and index
2D	High	Big	Numbers, English, Chinese, pictures, voice, and other binary information	No	No dependency on database or communication network	Description on objects

Furthermore, 2D barcodes come in different types and formats. Our solution can apply barcodes in whichever type and format the State prefers.

COR04
The Contractor shall utilize letter, notification and other templates for correspondence that are approved by the Department.

CMdS maintains and uses state-approved templates to generate various types of correspondence, including letters and notifications. All historical versions of templates are stored so that they are accessible for viewing or reuse in the future. There is no limit to the number of templates that can be stored, allowing for the creation of multiple templates to be used in many different circumstances, such as an initial receipt of an invoice dispute, the outcome of the dispute, and details on adjustments to accounts receivable.

Conduent acknowledges and agrees that the State must approve the templates before they are implemented. An authorized user creates or modifies a template, which is then forwarded to the State for final approval.

CMdS facilitates immediate delivery of notifications or messages to providers and members through our web broadcasting process of posting bulletin notices on the web portal. We tailor the approval process for broadcasted messages according to the State's preferences.

COR06
The Contractor's solution shall send documents and the necessary indexing metadata to the modular integration platform for storage of documents in the enterprise content management solution (ECM).

Conduent has embraced the strategic directive from the Centers for Medicare and Medicaid Services (CMS) related to modularity and has transformed our robust solutions into a modular and cloud-based

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architecture. Our solution offers the highest level of interoperability by managing data exchanges through the Conduent Digital Hub, our internal enterprise service bus. The Digital Hub is our single point of integration with the State's MPATH Integration Platform.

Within CMdS, each module is fully independent and has its own database and interconnectivity to the integration platform. We use our Digital Hub to send and receive data from this integration platform and to access our enterprise content management (ECM) module, in which we store and retrieve correspondence and associated metadata.

When storing correspondence and related documents in our ECM, we apply index metadata that can be used later in searching for that document. Conduent defines the index metadata for the State's review and approval. For example, we have a list of defined and approved metadata fields for each standard letter, such as provider ID, member ID, claim transaction number, form type, etc. When we develop a new letter for the State, we define and request the State's approval on the index metadata to use with that letter. When applicable, we can include a document control number (DCN) to associate a document with a specific claim. The index metadata and DCN become the keywords that can be used to search for and view a document. We encrypt all correspondence and imaged documents for security, and we index them so we can easily locate them later.

Conduent acknowledges the requirements for integration and will leverage its CMdS Digital Hub for sharing and passing generated correspondence and indexing metadata to the State's MPATH Integration Platform.

COR07
The Contractor's solution shall store all sent or received documents in the ECM.

Our ECM stores any correspondence and documentation that our solution sends or receives. The correspondence generated by our solution is sent to, indexed, and stored in the ECM and, if needed, linked to an applicable data record. A document received in the mailroom is scanned, uniquely identified with a document control number, and stored with its date of receipt. All materials stored in the ECM are available for online retrieval, viewing, and reprinting at any time.

Conduent has an extensive history in managing correspondence and related documentation. As a result of this experience, our team members are well versed in our solution's features, functions, and best practices. Our approach to storing these materials in our ECM include best practices that we have refined over many years and through numerous projects. We have the tools, established processes, and team for generating and delivering correspondence, as well as for receiving, scanning, and associating paper claims, paper checks, and other attachments. When storing correspondence and documents in our ECM, we apply index metadata that can be used as keywords or identifiers to easily search for and view a document later.

COR08
The Contractor's Correspondence Management Solution must be able to integrate variable data to maximize efficiency.

CMdS includes a global letters component that makes use of a built-in data merge functionality, which allows us to customize the correspondence we produce. During the letter generation process, this data merge feature can populate correspondence with variable data to make each communication unique to the

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individuals and circumstances involved. For example, data that can vary might include provider names and addresses or a subject line customized for a one-time mailing. Depending on the template, we can include fields that accept user input—even full paragraphs of user input—to create correspondence that is very specific to the need.

Conduent's approach to variable data allows us to create customized correspondence, such as including a provider notice to appear on all remittance advices or to appear only on specific remittance advices that are selected by provider type, provider specialty, or provider taxonomy. In such instances, there is no limit to the size of the notice, and the wording can be as simple as a holiday message or as detailed as needed. Taking this a step further, our variable data functionality can incorporate complex business information into the State's correspondence. For example, CMdS-Financial allows for user-defined variables and rules in applying fees and tracking processes. We can configure correspondence to include interest-based variables and dates for calendar and business days, number of days from receipt, minimum interest amount, or percentage of interest per year. These configurations are made directly within our solution's user interface.

The CMdS has a normalized database schema that includes the data elements required for a robust Claims Processing and Management Services project. The data elements are classified as submitted data (submitted when entities are created, for example, claims data, payee information) or evaluated data (identified during processing, such as fund codes, accounts receivable balances, claims pricing, and so on). The core data model can be extended to store additional state-specific data elements. The product has the capability to integrate the elements available in the data model to suit the needs of the correspondence required.

COR10
The Contractor shall generate applicable notices to members, providers, and other entities (e.g., enrollment/disenrollment notices, requests for information, and program information).

Conduent produces notices for members, providers, and other entities for delivery in a variety of formats, based on configured preferences. These notices include notifications and letters in electronic format for web posting or email delivery, as well as in print format for delivery by mail. CMdS generates these notices based on state-defined business rules and requirements.

- We administer the provider support website to which we post provider notices, fee schedules, forms, and monthly newsletters. For example, notices posted to the web portal can include 30-, 60-, and 90--day notifications for out-of-state providers and notifications about recent updates to the provider manuals that are stored on the web portal.
- We can send notices electronically, such as the remittance advices for providers to review and reminder notices for new members to choose their providers. Remittance advices, which are issued every week, can include explanation messages and list the individual provider's claims that were paid, suspended, or denied.
- We can mail provider notices, such as an appeals decision, in printed letters. We can generate notices automatically based on defined events and dates. For example, the provider welcome letters are automated based on the provider's active date in the system. Member welcome and reinstatement letters are generated automatically from active eligibility dates in the system.

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The letters in Figure 4.2.1.8-3 illustrate a few of the notices our correspondence management component can generate.

Figure 4.2.1.8-3. Examples of Provider and Member Letters

Our correspondence management component generates letters automatically for defined events, such as welcome letters that generate when new members and providers are entered in CMdS.

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COR13

The Contractor's solution shall provide the ability to create materials at between a sixth and eighth grade reading level and for a culturally diverse population.

Conduent strongly endorses treating all members, providers, and other stakeholders with dignity and respect. Keeping these needs in mind, we are careful to prepare correspondence and other materials that communicate effectively with a diverse population, in the appropriate languages, and at a reading level that is easy to understand.

Conduent deploys industry standard tools to deliver public-facing documents and media that meet both the State of Montana and federal accessibility requirements as defined by Section 508 of the Rehabilitation Act of 1973 as amended, and the Web Content Accessibility Guidelines (WCAG) 2. Correspondence, notifications, and the various publications are created with ease-of-use and continuity in mind to assist users in navigating critical information with minimal effort. The materials we create are reviewed and approved by the State prior to release.

Our foresight in meeting a similar need was illustrated by our Montana call center where we were consistently monitoring phone calls to gauge the effectiveness of our communications. When we determined that members were having difficulty understanding information provided by call center agents, we requested the State's approval to revise the related communications for a lower grade level. Once we received the State's approval, we moved quickly to rewrite call center scripts and modify educational messaging and videos on the member website page to achieve maximum understandability. As a result of our proactive efforts, which were at no cost to the State, the member education level increased from 45% to 85% within five months.

COR24

The Contractor's correspondence engine shall be configured to generate, print, and mail enterprise correspondence.

Conduent's correspondence management product has a successful history of addressing correspondence and fulfillment requirements and support of Medicaid programs across multiple states. The Conduent CMdS correspondence management product is flexible, scalable, and standardized. The correspondence solution has the necessary controls for overseeing and performing the printing, fulfillment, and mailing of correspondence to ensure compliance with related service levels, both in fulfillment operations and geographic restrictions defined by this RFP.

The CMdS product features a correspondence engine that generates letters based on predefined templates, which we then move through our print and mail services to complete the fulfillment and mailing processes. CMdS maintains and uses state-approved templates to generate various types of correspondence, including letters and notifications. Each template includes a designation that specifies whether a letter should be sent by mail or email. These templates include merge fields that allow us to insert data from the CMdS database, giving us the flexibility to dictate specific information needed on a template, such as a letterhead, electronic signature, and phone numbers. This functionality provides the flexibility to use one template for various letters. Letters generated by CMdS are stored in our ECM solution and are available for retrieval, viewing, and reprinting as needed.

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The creation of a letter request is the driving factor in generating, printing, and mailing a letter through the CMdS solution. A letter request can be created in one of two ways:

1. **On-request/Ad Hoc (through the Letter Generation Request webpage).** The system is set up with predefined categories that filter each letter request according to type (for example, claim denial, appeals, eligibility, benefits assistance, provider recertification, and so on). The authorized user indicates the desired template by selecting from a drop-down menu on the Letter Generation Request webpage. The letter may be routed for batch printing or for real-time printing. If the letter request is to be processed in real time, an image is displayed for the user to view and print locally.
2. **Batch (action taken within the CMdS solution that triggers a letter request).** Certain actions taken by users or by the CMdS system trigger the batch generation of a letter, such as a provider welcome letter. The letters are routed for batch printing and mailing.

We can generate letters to be printed and mailed or to be sent by email. Letters that require hard copy delivery are forwarded to Conduent's print and mail facility. This is the same print/mail facility that we use for our current Montana account and is SOC2 compliant. Our solution offers the highest level of inter--operability by managing data exchanges through the Conduent Digital Hub, our single point of integration with the State's MPATH Integration Platform. The Digital Hub is our gateway to storing and accessing letters in the ECM and expediting those same letters to complete our print and mail process.

Here are a few other examples of how Conduent can configure CMdS letter generation, printing, and mailing:

- We can configure our global letters component to extract CMdS-Claims data to generate mailings for welcome packets explaining the EPSDT benefit. We can configure the printing and mailing of these letters to notify the parent, guardian, case head, or other responsible party when a member is due for an EPSDT service. Plus, our solution can generate annual notifications.
- By default, CMdS-Financial generates outstanding receivable demand letters based on configurable 30/60/90/120-day rules. We can change the duration online.
- If an adjustment results in a negative balance during a financial cycle, an account receivable is established. We can configure the system to send a letter requesting the funds.

COR25
The Contractor shall ensure that correspondence, printing, and mailing expenditures that are approved by the Department will be handled as pass-through expenditures.

In the State's Question & Answer Board response to question *5.2 Price Schedules*, you confirmed that Department-approved correspondence, printing, and mailing expenditures will be passed through to the Department for cost reimbursement. In acknowledgement of this Department decision, Conduent's fixed--price bid does not include those expenditures, and we are prepared to follow the necessary processes to forward those expenditures to the Department.

4.2.1.9 Enterprise Content Management [RFP 3.10.1.9, Attachment F]

REQUIREMENT: RFP Section 3.10.1.9, Attachment F
This section addresses Enterprise Content Management requirements for the Contractor's solution(s) and operations. The MPATH Integration Platform will include a centralized enterprise content management solution. The Contractor's solution will be required to

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send all documentation to the MPATH Integration Platform for storage in the centralized enterprise content management solution. The Contractor shall describe the proposed solution's capacity to configure, support and maintain an enterprise content management solution, the type of resource and necessary skill set(s) required for enterprise content management and configuration, and the change management processes associated with enterprise content management. In addition, the Offeror must describe in detail their approach to meet each of the Enterprise Content Management requirements in Attachment F, Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent makes project documents and reports available on demand using our Electronic Content Management solution.

Our Electronic Content Management (ECM) solution is a proven, reliable, and configurable product that delivers comprehensive ECM functionality. The solution stores and provides easy, around-the-clock access to incoming and outgoing documents, correspondence, reports, and other information. We also provide a single point integration with the State's System Integration Services Contractor through the Conduent Digital Hub.

Conduent's ECM Solution

- Proven a reliable, configurable product
- Consolidates correspondence, documents, and reports in one centralized repository
- Aligns with the State's MPATH vision of a modular system
- Meets ADA and 508 compliance

Conduent has nearly five decades of experience providing ECM solutions and services to public and private sector clients of all sizes nationwide. Our history includes digitizing and storing millions of documents every day. We currently provide ECM support services for Medicaid programs in Alaska, California, the District of Columbia, Hawaii, Mississippi, Montana, New Hampshire, New Mexico, Virginia, and Wyoming. We also provide document and image storage and retrieval for many of our MMIS accounts, including in New Mexico, Wyoming, and the District of Columbia.

Controlling Change. Our combination of configuration and change management processes and standards mean that any changes to our solution are subject to change protocols. These protocols ensure that changes to the documents stored in the ECM are approved by stakeholders with the proper authority, documented appropriately, and managed through the system development life cycle.

Enterprise Content Management Resources and Skill Set. Table 4.2.1.9-1 outlines the types of resources and skills required for the ECM.

Table 4.2.1.9-1. Enterprise Content Management Resources and Skill Set

Resource Type	Skill Set
Product Specialist/Business Analyst	Product Specialists assisting with the ECM tool must; • Be familiar with the tool, business function, and configuration • Be knowledgeable in project management approaches and tools • Be knowledgeable in change management principles, methodologies, and tools • Possess exceptional written and verbal communication skills • Be adept with large-scale organizational change efforts

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ECM15
The Contractor's solution shall accept, record, store, and retrieve freeform or HIPAA attachment documents submitted with or in reference to claim submission activity (e.g. operative reports, occupational, physical, and speech therapy reports, durable medical equipment and warranty data, manufacture's tracking data for implants, waivers and demonstration specific requirements).

Our document management solution has the features to accept, record, store, and retrieve documentation needed to support claims processing, including freeform and Health Insurance Portability and Accountability Act (HIPAA) attachments.

Our solution's tools and processes support documentation received in both printed and electronic formats, as well as the ability to scan printed documentation in the mailroom and store those images in the system. In addition, our solution stores any electronic documentation generated in CMdS, transmitted as a fax, or uploaded to the web portal. We also have the ability for the System Integrator (SI) to push documents to our ECM through the Conduent Digital Hub.

As we load each document, we apply index metadata to help categorize each document. We also have the ability to apply a document control number (DCN) to associate an individual document with a specific claim or service authorization. This index metadata and the DCNs become the keywords that can be used to search for and retrieve the needed document. The search can also include a percent sign as a wildcard to help refine the results and locate assorted documents associated with a batch of DCNs.

ECM01
The Contractor will configure, support and maintain Enterprise Content Management (ECM) functionality (including Document Management, Workflow, OCR/ICR) to meet the business needs of the State's enterprise.

Our solution is a configurable repository, which we support and maintain to provide storage, indexing, and viewing of multiple electronic files, including correspondence, supporting claims documentation, and reports. The solution supports the mapping of business processes and sub-processes to a workflow, which allows us to configure both simple and complex workflows. We can define workflows and processes to route and assign received documents to specific individuals or groups, such as routing a scanned document to quality review.

OCR of Hardcopy Claims

In this section, we describe our process for handling paper claims, including optical character recognition (OCR).

Our mailroom team prepares hardcopy claims for imaging, OCR, and exam entry. The process begins with the screening of the claims. Claims that pass the screening criteria are forwarded for scanning. Claims that do not pass the screening criteria are logged and mailed back to providers for resolution.

Documents require minimal preparation before imaging. We use Automated Document Recognition (ADR) technology to sort documents by form type for both structured and unstructured documents. We use imaging equipment and the Central OCR (COCR) application for data capture. COCR applies extensive contextual logic, sophisticated edit rules, and optimized database searches that use member,

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provider, and reference code tables to determine which data can be validated without human intervention. This process is highly successful and significantly reduces the number of staff required to process paper claims.

Claims that meet the OCR business rules criteria pass through the imaging technology to be read by the OCR software. The data is passed to CMdS-Claims for claims adjudication and then indexed for storage and retrieval. The OCR technology transforms machine-printed characters from complex hardcopy forms into electronic data, which dramatically reduces manual data entry requirements and allows us to capture data more accurately, efficiently, and reliably. Our new imaging hardware provides clearer images, allowing for increased form recognition rates by our OCR solution. Multiple OCR voting engines extract data and determine the character values with more precision. Extensive form recognition protocols significantly improve read rates and quality, providing more accurate data recognition and fewer claim errors.

Claims that do not meet the OCR criteria (for example, special-batched claims) are imaged and manually entered in CMdS-Claims. Figure 4.2.1.9-1 shows the paper claims data capture process.

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Figure 4.2.1.9-1. Paper Claims Data Capture
Hardcopy claims meeting OCR criteria pass through the imaging technology to be read by the OCR software, and then, the data is passed into the CMdS-Claims and storage solution.

Paper claim documents are part of batches that we monitor through the batch control function, which indicates the status of batches in the system, prevents the entry of duplicate batches, and provides a balancing control count for claims entered into the system. CMdS-Claims automatically reconciles the number of claims in the batch to the number specified on the batch control record. Management staff reviews the Batch Status Aging Report daily to ensure timely entry of batches and to balance and account for every claim in a batch. A batch remains on the Batch Status Aging Report until the system reconciles the claim count and batch count.

Attachments

Paper claims with attachments are imaged and maintained together. Users viewing claims open images of attachments by clicking on the attachment tab in CMdS-Claims. Claims submitted electronically through EDI or the web portal may have attachments that come in later. These attachments are attached to the claim using the claim's unique transaction control number (TCN) as the index value. Claims suspend if they require attachments and no attachments were received, based upon Agency-defined rules. A work queue informs the appropriate staff to review claims when attachments are received and indexed.

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Management of Documents

We encrypt and index all imaged documents, so the documents can be easily located. Paper images and attachments are available for viewing at any time through the solution. We produce a daily dashboard with an aggregate document summary and the ability to search by billing provider and claim type (for example, professional, institutional, dental, and nursing home). Our search capabilities validate that we process claims and attachments according to State defined business rules. We keep hardcopy original paper documents locally and move them to an offsite storage facility according to State policies. We use a commercial shredding vendor to securely shred documents approved for disposal.

ECM02
The Contractor's ECM solution must be able to support all common document types (i.e., Word, PDF, Visio, Excel, PowerPoint, TIFF, and JPEG) and must integrate seamlessly with the most common document viewing and editing tools used by the Department.

Our ECM solution can accept and store documents in all industry standard document types including, but not limited to, Word, PDF, Visio, Excel, PowerPoint, TIFF, and JPEG. The ECM solution maintains the integrity of these documents at each point—from upload to storage to search to view/open. Documents can be downloaded from the ECM in their original format and users can open them in the appropriate tools for viewing and editing depending on their access levels.

ECM03
The Contractor's ECM solution must allow users to access documents from any platform with all core features available across platforms (desktop, web, mobile). The ECM must allow users to view all documents and images without the use of plug-ins.

Our ECM solution is an industry standard platform and well integrated within the CMdS product. CMdS is built using reactive web design principles and renders appropriately in each platform (desktop, web, or mobile). Users are able to view and edit documents and images retrieved based on the native capabilities of each platform without the use of any proprietary plug-ins.

ECM04
The Contractor's ECM solution must support role-based control and access of documents, as well as including the following:
a. Granular authorizations for access, preview, editing and sharing.
b. Automatic access expirations for documents deemed sensitive by the Department.
c. Content security policy enforcement, such as unusual document access activity and sharing of documents with sensitive information of uploads/downloads of prohibitive data.

Conduent's solution provides a consolidated location for securely storing and accessing correspondence, reports, and other documentation.

- **Granular authorizations.** Our solution uses role-based access and audit trails to provide electronic management of data and maintain data integrity for PHI and personally identifiable information (PII). This approach incorporates a role-to-privilege matrix to grant security rights to a user based on the group to which that user is assigned. We only allow authorized users to store, search, view, edit, print, share, and download any documents. The appropriate cross-reference table information is defined and

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built during the requirements analysis sessions with the State, so users with a certain "role" are able to see current and historical documents, images, and reports related to that role.

- **Automatic access expirations.** Role-based authorization limits a user's access to only the data and functions for which that user is approved. A user can have multiple roles; however, all access is denied unless the user has a specific role allowing access to the specific function attempted. In addition, access rights to more sensitive documents, such as PHI and PII, can be set to automatically expire as of a certain date. The functionality for group security rights automatically denies access unless a user is given the access rights to the specific document classification and the access rights are not expired.
- **Content security policy enforcement.** Our solution is compliant with both State and federal privacy and security requirements. Sensitive project data is appropriately protected across the enterprise. Access is strictly controlled and limited to authorized users to maintain compliance with HIPAA privacy and security requirements for PHI and PII. All access is audited and logged accordingly.

ECM05
The Contractor's ECM solution must include a flexible search engine, including document and content search capabilities.

Our repository stores a variety of documentation, including correspondence, medical reports, attachments, and other types of documents. Built-in functionality allows authorized users to search through stored documents using index metadata, such as a provider number, recipient ID, or a claim DCN.

Multiple search options allow authorized users to select the type of search and specify any of multiple data elements, as shown in Figure 4.2.1.9-2. To help speed the search process and quickly retrieve the required documents, search options can include any combination of keywords, full text, drill downs, or checklists and can run against document text, metadata, and other content. For example, searches can focus on a certain day or a specific prior authorization number. A search can also include a percent sign as a wildcard to help refine the results, such as locating documents associated with a batch of DCNs.

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Figure 4.2.1.9-2. Searching for Imaged Documents
Our ECM solution provides users with multiple search options.

ECM06
The Contractor's ECM solution must allow users to associate metadata with documents.

When storing correspondence, reports, supporting claims documents, or any other document images in our repository, we can index stored documents, so they can be easily located later. Conduent defines the index metadata for the State's review and approval. Where applicable, we can include a DCN to associate a document with a specific claim. This index metadata and DCNs become the keywords that can be used to search for and retrieve a document for viewing and editing.

ECM07
The Contractor's ECM solution must support simple integration with scanning solutions (support for bulk-scanning).

Conduent's solution is supported by a Kodak scanner that scans, orients, and sends images to the storage or the Conduent Central OCR (COCR) software for further processing. Other input methods include the

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Web portal, such as an uploaded attachment, e-mail, or fax, and documents generated by CMdS, such as letters or reports. These documents are stored in our document repository and can be retrieved online.

- Conduent uses a Kodak scanner and a high-quality imaging software suite of tools to automate the imaging, indexing, and storage of incoming paper documents. The scanner captures images of paper claims and attachments and routes the images for indexing, storage, and either automatic optical character recognition (OCR) processing of claim documents or routing to a user for follow-up (attachments, letters, and other non-claim documents). The Kodak scanner can scan both single- and double-sided documents, scan complete or scraped (redacted) documents, and color, grayscale, and black and white images. Output can be created in multiple compression formats, including TIFF and JPEG. Brightness and contrast can be adjusted as needed to improve the image quality. The operator also has the capability to view each image to ensure it is properly captured and identified and do immediate re-scans of documents not meeting quality standards. The software indexes all images through an automated read of a standard field on a standard form or a barcode. In addition, the mailroom team can view the image and key the index value.
- COCR is an OCR-capture software package used to extract claims data from standard forms such as the CMS-1500 and UB-04. The paper claim documents are imaged on the Kodak scanner, using either the COCR or scan modules. The TIFF images are then processed by COCR through the OCR and data validation modules. The OCR process itself provides machine and handprint recognition using intelligent character recognition (ICR), OCR, and natural handwriting recognition (NHR) engines, with support for voting among multiple engines for greater accuracy. Once the data is captured from the image, it is validated using business rules configured and customized for the claim form being processed. Data that does not pass the business rules is presented to a keyer for "data perfection" – to either correct the entry or accept the data because it matches what the provider entered on the form. COCR then creates output records containing the captured data to be sent to the CMdS-Claims adjudication engine. It also sends the claim TIFF images and accompanying index records for storage in the document repository.

ECM08
The Contractor's ECM solution must support version control.

Our solution provides a robust version control functionality that retains all iterations of a document—preserving a historical record of changes. We can maintain all previous versions of a document while new versions are added. In addition, versioning can be applied to individual document types.

Our security features maintain fine-grained control over the privileges granted to users. Depending on these privileges, authorized users can check out, view, and edit a document, access a document's entire history, and revert to any previous version. Similarly, administrators can review and manage the documents that users have accessed.

ECM09
The Contractor's ECM solution must be configurable to comply with the Department's document retention policies.

Our solution can be configured to retain electronic data and paper documents for time periods defined by the State. This enables State users with appropriate access to view historical files and records.

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This retention can be set to begin from the date a document is generated in CMdS, uploaded to the web portal, or received in the mailroom. An original paper document is destroyed only after the 15-calendar-day retention period has passed in accordance with State and federal guidelines and the electronic image has been scanned, indexed, and stored.

We keep original paper documents locally and move them to an offsite storage facility according to the State's policies. We use a commercial shredding vendor to securely shred paper documents approved for disposal.

ECM11
The Contractor's ECM solution must scan all uploaded documents for viruses prior to storage.

Conduent is ever vigilant in our efforts to protect the State from viruses that can prove to be malicious, intrusive, or destructive. Such viruses can spread quickly to other State systems as well as to systems belonging to providers, members, and other stakeholders—with costly results in the form of data breaches, data corruption, and system downtimes.

Our tools and processes incorporate security and quality controls that include protection mechanisms to detect and eliminate malicious code. We establish these protection mechanisms at our information technology system entry and exit points as well as at workstations, servers, or mobile computing devices on the CMdS network.

Our methods for performing virus scans of uploaded documents are effective whether these documents are uploaded by a provider on the web portal or by a team member in the mailroom. Our web security processes evaluate all incoming data for possible viruses prior to loading them to the database. The documents uploaded to the common attachment page from a user's workstation or network are scanned for viruses. All uploaded documents must successfully pass this virus scanning before our system allows the documents to be stored.

ECM12
The Contractor's solution shall be able to index, link and display incoming correspondence or uploaded documentation with the entity record.

Conduent's solution does far more than just act as a repository for storing project documents. With our solution, we can index, link, and display a variety of imaged files, including claims, service authorization forms, correspondence, medical reports, HIPAA attachments, and other types of documents.

Our tools and processes support documentation in both printed and electronic format. Documentation generated in CMdS, can be transmitted as a fax, uploaded to the web portal, or scanned as hardcopies in the mailroom. We can link documents that we have indexed and stored to the associated entity records. These documents are then retrieved and viewed from an associated record or searched for using index metadata.

Support Services

- Up-to-date scanning technology delivers clearer, cleaner images to storage
- Search functionality provides an easy method to retrieve and view documents
- Stored images of scanned documents promote a paperless environment—that is, sharing without printing

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ECM13
The Contractor's solution shall send all documentation to the Systems Integration Services module for storage in the centralized ECM.

The Conduent Digital Hub provides a single point of entry into the CMdS system for all external entities. The ECM solution is integrated via the hub and available for the SI to push and pull documents. We work with the State's SI to push documents to the central ECM through the SI on a pre-defined schedule, or the SI can pull documents as needed.

ECM17
The Contractor's solution shall have an integrated electronic document management solution to meet the business needs of the State's healthcare program enterprise.

Our solution helps the State reduce its reliance on paper while providing a centralized, integrated repository for storing critical project documents. By providing easy access to the State's documents, our ECM solution maximizes productivity in claims processing and program management. Our system accepts documents generated in CMdS, such as correspondence and reports; documents transmitted as a fax; documents uploaded to the web portal; and paper documents received and scanned in the State's mailroom. We follow proven processes to efficiently and correctly image/scan, OCR, index with metadata, organize, store, and retrieve all document types, including claims and attachments.

Conduent provides a secure content management repository solution with full workflow capability to link image creation, capture, retention, tracking, and retrieval. We fully integrate with the other CMdS modules as well as the State's System Integrator through the Conduent Digital Hub to provide the capabilities to store, track, and access electronic files and images of records in a single, well-organized document repository. Our system stores all documents regardless of type, whether an incoming paper document, faxed or emailed document, electronically submitted document, or a document generated by CMdS (for example, letters and reports). Images captured by our OCR process (such as CMS-1500 and UB-04 claim forms) are also stored.

ECM18
The Contractor's ECM solution must support event based document workflows with configurable reviews/approvals (e.g., work type, role, priority, dollar amount) with the ability to collect digital signatures.

We incorporated workflow management into the architecture of our solution, making workflow functionality a core part of our underlying infrastructure.

Built-in workflow capability automates business processes to increase operational efficiency and improve quality and customer service. This integrated automated workflow functionality is easily accessible within the solution and supports the mapping of business processes and sub-processes to a workflow. We designed our solution to maximize the use of setup rules that automate specific operations and business requirements. Fully customizable workflows can be configured according to the State's specific business requirements. We work with the State to define the appropriate rules, events, and timeframes for workflow routing and escalation protocols. These multi-step workflows align and automate best practices with existing processes as well as new process improvements.

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Conduent configures workflows to route tasks to specific individuals or groups because of defined events. We base these workflow task assignments on such criteria as work type, role, priority, or dollar amount. For example, a workflow can route a newly scanned document (event) to a quality control team (role) for review and approval before allowing the document to upload.

The workflow function includes Conduent and the State users with the ability to route between both parties and work and review processes flow seamlessly between individuals and departments throughout the organization. For example, a workflow function can accommodate the scanning and input of documents, as well as written requests, all of which can be routed. Further, functions for archiving completed tasks and rerouting tasks for further investigation, even after being archived, are also included in our solution as well as a comprehensive search functionality.

Workflows

Sophisticated, built-in workflow components assist in routing tasks and escalating issues.

- Provide accelerated communication of information and tasks
- Promote a paperless environment by attaching document images with workflow tasks
- Standardize processes and increase compliance with operational requirements
- Yield more cost-effective, efficient processes

Workflows can help track turnaround times for reviews, measure turnaround times, track and view receipt dates, track history related to a review, locate date of status changes, and identify the user who performed a change and the date of the change. Once a review is complete, a workflow can allow reviewers to indicate their approval with a digital signature. Conduent uses Adobe Sign to provide the technology and algorithms that deliver digital signature functionality. With Adobe Sign, we can track signature responses, support email notifications and reminders, and integrate signature functionality with Microsoft Outlook, Word, or PowerPoint. Users can click, tap, or swipe to apply their signature from web or mobile apps so approvals can be performed.

In Proposal Section 4.2.1.10, Workflow, we describe the workflow management provided by our CMdS product in further detail.

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4.2.1.10 Workflow [RFP 3.10.1.10, Attachment F]

REQUIREMENT: RFP Section 3.10.1.10, Attachment F

This section addresses Workflow requirements for the Contractor's solution(s) and operations. The MPATH Integration Platform will exchange data with all MPATH components to support enterprise wide automated business process orchestration. The Contractor's solution shall include a configurable workflow solution for process definition, execution, monitoring, and management. The Contractor shall describe the proposed solution's capacity to configure, support and maintain a workflow solution (i.e., add, modify, or remove/retire existing workflow configurations) and the type of resource and necessary skill set(s) required for workflow management. Describe the change management processes associated with workflow management. In addition, the Offeror must describe in detail their approach to meet each of the Workflow requirements in Attachment F, Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The features and configuration of CMdS' flexible workflow management solution is tailored to the business needs of Montana's MPATH project, both for today and as the Department's healthcare programs evolve over time. Our automated business functions streamline tasks and activities and improve communication and decision-making processes.

Using our workflow tool, Conduent is prepared to drive new and improved business results. No longer constrained by technology, we can turn loose our expertise with Montana's programs to configure customized workflows that organize, prioritize, and control and monitor the work to be done.

Workflows allow experts to define how each piece of work needs to be driven to completion. Experienced, talented staff that know your requirements and your policies can have a tremendous influence on operations—every day—without having to do the work. Our approach reduces your dependency on the institutional knowledge of experienced staff for routine sequencing and completing operational activities. Instead, you get process conformance and service-level driven prioritization from the configured workflows within our solutions.

Conduent's Workflow Solution

Workflow Features

- Streamline collecting data, assessing data, routing data, and reporting/analyzing data
- Include a configurable data field engine, business process engine, rules engine, and reporting engine configurable electronic workflows
- Intuitive and configurable mail-merge/print template functionality
- Automated data imports and exports
- Built-in reports

To meet the State's need for a configurable workflow solution, Conduent proposes to use our workflow tool as part of our CMdS-Claims and CMdS-Financial products. Our solution offers process automation of advanced workflows incorporating your business rules, at-a-glance status through visualization and aggregated statistics, and application-to-application and business-to-business capabilities—all on a common, integrated platform that includes message service support for alerts and notifications.

Figure 4.2.1.10-1 provides an example splash page screen for our workflow tool. We configure the splash screens to be project-specific, configured to your specific requirements.

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Figure 4.2.1.10-1. Splash Page
The splash page provides the user with a summary of current events and information.

Our workflow tool processes off of records that have their own data fields, workflows/business processes, business rules, tabular lookups, and validation rules based on the record type. In alignment with DPHHS' vision, these fields, workflows, rules, and reports are configured visually using our workflow system's administrative tools.

Some key capabilities that our solution provides you include:

- Customizable data fields that allow a focus on minimum required data
- Electronic workflows that allow routing of the pertinent information to the right users
- Assessment based on configurable business rules
- Intuitive and configurable mail-merge/print-template functionality directly accessible from the web--browser
- Seamless addition of new screens and data fields
- Jurisdiction and program area restrictions (both role- and group-based security) including field-level security and audit control
- Automated data imports and exports via XML, SOAP/Web-Service, and text-based formats
- Built-in similarity score and configurable weights-based de-duplication
- Built-in Geographic Information System (GIS) functionality and analysis for static maps and choropleth maps, with automatic assignment of latitude and longitude
- Built-in reports with extendable report functionality

Our solution is browser-based, so that access is easy, and information can be requested or provided securely online. This allows us to share data and work collaboratively. It supports electronic document uploads along with bar coding, indexing, and storing documents. Notifications are automatically sent to users and the solution's inherent de-duplication capability prevents duplicate records by means of a powerful and configurable de-duplication algorithm.

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The toolbar icons shown in Figure 4.2.1.10-2 represent buttons that perform many of the functions.

Figure 4.2.1.10-2. Toolbar
User specific toolbar buttons allow for easy access to essential functions.

The buttons displayed on the toolbar may vary depending on a user's role. For example, while one user might see a trashcan icon on the toolbar for deleting an event, another user may not see the icon because his/her assigned role doesn't permit that action. Table 4.2.1.10-1 below defines our standard toolbar button options.

Table 4.2.1.10-1. Toolbar Buttons

Button	Description
	Create Event – Used to create a new event.
	Search Event – Used to search for an existing event based on various search criteria.
	Print Event – Used to print letters or forms specific to the open event.
	Workflow – Used to view user workflow queues. Workflow queues are designed to bring attention to events which may need user action.
	Tasks – Used to assign, update and complete tasks.
	Import Roster – Allows a user to import a roster and create multiple events automatically. This is a custom feature and is done on a project-by-project basis.
	Update Roster – Allows a user to update answers to model questions from a list of selected events on a single screen. This is a custom feature and is done on a project-by-project basis.
	Manage People and Facilities – Allows a user to manage reference entities like physicians or laboratories directly from the end-user interface. This is a custom feature and is implemented on a project-by-project basis.
	Create Claims Event/Recall/Aggregate Claims Report – Allows the user to create a claims event to manage a number of different situations.
	Reports – Used to view and print and export reports from done data.
	Lock Event – Used to set a long-term lock on the event, which prohibits others from updating this event. Primarily used with offline functions.
	Manage Resources – Users can view and add resource management sites and resources allocated to those sites. Examples include, but are not limited to, claims, vehicles, training rooms, trainers, etc.

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Button	Description
	Manage Finances – Allows a user to manage accounts, invoices, bills, and expenses, and see financial reports.
	Manage Sites – Shows a list of all organizations and enables the user to rapidly enter multiple organizations.
	View User Calendar – Used to view or update information in the user calendar.
	Share Event – Used to share an event with a user or group who would not ordinarily have permissions to see it.
	Recent Events – Used to provide access to the last 20 events the user has opened or created.
	Import Event(s) – Used to import one or many events from one instance to another (for example, from a test to a production environment). This feature is often used for offline event updates.
	Export Event(s) – Used to export one or many events from one instance to another (for example, from a test to a production environment). This feature is often used for offline event updates.
	Delete Event – Used to delete an event.

Workflow Management Resources and Skill Sets

We staff the project with the right resources to manage the workflow tool. Table 4.2.1.10-2 provides an example of the skillset we provide for the expert resources that assist with configuration of the workflow tool.

Table 4.2.1.10-2. Workflow Management Resources and Skill Sets

Resource Type	Skill Set
Business Analyst	Business Analysts assisting with the workflow tool and the related change control must: • Be familiar with the workflow tool, business function, and configuration • Be knowledgeable in project management approaches and tools • Be knowledgeable in change management principles, methodologies, and tools • Possess exceptional written and verbal communication skills • Be adept with large-scale organizational change efforts

Here we provide responses to your detailed requirements to share additional details about our workflow capabilities.

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WKF01
The Contractor's workflow solution shall provide a runtime engine that facilitates process events throughout the work type lifecycle.

Conduent's workflow solution persistently triggers and refreshes updates to workflow data. User actions, automated events, or workflow conditions trigger routing and assignment to subsequent users and queues. The state of items in a workflow are monitored real-time and next steps for the workflow are applied based on configurable rules according to a workflow record's current attributes.

Beyond basic workflow configuration, our solution includes a rules engine to support the evaluation of data from our data model. We add/modify business rules based on your requirements as seen in Figure 4.2.1.10-3.

Figure 4.2.1.10-3. Rules Engine Configuration
Using our workflow rules engine, you can implement business rules to evaluate data and take appropriate action, such as sending an alert.

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WKF02
The Contractor's workflow solution shall provide configurable work distribution and redistribution based on work type, worker skill, priority, and age of work which can be configured by the State.

Our solution supports manual and round-robin auto assignment of workflow records based on a variety of rules and data attributes. Queues are created with logical-entry criteria and exit criteria for work of a given type, and then are associated with groups of users. Records can appear in multiple queues at the same time and be grouped, routed, and prioritized based on data attributes like age and type of work. Rules can be configured to meet unique business process needs.

WKF03
The Contractor's workflow solution shall provide a user-friendly Graphical User Interface (GUI) for process definition, execution, monitoring, and management. Support a role-based interface for process definition that leads the user through the steps of defining the workflow associated with a business process including processes that are managed by Department staff only, and that captures all the information needed by the workflow engine to execute that process.

The web-based user interface shown in the introduction allows you monitor work and provides visibility – including graphically – to operational-throughput statistics. Different views in the user interface are optimized for user roles so that you see exactly the work you are responsible for performing or monitoring. Our solution also provides administrators with the capability to define and configure workflow processes through the user interface as seen in Figure 4.2.1.10-4. Authorized users, based on their role, can easily define and configure workflow steps, including processes managed by Conduent, Department staff, or both.

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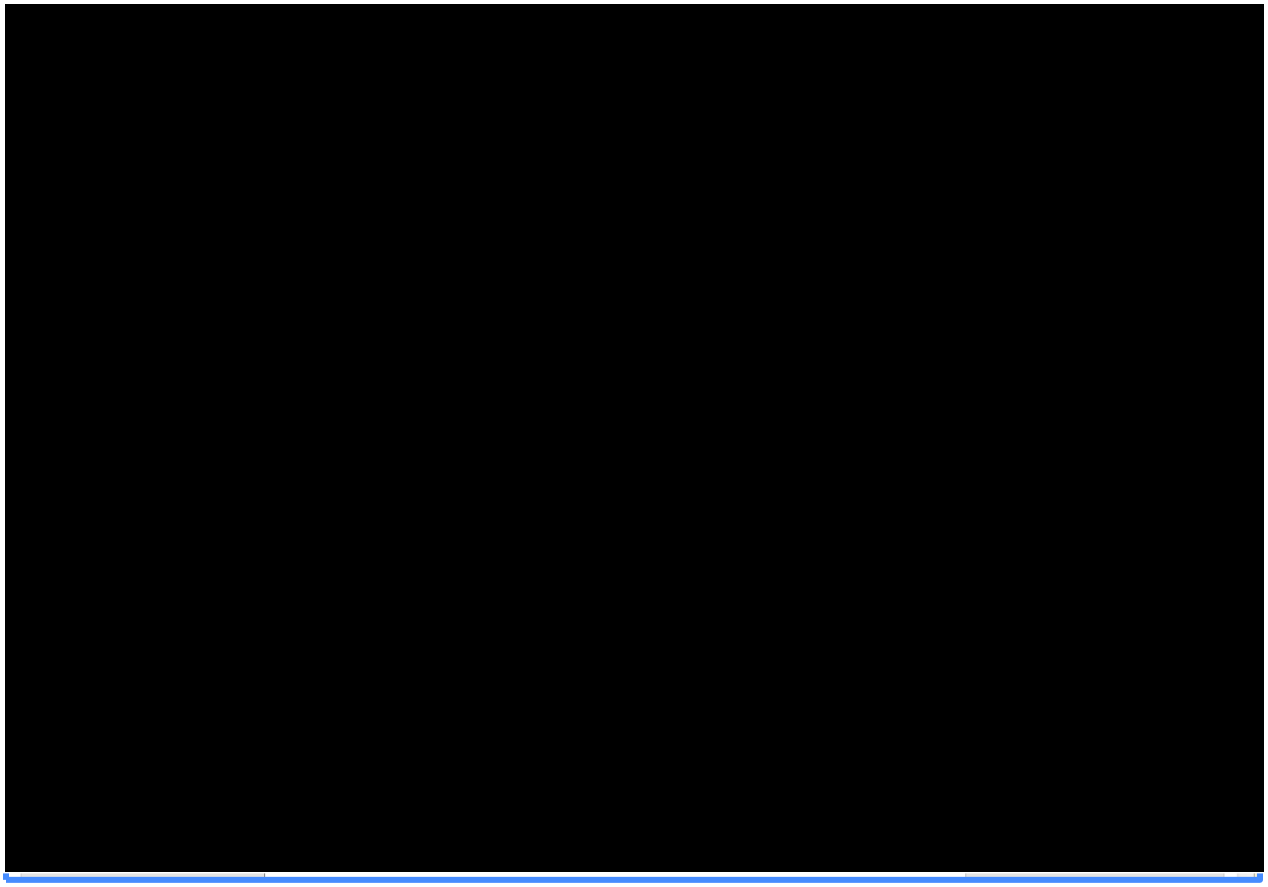

Figure 4.2.1.10-4. Editing a Workflow
Using our user interface, you can configure new or modify existing workflows.

WKF04
The Contractor shall support and assist the Department in mapping all business processes and subprocesses to the workflow application and in transitioning from manual to automated process execution.

Our staff consults and supports you with business process mapping, automation, and workflow configuration. Our teams will make business process improvement suggestions based on experience that the Department can leverage. Our workflow tool is a state-of-the-art system with many features that reduce the manual steps involved in implementing new rules and can be configured by business analyst staff rather than IT developers.

WKF05
The Contractor's workflow solution shall support work-type processing that includes internal and external dependencies.

Our tool can support work-type processing that includes internal and external dependencies. The data can be brought into the tool real-time from external systems to trigger configured workflows. Data from our Enterprise Content Management System (ECM) can be integrated with the tool to support workflow processing.

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WKF06
The Contractor's workflow solution shall provide the ability to view alerts and/or reminders by user, by work-type.

Users can easily view alerts, by work-type, from the dashboard. The tool also facilitates easy navigation into a member's case. The solution provides the Department staff with an individual calendar that presents the activities due for a specific day/week/month, including overdue activities. It also facilitates easy navigation into a member's case.

WKF07
The Contractor's workflow solution shall provide the ability to set alerts and or reminders by user, by work-type.

The rules engine allows configuration of the workflow function to send alerts and notifications, by work--type, to managers as reminders, or schedule a follow up on a date on the user's calendar based on actions and triggers in the system. When configured, no human intervention is needed to assure notices are provided to appropriate stakeholders including providers, members, caregivers, community services, social workers, etc. Rules may be written with logic that prompts the system to set an activity on a certain date based on a specific trigger. Users utilize a calendar to self-manage their caseloads and tasks assigned. They can also manually create alerts and activities.

WKF08
The Contractor's workflow solution shall automatically set the state of the work item, based on the processing steps when completed to provide transparent, accurate status of the work at all times.

To continually provide a transparent and accurate status of the work, our workflow solution automatically sets the state of the work item based on the processing steps. Users can easily view alerts from the dashboard and track status of the work items by work-type. The user dashboard displays the member's episodes (cases), activities, and alerts, along with case aging by episode status.

WKF09
The Contractor's workflow solution shall provide supervisors access and control of work by type and by user.

The supervisor dashboard provides real time monitoring of day-to-day activities for team, individual productivity measures, workload balancing, and regulatory/contractual requirements in their department. A visual representation of staff workload allows supervisors to assign and reassign cases and activities to maintain quality and maximize staff performance. Manual reassignment and auto-assignment features minimize or eliminate response delays due to overloaded or unavailable staff. This dashboard provides a quick view of operational statistics for the team, as well as a drill-down to team members. Further, dashboards are configurable based on the Department's needs within the parameters of existing functionality. All the data from supervisor dashboard is available for reporting. Workload and user productivity reports are available to review individual user's performance and response to requests.

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WKF11
The workflow engine shall be configured to support capturing business processes using Business Process Model and Notation (BPMN) 2.0 or later, even if the engine uses a separate coding of the rules for execution.

We maintain Business Process Model and Notation (BPMN) for capturing and documenting business process specifications within our business process model. Our workflow engine is designed to meet the special needs of the healthcare marketplace, but does not use BPMN in the coding of rules for execution.

WKF12
The workflow engine shall be configured to support the establishment of work queues allowing in-process knowledge, data, and documentation to flow from one-solution to another solution.

The workflow rules engine is configurable for automatic assignment of work and setting up work-queues. All case/record-specific information and documentation is stored in an "episode." Authorized users with access to the episode can access the information and documents. Further, necessary documentation required by other solutions can be shared using standard interfaces or APIs. Our workflow rules engine integrates with our ECM making cross-solution connectivity and functionality possible.

WKF13
The workflow engine shall be configured to support workflow access, assignments, and execution for all essential aspects of the business processes (e.g., provider enrollment, provider screening, client communications).

Users can access solution-provided rules and rule sets as templates or configure their own rules and workflow logic from the available library of components. Using the rules engine, rules can be configured to support automated workflows, case assignments, and execute all aspects of the business processes. For example, users can automate workflow processes for sending pre-configured or custom "Welcome Letters" to providers upon their enrollment.

WKF14
The Contractor shall configure, support and maintain a configurable document management, workflow, and ICR/OCR solution that meets the State's requirements. If the Contractor's solution does not include an integrated content management solution that meets the state's requirements, the Contractor will be required to leverage the State of Montana's Perceptive Content Management solution with their overall solution.

Through CMdS, our product fully meets the State's requirements for a configurable document management, workflow, and ICR/OCR system. In addition, we understand that the Department may choose to have Conduent leverage Montana's Perceptive Content Management solution with our overall solution.

Document Management and Workflow

Our solution provides an integrated automated workflow ECM system that is easily accessible and supports the mapping of business processes and sub-processes to the workflow application. This solution allows us to configure both simple and complex workflows within the workflow tool. We also have the

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flexibility to define workflows and processes to create tasks based on received documents and route/assign them to specific individuals or groups.

Document Management and OCR Technology

Our ECM solution helps the State reduce its reliance on paper and supports centralized access to Montana Medicaid program data. By providing easy access to your documents, the ECM maximizes productivity in claims processing and program management. Our document management solution provides processes for paper documents received in the State's mailroom, as well as proven processes that efficiently and correctly image, OCR, index, organize, store, and retrieve all document types, including claims and attachments. Additionally, correspondence or documentation that we produce as part of our workflow process is maintained and indexed to the appropriate transaction or data record, as well as the workflow item that generated it. All documentation in the ECM is available for online retrieval.

WKF16
The Contractor's solution shall deliver automated business process/workflow management to support the establishment of work queues via an assigned worker portal allowing in-process knowledge, data, and documentation to route from one worker's queue to another as well as across solutions. The Contractor's solution shall ensure compliance with defined processes.

Our solution includes a simple yet powerful configurable electronic workflow capability. Our electronic workflow queues have been used to model diverse workflow and decision support needs of government customers across health and human services, justice, and public safety verticals. Workflow queues ensure that no required steps are missed and that all required conditions are met before a case can progress to the next step.

Workflow queues have logical entry and exit criteria. Any record/case that satisfies the entry criteria of a workflow queue gets assigned to the queue and stays in the queue until the exit criteria is satisfied. These electronic queues are, in turn, associated with groups of users. A record can be in multiple queues at the same time, and a queue can have multiple records. This concept allows both parallel and serial processes as downstream workflow entry criteria can be linked to upstream workflow exit criteria. In other words, the tool allows multiple people to work on the same thing or can accommodate work that needs to be done in a specific order. Workflow queues allow assignments and reassignments as well.

Workflows are proactive, which means that as soon as the user logs in, they are shown the records that are in their workflows. Workflows can be tied to email notification bulk actions if necessary and can also be tied to print templates for bulk letter prints. High priority events (e.g., a client at risk of suicide) can also be sent via SMS to applicable users as most cell phones support email-based SMS notifications. Workflow definitions are created and maintained online via the web-based System Administration facility.

In Figure 4.2.1.10-5, the workflow details for a specific workflow are shown as an example of how workflows are displayed.

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Figure 4.2.1.10-5. Workflow Details
Workflow Queues are the mechanism within to identify events and tasks that require user attention.

A subtle but important note about workflow architecture is that it can handle both in--sequence/"happy-path" order of events and out-of-sequence order of events. This is due to the nature of entry criteria driven queues, which focuses on the state of the record as opposed to how it got there. This means that the workflow is able to handle unanticipated situations or changes in process sequence.

Another point to note about workflows is its capability to initiate escalations based on performance benchmarks. For example, for a given activity, the customer benchmark is a one-week turnaround. The customer can configure workflows so that if a week goes by and the assigned personnel have not worked on the record, a supervisor workflow will automatically pick up that record for proper investigation into the delay and subsequent disposition.

Our tool supports workflow process map definition and visualization. This is useful for an organization as it allows a macro-level view of how the organization is handling the underlying cases/records.

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4.2.2 Project Management and System Development Requirements [RFP 3.10.2]

REQUIREMENT: RFP Section 3.10.2

The Contractor will be expected to apply proven project management and system development methodologies to the initial implementation of the proposed solution and to each subsequent enhancement or iteration of the solution.

DPHHS does not require a particular project management or system development methodology. The Offeror must propose an approach that will satisfy the scope of work and incorporate all activities required, or their conceptual equivalent. The Contractor will be expected to adjust the project management approach or project schedules, as necessary, to collaborate with the Systems Integration Services Contractor and other contractors to support the overall enterprise. In addition, DPHHS will require the coordination of efforts among its staff and all contractors, as no single contractor can perform its required responsibilities without coordination and cooperation with the other contractors. The selected contractors shall maintain communication with other contractors and DPHHS management and staff as necessary to meet its responsibilities that pertain to this RFP's scope of work.

Conduent's team of experts uses an integrated, results-oriented project management and system development approach to support the needs of the Claims Processing and Management Services project.

Conduent's system implementation and operations delivery approach follows our proven Quality Management System (QMS) – a collection of turnkey plans, procedures, and delivery accelerators that enable our team to reliably initiate, plan, execute, and control project activities. Guided by industry standards and best practices garnered from nearly 50 years of healthcare implementation experience, our QMS is proven, reliable, and repeatable. As depicted in Figure 4.2.2-1, our QMS employs a holistic approach to all facets of project execution by incorporating methodologies for project management, system development, operations, and training. By advocating standardized and consistent processes, we not only implement a proven formula for success during the initial implementation, but we are able to repeat these processes to manage future system enhancements and iterations.

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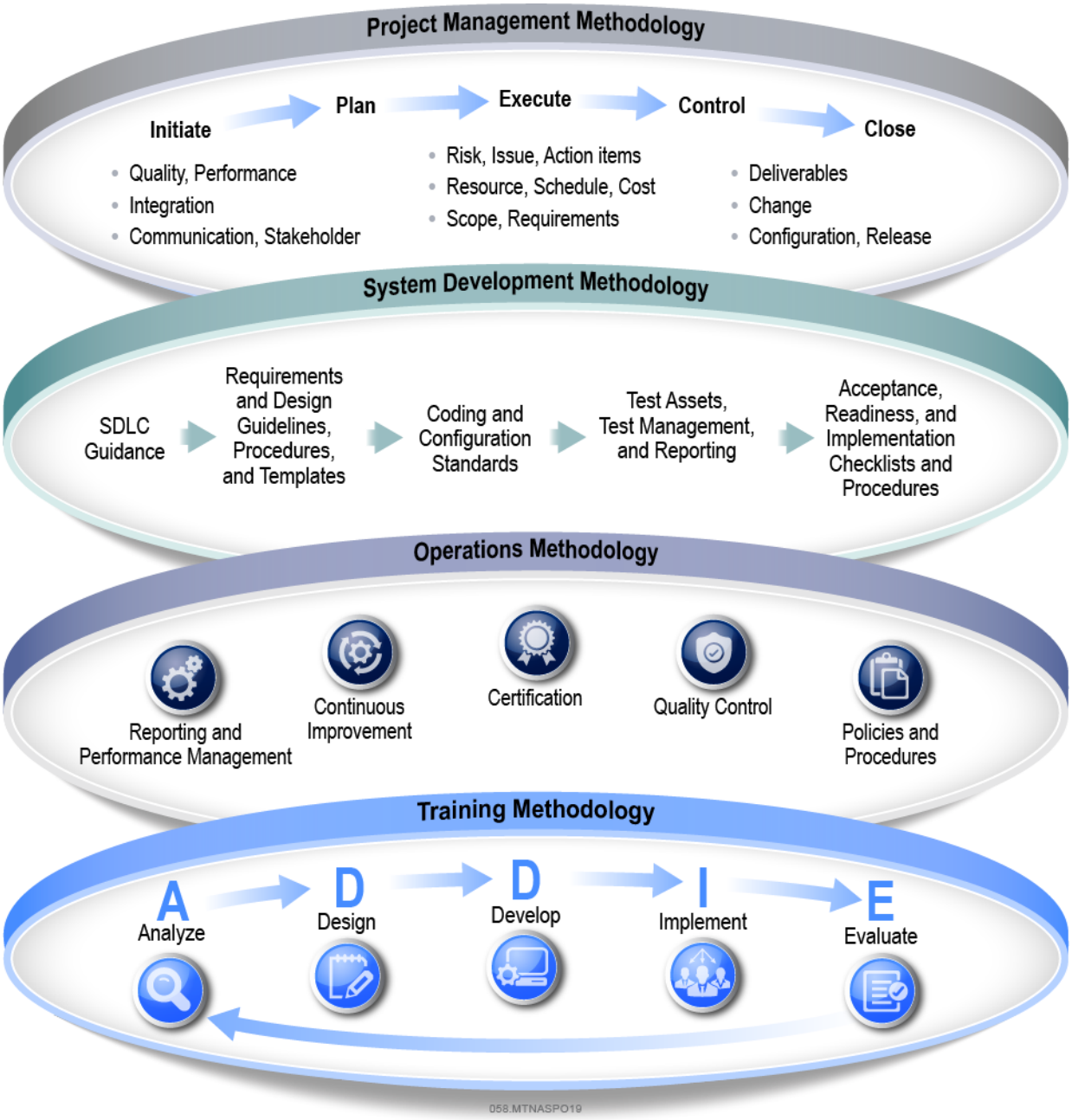

Figure 4.2.2-1. Conduent Quality Management System
Our methodologies are integrated, turnkey, and comprehensive.

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Our QMS offers process documents that are descriptive, standardized, specialized, and ready for integration. Each of our plans contains an overview, process diagrams, inputs, steps, outputs, roles, and supporting artifacts and tools based on our long tenure of implementing and operating healthcare systems. Conduent develops project documentation and deliverables based on experience and industry standards which include:

- Project Management Institute's A Guide to the Project Management Body of Knowledge (PMBOK® Guide)
- Software Engineering Institute's (SEI) Capability Maturity Model Integration (CMMI®)
- Institute for Electrical and Electronics Engineers (IEEE)
- CMS IT eXpedited Life Cycle (XLC)

Because our documents are founded upon industry-standard best practices and methods, we can quickly align our processes and supporting artifacts to your requirements, to the System Integration Services Contractor, and to other contractors' processes.

Our **Project Management Methodology (PMM)** includes processes executed in every project phase and provides oversight and monitoring for all project activities. Our PMM can be leveraged to provide project stakeholder communication strategies, project staff planning, risk identification and mitigation as well as scope, schedule, and budget planning and control. Our baseline documentation set is designed to be flexible and easily customizable, allowing us to tailor our baseline documentation to meet the specific needs of the project. For a more detailed discussion of our PMM, please see Proposal Section 4.2.2.1, Project Management.

Our **System Development Methodology (SDM)** provides best practices, templates, procedures, and supporting tools to configure and deploy our technical solutions. Our seasoned delivery model capitalizes on proven system development life cycle (SDLC) elements to meet DPHHS needs. A key feature of our scalable and flexible Software-as-a-Service (SaaS) delivery model is the Conference Room Pilot (CRP) – a live, demonstration-based approach to requirements validation that allows DPHHS to visually compare the solution to Montana's business requirements as they are being configured. The objective of these facilitated walkthroughs is to leverage the system's ease of configurability and current functionality to identify both approved features and potential gaps, real-time. To fill identified gaps, we apply a Feature Driven Development (FDD) iterative approach to deliver customized functionality, gathering feedback and course correcting as we progress. Further detail regarding our SDLC approach and methodology can be found in Proposal Section 4.2.2.2, System Development Methodology.

Our **Training Methodology** includes a comprehensive, user-centric, and closely-monitored learning approach designed to ramp up resources quickly and get them productive as soon as possible. Our training is tailored to the needs of specific learner groups and is based on the job functions that individuals will be performing. A key component of our training methodology is the use of a feedback loop where training is critiqued by the trainees after completion so that updates and changes can be made to make the training as effective as possible go forward. Our Training Methodology includes industry best practices and is aligned with the fundamental instructional design framework: Analyze, Design, Develop, Implement, and Evaluate (ADDIE). A more complete discussion of our training methodology and approach can be found in Proposal Section 4.2.2.7, Training.

Finally, our **Operations Methodology** includes the standards, processes, and templates required to successfully prepare for, run, and monitor operations in a healthcare systems environment. This

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methodology and its related management artifacts are based on industry best practices as well as Conduent's many years of successfully managing operations for state healthcare system implementations. Components of our operations methodology include staffing management, quality assurance, quality control, service level agreement (SLA) management and reporting, continuous process improvement, operational readiness review, and a complete CMS certification toolkit. Additional detail regarding our operations methodology is discussed in Proposal Section 4.2.4, Operations, Maintenance, and Configuration.

Strengthened and reinforced by implementing and refining our QMS in accounts across the country, our methods provide a pathway to expertly satisfy the Claims Processing and Management Services project scope of work. This approach and our familiarity with Montana programs and policy qualify us to enact a stakeholder-centric solution that considers the processes, oversight, integration, and interoperability needed to support your program's success. Further, our current work in Montana means that we are familiar with your multi-vendor landscape and the integration, communication, and flexibility necessary to coordinate and collaborate with other module contractors to meet the needs of the State.

Our approach to project governance, described in Proposal Section 2.8 [RFP 3.8], Stakeholders and Governance, is designed to meet the needs of the project and overall MPATH program. Through our governance capabilities, we communicate progress to our DPHHS stakeholders, inform decision making, and discuss remediation of project problems. Our governance protocols provide opportunities for communication and collaboration with other contractors especially in the areas of schedule dependencies and changes, integration, and other critical cross-contractor topics. We agree that we cannot perform all of our required responsibilities without coordination and cooperation with other contractors. Therefore, we plan for these interactions, define dependencies, build relationships, and maintain communication with other MPATH contractors to assure collective progress against DPHHS objectives.

We are confident we can meet and exceed the federal and State standards and requirements set forth for the project through the effective execution of our comprehensive QMS methodologies and tools. Our experienced project managers, turnkey yet tailorable project management processes, and collaborative approach allow us to execute the Claims Processing and Management Services project with efficiency, collaboration, transparency, and excellence.

4.2.2.1 Project Management and System Development Requirements [RFP 3.10.2.1]

REQUIREMENT: RFP Section 3.10.2.1, Attachment F

The Contractor shall submit in their response, a high-level project schedule that represents the overall implementation timeline of their proposed solution. The high-level schedule must include key dependencies and all phases of the project from project initiation and kick-off through certification of the system (approximately one year following the implementation of all DDI Contract requirements). The Contractor must adhere to the Project Management Institute (PMI) or similar industry-standard project management standards and approach throughout the Contract term and will be required to deliver a Project Management Plan and Project Work Plan in addition to other project planning deliverables. The offer must describe in detail their approach to meet each of the Project Management requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The Conduent Quality Management System (QMS) provides a framework to guide the Montana Claims Processing and Management Services project from initiation and kickoff through to CMS certification. Our approach, tailored to meet your requirements, leverages proven best practices based on industry standards.

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As introduced in Proposal Section 4.2.2, Project Management and System Development Requirements, Conduent's system implementation and operations delivery approach follows our proven QMS, which consists of our Project Management Methodology (PMM), System Development Methodology (SDM), Training Methodology, and Operations Methodology.

Our QMS provides templates, plans, procedures, best practices, and standards for all our implementation projects and operational accounts. We develop our management approach and project documentation blending our own experience with industry standards such as the Project Management Institute's *PMBOK® Guide* and CMS IT XLC.

Using the standardized and consistent processes found in our QMS, we mobilize our projects with proven, reliable, and repeatable methods and turnkey templates. Reinforced and supported by our implementation leadership team, the QMS helps us streamline project start-up, implement consistent guidance across project phases, promote coordination with other module contractors, and deliver flexible documentation readily customizable to your requirements. Quickly implementing our QMS practices enables us to consistently manage and execute our projects, producing high-quality results within time and budget constraints.

Project Management Plan

One of the cornerstones of our approach is our Project Management Plan, which outlines our overall PMM. The Project Management Plan describes our project management structure and summarizes the approach, organizational standards, integration points, and supporting deliverables and work products for each of the knowledge areas specified in the current PMBOK Guide.

The Project Management Plan is supported by subsidiary management plans that include activities to initiate, plan, execute, monitor, and close each knowledge area. Examples of subsidiary plans include: Communication Plan, Schedule Management Plan, Risk Management Plan, and Quality Management Plan. We tailor the plans to the needs of the project; adjust them based on necessary coordination with other module contractors; and submit the Project Management Plan, subsidiary plans, and required supporting deliverables to DPHHS for review and approval.

Project Work Plan

In Proposal Section 3.1, Draft Project Work Plan, Conduent presents a high-level project schedule depicting the overall implementation timeline for the Claims Processing and Management Services

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project. The Project Work Plan includes key dependencies and all phases of the project from initiation and kickoff through to CMS certification. The section includes two versions of the proposed schedule: a summary (work breakdown structure/Gantt chart) view and a detailed (task-level) view.

To effectively manage the implementation schedule and Project Work Plan, we begin with a standard work plan that is a part of our PMM and aligns with our standard phases, tasks, milestones, and deliverables. We adjust the tasks based on RFP requirements and project-specific needs, and we amend durations based on the work and resources necessary to meet your requirements. We include descriptions of each activity, task, and sub-task to accurately represent the completion steps for each activity, milestone, and deliverable. We leverage our knowledge and experience gained in Montana and across other Conduent implementations to develop a Project Work Plan that is executable and grounded in solid, tested, and proven schedule management standards.

PMT01
The Contractor shall provide licenses as required by the Agency to allow users access to perform all necessary business functions.

Conduent offers the CMdS product as a Software as a Service (SaaS) product: it includes all necessary licenses for users to perform the business functions of the solution. As such, there is no need for individual licensing. We also work with the Department to make project documentation, including the Project Work Plan, available in easily accessible formats such as PDF. This eliminates the need for specialized software licensing.

PMT02
The Contractor shall support the Department in all program governance activities as necessary.

During project initiation and planning, we coordinate with DPHHS to align our processes and reporting to meet your program governance requirements and standards. We support program governance in a multitude of ways. We schedule meetings, provide meeting agendas, capture meeting minutes, track attendance, and record meeting actions, among other necessary support functions. However, we go much deeper than providing administrative support. We provide reliable and accountable personnel to participate in governance activities and provide work performance information and subject matter expertise to support your program-level decision making.

In addition to working with you to set the format and frequency of governance meetings, we also work with you to align on recurring agenda topic areas and define work performance heat map criteria. We believe that alignment on critical details – such as what defines a "red" status indicator versus a "yellow" one, is an essential and valuable exercise that we perform early with key DPHHS stakeholders. To accomplish this, we leverage our QMS Project Status Calculator, which assists in the determination of heatmap status indicators using a series of standardized questions and answers for each key performance indicator. As the user completes the calculator, answering the questions for each category, the calculator displays status heat map indicators of red, yellow, or green to indicate performance in key areas such as schedule, budget, resources, scope, technical performance, and operational performance. Our team uses the tool to calculate status and assure consistent, objective assignment of heat map color and end-to-end assessment of the factors that influence project performance in each area. Our resulting report is consistent and reliable, supporting your governance and oversight activities.

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PMT03
The Contractor shall be responsible for the capture and dissemination to the Department of agendas, meeting minutes and documentation necessary for successful execution of the project.

Our QMS offers ready-made templates for agendas, meeting minutes, status reports, and other project documentation. These documents are easily customizable to support your specific requirements and made available to the project team during project initiation to support consistent documentation and reporting.

Once the project begins, we meet with the Department to agree upon timelines for the distribution of meeting agendas and minutes. We provide meeting agendas prior to any meeting with the Department and/or applicable stakeholders. During meetings, we capture detailed meeting minutes that track attendance, summarize topics of discussion, capture key action items and decisions, and establish necessary follow-ups. Conduent distributes completed meeting minutes to attendees following the meeting. We also post meeting minutes to our SharePoint site for easy retrieval and review.

We also utilize a customizable set of project plans, procedures, templates, and guidelines from our QMS document repository. Our repository is not a library of "shell" files with headings and instructions awaiting content. Rather, the documents are descriptive, standardized, specialized, and integrated. It includes documentation from management plans to workflow diagramming guidance to documentation standards and many, many more. By providing these turnkey documents at the start of the project, we can quickly adjust them to support project integration.

PMT04
The Contractor shall participate in necessary meetings with the stakeholders and/or other Contractors.

Effective meeting facilitation plays a vital role in clarifying goals and expectations, coordinating work, sharing an understanding of responsibilities, providing a uniform understanding of schedule milestones, and promoting team trust and rapport. Conduent's PMM offers processes to identify stakeholders, standardize communication media, monitor adherence to communication protocols, and provide timely, consistent, and complete documentation before, during, and after meetings conducted with identified stakeholders and other Contractors.

We work with DPHHS during project initiation to complete our Communication Plan, Stakeholder Analysis, and Communication Event Schedule. These documents work in conjunction to:

- Determine meeting and communication schedules and frequencies
- Identify applicable stakeholders
- Document communication activities for the life of the project
- Define level of impact to stakeholders
- Establish clear responsibilities and expectations

In addition, our Communication Plan documents best practices and protocols for meeting planning and administration to make sure we have the right stakeholders in attendance, to achieve the desired outcomes of meetings, and to track meeting decisions, action items, and resulting work products with accuracy and efficiency. Our governance approach, detailed in Proposal Section 2.8 Stakeholders and Governance, leverages industry best practices, our experience in Montana, and our lessons learned while operating alongside multiple contractors to reach common objectives.

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By setting communication expectations early in the project, we engage and build working relationships with stakeholders and other contractors well before operations. We advocate for the identification of stakeholders, not only at the beginning of the project, but as the project progresses from one phase to the next. We work with DPHHS throughout the project to complete and update the Stakeholder Analysis, which uses the Responsible, Accountable, Consulted, and Informed (RACI) model to define the level of stakeholder responsibility for processes and tasks. Table 4.2.2.1-1 defines the RACI values and Communication Levels that are part of our Stakeholder Analysis.

Table 4.2.2.1-1. Stakeholder Analysis Captures RACI and Communication Levels

Level	Definition
RACI Level	
R	**Responsible.** Those who do work to achieve the task. There can be multiple resources responsible
A	**Accountable**. (also Approver) The resource is answerable for the correct and thorough completion of the task. There must be exactly one accountable person specified for each task or deliverable
C	**Consulted.** Those whose opinions are sought; use two-way communication
I	**Informed.** Those who are kept up-to-date on progress; one-way communication is sufficient
Communication Level	
1	Involve Extensively/Key Decision Maker
2	Involve as Needed/Subject Matter Expert (SME)
3	Keep Informed/Address Concerns (project team members, key operations staff)
4	Send Materials/Need-to-know Basis (e.g., Providers, Third Party resources, External Customers)

From this categorization, we can determine specific ways to engage and communicate with our stakeholders. A key output of this analysis is the Communication Event Schedule, which identifies one--time as well as recurring communication and collaboration events, including recurring meetings. We use this schedule to involve and engage the right people at the right time. Events documented in the Communication Event Schedule include kick-off meetings, requirements validation sessions, Conference Room Pilots, specific document reviews, and weekly and monthly status meetings. From planned governance meetings to impromptu hallway discussions, we are committed to continued support of Montana's communication objectives through both formal and informal communication means.

PMT05
The Contractor shall provide deliverables or documentation as defined in the Project Work Plan (PWP) and approved by the Department.

Conduent's draft Project Work Plan (PWP), found in Proposal Section 3.1, Draft Project Work Plan, includes the deliverables and documentation required by Proposal Section 4.2.7, Project Deliverables and Documentation. Conduent seeks Department approval on the finalized Project Work Plan and all included deliverables in order to meet your requirements and the needs of the Enterprise. The deliverables listed in the Project Work Plan encompass the documentation and work products required to successfully implement and operate the Claims Processing and Management Services project.

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PMT08

The Contractor shall support the State and its Contractor(s) in Independent Verification and Validation (IV&V) activities associated with the contract including CMS Certification(s).

Conduent works collaboratively with DPHHS, the IV&V Contractor, and any oversight agent designated by the State or CMS throughout the project. We have extensive experience working closely with IV&V vendors in other implementations and recognize our obligation and responsibility to work with this important group.

We work with DPHHS to determine system and repository access needs so we can provide appropriate access for the IV&V contractor and any other oversight group throughout the project life cycle. In addition, Conduent posts all document-based deliverables to the project's SharePoint site for easy access and review.

For certification efforts, we provide a Certification Lead who serves as the primary point of contact for certification-related issues. The Certification Lead works with the State's project team and IV&V to support and assist in certification planning, status meetings, deliverables, preparation of checklists and artifacts, milestone reviews, and supporting the review and validation of requirements by the State, IV&V, and CMS. Our Certification Lead hosts status meetings to provide updates on the certification activities, openly discuss them, and respond to questions from DPHHS, the IV&V, and any other third parties engaged in the certification process. More information on our certification processes and results are in Proposal Section 4.2.3, Certification.

PMT09

The Contractor shall conduct a monthly status meeting to discuss project tasks and activities (e.g., deliverables, milestones, issues, risks, and SLAs).

In line with our communication management processes, we work with key DPHHS stakeholders early in the project to align on key meeting elements such as recurring meeting topics, content or artifacts to be reviewed by meeting type, and the leadership levels, SME areas, and other attendees needed when considering meeting needs. For example, monthly status meetings may include month-over-month progress information, both strategic and tactical meeting topics, and information geared toward higher level leadership stakeholders than, for example, a weekly status or topic-specific meeting. This effort, and the resulting differentiation between meetings, aligns with our governance structure, prioritizes stakeholder time, and focuses project messaging.

In the monthly status meeting, we summarize the information gathered from our weekly and monthly status reports in a presentation for the monthly status meeting. During this meeting, we identify key project tasks and activities that occurred or were due to occur during the reporting period, including:

- Current outputs from the Project Work Plan and an updated schedule in PDF format
- Completion status of the project including key milestones and schedule variations
- Planned tasks and activities for the next reporting period
- Deliverable statuses and percent complete including at-risk deliverables
- Staffing changes and issues
- Status of project risks and issues including any new or closed risks or issues
- Testing status and metrics

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- System enhancement pool hours used and remaining
- Status of Service Level Agreements (SLAs)
- Metrics required by the State CIO's Legislative Finance Committee

We focus discussions on critical path items and items that require escalation to DPHHS and/or other stakeholders. This promotes visibility and collaboration on the issues, risks, and other items that have a significant or direct impact on overall project health.

PMT10
The Contractor shall conduct weekly meetings to discuss issues, risks, progress of current projects, solution changes, resource changes, and other areas specific to the scope of work.

Conduent conducts weekly status meetings with DPHHS and other designated stakeholders to review project status, risks and issues, solution and staffing changes, recent deliverables and upcoming milestones, and work planned and completed during the reporting period. We use our Project Status Report Template, with format and content we agree upon with DPHHS, as a visual aid to clearly identify these key performance indicators.

Our Project Status Report Template includes a description of the overall schedule status, planned and actual deliverable start and end dates and percent complete, work planned and completed during the reporting period, and open issues and risks. It includes status heat map indicators of red, yellow, or green for key performance areas including schedule, financials, resources, scope, technical performance, and operational performance.

Figure 4.2.2.1-1 presents a sample status report template we use to depict project status and health.

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Figure 4.2.2.1-1. Customizable Status Report Template
Our template presents a dashboard view of status, risks, issues, deliverables, and milestones.

Accurate execution of our PMM processes allows us to generate work performance information and status reports that are informative, comprehensive, and transparent. Conduent appreciates the importance of consistent status reporting across contractors to promote uniform, informative, and actionable messaging. We can easily modify our nomenclature and format to align with your requirements and to support consistency with the System Integration Services Contractor and other MPATH module contractors.

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PMT11
The Contractor must employ a project management approach that will satisfy the scope of work and incorporate all activities described in the RFP. The Contractor shall adjust the project management approach or project schedules, as necessary, to collaborate with the module vendors in order to incrementally build the enterprise platform.

Conduent's PMM is designed upon industry-standard best practices with a focus on repeatable processes, rigorous controls, and continuous communication with DPHHS. Our PMM incorporates the knowledge areas of the PMBOK® Guide, but also extends beyond the ten standard PMBOK Guide Knowledge Areas by providing additional critical plans, procedures, and guidelines in our QMS, curated over decades of government and healthcare implementation experience. Several of our PMM topics are presented in Figure 4.2.2.1-2.

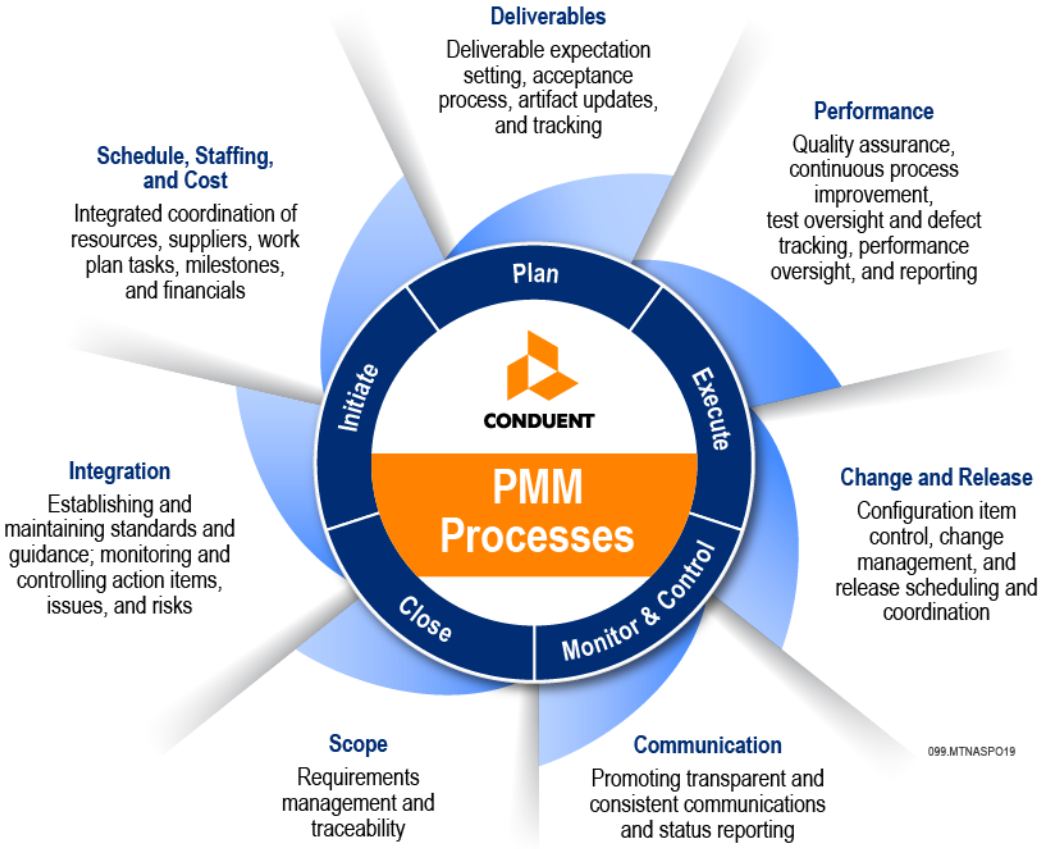

Figure 4.2.2.1-2. Conduent PMM Processes
Sound, comprehensive PMM processes support a collaborative partnership with DPHHS, high levels of quality, and effective project oversight.

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Our PMM is documented as a series of plans that define key project management processes, their inputs, outputs, roles and the related metrics that are required to initiate, plan, execute, and monitor all project management activities. In addition to aligning to the latest PMBOK Guide processes, these plans incorporate industry-standard practices from IEEE, CMMI, and CMS IT Expedited Life Cycle (XLC) and other standards related to system development, project management, operations management, and healthcare programs. Our plans are standardized and turnkey, which means we can tailor them quickly and effectively to align to your project management requirements. We set aside time during project initiation to review each plan with you and make sure we are aligned with your standards and requirements. We work with you over time to make incremental improvements and to align our documentation and project schedule to the project's evolving needs. In the pages that follow, we discuss several of the PMM knowledge areas that are critical to the success of the Claims Processing and Management Services project.

Communication Management

Effective communication plays a vital role in clarifying goals and expectations, coordinating work, sharing an understanding of responsibilities, and providing a uniform understanding of schedule milestones. Conduent's PMM offers processes to identify stakeholders, standardize communication media, monitor adherence to communication protocols, and provide timely, consistent, and complete reporting. Our Communication Plan, Communication Event Schedule, Stakeholder Analysis, and Agenda and Minutes Template are all artifacts of our communication management knowledge area used to document communication activities for the life of the project.

Our QMS templates provide the right level of detail to give a strong start to the project. For example, the Communication Event Schedule shown in Figure 4.2.2.1-3 demonstrates the depth of detail our plans and artifacts include—this template defines the who, what, where, when, and why of each planned communication event.

Figure 4.2.2.1-3. QMS Artifact Depth Example: Communication Event Schedule
Our artifacts provide the right level of detail to accomplish the need effectively and efficiently.

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Our experience on multi-vendor projects provides proof that promoting transparency and open communication helps foster a successful working relationship among stakeholders. The Project Manager conducts regular status meetings, provides clear and informative status reports, and keeps stakeholders informed and engaged regarding issue and risk mitigation activities, schedule tracking, deliverable progress, and solution development. Once agreed upon with DPHHS, we can imbed the project's approach to governance directly within the plan or can provide it as its own stand-alone artifact so that all elements of communication protocols – from email signatures and telephone etiquette to status report contents and governance groups are formally documented and referenceable.

Our Communication Plan – and the training and guidance we provide our project team – includes best practices and protocols for meeting planning and administration to make sure we have the right stakeholders in attendance, to achieve the desired outcomes of meetings, and to track meeting decisions, action items, and resulting work products with accuracy and efficiency. We also communicate regularly with our team members to remind them of best practices for facilitating formal and informal meetings, capturing action items, phone and conference call etiquette, and conciseness and clarity of email messages. While these items may not seem particularly significant, they contribute to a professional, accountable, and transparent project environment in which we collaborate with you openly and productively.

Change Management

A mature change management approach acknowledges that change will occur, institutes proven change management strategies, and incorporates change in an orderly, informed, and collaborative manner. Our Change Management Plan establishes a structured, repeatable change management process; provides an approach to effectively manage hardware, software, and documentation changes; and describes tools and processes needed to track, analyze, manage, and implement changes according to the approved schedule.

Our QMS includes many artifacts that provide a structured approach to problem solving and decision support. The Impact Assessment Template from our Change Management Plan is one such artifact. It provides a consistent and thorough approach to identifying, assessing, and implementing changes. This artifact includes general information about the Impact Assessment itself such as the requestor, person assigned to complete the assessment, and the target completion date, as well as the following prompts about the change being requested:

Title and ID Number. The author includes on the form a short but descriptive title of the change, as well as the unique identification number from the SharePoint-based Change Requests list.

Change Description. The description of the change, also taken from the Change Requests list, gives the assessor awareness of the subject matter where impact research is required.

Justification. Provides the business justification and source of the request. This field is used to balance the impact of the change with the benefits of the change.

Impact Type. A series of checkboxes that can be used to designate impact areas and to enlist the help of additional SMEs as necessary. Impact types include: budget, schedule, scope, staffing, quality, technical performance and systems, and operations performance and systems.

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Implications of Proposed Change. Discusses the potential consequences if the change is implemented, such as performance degradation, impacts to related functionality, etc.

Requirements or Tasks Affected. Lists the requirements, documents, processes, and development activities that are impacted by the change.

Iteration/Release(s) Affected. Lists the iterations or releases impacted by the change.

Integration Considerations. Describes how the change affects other components, implementations, interfaces, and other integrated elements such as releases, work schedules, or modules.

Level of Effort Estimate. A table that quantifies the level of effort, in hours, by resource type, to fully execute the change if approved by the Change Control Board.

We analyze and capture the technical, schedule, and budget impacts to the project, so we can collectively determine the priority and timing of each proposed change. Through these processes and templates, we make sure we are staying aligned with your vision and desire for ongoing improvements, while keeping you informed of how new ideas and programs can be incorporated into our schedule and scope.

During project initiation, we work with DPHHS to tailor our plan to meet the needs and requirements of the Enterprise Change Management Plan.

Configuration and Release Management

Our robust configuration management process promotes a reliable, stable technical infrastructure and integrity of all work products throughout the project. Configuration management involves processes to maintain a detailed record of the system's configuration, to control changes to configuration items, and to facilitate life cycle management consistency through verification and audits. Configuration management also provides the discipline for clear identification and change of all configuration items that make up the system or documentation set. We use our Application Configuration and Maintenance Plan to document configuration standards and activities that identify, control, and verify work products and software code. Configuration management is tightly integrated with release management, because we make sure all items are modified through appropriate controls before migrating from one environment to another or to production.

Document and Deliverable Management

Our meticulous document management process spans the entire life cycle of each deliverable throughout the project. Our Deliverable Management Plan and Deliverables Expectations Document (DED) guide our rigorous, quality-focused process for drafting, reviewing, submitting, seeking approval of, and maintaining deliverables.

Conduent's approach to a quality-focused deliverable management process includes:

- Setting deliverable expectations to agree upon the deliverable outline, content, timing, and designated DPHHS stakeholders
- Training our team to adhere to documentation standards, including formatting, grammatical standards, and naming conventions

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- Performing peer reviews of deliverables to verify business and technical accuracy and alignment to requirements
- Performing Document Quality Assurance (DQA) review prior to submission of deliverables to verify consistency, completeness, and alignment to templates and standards
- Managing DPHHS document feedback to address deficiencies both within the document and to identify improvement opportunities
- Providing a single point of contact for deliverable submission who delivers documents and work products to our DPHHS point of contact and uploads documents to the SharePoint site

We collaborate with you throughout the deliverable life cycle to produce clear and concise documentation that meets deliverable expectations. State comments and feedback are welcome during the review process, and we incorporate all feedback into the final draft. Once the final draft is ready for delivery, we submit the deliverable for final signoff and approval. We store records of deliverable approval in the project's SharePoint site. These process steps provide you with assurance that the deliverable reflects your requirements and collective feedback, and that a complete history of the deliverable's approval is maintained and available.

We baseline each deliverable and place the deliverable under configuration control. This means we only modify it through approved change and maintenance protocols, in order to adhere to project scope and schedule. We work with you to set the mutually agreed level of control and frequency of maintenance that must be applied to each document. These fundamental processes guide our teams in developing documentation that fully conforms to requirements and accurately reflects our services.

Risk and Issue Management

Risk and issue management are dynamic processes in which characteristics are constantly subject to change. We apply standardized processes to maintain ownership, accountability, tracking, reporting, and closure of action items, issues, and risks, so problems are identified before they negatively impact the quality of the project or technical solution. We encourage and train all team members to identify and log risks and issues. Our constant vigilance helps us to evaluate these items and respond quickly.

Our risk and issue lists in the project's SharePoint site provide the Department and Conduent with at-a-glance views of the project's risks and issues. The priority for each risk or issue is determined by assessing the risk or issue against a multifaceted, numerical scale to assess the potential or real impact to the project for each respective problem. Figure 4.2.2.1-4 provides an example of how our QMS dives deeply to provide increased process rigor for key performance areas such as project risk. In this case, our QMS provides users with instruction on what level of risk mitigation should occur opposite the risk rank.

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Figure 4.2.2.1-4. QMS Focus on Key Performance Areas Example: Risk Management Contingency Plan Trigger

Our Risk Management Plan protects the project by including built-in triggers indicating when a risk must not only be mitigated but must also have a contingency plan in case the mitigation plan fails.

We hold our own review meetings to assess and update risks and issues each week, and then we publish the results of these updates through the project's SharePoint site. We report associated metrics and risk and issue status in the Project Status Report, so we can focus status meetings on discussing progress being made, risk mitigation plans in progress, and barriers to issue resolution.

Quality Management

Our approach to quality management begins with the individual. Through extensive training and ongoing quality reviews, our staff understands how each member of the team contributes to the overall delivery of quality services for the project. By holding team members responsible for delivering quality work within their roles, we create an environment that promotes teamwork, accountability, accuracy, and professionalism. We define measurable performance standards that apply not only to individual performance and operational activities, but also to all documents and deliverables. We establish quality activities such as peer review, quality assurance, quality control, and performance management, all guided by our Quality Management Plan.

Our QMS documents, including those for Quality Management, use the same document layout: approach overview, inputs, process, outputs, metrics and monitoring and roles and tools. This consistency makes using them simple and efficient. You can see the key process steps right in the table of contents, as presented in Figure 4.2.2.1-5, which shows the table of contents for our Quality Management Plan.

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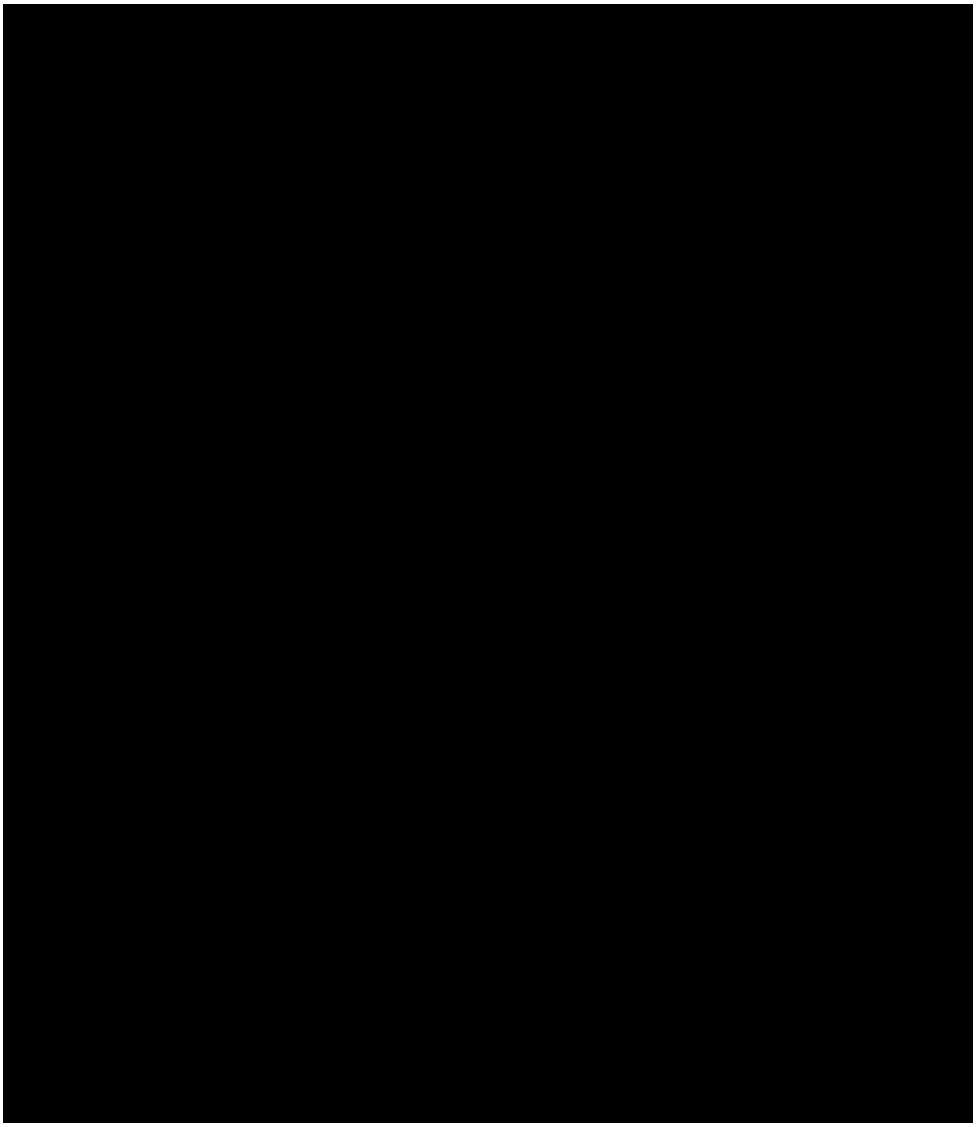

Figure 4.2.2.1-5. QMS Ease of Use Example: Key Quality Management Content in the Table of Contents

Team members can review all documents or focus quickly on key process steps using the descriptive table of contents. This consistency and readability make using the document simple and efficient.

Our Quality Management Plan details the management strategy to continually plan for, govern, promote, implement, and improve quality in all project activities. The comprehensive plan establishes the approach for validating the quality of project-wide processes and documentation for implementation and operations.

Our Quality Management Plan offers a comprehensive description of the approach, features, and benefits that infuse quality into all aspects of the project. Our approach requires all team members to take responsibility for quality in their respective positions on the project. We provide oversight through our Quality Manager to make sure quality reviews and improvements take place as scheduled.

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Resource Management

Seamless implementation and efficient operations of the CMdS product require that the right staff, equipped with the right training, are in the right place at the right time. Our Staffing Plan details our management strategy for properly resourcing the project to complete project objectives. The plan defines our approach to identifying and communicating staffing needs so that we meet project objectives within the schedule, scope, and budget constraints. Furthermore, our Training Plan outlines activities to establish the project's overall training approach, identify training topics to be delivered to learners, deliver necessary training, and monitor training effectiveness. These plans are essential roadmaps to successful implementation and operation of technical solutions. Alongside these plans, our staffing model includes experienced key and non-key staff resources.

We know that experience alone does not guarantee successful transition, implementation, or ongoing operations: it must be supported by an effective and comprehensive training program. The combination of Conduent's Training and Staffing plans guide the development of a team capable of implementing and operating the CMdS product.

Requirements Management

Our SaaS solution affords an opportunity for you to see the CMdS product as we configure it to meet your requirements. Through our Conference Room Pilot (CRP) approach, we demonstrate the solution's configured functionality long before UAT. We work collaboratively with you to configure the system and identify any gaps, which we then address through iterative requirements clarification, design sign-off, customization, testing, and full traceability in a Requirements Traceability Matrix (RTM).

Requirements validation sessions are an important activity to review and clarify your requirements, business processes, policies, and relevant documentation. These requirements then come to life in CRPs, which give you an in-depth look at the CMdS product, configured for the Claims Processing and Management Services project. During CRPs, we demonstrate the configured product, confirm requirements' satisfaction, validate policy and rules, and identify gaps. As we embark on iterative configuration, development, and testing, we continue the collaborative and interactive approach by demonstrating the system as it evolves to meet your requirements. We continue to update the RTM through this process, so you can be assured your requirements are being satisfied across the SDLC.

Schedule Management

Mature and proactive schedule management starts with the development of an accurate, complete, and predictive Project Work Plan and work breakdown structure (WBS). We execute stringent and regular maintenance processes to track the progress of the project through deliverables, milestones, and tasks.

Our Schedule Management Plan, consistent with all our QMS plans, provides an overall approach diagram to help users visualize key process steps: Figure 4.2.2.1-6 presents our overall approach for schedule management. We execute these process steps to promote stakeholder awareness, gain requisite approvals, and monitor progress toward an on-time deployment.

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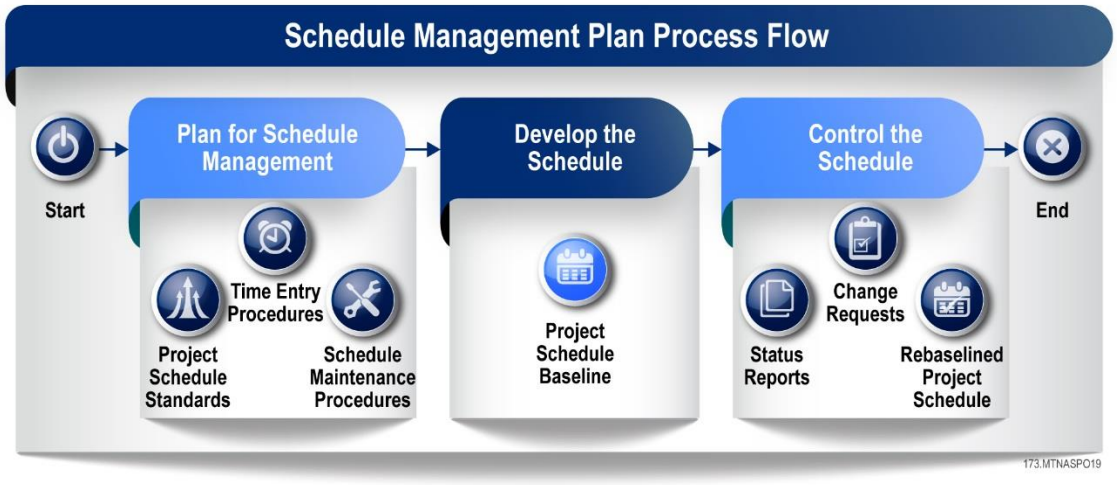

Figure 4.2.2.1-6. QMS Approach Visualization Example: Schedule Management
All our project management plans include a descriptive diagram that gives readers a solid understanding of the overall process before providing detail in each process step.

Our approach to work plan development encourages a dynamic, effort-driven, and predictive schedule. Our standards require consistency in naming tasks; effective and informative decomposition of tasks; and the use of historical data and industry-specific experience to improve the accuracy and predictability of the project schedule. Adherence to these and other standards means that resources know and understand their assigned tasks and durations, reviewers can quickly ascertain the status of clearly-named and unique activities, and we can facilitate reporting by applying filters on clean, concise schedule data. Just as a well-built and well-maintained machine will encounter fewer issues throughout its life, a thoughtfully organized and routinely maintained project schedule can steer the project management team in the right direction towards on-time deployment.

We are keenly aware of the complexities that module contractors face in coordinating a complex project with phased implementations of modules with interdependencies. Regarding schedule management, we leverage our experience with multi-vendor implementations in other states – including our current work in Montana to understand best practices for schedule development, notation, and monitoring that help us identify touchpoints between our work and other MPATH module contractors. This allows us to closely monitor and control our dependent tasks and release schedules to incrementally and collaboratively build the enterprise platform.

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PMT12

The Contractor shall conduct a project initiation kick-off meeting with key stakeholders and the State's project team.

Conduent holds kick-off meetings for all our new projects and implementations. We encourage the State's project team to join us in presenting the kick-off materials to support and encourage a collaborative team environment and partnership. We use our Kick-off Presentation Template to establish a framework of topics for discussion, and we work with the State's project team to identify attendees, including other module contractors, the IV&V, and other stakeholders.

During the kick-off, we introduce our project team, present the organization chart, and identify points of contact. This helps us open lines of communication and collaboration with stakeholders.

We also provide a project overview, which outlines the goals, priorities, and policies of the project. It is important all stakeholders understand the overall project vision; while each module contractor is responsible for the technology and operation of a specific business function, we must share common expectations to achieve the success of the Enterprise.

We also present a high-level solution overview, detailing the solution components and how the modular solution fits into the enterprise as a whole. The Claims Processing and Management Services project scope, complexity, and interdependent relationships require mutual agreement to support effective and successful interactions and accountability for assigned responsibilities.

We review our implementation plan, which outlines our implementation timeline and project phases, methodologies used to develop the plan, supporting tools, and any anticipated implementation challenges. This helps stakeholders to set timing expectations and mitigate potential risks and issues related to the project schedule.

Reviewing these topics during the kick-off meeting helps the project team and stakeholders establish a mutual understanding of the project overview, goals, requirements, and vision.

PMT13

The Contractor shall implement procedures and tools for tracking project action items, decisions, issues, risks and defects.

Conduent uses tools and detailed procedures for tracking project action items, decisions, issues, risks, and defects. During project start-up, we agree upon processes and procedures for monitoring and controlling these important items. We document DPHHS-specific procedures using our baseline, tailorable QMS documents, including our:

- Issue Management Plan
- Risk Management Plan
- Action Item Management Plan
- Master Test Plan and Defect Management Plan
- Decision Procedure

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These documents help us establish a mutual understanding of the process to identify, document, triage, and resolve each item. We train our teams on how to use the SharePoint site's list functionality to track action items, issues, risks, and decisions. The functionality allows us to capture and record key information related to each item, such as owner, title, status, date opened and closed, importance, and additional notes as needed as shown in Figure 4.2.2.1-7. SharePoint Lists can also be exported to Microsoft Excel for easy viewing, sorting, filtering, and sharing. We keep version history on all list items so we can monitor their progress towards timely closure.

Figure 4.2.2.1-7. Sample Action Item Tracking
Conduent uses a Microsoft SharePoint site to track and monitor action items, risks, issues, and decisions.

As we move into system testing, we document the procedures for tracking defects in our Defect Management Plan. We use a Defect Log in the Azure DevOps life cycle management tool to track defects, assign severities, and execute remediation and retesting. We submit the Master Test Plan and Defect Management Procedure for DPHHS review and approval and regularly review the Defect Log with DPHHS to provide transparency in defect tracking.

PMT14
The Contractor shall provide an electronic document repository for project documents and deliverables. The Contractor, Department staff and other contractors with the appropriate security level must have the ability to upload/attach new or revised versions of documents. The repository must perform version control and allow users to view all prior versions.

Conduent uses Microsoft SharePoint as a standard collaboration and document management tool for our projects. Our team members are well versed in the tool's features, functions, and best practices. Our QMS offers a comprehensive library of standards, procedures, and best practices for SharePoint usage. This includes a catalog of recommended SharePoint document libraries; baseline templates and procedures to load into the project's site; and customized filters, views, and lists to track risks, issues, and action items in accordance with the approved PMM plans. We collaborate with the Department to establish and promote proper SharePoint usage.

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We train the project team on best practices for document check-out, check-in, version control, comments, properties, views, filtering, sorting, and even browser settings, alerts, and tips to optimize their SharePoint experience. We look forward to collaborating with the State to develop project artifacts and documents and execute the agreed-upon deliverable process.

We also maintain strict security standards on SharePoint to prevent unauthorized access. By assigning users to groups, we control access and set standardized controls across the project. This approach allows us to provide easy, consistent access to the site when new users join the project.

PMT16

The Contractor shall provide deliverables that at a minimum meet the following quality standards:
a. Provide accurate and comprehensive content, reflecting the specific requirements for the deliverable.
b. Ensure appropriate technical level for the audience.
c. Utilize correct grammar, spelling, and versioning.
d. Ensure diagrams are clear, concise, and value added.
e. Follow industry-related standards.
f. Appropriately define and reference information.

A hallmark of our quality management approach is our thorough and meticulous document quality process. Conduent prides itself on clean, concise, and easy-to-read documentation free of grammatical, stylistic, formatting, and other errors that can cause you and other stakeholders to become distracted during critical content reviews. Our documentation builds in industry-standards such as the PMBOK Guide to create a structured approach to each deliverable. We want you to be able to focus on function, not form, during document reviews and approvals. In order to accomplish our high standards for document quality, we perform thorough and rigid work product reviews prior to delivery.

First, our project staff are trained on our documentation standards. Documentation standards include formatting, diagramming, and grammatical standards, the use of styles to maintain consistency, and uniform naming conventions. Project team members use all available resources to produce quality content, such as legacy system documentation, policy documents, reference materials supplied by DPHHS, and industry-related standards. Team leads supervise deliverable development and make sure SMEs are staffed to complete or review each work product. We write each document in a manner that is understandable to the defined audience and meets applicable business and technical requirements. Each deliverable contains a referenced documents table that identifies and locates reference information and acronyms and definitions tables to clearly identify and define acronyms and deliverable-specific terminology. We maintain draft documents within the project's SharePoint site; first to maintain proper version history and ability to review or restore prior versions, and second to leverage the check-out feature to avoid making conflicting or redundant changes to a work product.

Conduent allocates adequate time and human resources to conduct peer reviews of all formal deliverables. The Project Manager determines appropriate SMEs to conduct peer reviews. Peer reviewers are given checklists and other reference materials to conduct peer reviews in a structured, documented, and consistent manner. SMEs review documentation to confirm cross-functional consistency, adherence to deliverable requirements, appropriate technical level details, and business validity of diagrams and associated artifacts.

Prior to submitting the deliverable to the Department, we also review the deliverable for content, accuracy, and completeness to confirm that defined objectives for the deliverable are met.

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Our quality analysts review each deliverable for standards adherence, grammar, formatting, adherence to expectations set in the Deliverables Expectations Document, and other aspects of quality, so DPHHS can focus on the most important aspect of the deliverable—the content. Analysts review documents for grammar, punctuation, contents, indices, spelling, legibility, organization, and consistency with the format defined for the deliverable. The analysts produce deficit logs to capture errors and inconsistencies found in the documentation, allowing the author to fix the errors (and avoid making the same errors in future deliverables) prior to Department delivery.

Figure 4.2.2.1-8 depicts our overall approach to Quality Management under which quality assurance of deliverables is an essential component.

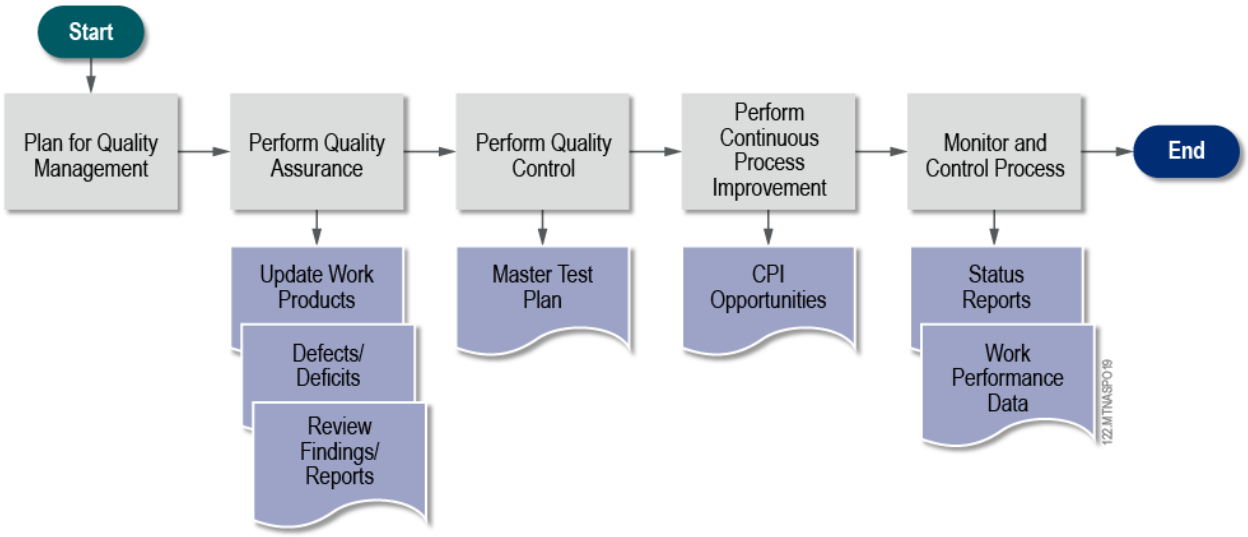

Figure 4.2.2.1-8. Quality Management Processes Include Deliverable Reviews
We produce high quality results by applying quality-focused processes to all project outputs including deliverables.

After all internal reviews are complete, Conduent posts draft documentation to the project's SharePoint site for Department access. An advantage of SharePoint is that Conduent can post-draft and updated documents regularly and frequently, giving DPHHS ready access to current documents. The ultimate result is a set of clean, consistent, and accurate documentation that has been fully quality reviewed by project staff, SMEs, and quality analysts.

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PMT17
The Contractor shall submit a monthly status report. The monthly status report must contain, at a minimum:
a. A complete set of updated and current output from the Project Work Plan along with a copy of the corresponding Project schedule files in electronic version.
b. A description of the overall completion status of the Project including schedule variations that report the earned value of the work completed, the planned value of the work completed, and the variance.
c. Planned tasks and activities for the next month.
d. The Deliverable status, with percentage of completion and time ahead or behind schedule for particular tasks.
e. Identification of any staffing issues or changes in the Resource Allocation Matrix.
f. An updated status on all issues being monitored.
g. An updated status on all risks being monitored.
h. Provide metrics necessary to support the State CIO's Legislative Finance Committee (LFC) reporting requirements.
i. Provide testing status and metrics.
j. Provide System enhancement hourly pool total hours used and total hours remaining.
k. An updated status on all SLA being monitored.

Our Project Status Report Template includes a description of the project's overall schedule, resource, and budget status; planned and actual deliverable start dates, end dates, and percent complete; work planned and completed during the reporting period; work planned to be completed for the upcoming reporting period; open and closed issues and risks; project changes; and testing status and metrics. We modify our base Project Status Report Template to encompass additional information including metrics necessary to support the State CIO's Legislative Finance Committee, System Enhancement Pool hour used and hours remaining, and all SLAs. Our monthly status report uses information from our weekly status reports to create summary information for the reporting period. We post the monthly status report to the project's SharePoint repository and make electronic copies of the work plan available in a PDF format.

The Project Status Report Template also includes status heat map indicators of red, yellow, or green for key performance areas including schedule, financials, resources, scope, technical performance, and operational performance. Our team uses a question-and-answer based tool to calculate status to assure consistent, objective assignment of heat map color and end-to-end assessment of the factors that can influence project performance in each area.

Through accurate execution of our PMM processes, we generate work performance information and status reports that are informative, comprehensive, and transparent. We work with the DPHHS to define any additional reporting elements for monthly status reports and deliver them according to the project schedule.

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PMT18
The Contractor shall develop and maintain a Project Management Plan (PMP): The purpose of the Project Management Plan is to provide a comprehensive baseline of what needs to be achieved by the project, how it is to be achieved, who will be involved, how it will be reported and measured and how information will be communicated with the project. It will serve as a reference for decision and clarifications. All relevant project plans including but not limited to the Communication Plan, Change Management Plan, Staffing Management Plan, Quality Management Plan, Risk Management Plan, Issue Management Plan and the Work Breakdown Structure are incorporated into the Project Management Plan. It is a living document that evolves as the project progresses and is updated with the latest relevant information as required. The Project Management Plan may be broken into separate documents, but all documents will be considered sections of the Project Management Plan.

Our Project Management Plan describes our project management structure and summarizes the approach, standards, and supporting deliverables and work products for each of the management areas specified in the PMBOK Guide. The Project Management Plan is documented as a series of plans that define key project management processes, their inputs, outputs, roles and the related metrics that are required to plan, execute, and monitor all project management activities. Together with the subsidiary plans, the Project Management Plan provides a comprehensive baseline of what needs to be achieved by the project, how it will be achieved, who will be involved, how results will be measured, and how information will be communicated. Subsidiary plans include:

- **Change Management.** The Change Management Plan details the standards and activities that occur to manage changes to a project via change requests. It defines the strategy the project team follows to support a continuous change management model and to assess the complete range of impacts for each change.
- **Communication Management.** The Communication Plan identifies standard, scheduled communication activities and provides a structured approach to creating and delivering information, defining audiences, and establishing delivery vehicles. The plan also details the framework for managing and coordinating a wide variety of communications that occur during all phases of the project. It addresses communicators, audiences, messages, communication channels, feedback mechanisms, and message timing.
- **Application Configuration and Maintenance Plan.** The Application Configuration and Maintenance Plan is a custom blend of our baseline QMS plans that details the standards and activities that occur to identify, control, and verify work products and software code placed under configuration management. It includes the processes for our system development life cycle approach, managing requirements, conducting CRPs, and executing Feature Driven Development.
- **Deliverable Management.** The Deliverable Management Plan outlines the process for creation, delivery, and management of document-based deliverables. This plan describes the overall approach to producing, transmitting, maintaining, and tracking document-based deliverables throughout the life of the project. While not a required deliverable, we provide this important plan as a value add that is part of our Project Management Plan.

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- **Issue Management.** The Issue Management Plan outlines the issue management approach for the project. It provides standard terminology, clear roles and responsibilities, a detailed description of the approved issue management process, and the standard templates used during the process. It is designed to guide the project team and stakeholders throughout the contract.
- **Quality Management.** Quality Management Plan details the management strategy for continually planning for, governing, promoting, implementing, and improving quality in all activities for the project. Quality management begins with defining measurable performance standards and goals for all activities, documents, and deliverables.
- **Resource Management.** The Staffing Plan details the management strategy for properly resourcing the project to complete project objectives. The plan defines the approach to identifying and communicating staffing needs such that project objectives can be met within the schedule, scope, and budget constraints. The plan also addresses the acquisition and management of physical resources, such as equipment, materials, facilities, and infrastructure.
- **Risk Management.** The Risk Management Plan defines the approach the project takes to manage project risks. It includes minimizing the probability and consequences of adverse events to project objectives. Risk management includes risk identification, risk assessment, risk response, and risk monitoring.
- **Schedule Management.** The Schedule Management Plan details the approach the project takes to manage its scheduled activities. Schedule management includes planning, developing, executing, monitoring, and controlling all tasks necessary to complete the project. It also includes project progress and schedule adjustments reporting. We provide this plan as a value add.

In addition to aligning to the latest PMBOK Guide processes, these plans incorporate industry-standard practices from IEEE, CMMI, and CMS IT XLC and other standards related to system development, project management, operations management, and healthcare programs. The fact that our plans are standardized and turnkey means that we will be able to tailor them quickly and effectively to align to your project-specific needs. We set aside time during project initiation to review each plan with you and make sure we are aligned with your standards and requirements.

At the outset of the project, we establish our project management organizational structure. Our Project Manager adopts, monitors, and controls the execution of our Project Management Plan processes and oversees the key PMM activities, including:

- Maintaining the project work plan and schedule
- Establishing deliverable submission and acceptance processes
- Validating the quality of artifacts
- Managing communications and producing status reports
- Monitoring and controlling project risks and issues
- Planning for staff and physical resources
- Overseeing the change management process
- Maintaining supporting tools, including Microsoft Project for schedule management, Azure DevOps for SDLC management, and SharePoint for communication and document management

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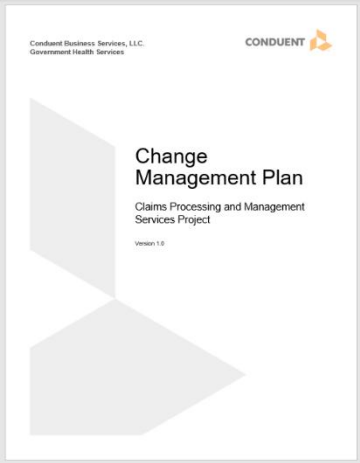
Our project management processes are cohesive and carefully orchestrated to govern project phases throughout the project lifecycle. The Project Management Plan and subsidiary plans can be updated throughout the project following established change management processes.

PMT21

The Contractor shall coordinate with the Department and with the module vendors as required by the Department, to support the program-level change management process consistent with the Enterprise Change Management Plan.



With extensive experience on multi-vendor projects, Conduent understands the importance of a uniform change management process. We customize our QMS Change Management Plan to meet the requirements of the Enterprise Change Management Plan, and we work with the Department to implement procedures consistent with others across the enterprise through which changes are requested, approved, or disapproved. We fully assess change impact using the most current and accurate information available and document all relevant data. This allows the Department and other stakeholders to understand the full implications of every change. We use our Impact Assessment Template to document the full scope change, including impacts to schedule, budget, resources and to consider dependencies.

All changes are entered into the project's SharePoint site for tracking, assignment, impact assessment, and disposition. We monitor the change from initiation through to closure, making sure there is ownership, accountability, documentation, and validation.

After changes are approved, we enter them into Azure DevOps for incorporation into the SDLC and designated release cycle. We plan and implement them according to a defined schedule, using an approach that provides clear progress information and minimizes risks and rework. We update system documentation, user manuals, and training materials to reflect the changes and share updated information across the Enterprise. Further, we perform retrospectives or post-implementation reviews after deployments and incorporate the findings to promote an environment of continuous process improvement. We include results of implemented changes, and any continuous process improvement opportunities, in our routine status meeting with DPHHS.

PMT25

The Contractor shall be required to work collaboratively with the Department and the System Integrator to provide schedule information to be included in the Integrated Master Schedule (IMS). Elements necessary for the IMS include; start and end dates of major phases, key project milestones, integration points, cross module dependencies, and sufficient information to support the State CIO's Legislative Finance Committee (LFC) reporting requirements.

Conduent understands the importance of working with the Department and the System Integrator to provide schedule information for the Integrated Master Schedule (IMS). Our work on numerous multi--vendor projects has shown us the importance of a holistic schedule that encompasses, not just our module, but all the modules that make up the Enterprise. Our Project Work Plan includes all the elements needed to share information with the IMS, including project start and end dates for our project phases and

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key project milestones, and we share this information with the System Integrator and other applicable stakeholders. During project initiation, we define key integration points and cross-module dependencies to confirm other module contractors understand system responsibilities. We share this information with the System Integrator, so inter-dependencies can be appropriately documented and mapped in the master schedule. We also agree to support the State CIO's Legislative Finance Committee reporting requirements.

PMT27
The Contractor shall coordinate module deliverable and milestone walkthroughs and participate in other module walkthroughs as required by the Department.

We strongly believe in live demonstrations and deliverable walkthroughs to support open collaboration with the Department and other stakeholders. This is evident in our CRP approach, which supplements requirements validation through collaborative and iterative configuration, demonstration, and review of the CMdS product. This means you get to see the product as it is being configured to meet your requirements.

We work with the Department to identify additional milestones for walkthroughs and demonstrations. We value such collaborative sessions as they help us validate product functionality and alignment with your vision. Based on our SDLC described in Proposal Section 4.2.2.2, System Development Methodology, additional opportunities for walkthroughs and demonstrations are frequent – typically at the end of each three-week iteration in order to demonstrate the incremental progress made during that iteration. We also schedule walkthroughs of deliverables and test results to gain your buy-in and feedback each step of the way.

PMT29
The Contractor shall submit a monthly System Enhancement Pool report that details tickets invoiced to the hourly pool and must include hours used and hours remaining for the Department's approval.

Conduent tracks monthly System Enhancement Pool hours for many of our clients, including Montana. We understand the importance of having a monthly report providing a clear understanding of tickets invoiced against the hourly pool and remaining hours available. Understanding the remaining enhancement pool hours allows the Department to plan for program changes and allocate your hours strategically.

Based on the scope of the Claims Processing and Management Services project, we will modify the report we currently generate, as we discuss in Proposal Section 4.2.4, Operations, Maintenance, and Configuration, to address any specific needs for the Claims Processing and Management Services Project. We submit this report and related documentation to the Department and the Medicaid Director for review and approval on a monthly basis.

PMT31
The Contractor shall cooperate with the State's PMO and the IV&V contractor to give an accurate, honest reporting of the project status.

Conduent submits weekly and monthly status reports to DPHHS, the State's PMO, and IV&V contractor. Our status reports include status heat map indicators of red, yellow, or green for key performance areas including schedule, budget, resources, scope, technical performance, and operational performance. Our

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team uses a question-and-answer based tool to consistently and objectively assign heat map colors to status categories and to assess end-to-end factors that can influence project performance in each area.

Through accurate execution of our PMM processes, we are able to generate work performance information and status reports that are informative, comprehensive, and transparent. We work with the DPHHS to define the reporting elements for weekly and monthly status reports and deliver them according to the project schedule. We provide status information to DPHHS, the State's PMO, and IV&V with informative reports on deliverables, milestones, resources, SLAs, and overall project health and commit to cooperation with these entities.

PMT32
The Contractor shall contribute to the State's and/or the Systems Integration Services collaboration site, technical and non-technical project artifacts for the Contractor's module or module components including requirements, use cases, user stories, storyboards, system design documents, supplemental specifications, test cases, test scripts, test results, user, system and training documentation at the State's direction.

Conduent coordinates with DPHHS and the System Integrator to distribute approved technical and non-technical project artifacts as required to a designated repository. We work with the System Integrator to determine the most appropriate method of transmission, including email, encrypted email, or document upload.

To promote collaboration and transparency, Conduent uses Microsoft SharePoint to post deliverables, requirements, use cases, system design documents, supplemental specifications, test cases, test scripts, test results, and training documentation. We maintain user stories and storyboards in our Azure DevOps life cycle management tool. We provide designated Department users with online access to both of these tools for the ability to review documentation at any time. We then contribute documentation the State's and/or the Systems Integration Services collaboration site as directed by the State.

PMT36
The Contractor shall develop and maintain a detailed Project Work Plan (PWP) and a Gantt Chart that is aligned with the scope of the work outlined in this RFP, and the resulting contract. The PWP must identify detailed project tasks, realistic person hours for each task, the sequence of tasks and activities including duration necessary to meet deliverable and milestone dates for each phase, estimated baseline start and completion dates, actual start and completion dates, the critical path(s), resources (by name or by resource type if not known), dependencies, permanent tracking number for each task, completion percentages, and phase-level milestones. The dates and hours in the approved PWP form the project baseline. Once established, the baseline will only be modified with approval from the State. Additionally, the PWP must be continually refined and updated as the project progresses and will retain the baseline for comparative reporting.
From the approved work plan, the Contractor must calculate the required information necessary to meet the Department's reporting requirements to the Legislative Finance Committee (LFC) which include: the work percent complete, SPI, CPI, earned value, planned value, schedule variance, planned amount paid, actual amount paid, and cost variance.

To effectively manage the implementation schedule and Project Work Plan, presented in Proposal Section 3.1, Draft Project Work Plan, we bring two fundamental project management concepts—experienced, thoughtful, and standardized project planning, paired with proactive, consistent, and detailed

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maintenance and oversight. We evaluate the RFP to develop our initial Project Work Plan using Microsoft® Project. It defines tasks, milestones, deliverables, resources, critical paths, and timelines for the project.

We begin with a standard work plan that is a part of our PMM and aligns with our standard phases, tasks, milestones, and deliverables. We adjust the tasks based on RFP requirements and project-specific needs and amend durations based on the work and resources we need to meet your requirements. We include descriptions for each activity, task, and sub-task to accurately represent the completion steps for each activity, milestone, and deliverable.

Our approach to Project Work Plan development encourages a dynamic, effort-driven, and predictive schedule. Our standards require consistency in task naming; effective and informative decomposition of tasks; and the use of historical data and industry-specific experience to improve the accuracy and predictability of the project schedule. Standards for work hours and time estimation include:

- Standard use of fixed work, effort driven tasks
- Manual leveling of resources to optimize resource allocation
- Decomposition of tasks scheduled to start within 90 days
- Documentation of schedule assumptions and constraints
- Inclusion of at least one predecessor and successor for every task to allow correct identification of the project's critical path
- Setting of constraints to "As Soon As Possible," unless there is an absolute need to set a fixed date for a task

Adherence to these and other standards allows for clarity of assignments, ease of reporting, effective management, and reliability of a well-developed, predictive schedule.

Project Work Plan Maintenance

Our Project Manager maintains the Project Work Plan by applying PMBOK Guide principles for Project Schedule Management. Using an integrated management approach, we baseline the approved work plan and make changes only through proper protocols including State approvals. We continually inform appropriate stakeholders of progress against the schedule, we identify and respond to schedule slippage, and we report on progress regularly and consistently.

We update the Project Work Plan on a weekly basis and at the end of each iteration with progress, task details, and durations and follow approved change control processes when requirements change. All team members are responsible for understanding the tasks assigned to them and reporting actual work against planned tasks. Our project managers are responsible for identifying and controlling inconsistencies with planned progress.

We execute schedule management best practices as follows:

- **Team-wide access to schedule information.** The Project Manager stores and shares the Project Work Plan on the project's SharePoint site for team access. The ability to share files in Microsoft Project and PDF formats makes it possible for anyone to view the files, without having schedule management software installed.

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- **Accurate reporting of progress.** The project leads report actual and planned work, identify deviations from planned progress, and take the necessary action to remedy deviations.
- **Proactive monitoring and risk mitigation.** The Project Manager continually monitors and reports on project progress, measuring project progress, and identifying and mitigating risks early to keep the project on track.
- **Regular updates.** The Project Manager updates the Project Work Plan on a weekly basis to ensure accurate and complete data is always available.
- **Comprehensive oversight.** The Project Manager tracks and monitors any risks, issues, and action items associated with cost, resources, schedule, and the technical environment, and adjusts priorities, tasks, and contingencies as necessary.
- **Informative status reporting.** The project leads provide status reports that include automated metrics and manually written details that, together, provide insights concerning project status, potential or existing roadblocks; and completed, in-progress, and scheduled work. These reports are used in weekly and monthly status meetings with DPHHS. We also prepare metrics for reporting requirements to the Legislative Finance Committee (LFC) which include: the work percent complete, SPI, CPI, earned value, planned value, schedule variance, planned amount paid, actual amount paid, and cost variance.

PMT37
The Contractor shall provide toll-free or call-back telephone and WebEx web-based conferencing capabilities (or an alternative solution approved by the Agency) to support contract activities.

Conduent uses Microsoft Teams as a standard web-based, teleconferencing tool on all our implementation projects and operations. Microsoft Teams is a communication and collaboration platform within Microsoft Office 365 that allows users, both internal and external, to web chat, video conference, meet, and store and collaborate on files in real-time. Microsoft Teams is capable of hosting large scale, online events and supports meeting recording functionality. It can be accessed via any desktop, browser, or mobile device and supports call back telephone functionality. Users can view visual meeting content on their computer or mobile device and have multiple options for audio content including using their computer, designating a call back number, or selecting a phone number from a pre-generated list to call.

As part of Microsoft Office 365, Microsoft Teams automatically synchronizes meetings schedules in Outlook and allows users to open other Microsoft applications such as Word, PowerPoint, and Excel directly in the application. This allows for easy collaboration and deliverable review.

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PMT38
The Contractor shall establish and utilize a deliverable review and acceptance process agreed upon by the Department that incorporates the following:
a. Review cycles, which will be conducted and scaled to the size and complexity of the deliverables. Security-related deliverables will have a 20-day review by the State after first submission, 10-day review cycle by the State after second submission; 5-day review cycle by the State after the third submission. All other deliverables will have a 10-day review by the State after first submission, 5-day review cycle by the State after second submission; 5-day review cycle by the State after the third submission)
b. Deliverables will need to reflect coordination with the overall modular program and will follow agreed upon change control processes.
c. Informal reviews and walkthroughs of draft and final deliverables are encouraged.
d. Queuing up excessive deliverables for simultaneous review is unacceptable to the Department.

Conduent factors required review times into our draft Project Work Plan by assessing each deliverable's complexity. We schedule review times based on content, length, required SME input, and resource availability. We identify all project deliverables and review timelines in our Project Work Plan and welcome feedback from the Department during project initiation to coordinate and set appropriate review durations. Our proposed Project Work Plan incorporates a ten-day review period for initial review and five-day review period for secondary submission. For deliverables that require specialized reviews, such as security-related deliverables, we allot time for a twenty-day first submission review, ten-day secondary review, and five-day third review. We document this review process in our Deliverable Management Plan and seek Department approval to set expectations for timely, appropriate reviews. The Deliverable Management Plan is described in Proposal Section 4.2.7, Project Deliverables and Documentation.

Our Project Work Plan also incorporates an incremental delivery schedule for most deliverables, which helps avoid excessive simultaneous reviews. Table 4.2.2.1-2 provides a snapshot of the staggered approach to deliverable reviews for the early months of the Claims Processing and Management Services project.

Table 4.2.2.1-2. Staggered DPHHS Deliverable Review Samples

DPHHS Review Month	Deliverable
September	• Communication Plan • Risk Management Plan • Issue Management Plan • Change Management Plan • Project Work Plan
October	Quality Management Plan
November	Project Management Plan
December	Staffing Plan
January	• Master Test Plan • System Test Plan • Defect Management Plan

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This allows Department and other stakeholders time to thoroughly review deliverables, enter feedback, and ask questions – without being overloaded with too much content or too many deliverables at one time. We also encourage the use of both formal and informal deliverable walkthroughs and reviews to facilitate efficient identification and resolution of comments. If the Department or other stakeholders require clarification regarding our deliverables, we hold meetings outside the scheduled review cycle. We also make appropriate team members available to answer questions via phone call or email to provide clarifications and support the review process.

Once a deliverable has been approved by the Department, we place the deliverable under configuration management, tracking the approval and any subsequent required changes. During project initiation, we work with the Department to identify the processes for deliverable management and configuration management. This establishes coordination with the overall modular program, ensuring changes to deliverables are not made without enterprise level coordination.

4.2.2.2 System Development Methodology [RFP 3.10.2.2, Attachment F]

REQUIREMENT: RFP Section 3.10.2.2, Attachment F

The Contractor will be expected to follow an industry-standard systems development methodology for the initial implementation of the proposed solution and throughout the Contract term. The project management deliverables, activities, and nonfunctional requirements are required regardless of the Contractor proposed system development methodology, unless agreed upon and managed through the change management process. The Offeror must propose a System Development Methodology approach that achieves the expected outcomes of the SDLC-based activities stated below.

Our System Development Methodology (SDM) blends best practices from years of implementation experience with industry standard methods and tools.

Our SDLC, presented in Figure 4.2.2.2-1, is optimized for implementations such as the Claims Processing and Management Services project. We organize the project into business processes, validating and clarifying requirements and then conducting "Conference Room Pilot" sessions. In these sessions, we demonstrate base CMdS product, configured as much as possible to your policies and requirements, so you see the CMdS product configured for Montana early in the life cycle. We collectively identify gaps during these sessions and capture clarifying information about each one within our Azure DevOps life cycle management tool. For identified gaps, we apply a life cycle of successive three-week iterations. The iterations help to simplify complexity and increase collaboration by designing, coding, and testing a feature at a time.

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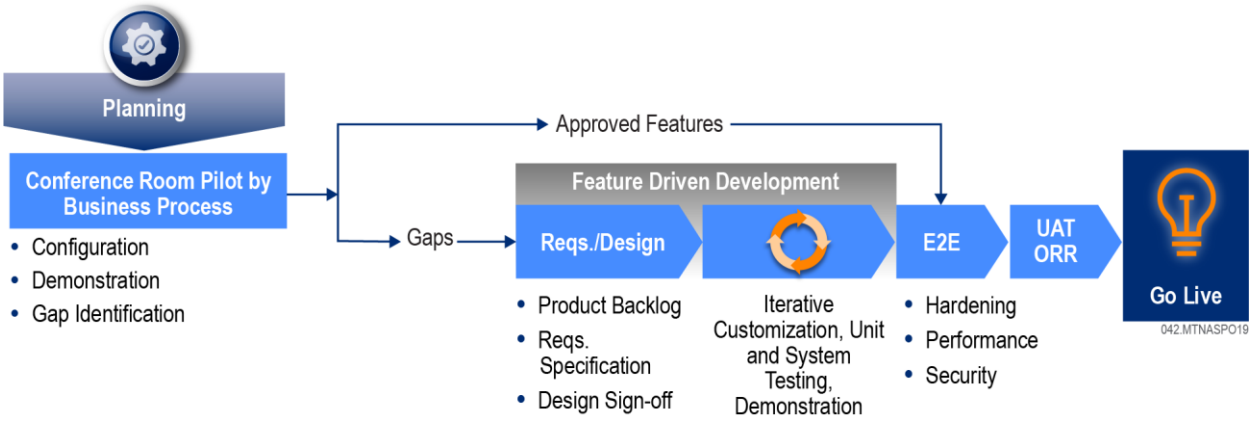

Figure 4.2.2.2-1. Hybrid, Optimized System Development Life Cycle
Our SDLC divides the effort into components, business processes, and features for demonstration, configuration, and gap identification.

The subsections that follow provide a tour of the SDLC phases for the Claims Processing and Management Services project.

Planning

We perform the same project management oversight and activities regardless of the development life cycle; therefore, our planning activities are consistent, repeatable, and proven across projects. Table 4.2.2.2-1 presents the range of activities we perform in the Planning Phase of the project and how these activities contribute to the success and quality of the implementation. We understand that the project management deliverables, activities, and nonfunctional requirements are required regardless of our proposed system development methodology, unless agreed upon and managed through the change management process; and we plan accordingly.

Table 4.2.2.2-1. Planning for Success

Topic	Contributions to Project Success	Key Outputs
Project Management Planning	Start with the foundational Project Management Plan: an "umbrella" style document that provides overarching project management processes, policies, and supporting artifacts that guide the project management activities and oversight throughout the contract. The result: consistent, reliable, and comprehensive project management planning and execution.	• Project Management Plan • Subsidiary Management Plans and Procedures
System Development Lifecycle Definition	Maintain documentation of the SDLC inputs, process steps, outputs, and roles so that all project team members know their responsibilities in completing project tasks. Maintain the plan so that it remains a solid reference for team members as they move through the SDLC.	System Development Management Plan
Training Planning	Analyze and identify learner groups and their learning needs; develop a Training Plan to prepare each learner to effectively perform his or her role in the project's success.	• Training Plan • Training Materials

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Topic	Contributions to Project Success	Key Outputs
Deliverable Planning	Minimize rework and maximize the chance of first-time approval by setting expectations for deliverable content and processes.	• Deliverable Management Plan (incl. Deliverable Review and Acceptance Process) • Deliverables Expectations Documents
Quality Planning	Standardize and schedule peer reviews, document quality reviews, process quality reviews, user acceptance testing (UAT) support, and other mechanisms to validate the solution incrementally throughout the project, infusing quality into all activities.	• Quality Management Plan • Master Test Plan
Data Conversion, Cleansing and Migration Planning	Tailor processes, identify source files and systems, and transform them into their target files and systems for an accurate and timely conversion.	Data Management, Cleansing, Conversion, and Migration Plan
Communication and Stakeholder Planning	Plan communication mechanisms, templates, and protocols; identify stakeholders and their communication needs so we can provide consistent and reliable communication using the right media at the right time.	• Communication Plan • Stakeholder Analysis • Communication Event Schedule
Schedule Planning	Develop and decompose a predictive project schedule by sequencing, prioritizing, and scheduling tasks, dependencies, duration, and resources to align with project priorities.	Project Work Plan
Certification Planning	Bring best practices and establish libraries to support the State in preparation for CMS Certification.	Certification Plan
Disaster Recovery, Business Continuity, and Security Planning	In any implementation project, any unforeseen or uncontrollable event or breach can be disastrous to the project. Plan and test for all types of disasters and breaches so that we can do our best to eliminate or minimize their impact.	• Business Continuity and Disaster Recovery Plan • Security Plan
Implementation Planning	Devise a strong, detailed, and carefully orchestrated Implementation Plan that maximizes the chances of a successful and seamless implementation and transition to operations.	• Implementation Plan • Implementation Checklists
Operations Planning	Plan early for operations efficiency, quality controls, system maintenance, and continuous process improvement to provide the best service delivery possible and reduce costs.	• Application Configuration and Maintenance Plan • Operations Procedure Manual

Requirements Validation and Conference Room Pilots

We set aside time in the Planning Phase to review, validate, and clarify requirements with you. Armed with clarifications gathered from you, our subject matter expertise, and baseline system and policy documentation, our teams install the CMdS product and begin configuring the product to your requirements, policies, and specifications.

We then apply a best practice called "Conference Room Pilot" to demonstrate and review our base CMdS product to you, iteratively by business process. We demonstrate configured product functionality to you to confirm alignment with your requirements and policies. For any identified gaps, we gather detailed requirements, using the RFP requirements as a starting point. We create system design documentation for

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the gaps and seek your sign-off of the design documents. The result is that your RFP requirements are traceable to configured system functionality and requirements specification documents for any identified gaps. For more on our Conference Room Pilot approach to Requirements Validation, as well as project management concepts we apply to manage requirements, see Proposal Section 4.2.2.3, Requirements Management.

Iterative Design, Configuration, Build, and Test through Feature Driven Development

We iteratively and incrementally customize our product for identified requirement gaps. We test these customizations, including unit, system integration, parallel, and regression testing where appropriate. When modifying the CMdS solution, we follow strict, industry standard configuration management practices that enforce code and environment integrity. Throughout the iterations, we conduct walkthroughs and reviews of functionality, gaining feedback and buy-in from State staff and other stakeholders as the CMdS module evolves into the customized Montana solution. We trace requirements through the process of design, customization, and testing to depict forward and backward traceability throughout the SDLC.

The iterations are each three weeks in length. In accordance with the Feature Driven Development model, each iteration focuses on customizing a small set of testable and related features. After every third iteration, we conduct a "HIP" sprint. HIP stands for Hardening, Integration, and Performance. During the HIP sprints, we stop the work on new features, functions, and configuration and focus on optimizing, tuning, and testing. These periods provide an opportunity to perform some end-to-end testing; fix deferred or blocked defects; validate requirements traceability; and update documentation, training, and communications.

As a result of this iterative and incremental approach, you witness higher and more frequent levels of collaboration, we identify defects early in the process, and we demonstrate progress sooner through prototyping, early versions of deliverables, and the ability to implement functionality incrementally. Guided by agile concepts, we conduct planning at the start of each 3-week iteration and retrospectives at the end of each 3-week iteration, reviewing successes and challenges, and continually improving processes in successive iteration.

For more on our iterative Feature Driven Development approach, and how we meet the State's requirements for this phase, see Proposal Section 4.2.2.4, Design, Configuration, and Build.

End-to-End Testing

Our schedule includes time after the iterations and prior to the start of UAT to complete end-to-end testing, hardening, performance testing, and security testing. This is performed in the User Acceptance Testing environment—a production-like environment suitable for accurate performance and security testing—prior to handing off the environment to the state for UAT. We provide performance and security test results and reports to the State as UAT entry criteria.

For more on testing, and how we meet the State's requirements for validation across the SDLC, see Proposal Section 4.2.2.6, Testing.

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Acceptance and Readiness

We support the State in your desired level of UAT involvement, during which you and your identified stakeholders work with Conduent to confirm that the final system and supporting business services meet your requirements and vision. We also conduct Operational Readiness Review (ORR) to confirm that our operations staff are ready to support the production system. We conduct ORR by executing a series of checklists curated and refined using years of Conduent's implementation experience and operational proficiency. At the conclusion of the ORR, we submit to you the results from executing the ORR checklists, assuring you that the systems, functions, processes, operational procedures, staffing, telecommunications, and other associated support are in place and ready for operation. The results capture and summarize our findings and readiness to Go Live, and we bring these findings to Go/No-Go decision meetings with DPHHS and CMS.

Implementation

Our Project Work Plan provides tasks to conduct full implementation in 28 months; the final Go-Live date will be determined working with the state, Systems Integrator, and the other module contractors.

Deploying the CMdS-Claims module to production requires detailed planning and risk mitigation activities that begin early in the SDLC. Led by our Technical Manager, our team identifies, documents, and sequences the tasks to assess the readiness of the system and operations team; deploys the solution to production; and optimizes the system's performance and our team's business services.

We apply our knowledge and experience to the development of a complete and informative Implementation Plan. This plan provides our overall approach to the deployment and includes risk mitigation and contingency plans to anticipate and prevent disruptions to the provider community and other stakeholders. Supporting checklists itemize steps, resource assignments, and expected outcomes to guide the migration of the technical solution, people, processes, and tools to a stable operations and maintenance environment.

For more on Implementation and Acceptance, and how we meet the State's requirements for this phase, see Proposal Section 4.2.2.8, Implementation and Acceptance.

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4.2.2.3 Requirements Management [RFP 3.10.2.3, Attachment F]

REQUIREMENT: RFP Section 3.10.2.3, Attachment F

The Contractor must work with the MPATH Team and other DPHHS business owners to confirm the Contractor's understanding of the RFP requirements and to reconcile the RFP requirements for the scope of work against the proposed solution. The Department expects requirements confirmation activities to occur during the initiation phase of the project to ensure there is clear understanding regarding the requirements purpose and how it is met within the Contractor's solution. The Offeror must describe in detail their approach to meet each of the Requirements Management requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

We conduct "Conference Room Pilots" to collaboratively configure, demonstrate, and review our CMdS product to you, iteratively by business process.

To implement our comprehensive SDLC approach, we first install the base CMdS product. We conduct Requirements Validation Sessions to review and clarify requirements with you, capturing clarifications and supporting information in Azure DevOps (formerly known as Visual Studio Team Foundation Server). At the same time, our product specialists and configuration specialists begin configuring the system in preparation for Conference Room Pilot Sessions.

Requirements Activities

- Carefully orchestrated with full participation of critical stakeholders
- Installation of fully functional base product results in less modification work
- Iterative identification of gaps through demonstration and live configuration
- Experience with Montana programs means demonstrations are informed and realistic

We conduct Conference Room Pilot sessions, iteratively by business process, to demonstrate functionality and how our solution meets your RFP requirements. Sessions are carefully organized, multi-step efforts involving significant representation from both DPHHS and Conduent. As such, it is critical that all participants in these processes adequately understand the entire process and the specific role(s) they play within that process. Conduent builds this understanding in several ways:

- Documentation of requirements validation session best practices and the Conference Room Pilot approach
- Thorough training provided to all Conduent team members to convey roles, responsibilities, and best practices
- Communication with DPHHS staff to discuss ground rules and best practices for participating in and contributing to the success of requirements validation sessions
- Expert facilitation by Conduent, including the communication of goals and objectives at the beginning of each session, adherence to schedule and agenda items throughout each session, and closure activities at the end of each session to confirm achievement of objectives and document outstanding issues and action items

We track any identified gaps through our lifecycle management tool, Azure DevOps. If the gaps are not configurable, and State policy cannot be amended to make it a configuration driven change, we jointly determine whether the gap will be filled with a product enhancement or as a Montana-specific customization. We capture the decision and the resulting work items in DevOps, beginning the path towards complete traceability from RFP through to test results and the final CMdS product implemented for Montana.

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RQM01
During the requirements validation sessions, the Contractor must demonstrate a fully functioning solution that has been initially configured based on the Contractor's understanding of the requirements described in the RFP and publicly available policy documents, manuals, and fee schedules.

When conducted effectively, requirements validation sessions using the Conference Room Pilot method provide a forum for clear and traceable requirements and improved understanding of Montana's needs. Adequate preparation of the environment, our team, and the supporting documentation helps to secure the success of these sessions.

To prepare for sessions, we install the CMdS product and configure it to the best of our ability, using the requirements from the RFP; our historical knowledge of Montana programs; available documentation such as policies, manuals, and fee schedules; and our own best practices and business processes supported by the base system. We demonstrate CMdS to confirm requirements, validate policy and rules, finalize configurations, and identify gaps. Within Azure DevOps, our requirements and life cycle management tool, we jointly categorize requirements as matched (met), configuration (needs configuration but no code modification), modification (partially met; needs minor code changes), or enhancement (new functionality). Because the requirements that are identified as "matched" in the base system have been built and tested already, they represent a low implementation risk. Our risk-focused approach recognizes the remaining requirements as having higher risk and needing focused effort on the project, warranting our increased attention and detailed discussions with the Department during requirements and design sessions in order to drive requirements-aligned solutions and high-quality results.

RQM02
The Contractor shall work with the Department to confirm the Contractor's understanding of the requirements and to clarify and/or elaborate requirements where necessary to achieve desired business outcomes.

Our business analysts and subject matter experts prepare diligently for requirements validation sessions to clarify and elaborate requirements. Armed with information from requirements validation, we prepare orderly and detailed conference room demonstrations of the system and review requirements alignment throughout the sessions, identifying which requirements are matched in the system and which are gaps. For gaps, we discuss and elicit details behind each requirement: we aim to clarify Montana's relevant policies, programs, and business processes so we can better understand the requirement and meet it with systematic solutions, automated processes, and operational procedures. Our current understanding of Montana programs prepares us well for these sessions and enables us to focus discussions on your desired business outcomes. We capture clarifications in user stories in Azure DevOps; these stories form the basis for subsequent design specifications.

RQM03
The Contractor shall document any gaps between the initially configured solution and the business requirements in the requirements management tool. Gaps must show bi-directional traceability with applicable business requirement(s), design, test cases, test results, MECT criteria and certification artifacts.

Because the satisfaction of requirements is the basis for the client's acceptance of the final technical solution, Conduent considers the requirements sessions, conference room pilots, and related

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documentation to be of paramount importance. We maintain the requirements and gap analysis in the requirements management tool, building requirements traceability for identified gaps through design, test cases, test results, MECT criteria, and certification artifacts. Using the tool, Conduent generates Requirements Traceability Matrix (RTM) reports to demonstrate traceability of requirements across the system development life cycle. To keep the RTM current, we require product owners (such as product specialists for functional requirements) to maintain all changes to requirements in the tool.

As shown in Figure 4.2.2.3-1 below, there are two main sources of requirements for the Claims Processing and Management Services project: the RFP requirements and the CMS Certification MECT System Review Criteria from the applicable MECT checklists. Conduent imports these requirements into the requirements management tool, a component of Azure DevOps. We then host requirements validation sessions and Conference Room Pilots, demonstrating the system and gathering affirmations that the base system, as configured, meets Montana requirements. As gaps are identified, we gather clarifying information from DPHHS subject matter experts in order to fully understand each requirement that must be met with additional configuration, modification, or enhancement. We add this clarifying information into the requirements management tool as the basis for design, testing, and traceability to certification artifacts.

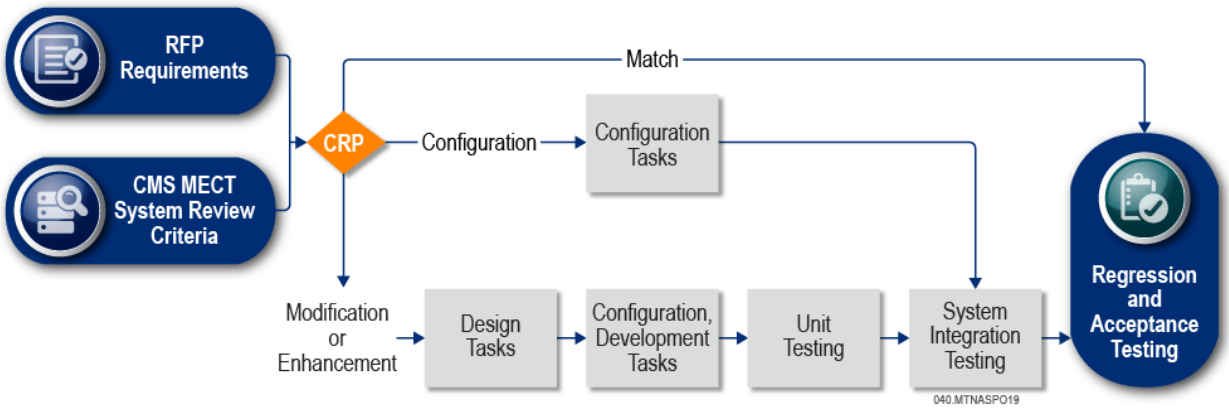

Figure 4.2.2.3-1. Requirements Traceability through the SDLC
RFP and MECT requirements identified as gaps are traced through design and testing.

RQM04
The Contractor shall, during requirement validation, provide designated Department staff access to a fully functioning environment to become familiar with the solution.

For the DDI phase, we plan to build five environments at appropriate times: Development, Quality Assurance, User Acceptance Test (UAT), Production, and Disaster Recovery. We provide a demo environment to Department staff in order to become familiar with the solution early in the project. This familiarity benefits both the Department and Conduent: The Department can learn about and explore system functionality; Conduent can move more quickly through the system during requirements validation and conference room pilot demonstrations; and the Department can prepare questions and comments prior to sessions based on self-driven evaluation of the environment.

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RQM05

The Contractor shall utilize project control tools to formally track all requirements and related design, configuration, testing, and certification artifacts. The Contractor's requirements management tool shall ensure approved changes to requirements are linked back the approved change request.

Once the project begins, we load the requirements into Azure DevOps, where individual requirements are tracked as work items. Through this load process, and with your input, we incorporate additional requirement sources, such as the MECT checklists. We assign, clarify, design, test, and implement each work item and track it through the System Development Life Cycle (SDLC) using the Azure DevOps software. Our use of this integrated tool provides a single location for tracking and reporting on the traceability and satisfaction of the full set of RFP requirements.

Azure DevOps for Requirements Management. Through the "Backlogs" component of Azure DevOps, we load each requirement from the RFP and identify its ID, source (e.g., Attachment F versus MECT Checklist), functional area, gap analysis, and priority with fields and tags that can be used in filters, saved queries, and ad hoc searches. We also maintain text in a description field to capture any clarifications and our plan for meeting the requirement, subject to DPHHS approval. We link work items to depict dependencies, parent/child relationships, and related requirements. We also link requirements to design artifacts and other documentation stored in SharePoint. This approach allows us to leverage the document management and version control capabilities of SharePoint while maintaining traceability and tracking progress in Azure DevOps.

Test Management. Because Azure DevOps is also our primary test and defect management tool, we link requirements to the test plan and the test cases that validate them, and we also link any resulting defects. This linkage demonstrates to you that we have not only designed and configured the requirements, but that we have tested them and resolved any outstanding defects prior to Go Live. We adapt our SDLC activities to the gap analysis information captured for each requirement. Specifically, our design, documentation, and testing activities are adjusted depending on whether the requirement is met "out of the box," through configuration, or through code modification.

RQM06

The Contractor shall develop, maintain and submit a Requirements Traceability Matrix (RTM) to show bi-directional traceability with applicable business requirements and their realization throughout all project phases (e.g., requirements, design, testing and certification (MECT) checklist items). This should include how the requirement is realized (e.g., configuration, custom development, base functionality). All revisions must be reviewed and approved by the State.

With Azure DevOps driving the team's assigned tasks, design work, configuration, code control, testing, and defect resolution, our team continually updates the information in the tool to reflect completion of tasks, linkages, relationships, and new information about requirements and solutions. We provide full traceability and progress against our scope of work, presenting the results in the RTM. We maintain the RTM through the entirety of the contract, including certification, to assure the Department and CMS that RFP-specific as well as MECT Checklist requirements have been satisfied.

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RQM07

The Contractor's requirements management tool shall have the ability to manage requirements traceability by module(s), MITA business area, MITA business process and MECT checklists.

Azure DevOps provides the capability to track attributes and add "tags" to categorize, filter, and report on requirements, user stories, and tasks. Our standards and procedures guide functional teams in setting values for attributes such as:

- Status
- Related Feature or Use Case (used to group common requirements for a streamlined, efficient, process-based discussion)
- MITA Business Area and Business Process
- Corresponding MECT Checklist
- Gap Analysis (indicates whether the requirement is a match, met with configuration, or a gap that must be filled with code modifications or enhancements)

We use these attributes to group related requirements for demonstration, to provide filtered traceability reports, and to monitor status of requirements throughout the life cycle.

Our expertise in full implementation life cycle and our successful certification history provide us the foundation to make sure that all RFP requirements are bi-directionally, accurately, and completely traced from RFP to certification.

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4.2.2.4 Design, Configuration, and Build [RFP 3.10.2.4, Attachment F]

REQUIREMENT: RFP Section 3.10.2.4, Attachment F

The Contractor shall undertake activities to resolve gaps between the RFP requirements and the proposed solution. Once designs have been approved by DPHHS, the Contractor shall configure and/or customize the solution based on the desired business outcomes. The Offeror must describe in detail their approach to meet each of the Design, Configuration, and Build requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

A key feature of Conduent's approach to designing, configuring, and building a solution that meets your needs is the use of the Conference Room Pilot (CRP).

The Conference Room Pilot offers many benefits:

- Define, detail, and document desired end-to-end business processes and workflows
- Configure/simulate transactions from beginning to end of the business process to meet the requirements in the RFP
- Analyze and understand integration impacts and touchpoints
- Identify gaps and areas of change between the product and the RFP if any
- Test both positive and negative business scenarios
- Define the migration path to UAT

Azure DevOps is our comprehensive lifecycle management tool. Any gaps identified during CRP sessions are documented in this tool. Our product subject matter experts (SMEs) create product design documentation for the gaps and seek your sign-off of the design documents. Upon approval, we move into iterative configuration, customization, and testing for those changes using a Feature Driven Development approach. We conduct all required testing, including system, and regression testing as appropriate. Throughout the iterations, we conduct walkthroughs of functionality, gaining buy-in from DPHHS stakeholders as the CMdS product evolves into your Claims Processing and Management Services solution. Azure DevOps is used to trace requirements through the process of design, configuration, customization (if necessary), and testing to depict bidirectional traceability throughout the SDLC.

Benefits of Conference Room Pilot Approach

- Iterative approach to configure product to most desired business process outcome
- Reduced risk by working on features defined by business process and obtaining incremental customer feedback
- Continually analyze and prioritize dependencies

DCB01
The Contractor's solution shall accommodate customer preferences for communications by electronic inbox, written correspondence, email, text, and phone.

According to the State's Question & Answer Board's response to *Attach F, ID DCB01*, this requirement refers to communications with members, providers, and other stakeholder groups. CMdS-Claims includes internal provider and member screens to capture communication information such as email address and SMS preference, in order to provide customers with their preferred communication methods. We review these options with the Department to determine if they cover the range of communication preferences to meet this requirement.

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DCB03
The Contractor shall conduct collaborative design sessions to address all gaps identified during requirements validation.

Conduent follows documented best practices for conducting design sessions. Some of these tried-and-true practices include:

- Create a concise agenda that includes time boxed discussion points, list of documents that will be reviewed, required and optional attendees, pre-work requested, and desired outcomes
- Provide the agenda to all invitees allowing sufficient time to perform any pre-work
- Confirm design documents and traceability to the RFP requirements are accurate and concise to minimize wordsmithing and other minor refinements during sessions
- Assign a scribe to capture decisions, reasons for decisions, pros/cons weighed, and the individuals involved in decisions. However, it is not necessary to capture minute-by-minute wording of every discussion held

We draft and complete design documentation for gaps using proven design templates honed over years of MMIS implementations and combined with CMS eXpedited Life Cycle (XLC) standards and template guidance.

Every requirement in the RFP is tagged and mapped in the Azure DevOps agile lifecycle management tool. All gaps identified during Conference Room Pilots are logged in Azure DevOps. Our rigorous attention to detail results in full traceability, and we include user stories for any identified gaps to go through design review.

DCB04
The Contractor shall, in the design sessions, recommend solutions for each configuration gap, as defined in requirements validation, that will produce the desired business outcomes. If a gap cannot be addressed via configuration, the Department may consider making policy changes before approving customizations to the solution.

Conduent shares Montana's desire to implement the CMdS product using configuration changes, instead of customization, to achieve the desired functionality. This approach reduces risk, increases the speed of implementation, and allows for a more reusable, robust, and standardized product across states, benefitting clients across the country. For this reason, our initial analysis of requirements includes an identifier for each requirement as follows:

- **Potential Match.** Exists in the base product and needs no configuration or modification for the implementation.
- **Potential Configuration.** Exists in the base product but must be configured using business rules or UI-based edits (no coding).
- **Potential Modification.** Exists in the base product OR in a different implementation of the product and must be modified (with coding changes) to meet your requirements and/or to integrate the feature with your version of the product.

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- **Potential Enhancement.** Does not exist and must be designed and developed from scratch to meet your requirements.

During our Conference Room Pilots, we assign one of these identifiers to each gap. At that time, we discuss any alternatives with DPHHS. For example, by looking at the true business need expressed in the requirement, we might pose two possible solutions: one requiring coding and another leveraging existing configuration options but offering slightly reduced automation. Or the alternative could offer a slightly different policy (such as a different pricing method) that would achieve the same overall goal without requiring coding changes. We work with DPHHS to weigh the pros and cons of each alternative and determine the ideal approach. We then update the identifier to "Match" ,"Configuration", "Modification", or "Enhancement" and fill in the "Solution Description" field documenting the chosen solution.

DCB05
The Contractor shall demonstrate completed functionality frequently as the solution is configured/built, using a fully functioning environment.

Conduent's core implementation methodology of Conference Room Pilots supports the Department's vision to demonstrate completed functionality in iterations. A Conference Room Pilot for a set of features is only considered complete after the demonstration of those set of features using a fully functional environment. For example, a CRP session for benefit plan management is only considered complete after validating the benefit plan in the demo environment with the Agency.

Incorporating agile, iterative, and feature-driven development concepts, each development iteration includes design, configuration, development, unit testing (if applicable), and system testing for any features in scope for the iteration. At the conclusion of the iteration, the project team demonstrates the resulting functionality to the Department. These demonstrations provide opportunities for the Department to view the built and configured product, provide timely feedback, and perform additional hands-on tests to confirm the application meets business and functional requirements.

DCB06
The Contractor shall migrate completed releases promptly through various testing levels all the way to User Acceptance Testing (UAT).

Within each iteration, Conduent adapts the testing approach based on information gathered in requirements validation sessions and Conference Room Pilots. The testing may include, depending on the work performed: unit, system, and integration testing, as well as regression testing. After all the iterations are complete, we conduct an end-to-end cycle to complete any remaining system integration testing, performance testing, security testing, and hardening (or optimization) of the system. Upon receipt of Department approval to proceed, Conduent releases the completed functionality to the UAT environment. Department staff conduct UAT and sign off on the functionality based on acceptable findings during UAT execution. Once acceptance testing is complete for all features and functions, a parallel testing phase is conducted and Conduent performs Operational Readiness activities to prepare for the Go/No-Go discussion with the Department.

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DCB07
The Contractor shall provide the design for online help approach and documentation, as appropriate.

Developed by our documentation specialists using MadCap Flare, the CMdS online help provides context-sensitive help with step-by-step instructions for sequential functions, tasks, creating reports, fixing errors, and troubleshooting. MadCap Flare facilitates the development of "single source" content,

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meaning that a single set of content can be exported to multiple "targets." A target is defined as an output for a specific audience with a specific format and tailored content.

We can generate the content for the complete online help materials or for a specific subject. For example, we can separately generate a standalone help file that is specific to call center staff. We also generate integrated online help that is incorporated into the CMdS user interface and linked to system functions to provide context-sensitive help. The integrated online help is the primary vehicle through which users access help documentation; not through traditional printed paper help documents, but through online topics that are directly related to the function the user is currently performing.

Figure 4.2.2.4-1 presents online help within the CMdS product. This same content can be exported to provide functional area specific documentation.

Figure 4.2.2.4-1. CMdS Online Help
The CMdS product includes comprehensive and context-sensitive online help.

DCB08
The Contractor shall work with the Systems Integrator and the Department to establish required interfaces as defined in the detailed scope of work.

Coordination, communication, and information exchange with the Systems Integrator are critical when it comes to exchanging data across a complex system of interfaces, tools, and vendors. Our emphasis on open communication and coordination applies to the complete product lifecycle including the identification and establishment of required interfaces.

We meet MITA Standards and Conditions with our service-oriented architecture (SOA) platform that interfaces through our enterprise service bus (ESB) or application programming interfaces (APIs). Our API management process encompasses designing, publishing, documenting, and analyzing APIs in a secure environment. We create both public and internal APIs that are consumable and secure. Our SOA

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platform uses our Conduent Digital Hub to receive, publish, and expose APIs between our system and the System Integrator's ESB and other state systems. This allows for effective and secure data sharing and management in a multivendor, modular solution.

This approach also allows us to clearly define service endpoints and enable functionality and user configuration without requiring changes to the overall system. The CMdS product includes pre-built interfaces for both web services and external data to accelerate integration with a wide variety of other platforms without having to write new code.

We describe our approach to meet your specific interface requirements in Proposal Section 4.2.1.6, Interfaces.

DCB09
The Contractor shall provide office space for Contractor staff and meeting rooms as necessary to support the scope of work and contractual obligations.

Conduent is proud of its long-standing relationship with the Department and its history as one of the largest private employers in Helena. Our proposed new facility in Helena includes conference rooms, breakout rooms, several sizes of workstations to meet varied needs of our staff, break room, mailroom, network room, and a reception area. Our proposed meeting rooms and space satisfy the Claims Processing and Management Services project scope of work and contractual obligations. We monitor the space allocation to make sure it can accommodate future contract and implementation needs.

DCB11
The Contractor shall develop auditing and general controls to ensure the effective use of the technical architecture and data in meeting requirements.

The CMdS product includes standard tools and processes to automatically audit data, access/authorization, and transactional information. The CMdS architecture provides detailed information and effective controls without taxing performance of the end-user application. Any changes to the architecture must go through our product architecture review board. Further, the business processes behind these standards were in place in our prior-certified implementations, giving you confidence that our audit reporting and standards are effective and efficient and meet your business needs.

DCB12
The Contractor must provide all technology and equipment for contractor staff necessary to support and complete the scope of work and the contractual obligations.

We provide, maintain, and upgrade required hardware and software, and we bear the cost of establishing and maintaining leased lines, internet and intranet servers, virtual private networks (VPNs) and any other communications devices or protocols needed to support the contract. We maintain facilities and staff to support the hardware and software required to operate the system, including but not limited to staff support services, hardware maintenance equipment, appropriate monitoring hardware and software, and environmental conditioning, protection, and alarming (e.g., HVAC, fire suppression, and intruder detection). We have based our new facility plans on information gleaned from our current Montana contract as well as the need for a generator and to meet current ADA requirements. The proposed facility provides office space, workstations, printer space, telecommunication capabilities, as well as computer hardware and software equipment.

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DCB13
The Contractor shall be responsible for operating and maintaining any software needed to support all module components and project tools in use by the Contractor.

Below we identify software we operate and maintain to manage and support the CMdS product and project tools. The following software products are an integral part of our Software-as-a-Service (SaaS) offering to the Department:

- **Azure DevOps (formerly Microsoft Visual Studio Team Foundation Server).** Online integrated software for lifecycle management, requirements management, task tracking, test management, and defect tracking.
- **Microsoft SharePoint.** Online documentation and knowledge management, collaboration, and version control. It includes "lists" to track project management items such as risks, issues, and action items in accordance with our project management methodology. It also has an event calendar, discussion boards, and contact lists. It serves as a complete repository, compatible with Microsoft Office software, for project plans, deliverables, and other project artifacts, and is accessible to the Department's authorized users at any time.
- **Cisco AppDynamics.** For performance engineering.
- **Selenium.** For automation testing.
- **Microsoft Project.** Used to store and maintain the detailed Project Work Plan.
- **Microsoft Teams.** Collaboration, chat, and web-based conferencing tool.
- **Knowledge Connection.** A SaaS-based system for training of all project stakeholders. It is both a Learning Management System (LMS) and a Learning Content Management System (LCMS). The LCMS component supports the creation, design, and management of content on webpages and is used to design learning programs that are managed, tracked, and deployed via the LMS component.

DCB14
The Contractor's solution shall have the ability to print a properly formatted representation of the entire screen (including sections not displayed without scrolling) and associated data in the application.

CMdS is compatible with screen-print tools such as Snipping Tool and TechSmith Snagit® to allow users to print visible and/or scrolling screens and associated data in the application. We demonstrate this capability during requirements validation sessions to confirm it meets your stakeholders' business needs.

DCB15
The Contractor shall provide recommendations for simplified business rules and business processes to the Department.

As part of requirements validation sessions and Conference Room Pilots, and in support of our SaaS approach, we review current business rules established in CMdS and their supporting business processes to validate alignment with Montana's policies and business processes. We know it is most efficient and lowest risk to implement CMdS with as few modifications as possible. We work with Montana's subject matter experts to agree upon these configurations or determine which alternate configurations must be implemented as part of the iterations. We use our claims processing expertise, garnered from our

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experience in Montana and across the nation, to offer suggestions and improvements to the State to help you improve delivery, quality of care, accuracy of processing, and more.

CMdS maintains a comprehensive inventory of our business rules. Any changes to the business rules are documented to keep the business rules current. We are able to use the data driven configurability of the CMdS product and our system operations expertise of 49 years in Medicaid to provide recommendations for simplified business rules and configurations to achieve optimal business processes for the Department.

DCB18
The Contractor shall configure, support and maintain all components of the solution in a manner that reflects performance expectations described in this RFP.

Throughout the DDI phase and into operations, our goal is to meet or exceed your performance expectations for each required service within our scope of work. Our ability to configure, support, and maintain the CMdS product in accordance with your performance standards and expectations relies on thorough planning, accurate execution, and rigorous monitoring and controlling activities.

Planning. To continually meet performance expectations, we incorporate rigorous, quality-infused processes and oversight activities into our various plans, procedures, and templates. In many cases, we base this material on process steps and techniques within A Guide to the Project Management Body of Knowledge (*PMBOK Guide*). Our management plans contribute to a complete approach to configuring, supporting, and maintaining the product in a high-quality, efficient, and accurate manner. For example:

- Our Communication Plan includes process steps to set and communicate agendas in advance of meetings
- Our Deliverable Management Plan includes processes to internally review and submit deliverables to the Department by their due dates
- Our Operations, Maintenance, and Configuration Plan includes processes to review, complete, and implement maintenance and configuration requests within SLAs
- Our Issue Management Plan has processes to identify issues in a transparent manner in order to resolve them before they negatively impact performance or SLA adherence
- Our Test Plans include readiness reviews to make sure changes are fully tested prior to implementation

Executing. Plans and procedures are only valuable if we execute them as documented. Our PMO (during DDI) and quality analysts (during Operations) train and inform our staff on our standard processes and procedures. They make sure our team members are aware of our plans and understand them in order to develop and deliver high-quality services.

Monitoring. Our PMO and quality analysts rely on automated and manual reporting and performance monitoring tools to keep tabs on the team and system's performance. We implement routine maintenance, monitoring, and quality oversight reviews and audits to track and maintain required performance levels.

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DCB19
The Contractor's solution shall be free of any software components that are the result of legacy code transformation.

Conduent offers the CMdS product as a new, SaaS installation for the State of Montana. CMdS offers the benefit of the plug-in/API-driven architecture, with which Conduent can develop State-specific enhancements to build on top of the core product through API microservices. No part of the CMdS offering includes transformed legacy system code.

DCB20
The Contractor's solution shall provide Web based content that is supported by standard web browsers and are mobile and tablet compatible.

CMdS is built on responsive web technology that allows us to adjust web content into the best layout for the device displaying it. The CMdS product is compatible with standard browsers, mobile devices and tablets. The CMdS user interface is built to comply to ADA Section 508 standards.

DCB21
The Contractor's solution shall allow the Department to edit and change any static text in the application and correspondence templates. All static text must be approved by the Department.

CMdS includes screens that allow an authorized user to modify text such as a Remittance Advice Message and correspondence/letter templates. Based on business rules, some of this information is immediately available, whereas some changes require a coordinated production publication in order to become effective. The Department may also create links and static content managed/governed through our lifecycle management tools. We review this functionality with the Department to confirm it meets your requirements and policies.

DCB27
The Contractor shall develop and submit a design and configuration schedule, agendas, and minutes for review by the Department.

In order to meet the DDI timeline Conduent proposes for this project, it is very important that we collaborate with you to plan the schedule, especially in areas where we depend on you for input and approvals. This includes deliverables expectations discussions; requirements validation sessions; Conference Room Pilots; iterations of design, configuration, build, and testing; design review sessions within the iterations; readiness reviews prior to UAT, and more.

In all these cases, we make sure to:

- Review with you the stakeholders that need to be involved in such meetings and sessions
- Work to develop a schedule that accommodates the stakeholders
- Consider demands on resources' time across various sessions and responsibilities
- Factor in functional dependencies to sequence work logically
- Share the schedule so team members can plan their work and avoid conflicts with other events and meetings

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- Share agendas beforehand, for adequate preparation and planning
- Distribute minutes in a timely manner afterward, to confirm decisions have been accurately captured

By following these practices, we make sure to collaborate with the right people, at the right time, and in an efficient and effective manner to support the quality of our work products and the success of the project.

4.2.2.5 Data Conversion, Cleansing and Migration [RFP 3.10.2.5, Attachment F]

REQUIREMENT: RFP Section 3.10.2.5, Attachment F

Data conversion, cleansing, and migration activities required to support the scope of work contained in this RFP include planning, identifying and analyzing conversion specifications, testing, execution and coordination of all data and file conversion, migration and data cleansing processes. Data conversion often encounters risks and issues related to the complexities in defining the relationship between source and target data structures, differences in the data required for processing between legacy and new systems and the historical changes to processing requirements and valid codes that may result in data inconsistencies and missing data conditions.

Active and historical data will need to be converted from several source systems, (e.g., MMIS, SAMS). The Offeror must describe in detail their approach to meet each of the Data Conversion, cleansing and migration requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent's data conversion team supports the data conversion, cleansing, and migration effort. Team members work closely with the State to plan the overall effort, identify and analyze conversion specifications, perform conversion testing, and perform the final conversion and data loads.

Our Department-approved Data Management, Conversion, and Migration Plan provides the roadmap and details for a successful data conversion, cleansing, and migration effort. The scope of the plan includes:

- The roles and responsibilities of the people involved in the conversion process
- The source to target data structures and validation methods that Conduent uses to transform the data from the source systems (e.g., MMIS, SAMS) according to your specifications
- The plan for final conversion of active and historical data prior to Go Live

Mature Conversion Methodology

- Facilitated by experts with detailed knowledge of the CMdS data model
- Proven end-to-end conversion processes
- Recognized data transformation leading tool, Informatica, for data conversion, profiling, and cleansing

Figure 4.2.2.5-1 presents the overall data analysis and conversion process. We describe this process in the Data Management, Conversion, and Migration Plan, which we deliver to the Department early in the system development life cycle (SDLC), before any data conversion activities begin.

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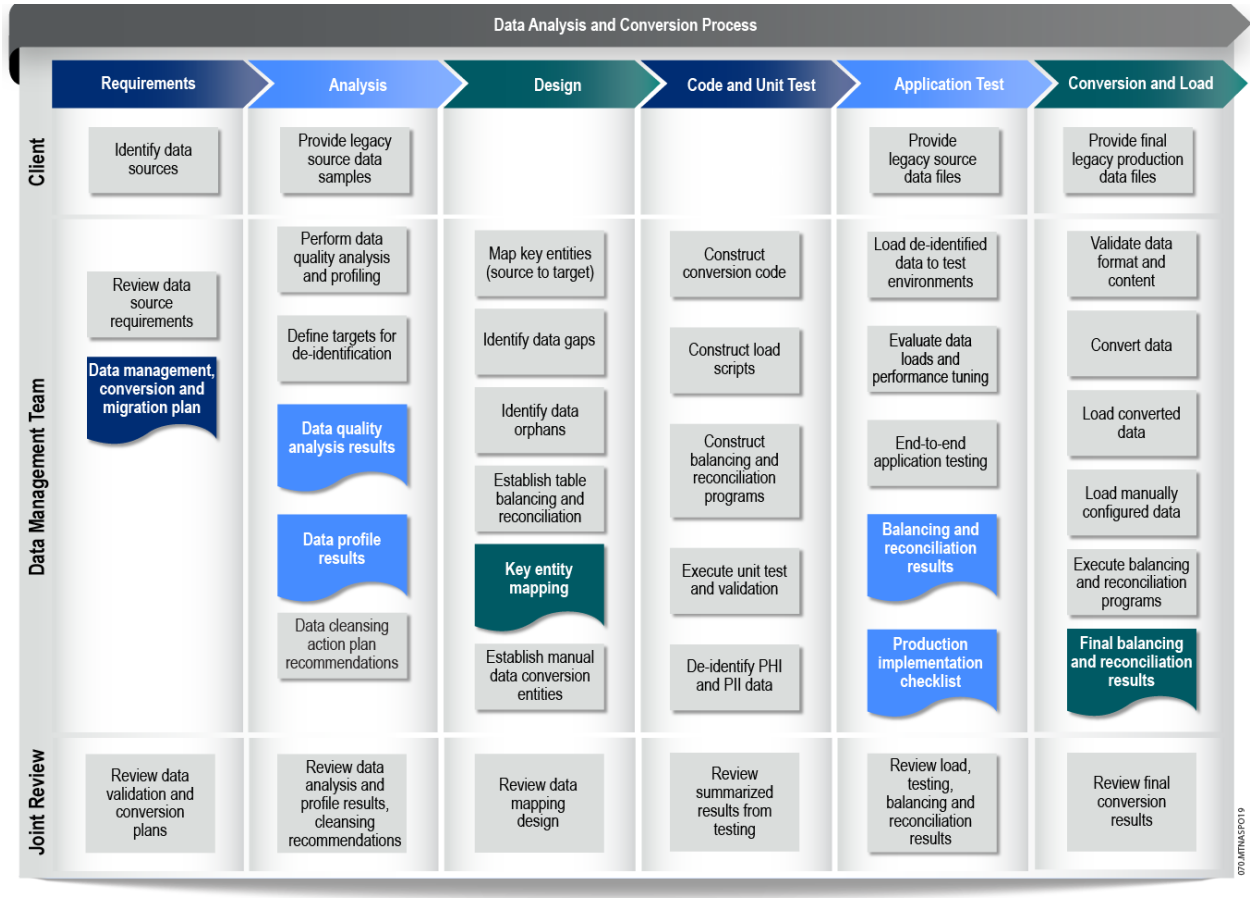

Figure 4.2.2.5-1. Data Analysis and Data Conversion Process
Decades of system implementation projects have helped us refine our detailed, quality-oriented conversion process and work products.

We know the challenges that are inherent in new system implementation projects when it comes to data conversion. Discrepancies between legacy and replacement systems' data models, evolving Medicaid policy and related data needs, changes in technology and data standards, and varying levels of data validation—all result in challenges when extracting, transforming, and loading data into the new CMdS product. The CMdS data model is fully 5010 compliant and can accommodate any industry standard Medicaid information. That, combined with our decades-long expertise with Medicaid data gives us a significant advantage when planning, executing, and testing for data conversion.

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DC02
The Contractor shall provide authorized Department or other designated staff access to an environment to validate converted data and provide support for the data validation effort.

Conduent provides authorized Department or other designated staff access to an environment to validate converted data and provides support for the data validation effort. The Data Management, Conversion, and Migration Plan identifies the various components of the conversion effort. The plan includes:

- The environments available for data conversion
- Access to the solution in order to validate the converted data
- The level of support we provide to the Department, and designated staff for data validation

During the design, configuration, and build phase of the project, we maintain environments that support different functions such as development, various test levels, and valid values or manually configured data. Each environment's definition and purpose relative to data conversion are documented in the Data Management, Conversion, and Migration Plan. Support for validating the converted data includes providing reports on each file/table conversion test results, any issues identified, and conversion progress status.

DC03
The Contractor shall work with the State to identify the data elements that will be converted into the Contractor's solution. For legacy data elements that cannot be converted into the Contractor's solution, the Contractor shall work with the State to achieve desired business outcomes using the data elements in the Contractor's solution.

The overall objective of data conversion is to timely and accurately convert data from the legacy system into the new system. With 49 years' experience in the Medicaid industry, we have detailed knowledge of MMIS systems and Medicaid data models, allowing us to recommend data decisions that support the best business outcomes, regardless of whether the data is represented in the CMdS product or not. Our knowledge of the industry standard MMIS data paired with our CMdS subject matter expertise streamlines mapping efforts, reduces risk, and eliminates the need for extensive knowledge transfer from the State to Conduent. This translates into faster project timelines and accurate conversion of data from source to target system.

Achieving Business Outcomes

Even with our knowledge of Montana Medicaid, we believe the partnership and knowledge sharing between the State, integration partners, and Conduent is paramount. We plan for a joint review team with the purpose of facilitating a forum for Conduent to collaborate and share our plan and execution steps for the conversion effort. The execution steps are documented and consistent with our coordinated life cycle that runs concurrently with the development effort.

Although the conversion life cycle has its own set of objectives, we follow the same structured management methodology for overseeing data transfer and conversion tasks as we do for managing the CMdS implementation. We keep the implementation and conversion efforts synchronized since there are several dependencies between them. The data conversion team depends on the implementation team to

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provide accurate data and conversion requirements and the implementation and testing teams depend on the data conversion team to provide converted data for use in system and acceptance testing.

Figure 4.2.2.5-2 depicts the high-level activities performed by our team that help achieve the State's desired business outcomes.

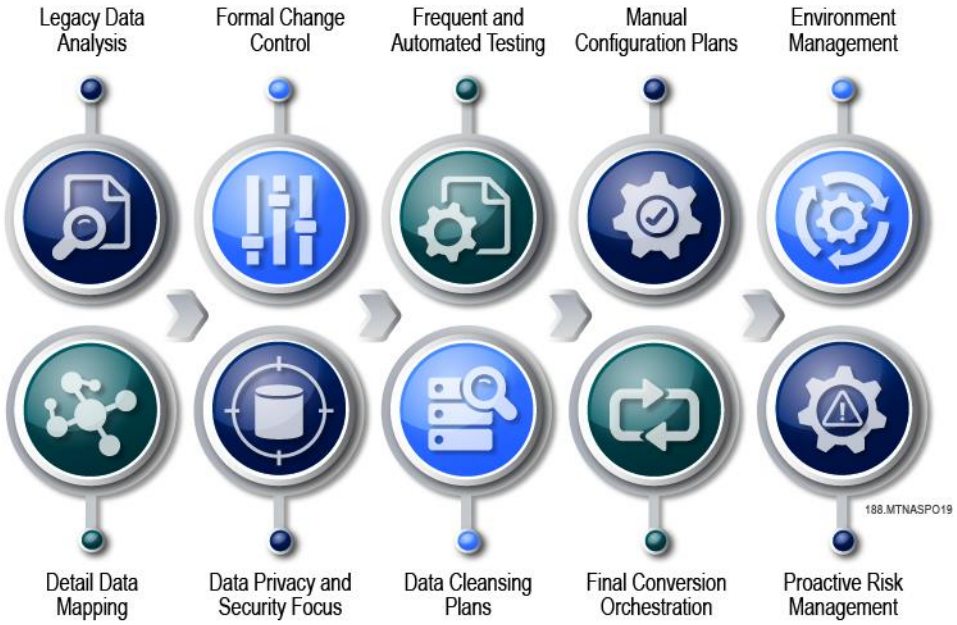

Figure 4.2.2.5-2. Data Conversion Activities
Data conversion requires careful planning and detailed analysis to achieve the State's desired business outcomes.

Conduent updates the Data Management, Conversion, and Migration Plan to include test inputs, procedure steps, expected results, and supporting tools. We deliver the updated plan to the Department prior to user acceptance testing (UAT).

Discrepancies

During testing, the data conversion team takes ownership of all conversion-related issues. They compare defects with the mapping rules documented in the conversion specifications. If there are discrepancies in the documented rule versus the mapping, they update the mapping, re-run the mapping, and reload the data. If the scenario encountered was unanticipated, the conversion analyst works with the Department and the joint review team stakeholders to create a new mapping rule and then the analyst re-runs the mapping and reloads the data.

If the data conversion team cannot find issues with the data transformation (that is, the mapping rules are legitimate, and the mapping performed as expected), they turn the issue over to the responsible functional team for research. The functional team takes responsibility for resolution. The data conversion team documents issues and tracks them in joint review meetings.

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Error Reports

Each execution of the conversion process for a given set of functional area tables produces error reports that document data anomalies, inconsistencies, and errors encountered during the process. The Exception and Run-Time Report breaks down, by workflow, execution duration statistics and information on valid and rejected counts by source and target file/table. Extraction, transformation, and loading (ETL) developers review this report to determine if the conversion job executed successfully. If the report indicates runtime issues, ETL developers conduct additional analysis to determine if the issue is data related or inherent in the conversion process design.

If the report indicates design or conversion process errors, the ETL developer makes corrections and re--executes the conversion run. If the report indicates problematic data, the conversion analyst forwards the reports to the State for review. State staff make the decision to do one of the following:

- Correct the data in the source files (current system)
- Allow the data to be converted as-is and let CMdS edits handle the erroneous data
- Alter the mapping specifications to accommodate the erroneous data

Conduent's testing team works closely with the data conversion team and with the State and Conduent SMEs to infuse quality throughout the data conversion process.

By the time UAT starts, we have completed several runs of the conversion jobs providing converted data for the development and testing efforts. During these times, our developers, functional teams, and the State can identify any defects with the conversion jobs. All defects are corrected and retested.

DC04
The Contractor shall work with the State to identify data elements or fields in the Contractor's solution that are not available to be converted from the legacy system, and whether the conversion programs should fill them with default or initial values.

Conduent develops a detailed Data Management, Conversion, and Migration Plan that provides the complete conversion strategy as it uniquely applies to the State. A step in the plan is the identification of conversion rules by field. Many decisions are made for each data element: whether the field will be converted from the legacy system, manually loaded, or set to default or null values. We determine data relationships and index values during the data design step.

Mapping Analysis and Tracking Tool (MATT)

For each CMdS functional area, analysts research each field and identify and document the detailed conversion rules in our MATT. Our data conversion team uses MATT to:

- Capture source and target data elements
- Document relationships between data elements
- Record their respective metadata
- Create various conversion reports and specifications

The analysts create conversion rules to capture the transformation requirements from the source file/table to the target table. We use a target table driven approach. This means we go through each target table,

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field by field, and determine where the source data is located to populate that field. If no source data exists, we identify a default value or develop a method for determining the value.

Data Gap Analysis

After we complete the data mapping process, we perform data gap analysis. The data gap analysis exposes differences in data models where legacy data has no counterpart in CMdS, or where CMdS has a table and/or column with no counterpart in the legacy system. Through this process, our functional teams identify the appropriate columns in the CMdS database, and the developers define data transformation requirements. Information obtained through data gap analysis serves as the basis for developing the conversion specifications in the Data Management, Conversion and, Migration Plan. MATT creates a source gap report and a target gap report. The Source Gap Report identifies fields that are not mapped to a target table. The Target Gap Report identifies all target fields that do not have a value from either source or default. We validate all fields in the target table have an assigned value. These gaps in data might include:

- Historical data the State wants to preserve but serves no current functionality
- Data CMdS needs but does not exist in the legacy systems

The gap reports serve as critical inputs for manual data configuration, the conversion effort, and joint review meetings with the State during design discussions. Each CMdS table must have a defined load strategy. Data analysts define the initial load strategy immediately following table-level mapping, make necessary modifications, and maintain the load strategy detail throughout the entire conversion effort. MATT produces a Target Table Gap Analysis Report, which documents a load strategy for each target system table by functional area. The load strategy for a given table includes tables loaded with converted data, manually entered or configured data, data acquired through an interface, data transferred from the baseline system, or tables that remain empty at go-live. Data analysts examine any remaining CMdS tables to define a load strategy.

Key Data Elements

The data conversion team defines and creates a catalog of key data elements anticipated to undergo frequent application processing. Based on data conversion experience from numerous MMIS implementations, the team gives special attention to key data elements that occur frequently to mitigate risks in the event changes are recommended to these fields. Consequently, the team conducts a data element frequency analysis at the domain level. (A domain is a data entity employed by one or more data elements. For example, rendering provider ID, billing provider ID, and referring provider ID are all data elements that point to a common domain entity called provider ID.) Conducting key data element determination at the domain level provides a more accurate frequency determination since it consolidates the counts for data elements under a common entity. The data conversion team also notes system impact by obtaining a list of fields that have a significant impact on CMdS processing from the functional teams. The team uses this information when creating business rules that involve key data elements.

Once key data elements are defined and cataloged, the data conversion team works with the functional teams and the State teams to define a common data conversion business rule for each key field. These rules describe either the specific process or transformation required to migrate a legacy system value to a CMdS field, or the specific calculation or process required to derive a value for a CMdS field. The rules

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defined in the key data element business rules catalog are not specific to any legacy system or CMdS field but are designed to be reused across multiple system tables and fields.

If a key field has a set of valid values or codes, the data conversion team works with the relevant functional team to define a valid value crosswalk, which maps each legacy system code value to the appropriate CMdS code value. Consider the following examples:

- If the current system defines recipient sex field as "1" for male and "2" for female, and CMdS requires an "M" or an "F" populated in the recipient sex field, we capture this information in the Data Management, Conversion, and Migration Plan.
- If the current system's internal control number (ICN) is 13 bytes and the equivalent CMdS transaction control number (TCN) is 17 bytes, the data analyst documents the algorithm to expand the ICN from 13 to 17 bytes. We document the TCN mapping rule in MATT. In some instances, the data conversion team works with the State to develop appropriate conversion algorithms.

The data conversion team uses the key data element business rule and crosswalk catalogs created earlier to verify that the same field is converted consistently across all CMdS tables containing the field. Rather than defining a new mapping rule or crosswalk for each CMdS field, the data conversion team first refers to the business rule catalog to determine if a rule or crosswalk already exists for the field. A new rule or crosswalk is created only if one does not exist in the catalog.

Since the key data element business rule and crosswalk catalogs are built at the domain level rather than the field level, the data conversion team can achieve even greater consistency in the application of mapping rules. Fields sharing the same domain generally have the same data conversion rules and code values. Moreover, MATT provides functionality to propagate business rules and crosswalks to the appropriate data mappings based on the data entity domain. For example, the business rule to convert the provider ID domain is defined once in the key data element business rules catalog and is automatically propagated to any mapping that uses a field with the provider ID domain. This includes any mapping using rendering provider ID, or billing provider ID. This MATT automation significantly reduces the level of effort required to build field-level data mappings and promotes the consistent application of key data element business rules and crosswalks across mappings. Furthermore, reusing mapping rules and crosswalks helps avoid duplicate changes to mapping rules or code crosswalks for key data elements.

Design, Development, and Migration

During technical design, we determine the best method for designing and developing the conversion processes. If our data conversion team can build a table from an interface/update program, then we use the interface/update program. If we need to load data manually, our functional team may use CMdS screens to key in the data or may enter data into a spreadsheet for subsequent loading into a CMdS table. An example of manually loaded data is the member edit and hierarchy rules. When no other option is available, our team writes a new conversion mapping program. This approach accommodates the most efficient process for each table we need to load. Our data conversion team constructs conversion programs and processes for each legacy source table or file.

During the conversion development and migration phase, the data analyst provides developers with mapping specifications. The developers develop code based on these mapping specifications and test the code at the unit level. The data conversion team works closely with the various functional teams to have a

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clear understanding of the mapping rules and the target database layout. They also make use of data profiling.

Data Profiling and Informatica PowerCenter

Data profiling is the process in which the data conversion team analyzes data files to identify erroneous data and valid values and to obtain data statistics. Data profiling ultimately determines if data is missing. Conduent begins this process as early as possible in order to review with the State any data issues found and determine the approach to correct the erroneous data.

An important tool we use in data profiling is the Informatica PowerCenter® Data Profiler tool. This tool allows the data conversion team to view and run reports on all data in a file or table. The reports provide data analysts with all values used in a field. It shows missing data in a field, duplicate keys in use, or if fields contain inappropriate data. Using this tool, the data conversion team can perform this level of analysis on any field in the data file. The Data Profiler tool is highly effective in identifying data issues up front and affords Conduent and the State enough time to make decisions on how to resolve data issues.

Informatica PowerCenter is an important tool for ETL developers to use when building their conversion jobs. The tool allows an engineer to visually map legacy system data to CMdS structures and to perform data manipulation using a real-time and batch data mapping GUI interface. The tool allows users to define rules for record filtering, error and reject record handling, and error logging. The error and reject record handling are extremely useful in identifying data that needs to be cleansed. Using the error log, the data engineer can determine why the data is rejected and can present the erroneous data to the data conversion team and the State to determine an appropriate corrective action approach.

Errors

If the current system data has errors, the data analyst documents the error and works with the functional team to determine the resolution. The data analyst documents the different solution options and discusses these options with the conversion lead and the State. The functional team and the State jointly choose one of the options or come to a different resolution regarding the discrepancy in the current system data. Although the data conversion team is responsible for conversion, when an error occurs in the current system data, Conduent and the State must mutually agree to the resolution. This resolution could include having the State fix the data in the legacy system so it can be resent for conversion.

If the data cannot be corrected by the team and it cannot be corrected by modifying business rules, we may have to "scrub" or "clean" the data. Conduent works with the State to define the modifications we need to make, when we need to make them, and the impact on the conversion schedule. We analyze each data scrubbing task on an as-needed basis and reach a mutual agreement between Conduent and the State before modifying the data.

Staging and Converting Data

After receiving data from the legacy MMIS and other source systems, the data conversion team stages it on the conversion server in a flat file format. The flat files serve as the input into the conversion process. Conduent uses Informatica PowerCenter's toolset to write the conversion programs. The input into Informatica is the data from the current system that is staged on the conversion server. When a file

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created by a conversion mapping is loaded into the CMdS database, it is automatically assigned a new version or release number. This feature enables the data conversion team to keep track of program versions and the output files they create.

Loading Converted Data

The developers generate load files using Informatica programs and upload them to CMdS. The file naming convention has associated with it the version of the program that created it. At this point, the data conversion team has transformed the source data and can begin loading data into the target tables.

The database administrator uses a load utility to populate the target tables with the transformed data. Once the data conversion team populates the data into the target tables, the system can read the data and process it. At this juncture, the testing team performs tests against converted data. We use converted data for testing, including system testing, integration testing, and UAT.

We take the following steps to load data manually, as needed:

- Identify the target tables that require manual population
- Gather the data from subject matter experts (SMEs) to manually populate these tables. In CMdS, this information is entered manually or captured in a manual entry template spreadsheet, from which the data is imported into CMdS tables
- Evaluate the spreadsheets to determine if they contain all of the data needed to configure the tables manually
- Develop a load process to transfer data from the spreadsheets to the tables
- Load the CMdS tables

Summary

Developers use Informatica for the conversion process and work closely with the data analyst, functional teams, and the State to garner a complete understanding of the business rules documented in MATT. The data conversion team uses dedicated servers for development. These servers are used only for conversion, so the team has enough bandwidth without interfering with another functional area's development efforts.

ETL developers perform coding to the mapping specifications documented in MATT, unit test their code, resolve discrepancies identified during testing, and run coding error, balancing, and reconciliation reports. These reports assist the testing team and the State in validating converted data.

ETL developers document each job and create a run sheet. The run sheet lists job inputs, outputs, the average time it takes to run the jobs, and any parameters that need to be set. ETL developers work with the DBAs to check that all data meets the relational integrity and database constraints defined in CMdS.

The data conversion team supplies each testing region with converted data and works closely with the testing team to determine when to refresh/reload data in any given region. Regions may be fully refreshed, refreshed with just one functional area's data, or reloaded with only certain tables, depending on the situation and the request.

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DC05
The Contractor must perform one or more trial conversions as necessary, before final conversion of the data, and present the results to the State.

Before converting data, we perform multiple trial conversions and conduct walkthroughs of completed file and table conversions. Each time the data is converted we conduct an internal walkthrough to examine the data and look for potential issues. The Data Management, Conversion, and Migration Plan describes the levels of data verification activity, defines the toolsets used to track errors and error resolution, and provides exhibits of error, balancing, and validation reports we provide to the State at the completion of each trial conversion. Throughout the conversion and implementation activities, Conduent partners with the State to confirm our mappings and that the results of testing are accurate. As we work through the exception reporting process, we work with the State to define acceptable solutions to any errant data identified. We perform acceptance testing of the conversion process and confirm we meet all defined criteria in the Data Management, Conversion, and Migration Plan before we start the final conversion.

DC06
The Contractor shall produce the reports necessary to demonstrate adequate checks and balances within the data conversion process.

Conversion testing uncovers issues of various types, including mapping, design and referential integrity issues. Conduent verifies conversion data using a variety of strategies, which we review with State staff during walkthroughs prior to formal submission for review and approval.

- **Validation of Conversion Mapping Specifications.** Consists of validating against the conversion crosswalk that programs comply with the specifications for conversion. We validate logical consistency within the target system, e.g., no instances of converted claims with zero claim lines; sum of claim line reimbursements will add up to claim header reimbursement amounts; etc.
- **Balancing and Comparison.** Consists of comparing the output of converted data with data in the source file both at the macro and micro level. At the macro level, Conduent runs counts of records and categories of records to make sure that the counts in the source file match the counts in CMdS tables, validating that records are not lost or added during conversion. At the micro level, we compare sample records both from the source file and from the target table to verify that all data is properly converted.
- **Testing CMdS Functionality.** Consists of testing the configured CMdS product using converted data to validate the new system is processing correctly and the converted data passes Web page editing or business rules.

Conversion testing is divided into unit testing and data validation testing. Test scripts are included in the Data Management, Conversion, and Migration Plan. Test results are delivered to the State to demonstrate adequate checks and balances are at play during the data conversion process. Figure 4.2.2.5-3 presents a sample error report generated by the Informatica tool.

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Figure 4.2.2.5-3. Informatica Conversion Error Report
Our team uses Informatica to produce error reports associated with conversion.

DC08
The Contractor shall convert electronic documents identified by the Department in a format approved by the Department.

During the joint reviews outlined in our Data Management, Conversion, and Migration Plan, Conduent discusses electronic document conversion recommendations with the Department and works towards an approved format from the Department. The discussions include determining current versus future electronic documents conversion, source electronic document system, and destination of the electronic documents (for example, will they reside in the System Integrator's EDMS solution).

DC16
The Contractor shall provide access to converted electronic documents in their solution from systems being replaced.

Once the Department and Conduent have agreed upon an approved format for the converted electronic documents, we document those agreements in our Data Management, Conversion, and Migration Plan and track progress against the associated tasks in the Project Schedule. Conduent trains the Department on how to access and view the converted electronic documents in our solution and documents within any joint interface design documents between MPATH module contractors and the System Integration Services Contractor.

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Conduent Proprietary Information

DC17
The Contractor shall convert all member and provider data history for any member or provider that has been active within the past three years and three (3) years of all applicable operational data from the State's legacy systems. The Department may require additional data to be converted on an exception basis to support ongoing business needs (e.g., TPL recovery, SURS recovery and drug rebate).
In addition, the Contractor shall convert all data related to: once in a lifetime events, active SURS or TPL cases, future TPL case (e.g., members over 55 years of age that have ever been in a nursing home), drug rebates, and service frequency limits as defined by the Agency.
The Contractor shall produce comparative reports for all converted data. Any data quality issues will be addressed by the State within each source system.

Our Data Management, Conversion, and Migration Plan contains our conversion methodology developed through multiple large-scale Medicaid projects. The plan's processes and steps are proven and result in successful Medicaid data conversion efforts, and were used to successfully perform the last data conversion for Montana Medicaid. While our approach to data conversion is consistent from project to project, we make the necessary customizations for required member, provider, TPL recovery, SURS recovery and drug rebate, to provide a successful conversion from the legacy system to our CMdS product. Factors such as three years of member and provider history for active providers and members are included in the Data Management, Conversion, and Migration Plan. For example, the conversion process accounts for any outstanding provider account balances at the time of system cutover. That is, if a provider owes Medicaid money due to a cost settlement or retroactive rate mass adjustment activity, at system cutover the conversion process captures the outstanding balance and supporting transactions to provide no interruptions to scheduled recoupment activity.

Converting Claims

Based on the volume of claims transactions to be converted, it is sometimes necessary to begin converting claims data some number of months before system cutover. In that event, the conversion plan will include a conversion schedule with milestone dates for planned conversion completion dates (e.g. all 2019 history claims converted by NNN). The claim conversion process accommodates adjustments to legacy system claims already converted. That is, the conversion process recognizes voids, credits, or adjustments to claims already converted and when detected updates markers in the converted claim to notify the new system that the claim is no longer the final version of the claim. The conversion process also includes programming to automatically recycle legacy claims if the conversion process detects that the member data for the claim is not properly converted. After the member data is corrected or converted as necessary, the pending claims to be converted are automatically included in the next group of claims scheduled for conversion.

Testing and Validation

We deliver test results to the Department in our joint review meetings. During testing, we document test scenarios that highlight converting data related to: once in a lifetime events, active SURS or TPL cases, future TPL case (e.g., members over 55 years of age that have ever been in a nursing home), drug rebates, and service frequency limits as defined by the Agency. During this step of the process we produce comparative reports for all converted data and these reports are made available to DPHHS. The final conversion test results are delivered after final conversion execution for use in the Go/No Go decision

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meeting, any exit criteria item outlined in the Data Management, Conversion, and Migration Plan, and as an entry point to the final conversion process.

Final Conversion and Checklists

We establish final data conversion checklists for implementation based on those used for test data loads throughout the testing phases. Refinements to the checklists leading up to final data conversion incorporate steps to confirm that data loading tasks are accurately and completely performed. The checklists also facilitate verification that correct versions of database tables are prepared for production; that production data is populated where it belongs; and that timing and quality verification checkpoints are planned for and evaluated throughout conversion activities.

At the beginning of the final conversion process, we establish and review the final conversion portion of the Data Management, Conversion, and Migration Plan. We complete the activities necessary to migrate the required legacy data to CMdS. Execution of all the final conversion activities is driven by the agreed upon Data Management, Conversion, and Migration Plan. After completion, we review the results of conversion and coordinate with the Department to cleanse remaining data that do not convert under normal conversion. Finally, we work with the State to confirm the data quality and quantity subsequent to data conversion. Throughout our history, this approach has proved to be a successful way to facilitate an accurate and complete conversion of data.

4.2.2.6 Testing [RFP 3.10.2.6, Attachment F]

REQUIREMENT: RFP Section 3.10.2.6, Attachment F

Testing is a critical component for successful implementation of any system configuration/development effort, therefore, in depth, process driven, fully documented testing processes are required for all implementations and configuration changes within the Montana Healthcare Programs enterprise. The testing activities shall include planning, managing and executing a comprehensive testing effort to include unit, system, regression, parallel, integration and UAT.

Prior to implementing a new release, the Contractor is responsible for ensuring that all required tests are performed and evidence that each component meets or exceeds all relevant functional, technical, security, and performance requirements is provided. The Offeror must describe in detail their approach to meet each of the Testing requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

A comprehensive, standardized, and detailed testing approach provides confidence that Conduent's solution and services meet or exceed the needs of Montana for the Claims Processing and Management Services project.

Our testing methodology applies sound management principles, best practices gathered in our history of large system development projects, and industry standard processes and tools. Our use of industry-standard testing methods, coupled with our experience in testing our technical solutions, provide:

- End-to-end integrity across business processes
- Accurate transaction processing
- Minimization of defects in production
- Ability to handle the volume of data and transactions
- Validation of data conversion
- Alignment of system solutions with business needs and operational processes

Conduent Delivers

- Industry standard test practices
- Comprehensive documentation for consistent execution
- Efficient defect management procedures
- End-to-end, traceable test processes to validate the complete solution

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- Automation testing for predictable and repeatable results
- Integration of security testing as part of our testing strategy
- Establishment of roles and responsibilities, requiring all team members to take responsibility for the quality of the solution
- Adherence to defined DPHHS quality standards
- Complete and accurate realization of requirements

TEST19

The Contractor shall develop test criteria and algorithms for expected outcomes prior to production of reports.

Our experienced testing SMEs are familiar with the Department programs and policies and trained on how to develop test criteria and algorithms for validating CMdS reports. We make sure our test scripts provide setup data, and we select and test each report against your requirements. These test scripts validate that reports produce the expected outcomes based on the input conditions. More importantly our test scripts and criteria validate the data and the system functionality of the product suite for accuracy, which end up feeding the reports created. We confirm all selected test scripts have passed prior to the production of reports.

TEST02

At a minimum, the Contractor shall provide sufficient segregated environments to support testing processes that are equivalent to the following:

a. Integration Testing: End-to-end testing performed to expose defects in the interfaces and in the interactions between integrated module components or other systems and validate the system's readiness to meet non-functional requirements.

b. System testing: The process of demonstrating that a program, function, or integrated system components meets its requirements and objectives as stated in the requirements specification.

c. Regression Testing: Testing of a previously tested function following modification to ensure that defects have not been introduced or uncovered, as a result of the changes made. It is performed each time the software or its environment is changed, and typically involves automated testing scripts.

d. Parallel Testing: Validates that the system achieves the same results as compared to another system (e.g., a legacy system) or previous software version.

e. Performance and Load Testing: Verifies the performance of a system will meet service level agreements and also measures the behavior of the system with increasing load (e.g. number of parallel users and/or numbers of transactions to determine what load can be handled by the system).

f. User Acceptance Test: Testing conducted by the user or customer to determine whether or not a system satisfies the defined user acceptance criteria in an isolated environment.

Conduent provides various environments to support testing processes. The initial round of performance testing and engineering is performed in the UAT test environment. The UAT environment is a close replica of the production environment. Once results are agreed upon, another round of performance testing is conducted in the production environment before the Go Live. This round of testing evaluates how the system behaves in that environment. Through this testing, we confirm that the production environment is stable and meets all the requirements of the State. We also perform parallel testing in the production environment (prior to go-live) to validate business process outcomes in the CMdS module match the incumbent MMIS system.

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Before Go Live, we perform disaster recovery (DR) testing in the DR environment to validate our hard backup and replication and to make sure we can recover from an unplanned outage. After performance testing and parallel testing are complete, we standardize the production environment and load it with the actual production data (converted data) during the cutover.

Our planned testing includes:

1. **Unit Testing.** For any gaps that require development, developers test the smallest elements of changed or added code, programs, and configurations to validate the system performs to specification.
2. **System Testing.** We check features and functions of the system to confirm they function according to configuration and design. System testing accomplishes this objective through a structured set of tests that validate the solution from a transactional perspective called functional testing. All aspects of the system are exercised including system inputs and system outputs.
3. **Integration Testing.** Also known as system integration testing, this test level involves functional, end-to-end, compliance testing, and business-based testing; used to validate transactions with external or third-party interfacing systems. We validate data interchanges and integration touch points with the Systems Integration Services Contractor.
4. **Regression Testing.** Regression testing validates that recent program, configuration, or code changes have not adversely impacted the existing features. The purpose of regression testing is to verify that only code meeting specific quality standards is introduced into subsequent cycles or phases of testing. The regression test suite is continuously upgraded as we progress through the CRP sessions to maintain maximum coverage of the regression suite. We also factor in automation to run large volumes of tests in a short period of time to validate repeatable and consistent test results.
5. **Parallel Testing.** Parallel testing confirms that the new technical solution provides results consistent with the current legacy system as appropriate. This confirmation occurs by executing transactions in both systems using the same converted input data and then showing through inspection that the results of continuous parallel operation of the legacy and new systems match over an extended period.
6. **Performance Testing.** The purpose of performance testing is to measure and evaluate response times, transaction rates, and other time-sensitive requirements of a system in order to verify that performance requirements have been achieved. Some types of performance testing include:
   - **Load.** Determine how the system will perform under peak usage and normal usage.
   - **Volume.** Confirm that the system and the underlying infrastructure can handle peak volumes of key business transactions.
   - **Stress.** Establish the limits of an application or infrastructure. Identify the "breaking point" of the application in terms of throughput, number of users, or other criteria.
   - **Benchmark Timing.** Confirms that the system can process transactions in normal volumes within agreed system performance standards
7. **User Acceptance Test (UAT).** The objective of User Acceptance Test (UAT) is to validate that the system meets its users' expectations and requirements. UAT is a critical testing process because a system that meets business requirements and passes system test is not truly ready until end-user representatives confirm that it meets their requirements.

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We work with the Department and your UAT participant groups to understand their acceptance criteria. Participants should be representative of the end-user population so that test results are predictive of actual, operational user experiences.

Conduent emphasizes robust and comprehensive acceptance tests to verify the smooth implementation of the system into a production environment. Our User Acceptance Test Support Plan provides the details of how we will support state-led UAT. Through the plan and related discussions, we review the responsibilities of each party, the testing schedule, how we will triage any identified defects, and any acceptance test data you require of us.

Conduent prefers to partner with the State in test efforts throughout the contract. We routinely share our SIT test assets to form a baseline. We also work closely with you to incorporate your UAT scenarios in our regression and automation framework after completion of a UAT cycle so we can address quality as a continuous improvement activity. Similarly, we collaborate on test scenarios and edge conditions and incorporate them in our test bed for future cycles.

8. **Disaster Recovery Testing**: A disaster recovery test (DR test) is the examination of each step in a disaster recovery plan as outlined in an Conduent's business continuity/disaster recovery planning process.

   As part of the DR testing, we engage in detailed plan reviews and "tabletop" tests in which stakeholders collectively walk through components of the DR plan. This activity confirms all stakeholders know their roles and responsibilities in the case of a disaster, and it helps ween out inconsistencies, missing information, or errors.

   We also conduct simulated DR activities to validate that procedures and resources—including backup systems and recovery sites—work in a situation as close to the real-world as possible. Our DR simulation runs a variety of disaster scenarios to validate if the teams involved in the DR process can restart technologies and business operations in a timeframe specified by the RFP.

9. **Security Penetration Testing**: A penetration test, or "Pen Test," is a simulated cyberattack to check for exploitable vulnerabilities in the system. Pen Testing involves the attempted breaching of any number of application systems, (e.g., application programming interfaces (APIs), frontend/backend servers) to uncover vulnerabilities, such as unsanitized inputs that are susceptible to code injection attacks.

   We use insights provided by the penetration test to fine-tune our web app firewall (WAF) security policies and patch detected vulnerabilities. We perform Pen Testing during parallel testing prior to go-live and then subsequently on an annual basis through the course of the contract.

TEST03
The Contractor must identify and resolve interdependencies that restrict or impede required testing of the Contractor's solution, other enterprise modules, or module components from performing required testing. Unless otherwise identified by the State strategies to resolve interdependencies must be reviewed and approved by the State prior to implementing the resolution strategy.

Our recent experience across the country with system integrator contractors helps us identify and resolve interdependencies that restrict or impede required testing of the CMdS solution, other enterprise modules, or module components from performing required testing. Additionally, our vast experience developing claim systems, has provided us with a field-tested approach that helps us understand, identify, and resolve

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interdependencies. We seek the State's review and approval prior to implementing the resolution strategy. Our approach includes:

- **Communication and collaboration** with other module contractors to perform a detailed analysis of inter-module dependencies as part of system development planning and scheduling, including test planning.
- **Interdependencies familiarity.** Our long history working on the multiple claims systems for various agencies has helped us developed expertise on what interdependencies exist and to understand the dependencies within the system.
- **Using an iterative approach** means that we are incrementally building and testing small pieces of functionality, and those iterations are already sequenced based on our own knowledge of the best way to build these systems.

TEST04
The Contractor shall perform testing and present the results for each of the following test levels: Performance Test results, System Test results, Parallel Test results, Regression Test results, Integration Test results. Test results shall be traced to the use case/user story and design documentation being tested.

Our Master Test Plan supports detailed level test plans, defines the features included in the test scope, addresses the types and phases of testing needed, and captures the process for tracing test results to the use case/user story and design documentation being tested. Azure DevOps provides test results for each of the test levels being tested, including pass/fail, time and environment of execution, tester; and if there's a failure, details of what failed.

Azure DevOps is a complete life cycle management tool. It traces the test execution to the requirements and SLAs defined for each testing phase. Additionally, the requirements are also be loaded in the Azure DevOps Requirements Traceability Matrix (RTM), which is created to provide traceability all the way from requirements to testing. Azure DevOps can generate reports and dashboards based on this information. Through Azure DevOps, we can generate dashboards and metrics for each testing phase.

Azure DevOps provides an effective and consistent way to view the tests results executed at different test levels. Table 4.2.2.6-1 depicts the test levels results and traceability.

Table 4.2.2.6-1. Test Traceability

Test Level	Results Trace To
Performance Test	Performance requirements and SLAs
System Test	Requirements categorized as gaps in the system
Parallel Test	Claims configuration requirements
Regression Test	Regression testing is performed when we migrate code or introduce changes to code; regression testing is tracked and reported but not traced to individual business requirements.
Integration Test	Functional requirements and use cases/features

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TEST05

The Contractor shall provide sufficient environments and resources for the following:

a. Synchronize the software and the data from the production environment and testing and impact analysis environment at a minimum on a quarterly basis or at the discretion of the Department.

b. Synchronize the software and the data from the production environment and training environment following software deployments.

c. Provide a fully functioning online test environment, which includes batch and online programs, files, and supporting systems.

d. Provide technical and functional support to create and analyze "what-if" scenarios and compare results between scenarios in the impact analysis environment. Provide an analysis of outcomes in impact analysis environment and another environment, such as production or test.

e. Provide State, Contractor, and IV&V staff a minimum of read-only access to all environments and tools.

f. Provide sufficient resources to support the execution of automated regression testing.

g. Provide comparative analysis support of regression testing results.

h. Conduct testing of approved system configuration changes, corrections or enhancements or before implementation.

i. Allow Department resources and contractors designated by the Department to create and edit appropriate data to support testing efforts, including provider, member, and reference data.

Conduent provides robust test environments and adequate resources to fulfill the State's requirements including:

1. We synchronize the software and the data from the production environment to testing and impact analysis environment on a quarterly basis or at the discretion of the Department. The practice we employ to maintain, protect, and restore testing datasets relies on the concept of a "Golden Copy." Conduent takes a copy of production data and loads it into a separate schema, known as the Golden Copy. The data, now separate and distinct from the production database, is de-identified according to HIPAA guidelines, including the 18 PHI identifiers. We load the data into the test environment and use it for test execution. In order to preserve the integrity of the test data set, we refresh the test environments with the de-identified copy on an as-needed basis. In addition, to prevent staleness of data scenarios, we refresh the Golden Copy from the production environment on a defined schedule.

2. Following software deployments, we synchronize the software and the data from the production environment to the training environment. This practice means that users taking training have access to the latest set of features, functions, and data in the training environment. Our Golden Copy approach described in our response to item "a" provides a process to refresh the data for this environment.

3. We provide a fully functioning online test environment, which includes batch and online programs, files, and supporting systems. In this environment, we also prevent the staleness of data scenarios with the Golden Copy approach.

4. Our environment plan for operations includes maintaining a Model Office, or "What if" environment that mirrors production. In this environment, we provide technical and functional support to create and analyze "What if" or alternative scenarios and compare results between scenarios for impact analysis purposes.

5. We provide the required access to all environments and tools. This requires a discussion with the State regarding security and role privileges, so we can configure the environment accordingly.

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6. We provide enough resources to support the execution of automated regression testing. This includes automation subject matter experts and tools such as Selenium for automation of claims test scripts. We also continuously update the automated regression suites to provide maximum and up-to-date coverage.
7. We provide comparative analysis support of regression testing results. Our Master Test Plan advocates regression testing under a number of scenarios to validate the ongoing integrity of our system as the configuration, features, and functions are modified to Department requirements. We use regression testing to compare results before and after a change to make sure the results are consistent.
8. We conduct testing of approved system configuration changes, corrections, or enhancements before implementation. In accordance with our approach, if the requirements are a "match" with current system functionality and configuration, we do not need to make coding or configuration changes. In this situation, we perform only regression testing and UAT to validate this functionality is present and continues to function properly. In the case of requirements necessitating configuration, we execute system integration testing. In other words, we vary the level and rigor of testing based on the gap analysis of the requirement.

Figure 4.2.2.6-1 shows how our SDLC is adapted to the gap analysis of each requirement. If the requirement is deemed a modification or enhancement, we perform design tasks, configuration and development tasks, unit testing, system integration testing, regression testing, and UAT. If it is categorized as a configuration change, we configure it and proceed straight to system integration testing. If the requirement is a full match, we only perform abbreviated testing, which consists of regression (as needed) and UAT.

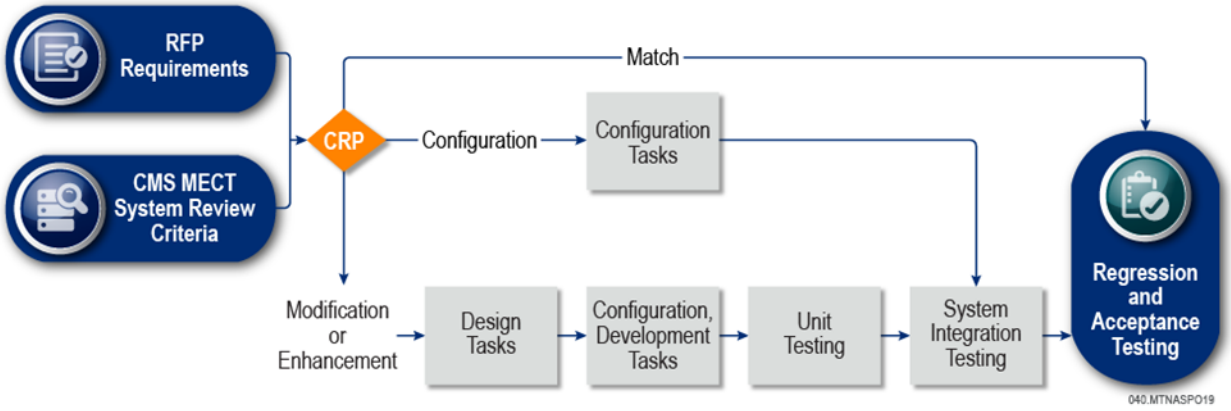

Figure 4.2.2.6-1. Testing Process Overview
The testing we execute varies based on each requirement's gap analysis, which is captured in the Azure DevOps lifecycle management tool.

9. We allow Department resources and contractors designated by the Department to create and edit appropriate data to support testing efforts, including provider, member, and reference data. As the Department provides reference data using files or spreadsheets, the Conduent team then loads the data in the test environments for further use to support the Department's needs.

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TEST06
The Contractor shall ensure, in order to release code to UAT or production, it must meet the minimum acceptable defect levels:
• Critical: 100% have been resolved.
• High: 100% have been resolved.

UAT allows the client to confirm the newly developed system meets all business and functional requirements. This is accomplished through hands-on testing in an environment closely simulating production. The result of successful UAT is that the system is accepted for implementation and commencement of operations. UAT also confirms the orientation and training of the end-users to the developed system and confirms the initial baseline performance metrics. UAT occurs after all the development iterations, system, and integration testing have been completed.

While the iterative life cycle offers the Department the opportunity for incremental UAT activities at the conclusion of each sprint or iteration, a formal, final acceptance test is necessary for user representatives to confirm the end-to-end solution. The information below describes this consolidated UAT that takes place after the completion of end-to-end integration testing by Conduent.

Entry Criteria

According to our Master Test Plan, the following criteria must be completed prior to starting UAT. We work with the Department to adapt the criteria to your requirements:

- The end-to-end integration test cases for all functional areas tested are complete
- Draft user documentation is developed
- User stories have been completed with clear and testable acceptance criteria, which can be used as the basis for UAT cases
- The UAT environment is prepared
- Conversion or production data is available for use in test case execution.

Exit Criteria

The following criteria signify the end of UAT, according to our Master Test Plan:

- Completed and client-approved user acceptance test results
- Updated design and testing documentation based on test results and defect remediation
- The defect levels are in an acceptable range, with 100% of critical and high defects resolved satisfactorily

After UAT has been completed, we conduct a release readiness review prior to release to production. This release criteria includes a check that all exit criteria have been met. This process is incorporated into our Implementation Plan and related checklists to confirm we will not migrate code to production until these criteria are met.

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TEST08

The Department plans to perform UAT on all software releases as part of the contract. The Contractor's approach to establishing testing environments should not impact the Department's ability to conduct continuous UAT in a separate, dedicated environment.

We establish a UAT environment that is separate and distinct from the production environment to support the Department's plans to perform UAT on all software releases. We configure the environment to support the validation of all required system functionality. Our approach to establishing testing environments does not impact the Department's ability to conduct continuous UAT on all software releases in a separate, dedicated environment.

TEST09

The Contractor shall facilitate UAT as follows:

a. Provide test cases and scripts from previous test levels.

b. Assist the Department in developing UAT test cases.

c. Provide a dedicated UAT environment to the Department and maintain the environment as needed to support continuous UAT throughout design, configure/build and testing.

d. Refresh data, execute processes, and migrate releases or code fixes as requested or on an agreed-upon schedule.

e. Provide test data.

f. Provide a mechanism for the Department to enter defects into the online defect-tracking tool.

As part of our standard Quality Management System, we develop a User Acceptance Test Support Plan. This plan serves to set expectations regarding the activities and processes we execute to support your UAT efforts. In it, we address how we meet DPHHS requirements for UAT, including:

1. We provide SIT test cases, scripts, and results for review and approval from the Department.
2. We assist the Department in writing UAT test cases to meet their own testing objectives. Conduent provides SMEs, systems analysts, trainers, and other technical staff necessary to coordinate activities and support the execution of test cases and analysis of test results.
3. We provide to the Department a dedicated UAT environment that is separate and distinct from the production environment, and we maintain the environment to support continuous UAT throughout design, configuration, build, and testing.
4. As previously described (in our response to ID TEST05), we refresh data on a regular basis using the Golden Copy approach. We execute processes, migrate releases, promote defect fixes, etc., to provide support during UAT execution.
5. We provide the necessary test data to support and maximize the accuracy of UAT testing. The Department selects its own test data for UAT testing. Conduent testers do not have access to the UAT environment used by the Department.
6. Azure DevOps has the ability to grant the necessary access to users at the test phase level, which means we can grant DPHHS access to manage UAT efforts in the tool. The Department can store test cases and scripts, log test execution records, and record defects in the tool for Conduent review and resolution.

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TEST10
The Contractor shall provide Department resources or their designee access to test cases, test results and defect tracking via online tools. The Department reserves the right to inspect artifacts and results at any time.

We grant the Department access to our Azure DevOps testing tool, which provides full visibility into our test efforts including requirements tested, the associated test cases, the disposition of the test cases executed (pass/fail), and an online defect tracking and resolution tool. With this access to the online tool, the Department can inspect artifacts and results at any time.

TEST11
The Department reserves the right to conduct independent testing of the solution at any time. The Contractor must cooperate with the Department or its designee, and provide environments, data, and technical support for independent testing.

With our iterative SDLC, we have the full set of development and test environments available during the DDI phase. This includes the UAT environment. Conduent provides the Department with transparent access to the appropriate testing environments to conduct independent testing throughout the life of the contract. We encourage such testing at the end of each iteration in order to review incremental functionality based on features that were completed in the prior iteration. This reduces the amount of UAT needed at the end of the project and reduces rework by discovering defects earlier in the SDLC. We provide data, environments, test scripts, and technical support for the Department or its designee to conduct independent testing of the solution at its discretion.

TEST12
The Contractor's Performance and UAT test environments shall be sized to be capable of mirroring the production System in its infrastructure, files, databases, processing, and reporting.

As a standard practice, we create the UAT environment to be as close of a replica of production as possible in terms of infrastructure, files, databases, processing, and reporting, which is why we execute performance testing in the UAT environment.

TEST13
The Contractor shall work proactively with the State's designated testing resources to review all test results and provide the necessary system and functional information to create verification procedures and user acceptance test cases.

The success of our project relies heavily on collaboration with your resources throughout the SDLC. This includes reviewing and clarifying system and functional information during requirements validation sessions; confirming the configuration and design specifications during conference room pilots and design review sessions; and Conduent demonstrating functionality at the end of each iteration to verify completed features. We provide access to system documentation as it is refined during each phase, and we work proactively to review test results, giving you confidence in its accuracy and thoroughness. Each of these steps and outputs helps the Department understand the work performed to meet requirements and helps you to build more informed, complete verification procedures and UAT cases.

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TEST20

The Contractor shall ensure that the Project Work Plan allocates sufficient time to the State's user acceptance testing activities relative to the detailed scope of work, requirements and gaps, the number of manually executed test cases, and the complexity of module integration. The Contractor will be responsible for extended user acceptance testing if the proposed testing duration is not sufficient for the State to validate the module.

During project initiation, we collaborate with the Department to decompose, level, and baseline the Project Work Plan. As the project progresses, we can provide actuals from our project schedule and/or the Azure DevOps lifecycle management tool regarding the time we spent on tasks such as SIT testing if they are helpful to the State in planning UAT tasks, resources, and durations. We know how important it is for the State to complete its UAT activities with confidence, and as such, we schedule as much time as the Department needs for UAT. We have factored in five months of UAT followed by five months of parallel testing to accommodate the complexities of module integrations and obtain acceptance from the Department. We design our schedule for flexibility so we can extend testing if the proposed duration is not sufficient for DPHHS to validate the module.

TEST22

The Contractor shall plan and execute testing for all inbound and outbound interfaces, ensure accurate and secure data transmission between the contractor's solution and the State's Integration Platform and coordinate with external entities as appropriate.

Our testing approach addresses all inbound and outbound interfaces to validate data transmissions are complete, secure, and accurate. We coordinate with System Integrator to confirm responsibilities, data, and timing of such testing. We effectively establish testing environments, along with the necessary data to support integration, functional, system, interface, user acceptance, performance, and operational readiness testing activities.

TEST23

The Contractor shall coordinate with the Department, Systems Integrator, and specific module component vendors to conduct integration testing.

As a leading MMIS provider, we maintain an atmosphere of cooperation and collaboration with other module vendors for integration testing and for the overall success of the enterprise. To achieve this, we assign accountability and responsibility for the coordination of testing and other integrative activities. From a scheduling and communication standpoint, our primary contact is the Project Manager (PMO manager); from a technical coordination perspective, the Technical Manager; and from a test planning and test asset perspective, the Test Manager. These resources collaborate with the Department, Systems Integrator, and specific module component vendors to conduct integration testing and to meet the enterprise implementation schedule. We currently execute this model successfully in multiple states including Montana, New Mexico, Virginia, and Mississippi.

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4.2.2.7 Training [RFP 3.10.2.7,Attachment F]

REQUIREMENT: RFP Section 3.10.2.7, Attachment F

The Contractor shall provide training staff to develop, organize, lead, and conduct training and education activities (e.g., provider, state staff, and state designees) as defined by the Agency. The Contractor must provide training to achieve an understanding of the new system, services, or release. Additionally, the Contractor must provide initial and ongoing training on the Claims Processing and Management solution. The training should be configurable for diverse groups of users based on their role (e.g., administration, State staff, providers). Users must become proficient in using and viewing information in the Contractor's solution in order to ensure effective and efficient business operations and service delivery. The Offeror must describe in detail their approach to meet each of the Training requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

We design a comprehensive, innovative training program that provides our team, system users, the State, and other project stakeholders with the knowledge, skills, and abilities they require to understand and successfully transition to and use the CMdS product.

To help the State realize its full training vision, we offer a comprehensive training strategy with innovative tools that support the project's goals and objectives. Our well-developed, organized, and advanced training and knowledge-transfer program teaches learners how to perform their roles effectively—answering questions and resolving issues at the first interaction with the system or when engaging with another stakeholder. An encounter with educated staff who are proficient using Conduent tools and resources results in a positive experience for all involved.

The Conduent Approach

- Complete training assessment to determine training needs for each role and learner group
- Collaborative approach with the State and other MPATH module vendors
- Complete training on all aspects of the CMdS product
- Dynamic, web-based LMS for managing, developing, tracking, reporting, and deploying our training program

Our proposed Learning Management System (LMS) is Knowledge Connection, a dynamic, web-based tool for managing, developing, tracking, reporting, and deploying our training programs. Knowledge Connection is an LMS and a Learning Content Management System (LCMS) that allows users to create, design, and manage content on web pages.

Because our training team has specific knowledge of the State's programs plus experience with CMdS, they can provide learners with benefits that include:

- Increased knowledge and expertise through well-designed, learner-centric modules
- Reusable training modules configured into learning pathways for diverse groups of users based on their role
- Increased stakeholder productivity
- Use of a dynamic learning management system that promotes higher knowledge retention
- The right training content, using the right methods, at the right time based on learners' needs

To best serve the learning needs of the Claims Management and Services project, we leverage an instructional system design framework called ADDIE (Analyze, Design, Develop, Implement, and Evaluate) depicted in Figure 4.2.2.7-1. The Training Methodology in our Quality Management System (QMS) elaborates upon the ADDIE process and how we use it to develop and deliver training. This flexible method allows our training team to develop material for new concepts, so we can deliver effective training when policy, rule, and regulation changes affect our system, solutions, or services.

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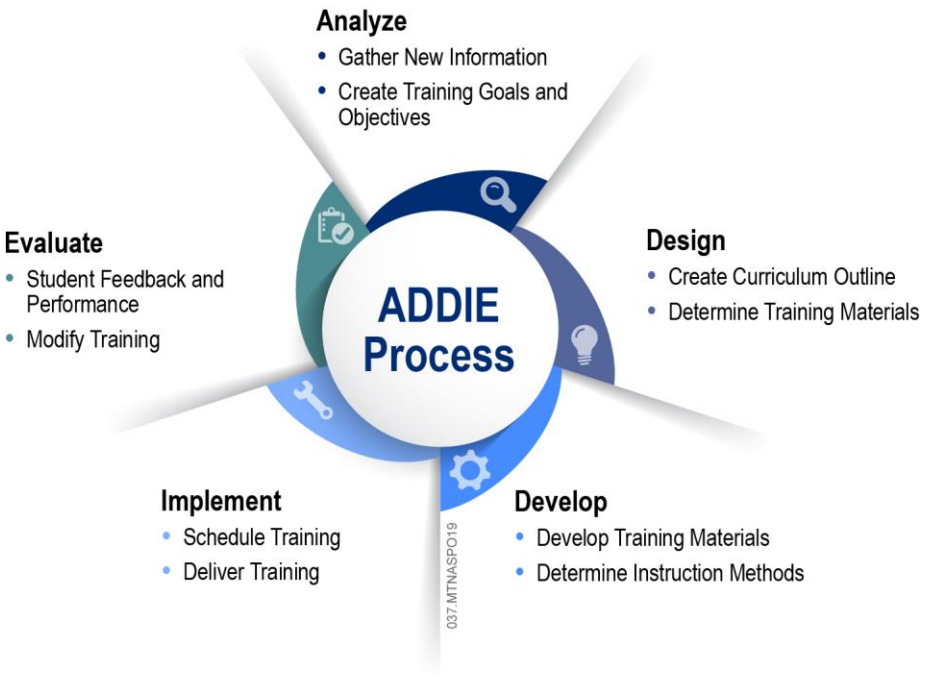

Figure 4.2.2.7-1. ADDIE Process
The ADDIE framework provides a lifecycle for training delivery and continuous improvement.

Our training program focuses on analyzing learner needs and outlining performance objectives upfront for each stakeholder group (State, project staff, operations staff, providers, etc.), user group, and job function. Conduent works closely with the State to incorporate these findings in a training schedule that addresses the training needs for the project.

We begin by conducting a comprehensive training needs assessment, drawing from program policies and procedures to develop a Training Plan specific to requirements, job needs, and skills development needs. Through the assessment process, we design training modules with specific objectives for each user audience. Our instructional designers work with leadership and the State to identify and develop the training materials required for delivering effective initial and ongoing training. As we continue to work through the ADDIE process, we schedule and implement meaningful training sessions that focus on the end user, transferring the knowledge necessary to educate, empower, and inform.

It is important for the trainee to understand how to use CMdS efficiently and proficiently, how the new solution affects his or her operations functions, and how to obtain support during daily interactions with providers, members, and other stakeholders. We design training modules with the specific objectives for each group of trainees in mind. We focus on providing State and Conduent resources and other stakeholders with the knowledge and skills required to perform their job responsibilities using the CMdS product. Figure 4.2.2.7-2 details key tenets of our results-oriented learning approach with the goal of enabling the full utilization of the CMdS product.

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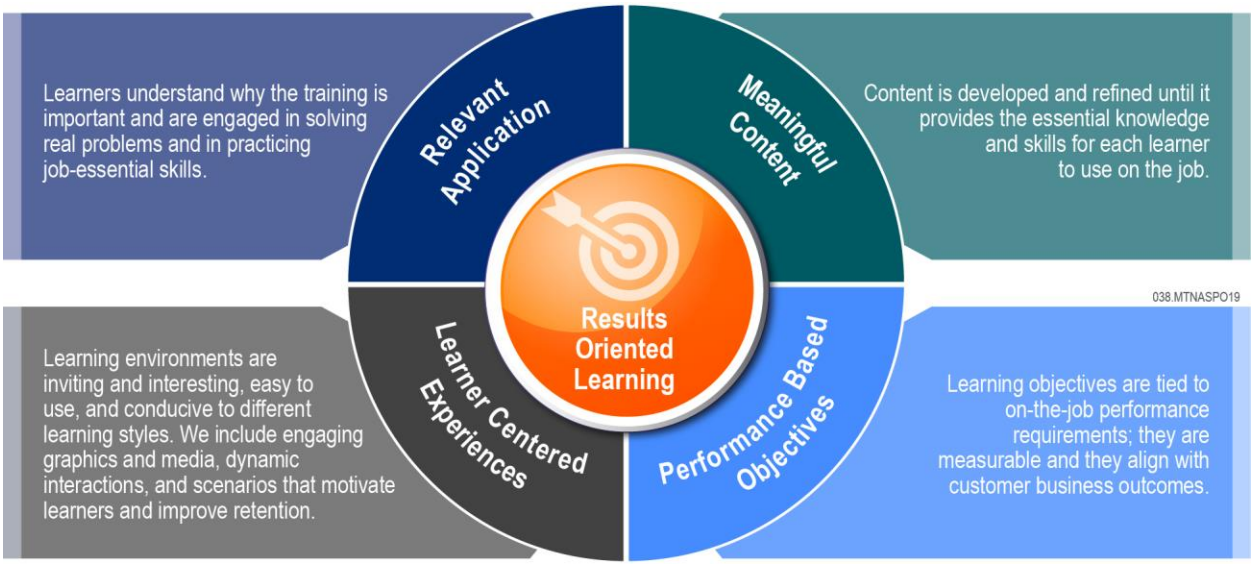

Figure 4.2.2.7-2. Results Oriented Learning
Our results-oriented learning approach increases learners' knowledge and mastery.

Innovative Training Technology

The MPATH journey brings changes in process, policy, and technology. To successfully implement and adopt these changes, the State must rely on an effective training program for the State staff, Medicaid providers, and other State stakeholders. We provide a training team, a comprehensive library of training modules, and support to manage the training materials and schedule. Our training programs have been instrumental in creating a culture of learning and quality for Medicaid programs across the country.

Our proposed LMS, Knowledge Connection, offers access to reporting and analytic tools, advanced survey and evaluation tools, creation of role-specific training curricula, and user-friendly training interactions for end users. It supports module development, training delivery, knowledge transfer activities, and competency assessment.

As an added benefit, training materials in place today are easily transferrable to the new CMdS solution and Knowledge Connection. Our training team can enhance our already successful training program to meet the needs of the Claims Processing and Management Services project to help you realize your vision for updated services and solutions using modernized, award winning communication and learning channels.

Assessing Training Effectiveness

Knowledge Connection includes functionality to assess a learner's comprehension of the training material throughout the training process. The tool is highly configurable, allowing designers to set a response time limit, request feedback, or include both pre- and post-testing prompts so instructors can easily observe learners' improvement. Designers also have access to a common-question bank that leverages existing content prompts while allowing creation of more customized questions. Assessments are critical to recognizing preparedness for the learner to smoothly transition into their day-to-day job responsibilities.

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Additional configurations include setting minimum competency scores before the learner can move to the next training level or into an operations environment and limiting the number of test retakes.
Figure 4.2.2.7-3 shows how we develop assessment questions in Knowledge Connection.

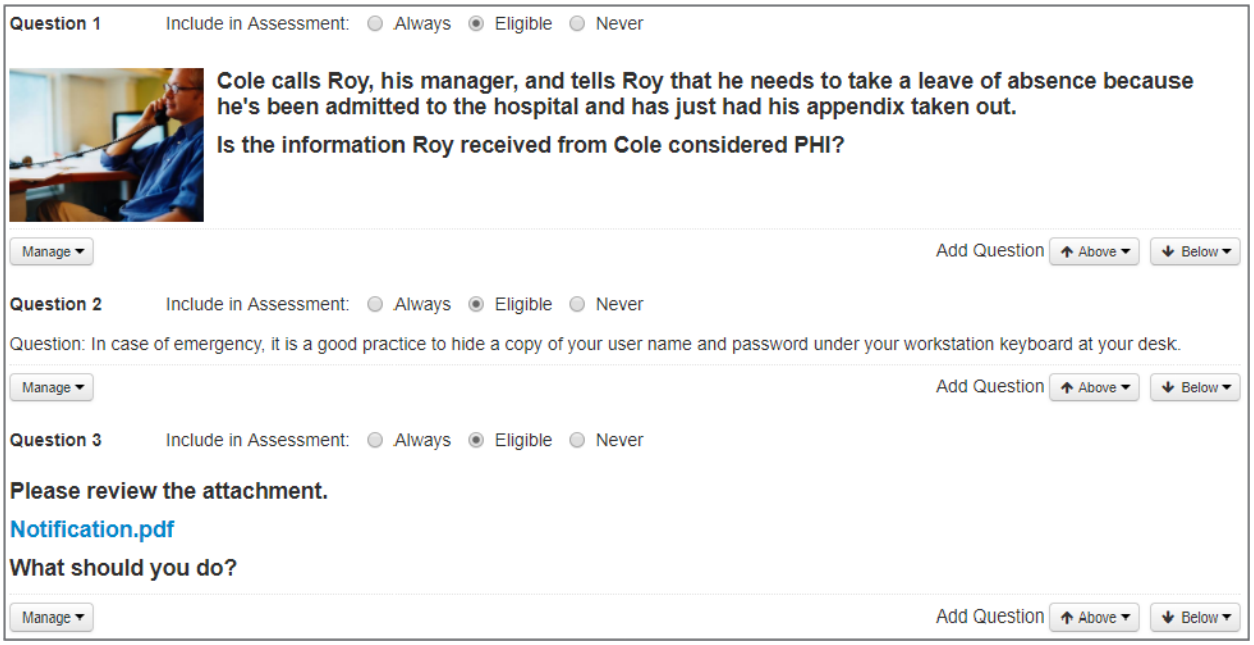

Figure 4.2.2.7-3. Assessment Development in Knowledge Connection
Our training team can easily interact with our highly configurable training solution to design and develop training materials and assessments.

After each training session, Conduent evaluates the training content, delivery, and approach by collecting feedback from participants. We develop, distribute, and evaluate training questionnaires from all training sessions, and we can provide the State with a summary of responses. We use these questionnaires as a benchmark to identify potential improvements and changes for future training.

Knowledge Transfer through "Train the Trainer"

The train-the-trainer (T3) approach provides an efficient model in which we train selected stakeholder representatives to train their staff. The T3 model aligns successful strategies we have implemented for our other state clients in the spirit of CMS' theme of collaboration and leveraging resources. Our trainers convey current processes to MPATH stakeholders who will use our solutions and services. We identify topics that help individuals understand the project, the CMdS product, Medicaid and other state program specifics. We provide tools for their specific job responsibilities to build proficiency and support learners as they progress to mastery. Through T3, we develop trainers who also understand the principles of adult learning and build upon those themes to ensure that both the technical information and the behavioral change elements are properly explained and reinforced. These activities reduce long-term training costs, increase skills retention, and reinforce the knowledgebase across the program.

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Ongoing, Refresher, and On-Demand Training

Conduent's history and familiarity with Medicaid policy and operations positions us to effectively support the State through customized user training. Ongoing refresher training provides periodic, job-specific training for end users. We also disseminate information and instructions when policies, procedures, regulations, systems, or functionality change. We work with state staff to identify training needs for each type of user and develop training sessions to meet those needs. In addition to recurring training sessions, we can provide ad-hoc or on-demand training for specific topics when requested.

On-demand training is available to users through the Knowledge Connection LMS. New hires access job-appropriate online CBT training modules once access to the LMS is granted, and experienced users can retake CBT classes on-demand.

We also train our new hires on State and Conduent policies and provide an overview of Medicaid and other State-sponsored health care programs. We monitor staff capabilities and job specific quality expectations to identify when internal resources require additional or remedial training.

Training Documentation

To maximize use of training and documentation by users, Conduent provides and maintains several types of written documentation and online help for the CMdS product, including help pages, manuals, FAQs, screenshots, and a quick start guide. Through our online help, users can search document titles and keywords for documentation including best practice guides, release notes, batch load specifications, dataset definitions, and more. In addition, detailed technical manuals, user manuals, and best practices documentation are available electronically for all system operating processes. We use both the Knowledge Connection LMS and established quality-performance measures to determine whether learners are fully using and benefitting from these resources.

TRN01
The Contractor shall provide technical training to agency project resources and designated contractors to develop an understanding of how to monitor the system using available tools and dashboards while leveraging technical and functional documentation and/or reports.

Our initial training and knowledge transfer approach includes dedicated technical training for identified State resources and designated contractors to help them successfully transition to the CMdS product. We participate in structured sessions with the State and other contractors to aid them in developing an understanding of how CMdS works, how to use the system's available tools and dashboards, technical and functional documentation, and reports to monitor the system and to perform system tasks specific to his or her role within the MPATH enterprise. We train learners and confirm their comprehension of how to use the CMdS product and access operational data. Our training team works with the trainees and their leadership to gauge the learning retention and identify additional training needs.

Training plays a pivotal role in preparing state-authorized users to practice and gain the most benefit from the features of the new claims processing solution and meet customer needs. Conduent is well positioned to support states through customized user training, as we are deeply familiar with Medicaid policy, systems, and business operations in several states, including Montana.

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Our goal for State and contractor training is to be both proactive and reactive to your training needs so that all users become proficient in accessing and using information in the CMdS product in order to effectively and efficiently provide business operations and service delivery.

Figure 4.2.2.7-4 summarizes the key activities of our training process for State staff and other stakeholders.

Figure 4.2.2.7-4. Training Flow Diagram
We develop and adapt our training strategies to deliver effective training that is targeted toward the needs and concerns of both State and other stakeholder staff.

TRN04
The Contractor shall update training materials when changes occur.

To provide training materials that are current and accurate, we review materials regularly and make updates when system or business changes occur so that our training materials always reflect the latest version of the system and procedures. Our training team works closely with our project team when changes are initiated to understand the change and how it impacts existing processes, procedures, and subsequently training. We incorporate the changes into our training modules and materials, and we upload the most current versions to the web portal.

Our instructional designers use Microsoft Word, Microsoft PowerPoint, and Adobe Captivate to develop and maintain engaging, role-specific training and support materials with our audience in mind. We perform peer reviews to check content for accuracy and alignment with the goals for each training course or module. Once we complete peer reviews, the training team meets for a final review prior to publishing or delivering training.

TRN05
The Contractor shall collaborate with the agency to finalize a training schedule.

Our training program focuses on analyzing learner needs and outlining performance objectives up front for each stakeholder group (State, project staff, operations staff, etc.), user group, and job function. Conduent works closely with the State to confirm these objectives and develop a training schedule that addresses diverse training needs of users based on their roles. We collaborate with the agency to finalize a training schedule that addresses all the training needs of the project, including the readiness training needs

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leading up to implementation of the CMdS product, as well as ongoing training needs throughout the contract. We maintain an up-to-date training calendar that includes training activities throughout the project. It is imperative that we collaborate early so that training is available, scheduled, and delivered before each learner group interacts with the system for the first time

TRN06
The Contractor shall maintain and update the training environment with training data to use during user training.

The training environment is a critical part of the interactive learning experience as it allows end users to enter and process data exactly as they will within the production environment. Being able to execute multiple scenarios in a system that mirrors production allows Conduent to train using data and case information that are either ordinary in the workday, or unique to a situation. Thus, we create a training environment to deliver training to users. The training environment parallels the production version of CMdS, so learners have a safe environment to practice new job skills. The environment allows users to enter and process data exactly as if the data is entered into production.

As in the production databases, we implement and enforce configuration management procedures to support proper execution of program code and migration of data to the environment. These migrations must be scheduled jointly with trainers, so that training sessions are not interrupted and that training materials are consistent with training scenarios and expected data. We perform periodic backups of the database information and test our ability to restore the data if needed.

TRN08
The Contractor shall utilize a variety of delivery methods to best meet the training objectives. Examples include online self-paced training presentations, in-person classroom setting, written material, and demonstrations.

Conduent's training team develops and delivers comprehensive training and materials that blend multiple delivery methods, tailored to the Claims Processing and Management Services project to educate learners quickly and efficiently. During the training design process, our instructional designers evaluate the objectives for each training module or session and determine the most effective delivery methods for the specific material and audience. There is no "one size fits all" solution when it comes to training, so we plan a blend of delivery methods, including traditional instructor-led classes, self-paced training through CBT, webinars, or group discussion through Microsoft Teams, and hands-on activities for a rich and meaningful training experience. We minimize straight lectures and maximize time to view demonstrations, engage in role playing, ask questions, provide feedback, promote one-on-one coaching, participate in peer group discussions, and conduct proficiency tests.

When end users receive sufficient training to be confident in their knowledge and abilities, they are more likely to experience greater job satisfaction and increased productivity, which positively affects the State's stakeholders. We are committed to the philosophy that a continuous training improvement process helps us deliver high-quality learning and meet the State's goals for the project. We systematically monitor and evaluate the adequacy and appropriateness of the training program and pursue opportunities to improve our performance, enhance trainee satisfaction, and solidify users' knowledge and proficiency in the CMdS product and business processes.

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TRN09

The Contractor must provide training necessary to support new functionality and/or major software releases that materially change the user interaction.

Our training program is designed to be flexible as project and program needs change. While we prepare both initial transition and operations-focused CMdS product trainings, our project training team also reviews new system functionality and major software releases to understand the change, evaluate its impact on processes and procedures, and incorporate any necessary changes into our training modules and materials or to develop new modules or materials. Additionally, we perform a comprehensive annual review and update of all training materials. Once changes are complete, we share the most current materials with the State and other impacted module contractors.

Conduent's project training approach successfully supports the Claims Processing and Management Services project through all project phases. Our approach is based on our proven methodology and supports continuous process improvement as additional training is designed or procured to support new functionality and/or major software releases that materially change the user interaction

TRN10

The Contractor shall provide training to Agency staff and other designated module vendors on the overall data management strategy and investigating data or process issues related to module integration.

We provide comprehensive training to Agency staff and other designated module vendors to support the project, including specific training on our overall data management strategy and process for investigating data or process issues related to module integration. Our data management training focuses on familiarizing training participants with our data conversion, data management, data integration, and data exchange processes and tools, as well as how we use data to develop and deliver reporting for the project through CMdS-Insights, our reporting and analytics solution. We deliver in-depth and hands-on training for topics such as:

- Technical framework
- Integration touchpoints
- Governance processes
- New system components
- Business processes
- Services
- Implementation requirements

We support ongoing collaboration with you and other designated module vendors to deliver training that successfully serves the needs of the project.

TRN13

The Contractor shall provide training and support to State staff and individuals designated by the State (e.g., IV&V, QA/QC vendor), on the use of DDI tools provided by the contractor. This may include traceability tools, document repositories and testing tools.

We provide comprehensive training to the State staff and other individuals designated by the State to support the project, including specific training on the use of our DDI tools. Our training includes

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familiarizing training participants on the use of our traceability tools, document repositories and testing tools. We deliver in-depth and hands-on training for topics such as:

- Azure DevOps (our development lifecycle, requirements traceability, and testing solution)
- Project management documentation and plans
- Microsoft SharePoint (project repository)
- Testing plans and procedures

We support ongoing collaboration with you and other designated module vendors to deliver training that successfully serves the needs of the project.

TRN14
The Contractor shall provide training on the system for UAT testers. The Contractor shall provide updated User and System Documentation to UAT testers to support the UAT effort.

Prior to commencement of User Acceptance Testing (UAT) activities—both during implementation and ongoing for change requests—we deliver training to all UAT testers so that each tester is fully trained on the CMdS product and supporting components. We also provide each UAT tester with comprehensive and current User and System Documentation to support UAT activities. The delivery of training prior to UAT serves two important purposes:

- Provides the UAT participants with the knowledge and skills necessary to use the system and validate the functionality selected for UAT
- Serves as an additional layer of quality control for the presented training materials prior to delivery for the project implementation

In preparation for UAT training, our trainers select course materials for each staff member to correspond with the system components or functions he or she will be testing. Once training and testing are completed, we review and update our training materials based on the user's feedback.

4.2.2.8 Implementation and Acceptance [RFP 3.10.2.8, Attachment F]

REQUIREMENT: RFP Section 3.10.2.8, Attachment F

Prior to implementation, the Contractor must demonstrate readiness to implement the solution and to provide operational support and maintenance of the proposed solution(s) for the remainder of the Contract term. The Contractor is responsible for managing the end-to-end implementation of the proposed solution. DPHHS expects the Contractor to help formulate strategies for a successful transition.

DPHHS must formally approve the implementation of the solution based on pre-defined acceptance criteria. DPHHS's acceptance of the solution will initiate the Operations, Maintenance and Configuration phase of the contract. The Offeror must describe in detail their approach to meet each of the implementation and acceptance requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

We apply our established operational readiness procedures and implementation guidelines, refined over decades of system deployments, to provide a consistent approach leading up to Go-Live that results in DPHHS acceptance.

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We know the importance of minimizing disruption to providers, members, and other stakeholders while implementing a new system and supporting services. We understand the needs and nuances of the MPATH program and Montana's provider community, and this knowledge helps us deliver thorough and time-tested operational readiness, acceptance, and implementation services.

In the months leading up to Go-Live, we conduct a thorough Operational Readiness Review. This review, detailed in the coming pages, provides the Department with confidence we are ready to provide operational support and maintenance of the proposed solution.

Once the Department agrees we are ready to implement, we work with the legacy FA staff, new DDI staff, new operations staff, and DPHHS stakeholders to finalize the Implementation Plan and supporting checklists. Objectives of these artifacts are to:

- Document detailed, accountable, and trackable task-level orchestration of activities before, during, and after Go-Live
- Identify mechanisms, including the creation of a "command center" to support, drive, and coordinate communications and reporting throughout the Go-Live process
- Provide stakeholders with timely information regarding implementation progress and status
- Facilitate smooth and successful implementation and transition to operations

The Implementation Plan details best practices and specific activities to move our operations from aging legacy components to the new CMdS solution and supporting services environment, including:

- Planning and scheduling of activities in the work plan
- Identifying implementation resources
- Agreeing upon acceptance criteria
- Facilitating communications to stakeholders
- Coordinating knowledge transfer activities, tracking, and documentation
- Executing Operational Readiness Review activities to verify staff are ready to perform their work functions
- Determining process to handle work in progress before, during, and after implementation
- Adapting DDI-focused project management and system development processes to an operational environment
- Planning for performance monitoring once operational

We also document the steps to transition operations: we make plans to stop operational processing of legacy components, transition work-in-progress, and begin processing claims and inquiries in the newly deployed CMdS solution.

Our Implementation Plan is supported by detailed implementation checklists that provide step-by-step—even hour by hour—deployment activities, assignments, and dependencies. The detailed

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level of planning we perform mitigates risk and minimizes, to the greatest practical extent, negative impact on the State and users.

During implementation, we apply a rigorous level of attention, visibility, reporting, and transparency to the planned activities. Our implementation practices are executed under the careful oversight of our management team, who apply many of the same project management processes that served us throughout DDI, for example:

- **Risk Management.** We apply risk management processes to identify implementation risks and mitigate them to secure a smooth implementation.
- **Communication Management.** We update our Stakeholder Analysis to make sure we are communicating with and reporting status to the right stakeholders throughout implementation.
- **Issue Management.** We execute consistent issue management practices to quickly and effectively resolve any issues that arise during the implementation effort.
- **Schedule Management.** We implement both top-down and bottom-up schedule development methods to make sure every implementation task is identified, scheduled, sequenced, and resourced.

We submit the Implementation Plan and supporting checklists to the State for review and approval. As updates or new issues are identified, we update the Implementation Plan and seek approval by the State throughout the DDI Phase, up to and including Go-Live. In addition, CMS' approval is required before system/module(s) Go-live. During this review, CMS validates the functionality and security of the MMIS/modules before deployment. There may be cases where CMS considers a more formal review to be appropriate and schedules a teleconference or site visit. After we go live, we produce a Post Implementation Review Report and hold a Post Implementation Review meeting to go over successes, actions taken, issues, challenges, performance findings, and more—with the goal of confirming the DPHHS implementation acceptance criteria have been met.

IA01

The Contractor shall follow the following process for deploying each proposed solution(s) to production:
a. Submit an implementation letter to the State confirming that the solution is ready for implementation.
b. Receive the State's approval of the implementation letter, accepting the Contractor's confirmation.
c. Deploy the solution according to the approved Implementation Plan.
d. Provide confirmation that the solution has been deployed to production and the Contractor has completed three (3) calendar days of operations without significant operational issues defined as no critical or high defects.
e. Receive the State's acceptance of the system implementation.

Before we seek the State's approval to go live, we first verify successful completion of end-to-end testing, user acceptance testing, and operational readiness review. This process is incorporated into our Implementation Plan deliverable. We discuss in advance with the State what kind of information you would like to see in the implementation letter as evidence of readiness.

As shown in Figure 4.2.2.8-1 below, our high-level workflow for implementing services into production aligns to your requirements. We seek State approval of readiness to implement by conducting a Go/No-Go meeting. During this meeting, we review all completed DDI activities to jointly confirm their

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satisfactory completion and our readiness and willingness to go live. We submit an implementation letter summarizing our findings and seeking the State's Approval to go live.

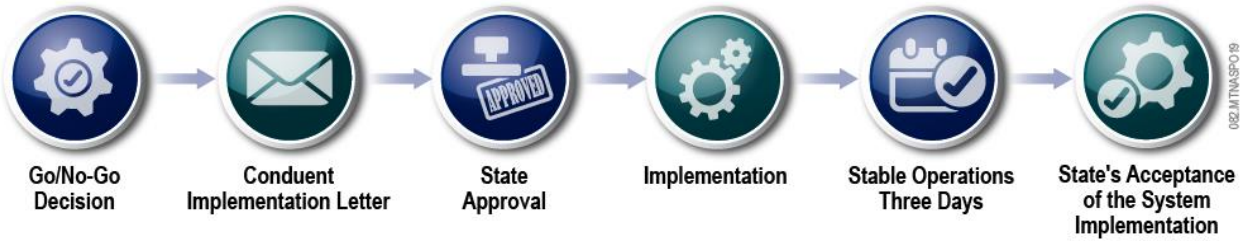

Figure 4.2.2.8-1. Process for Deploying Solutions to Production
We follow documented processes for an orderly implementation that meets the State's acceptance criteria.

Following these steps results in a defined, orderly, State-approved, and quality-infused process before, during, and after implementation.

IA02
The Contractor shall monitor the initial operation of the solution to ensure that there are no immediate or ongoing adverse effects on the Department's programs according to the performance expectations

The first few days after Go-Live are critical to instill confidence that our solution is reliable, stable, and accurate for DPHHS, the provider community, and other associated stakeholders. We apply rigorous oversight once the system is deployed to make sure we are providing systems, services, and solutions at the highest level of quality and efficiency. Our technical team follows the processes in our Operations Maintenance and Configuration Plan to stabilize, optimize, and monitor the operational system to avoid immediate or adverse effects on Department programs. By monitoring the system continuously, the technical team keeps the production environment fully functional and performing as expected.

Conduent responds to the need to maintain system availability, functionality, access, and performance through the use of planned, scheduled intervention or through an efficient response during times of unplanned adverse impact. A key advantage of Conduent's maintenance approach is the inclusion of application and third-party product monitoring tools to report system availability and performance to the State. System monitoring provides both the State and Conduent with quantified analysis of the system's performance. The Department can rely on Conduent to operate the CMdS solution with predictability and precision through the life of the contract.

Our system administrators and operations quality team monitor ongoing operational quality and adherence to SLAs. We implement performance monitoring tools to track and report on the functions of the system such as system usage, performance, and activity during operations.

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IA03

The Contractor shall demonstrate that the System infrastructure (hardware, software, and interfaces) is operational and meets federal and State architectural, technical, security and privacy requirements as well as the business and functional requirements.

We have several processes and deliverables that assure you our system infrastructure meets business and functional requirements before we go live, and we have processes in place to make sure that the system stays operational once implemented.

DPHHS conducts UAT and sign-off on system functionality based on acceptable UAT results. While DPHHS is validating satisfaction of requirements through UAT, Conduent also completes Operational Readiness Review (ORR) activities. The purpose of ORR is as follows:

- Conduct a focused evaluation of system processing
- Perform a dry-run of documentation including user manuals, operations manuals, call center manuals, forms, and business processes
- Demonstrate operations staff are appropriately trained and ready to conduct assigned responsibilities
- Demonstrate hardware, software, network components, infrastructure, and operational procedures are in place, tested, and ready for production operations
- Validate Conduent and DPHHS can use the new CMdS module(s) when performing operations tasks
- Verify the system's implementation readiness

During Operational Readiness, we submit test results from executing the ORR checklists, demonstrating all SLAs have been met for system performance. We plan to use an ORR assessment team composed of both DPHHS and Conduent team members to review the ORR approach, execute the assessment, validate data, and analyze the results. We use the checklists to independently assess service areas by scoring each checklist item for operational readiness. DPHHS staff will review the checklists and may participate in walkthroughs of operational areas to observe operational procedures. We make sure the Department is involved and informed throughout the ORR process through a variety of means including the approach and checklist approval process, checklist execution oversight, hands-on checklist execution, as well as status reports and meetings.

Our ORR process is depicted in Figure 4.2.2.8-2.

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Figure 4.2.2.8-2. Operational Readiness Review Process Flow
Through ORR execution, we validate that our operations staff are trained and the CMdS solution is ready for production operations.

At the conclusion of ORR, we submit the results from executing the checklists, conduct a formal walk through of the results, and assure you that everything is in place and ready for operation. The results are incorporated into a final report, the Operational Readiness Test Results deliverable, which captures and summarizes our findings and readiness to go live. We use this report to attest that the system is operation-ready and to request a Go/No-Go meeting with DPHHS.

We will have previously traced federal and State architecture, technical, security/privacy requirements and business and functional requirements to designs and tests earlier in the lifecycle. We maintain the requirements and gap analysis in the requirements management tool, building requirements traceability for identified gaps through design, test cases, test results, and MECT criteria. Using Azure DevOps, Conduent generates Requirements Traceability Matrix (RTM) reports to demonstrate traceability of requirements across the system development life cycle (SDLC). We trace requirements through the process of design, customization, and testing to depict bidirectional traceability throughout the SDLC.

After we deploy the system, we maintain the system under strict configuration management, so no changes are made without proper approvals, and we monitor performance to make sure we continue to meet requirements. We work with DPHHS to understand what you would like as evidence that the system infrastructure (hardware, software, interfaces) is operational such as demonstrations and/or reports.

IA04
The Contractor shall provide Operational Readiness test results demonstrating that the solution meets all Service Level Agreements for system performance as defined in the scope of work.

At the conclusion of ORR, we submit test results from executing the ORR checklists, demonstrating all SLAs have been met for system performance as defined in the scope of work, and we conduct a formal

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walkthrough of the results. We incorporate the results into the Operational Readiness Test Results deliverable, a final report that summarizes our findings and demonstrates go live readiness. We use this report to attest that the system is operation-ready and to collectively make a Go/No-Go decision with DPHHS.

IA05
The Contractor shall conduct an Operational Readiness Walkthrough with the Department to validate the operational readiness of the Contractor, the solution, and the Department. The Department must formally sign off on the Operational Readiness Checklist prior to proceeding to implementation.

Our business analysts and SMEs conduct an operational readiness walkthrough to validate the operational readiness of Conduent, the CMdS solution, and the Department. ORR validates the readiness of the State, Conduent operations staff and the CMdS solution to support day-to-day operations. It is conducted to verify that contractually required business processes can be performed using the system's functionality. Any findings based on ORR are resolved before we request your approval to implement.

During ORR, the operations staff performs manual and system processing functions in a simulated production environment. Each functional area demonstrates its daily manual and automated operations functions can be accurately performed in preparation for live production. The Conduent operations staff and your selected Department observers confirm that documented procedures support daily operations and the system supports each business process.

ORR utilizes checklists that include a representative sample of simulated processing activities for a particular functional area. The review takes place over several days with input transactions being processed in the sequence representing a typical production workday and/or work week.

ORR does not include, but is a critical component of, implementation readiness. Conduent evaluates implementation readiness across several areas: facility, security, production applications, interfaces, connectivity and infrastructure, implementation management, test completion, and production operations.

We submit to you the finalized ORR checklists as an input to a Go/No-Go decision and seek your approval prior to proceeding to implementation.

IA06
The Contractor shall develop Operational Readiness Review Checklists (ORR) that will examine the actual solution characteristics and the procedures of the product's operation to ensure that all hardware, software, resources, procedures, and user documentation accurately reflect the deployed state of the system.

During ORR, we execute a series of checklists curated and refined using years of Conduent's implementation experience and operational proficiency. Business analysts and SMEs use applicable procedures, system documentation, business user documentation, and online help to refine these checklists to evaluate each Montana operational activity. We designate a lead within each operational business area to act as a point of contact to manage the participation of the business operations staff in ORR. The Conduent Operations Manager leads the assessment based on the ORR checklists. The assessment consists of the Conduent operations staff walking through their designated procedures for the purpose of demonstrating they are ready to use the system in a production environment in accordance with DPHHS, federal, and State guidelines while meeting or exceeding SLAs.

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Figure 4.2.2.8-3 shows a snapshot of the ORR checklist template from our Quality Management System (QMS). Through it, we leverage not just a consistent format that is easy to use, but also standardized heat map status categories, clear definitions for outcomes and desired results, and the capability to aggregate results quickly to demonstrate progress and results across the project.

Figure 4.2.2.8-3. ORR Checklist Template

Our team updates ORR templates with all work steps and activities required to validate operational readiness. Checklist execution validates performance and provides opportunities for remediation prior to go live.

Our team logs any deficiencies and resolves them using a process similar to defect resolution during system testing. Deficits could result in the update of operating procedures or user manuals, changes to the system or help files, re-training, or improvements to training materials. We make recommended updates and retest any failed scenarios. Once all reviews are passed, we prepare the Operational Readiness Test Results for the State and IV&V Contractor. Our results assure you that the systems (hardware and software), functions, processes, operational procedures, resources, user documentation, and other associated support are in place and ready for operation. The Operational Readiness Test Results summarize the results of ORR, which we bring to Go/No-Go meetings with DPHHS and CMS.

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4.2.3 Certification [RFP 3.10.3, Attachment F]

REQUIREMENT: RFP Section 3.10.3,Attachment F

The Contractor must work with DPHHS and other contractors as necessary to ensure that all solutions provided by the Contractor meet requirements specified in the Mechanized Claims Processing and Information Retrieval Systems (90/10) Final Rule (CMS 2392-F) and relevant federal certification requirements as described in the most current version of the MECT Toolkit available at https://www.medicaid.gov/medicaid/data-and-systems/mect/index.html

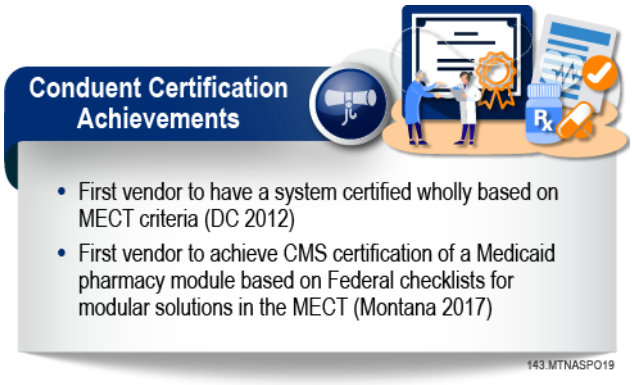
The Contractor will be responsible for providing and maintaining a solution that meets all applicable checklist items in the most current and future versions of the Medicaid Enterprise Certification Toolkit (MECT) (and any process CMS identifies to replace the MECT in the future), and supporting the review and validation of those items by the Department, IV&V Contractor, and CMS. The Contractor must become knowledgeable of all MECT-related items associated with the solution offered. The MECT Mapping document, found as Attachment D, contains the MECT 2.3 checklist items applicable to the Contractor's scope of work, mapped to the associated business requirements.

The Contractor must provide staff and other resources to support and to participate in MECT milestone reviews and other Certification activities that occur before, during and after implementation of the proposed solution(s). The Offeror must describe in detail their approach to meet each of the Certification requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

We bring extensive experience with the CMS Medicaid Enterprise Certification Toolkit (MECT) to assist the State in achieving CMS certification of the Claims Processing and Management Services project and maximum Federal financial participation.

Our history of certification success, extensive experience with the CMS MECT toolkit, and direct experience with modular certification positions us to assist DPHHS in achieving equivalent success.

Conduent has a 100% success rate of federal certification in 15 MMIS implementations across 14 states and the District of Columbia (DC).



Our team has achieved an enviable record in supporting our clients' adherence to the MECT checklist requirements, including using the latest MECT guidelines for certification of our Health Enterprise MMIS in New Hampshire in 2015, Alaska in 2018, and most recently in North Dakota in 2019. In our latest certification effort in North Dakota, we developed a complete set of requirement artifact documents using MECT version 2.3 checklist requirements that were thoroughly vetted by the State, IV&V, and CMS. To best position DPHHS for certification, we leverage these repeatable processes and a complete set of artifact documents to use as templates for the Claims Processing and Management Services project. We support the review and validation of these templates by the State, IV&V, and CMS.

We understand CMS' guidance for the Mechanized Claims Processing and Information Retrieval Systems of the modular systems development requirements. We work with DPHHS and other stakeholders to validate that the CMdS product, as configured for the Claims Processing and Management Services Project, is consistent with and meets the requirements specified in the CMS-2392 F final rule as described in the MECT. At the project start, our Certification Lead coordinates the effort to create a crosswalk between the RFP requirements, MECT requirements, and the CMdS product documentation. The crosswalk identifies module documentation used to evaluate the effective and efficient satisfaction of specific MECT requirements. We work with the DPHHS Systems Integration Services Contractor to

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provide seamless integration and standardized interfaces with other modules. Our testing plans and results are used as certification artifacts to prove MECT compliance.

Certification Staffing

We provide a dedicated Certification Lead who serves both as the CMdS module certification lead and CMS certification lifecycle subject matter expert (SME) during DDI and through CMS certification achievement. Our Certification Lead works in concert with the broader DDI team to imbed the requirements necessary to achieve certification directly into project work and execute certification activities throughout the course of the project. Our product specialists and SMEs understand the MECT requirements. Their experience with CMdS positions them to provide support and participate as requested in planning meetings, milestone reviews, and other certification activities before, during, and after DDI of the Claims Processing and Management Services project.

The Certification Lead serves as the primary point of contact for certification-related issues and works with the State's project team to support and assist in certification planning, status meetings, deliverables, preparation of checklists and artifacts, milestone reviews, and supporting the review and validation of the requirements by the State, IV&V contractor, and CMS. Our Certification Lead hosts status meetings to provide updates on certification activities, facilitates open discussion, and responds to questions from DPHHS, the IV&V contractor, and any other third parties engaged in the certification process. We evaluate progress, analyze metrics, infuse data into solution strategies, and collaborate to mitigate risks and resolve issues by incorporating these topics into agendas and status reports for internal and State--facing meetings.

Certification Plan

Our comprehensive Certification Plan defines our certification approach, tools, and the methodology we use to achieve federal certification. The Certification Lead tailors the plan to conform to the processes and procedures used in the Claims Processing and Management Services project and maintains the plan through certification achievement. Our plan complies with the most current CMS Certification MECT guidance and checklist criteria.

Certification Checklists and Artifacts

We manage certification activities and deliverables against CMS Certification Checklists and provide required artifacts and evidence for operational (Review 2) and final (Review 3) milestone reviews. Figure 4.2.3-1 shows a listing of the current core and MMIS CMS Certification Checklists applicable to the claims module. We assist the State in the completion of all applicable checklists for each module we implement.

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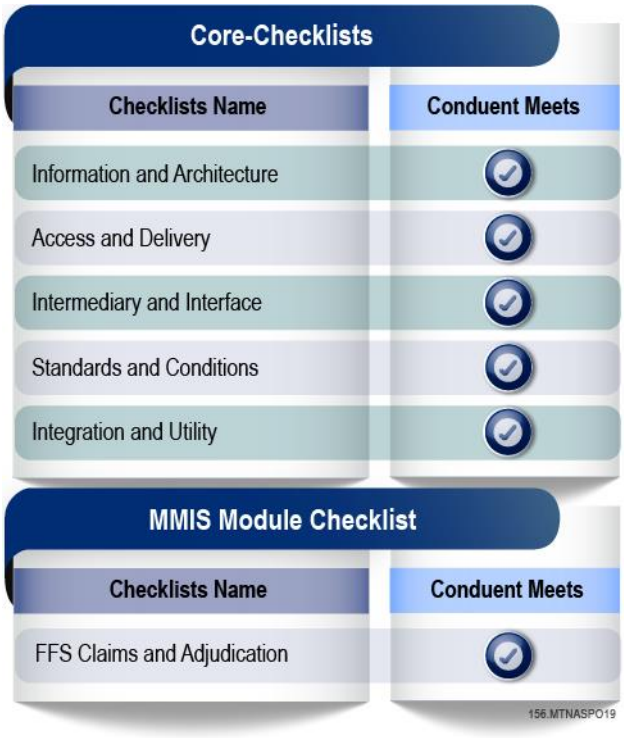

Figure 4.2.3-1. CMS Certification Checklists
These are the current core and MMIS Module CMS Certification Checklists applicable to the claims module.

We have successfully navigated the current MECT v 2.3 and the milestone review process, and we look forward to bringing our best practices to the Claims Processing and Management Services project. We leverage our previous CMS certification successes to secure full federal financial participation (FFP) for the State.

CERT01
The Contractor shall develop a Certification Crosswalk that describes how the Contractor's deliverables and other documentation align with federal certification requirements and MECT milestone reviews.

At the onset of the project, our Certification Lead coordinates with the State and our technical and business teams to crosswalk the MECT checklist requirements to RFP requirements and to CMdS module documentation. The resulting Certification Crosswalk is used to demonstrate alignment with each checklist requirement. As the project moves into UAT, we combine CMdS module documentation with test results to demonstrate compliance with the business functions stated in MECT module checklist requirements.

We maintain folders for each checklist in the project's certification document repository. We upload the resulting documentation, or links to documents, to the folder for each checklist. We develop these artifacts in accordance with the System Development Life Cycle (SDLC). Our documentation includes SDLC-aligned artifacts including completed phase exit criteria. In preparation for the Operational Milestone Review (R2), we deliver the State-approved checklist folders and State artifacts to the IV&V contractor for review and approval. We coordinate any artifact rework if requested by the IV&V contractor.

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Figure 4.2.3-2 illustrates the three milestone reviews. We respond to questions from the State, the IV&V contractor, and the CMS team during the R2 and R3 milestone reviews as requested.

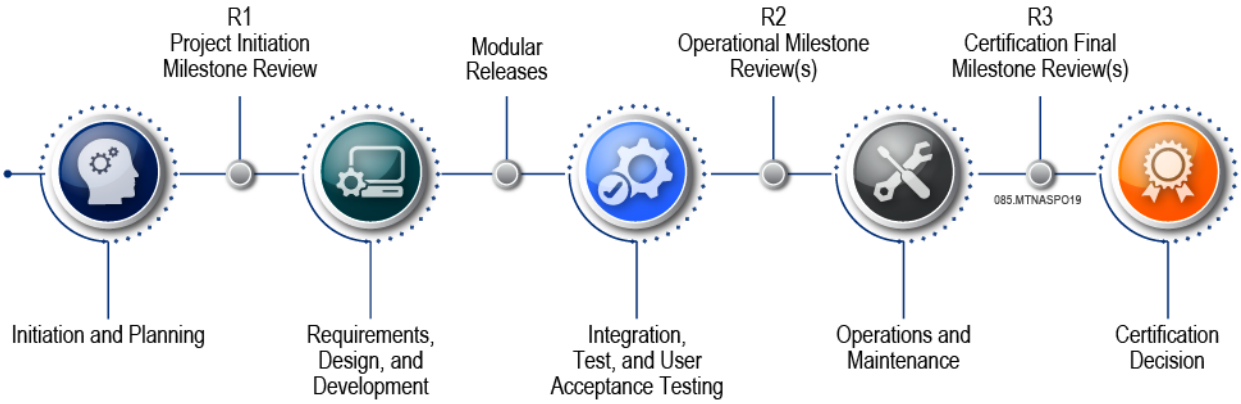

Figure 4.2.3-2. Milestone Review Timeline
Certification Milestone Reviews from Project Initiation (R1) to Certification Final Review (R3).

During operations and maintenance, Conduent creates core and MMIS module checklist requirement artifacts by replacing testing documents with actual production examples and screen captures. We upload or link these new certification artifacts to the final milestone review (R3) certification documents following the same process used in the R2 review cycle. Ultimately, the State project team reviews and approves each completed checklist, which is then reviewed and approved by the IV&V contractor.

CERT02
The Contractor shall complete milestone updates of the CMS Certification Checklists as requested by the State.

Upon DPHHS completion of project initiation milestone review (R1), our certification team works with the State's project team to complete milestone updates to the certification checklists and artifacts to show proof of testing evidence for operational review (R2) and production evidence for final milestone review (R3). For each milestone review, we validate checklist evidence, update and upload artifacts to the document repository, and verify SharePoint links in the checklists. We coordinate artifact updates and plan demonstration of compliance as requested by the State and/or IV&V contractor.

CERT03
The Contractor shall validate the system against the CMS Certification Checklists

We manage certification activities, deliverables, and the system against the Certification Checklists for milestone reviews and produce required documentation. We develop MECT Appendix B required artifacts during DDI and upload them to the document repository. The Certification Lead works with our project team to cross reference the Certification Checklists with the RFP to verify that we have tracked and documented all components of the system required for CMS certification prior to the operational review (R2) to assist in evaluating readiness for production cutover. We provide the State and the IV&V contractor with required test results for review and approval.

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CERT04
The Contractor shall contribute to the quarterly IV&V certification reports.

We have worked extensively with IV&V contractors on large-scale system development and implementation efforts for more than four decades. We fully understand the roles and responsibilities of the IV&V contractor as well as our own responsibilities in supporting the IV&V's tasks. Use of an IV&V contractor instills a checks-and-balances approach to project assessment and supports the State's certification goals. Project status transparency and open, two-way communications are essential to a successful working relationship between the State, Conduent, and the IV&V contractor. Our ability to work in a spirit of cooperation and openness with the State's IV&V contractor serves both to assist the State in monitoring project performance and to reduce overall risk to the Claims Processing and Management Services project. We support the IV&V contractor in its objective verification and validation activities, and to provide documentation and support necessary for IV&V quarterly reports with respect to the MECT certification activities. The IV&V contractor is invited to all certification planning meetings including status meetings and checklist walk throughs. The IV&V contractor has full access to the document repository so they can review and assess the project's progress.

CERT05
The Contractor shall provide staff resources to support MECT milestone review and certification activities including participating in planning activities, meetings and other activities as required by CMS.

We provide a dedicated Certification Lead who serves both as the module certification lead and CMS certification lifecycle subject matter expert (SME) during DDI and through CMS certification achievement. We engage our product specialists and SMEs early in the certification process to provide support and actively participate in certification planning activities, status meetings, and other activities required by the State or CMS during DDI through certification achievement. Prior to a milestone review, our Certification team works with the State to prepare for the review by conducting dry runs and final dress rehearsal. Conduent provides staff resources to support the State in fielding questions from CMS during operational review (R2) and final milestone review (R3). Our project team also assists the State in researching and responding to assigned milestone review action items in a timely manner.

CERT06
The Contractor shall assist the Agency in preparing certification artifacts, evidence and presentation materials, e.g., Requirements/ user stories and/or use cases for functional and non-functional requirements, data, business, capacity/performance, security/privacy/HIPAA compliance, usability, maintainability, interface, 508 compliance, disaster recovery, traceability to test plans or test cases.

We use a SharePoint site as our single online repository to store all certification-related materials. This document repository allows authorized State users to access documentation from a single, web-accessible, and centralized collection point. We assist the State in preparing certification artifacts, evidence, and presentation materials by utilizing a complete set of requirement artifact documents from the MECT v2.3 checklist requirements. We leverage these repeatable processes and the complete set of artifact documents to use as templates for the Claims Processing and Management Services project.

We develop MECT Appendix B required artifacts during implementation and upload them to the document repository. Examples of these documents include; system design documents, user stories and use cases for functional and non-functional requirements, data, business, capacity/performance tests and

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results, security/privacy/HIPAA compliance, a bi-directional traceability to requirements (Requirements Traceability Matrix) and test plan, disaster recovery plan, and test plans and results. We manage activities and deliverables against CMS Certification Checklists for each milestone review and produce the required documentation. We provide the State and the IV&V contractor with required test results for review and approval. We comply with the CMS Certification Requirements, including Standards and Conditions, MITA Maturity Levels, and other certification requirements in configuring the CMdS product.

Conduent commits to complying with and consistently meeting/exceeding MITA Standards and Conditions over the life of the contract. Our team completes all CMS certification activities including, but not limited to, retaining enough on-site systems and operations staff for follow-up services to remedy any compliance issues involving the certification process.

We acknowledge the requirement to provide a complete Section 508 Assessment Package by completing a Voluntary Product Accessibility Template (VPAT) listing all applicable criteria and supporting features, for example, Section 1194.41 Information, Documentation, and Support for IT products.

CERT07
The Contractor shall participate and support as needed in CMS certifications of the other modules

Our history of certification success, extensive experience with the MECT, and direct experience with modular certification positions us to assist you in achieving certification. DPHHS can rely on Conduent to participate and support the State as needed in certifying other MPATH modules with whom we have integration responsibilities.

CERT08
The Contractor shall expeditiously correct, all required remediation activities related to certification findings on a schedule to be approved by CMS and the State.

Our certification project team works with the State to remediate all required activities including action items and corrective action plans related to certification findings in the most expeditious manner. During and immediately following a milestone review, we populate the certification milestone review Action Item Log noting the session ID, action item ID, captured by name, requestor name, date submitted, description, status, and comments. Each activity or action item is assigned to and researched by a SME and responded to in a timely manner, typically within 24 hours or less. If CMS notifies the State of a corrective action plan to satisfy findings, we work expeditiously to remediate the finding and gain full certification. Options, proposed changes, and remedies are vetted and approved by the State, then introduced into our change control process, when necessary, to assign appropriate priorities and resources on a schedule approved by CMS and the State.

CERT09
The Contractor shall use appropriate testing, configuration and change control procedures for all changes made to the solution during the certification process.

We align our CMdS solution with DPHHS business needs and operational processes, and we validate adherence to standards through comprehensive test planning and execution. Our detailed test plans outline the strategies and methodologies used to plan, organize, and manage testing of the CMdS product. The test plans define testing objectives, approach, roles, training, tools, environment, metrics, reporting, and

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other activities to provide DPHHS an error-free CMdS product that meets the requirements of this RFP. We describe our approach to testing in Proposal Section Testing 4.2.2.6.

We follow stringent configuration and change management processes throughout all phases of the project including certification. Conduent's configuration approach identifies configuration items, including documentation and system components, establishes rules to manage changes to the item, and follows documented change control procedures to approve, record, and implement changes to the items. The configuration management content within the Application Configuration and Maintenance Plan deliverable is aligned with industry standards and results in a high level of integrity for our work products and software code. We describe our approach to change management in Proposal Section Project Management 4.2.2.1.

CERT10
The Contractor shall update system, user, and training documentation as necessary to support the certification process and to reflect changes that have been made to the solution during the certification process.

Conduent provides documentation of rules, best practices, and technical user manuals that include tables, fields, calculated fields, interfaces, reports, and solution components to the State during the implementation process and upon any system modification. Data dictionaries are supplied with the system to support each data element as well as user manuals for each functional area of the system. We provide the State with appropriate CMdS user documentation and training documentation.

Additionally, Conduent provides and maintains several types of system documentation for all functional areas of the CMdS product including best practice guides, release notes, batch load specifications, data definitions, and more. Detailed technical manuals, user manuals, training, and best practices documentation are available online for the system.

We provide our staff with access to current, comprehensive user and system documentation as well as training documentation. Our QMS emphasizes keeping documentation updated as functionality is enhanced, as well as performing quality reviews to make sure documentation is accurate and reflects the latest changes and improvements including any made to the solution during the certification process. This emphasis on maintaining current and accurate documentation results in consistent and reliable performance. Our staff is trained and operates in accordance with current procedures and policies.

CERT11
The Contractor shall ensure system CMS Certification through correct design, implementation, documentation and certification support.

Our certification approach adheres to the most current MECT v2.3 guidelines and requirements. We monitor for updates to MECT requirements closely, and we quickly adapt our approach as new versions are published. We ensure CMS Certification is achieved by aligning our solution design, implementation processes, and documentation to CMS requirements and by providing certification support from our expert team.

We develop MECT Appendix B documents during DDI and we upload them to the document repository. Examples of these documents include the Project Management Plan, Schedule/Milestones, Test Plan, and many more.

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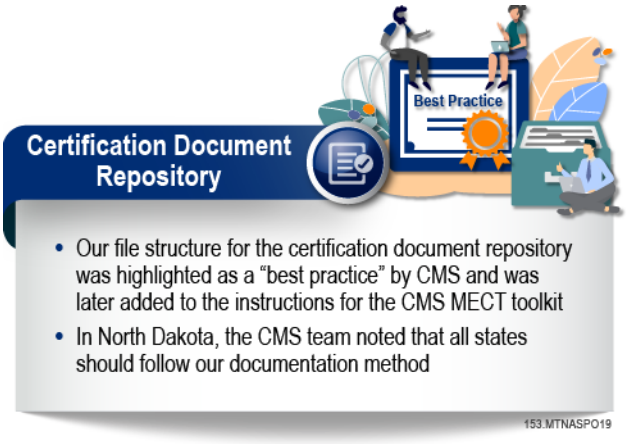
We forward certification documentation to the State and IV&V contractor for review and agreement that the CMdS product meets all technical and operational requirements, without error, prior to implementation into production. We provide the State and the IV&V contractor with required test results for review and approval.

CERT12
The Contractor shall coordinate with the State to develop CMS Certification Checklist documentation for each MECT Checklist requirement.

At the outset of the project, our Certification Lead coordinates with the State and our technical and business teams to crosswalk the MECT checklist requirements to the project RTM. This helps confirm compliance and coverage for each checklist requirement. Our document repository contains a complete set of requirement artifact documents developed using MECT v2.3 checklist requirements. These artifact documents were thoroughly vetted by North Dakota State, IV&V, and CMS. To best position DPHHS for certification, we leverage these repeatable processes and the complete set of artifact documents to use as templates for the checklists. We support the review and validation of these templates by the State, IV&V contractor, and CMS. We coordinate with the State to reuse and in some cases develop additional checklist documentation for all applicable MECT checklist requirements.

CERT14
The Contractor shall populate the certification document repository, as each required item/artifact is completed and approved.

The Certification Lead works with the State and Conduent checklist owners to populate the certification document repository with checklist artifacts and evidence for operational (R2) and final (R3) milestone reviews as the artifacts are completed and approved by the State and IV&V contractor. The Certification Lead coordinates the efforts and tracks the progress of the Conduent technical SMEs on the core checklists artifacts and Conduent product specialists on the module checklists.



Our file structure for the certification document repository as illustrated in Figure 4.2.3-3 was highlighted as a "best practice" by the Centers for Medicaid and Medicare Services and was later added to the instructions for the CMS MECT toolkit.

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Figure 4.2.3-3. Certification Document Repository
Our file structure, named by CMS as "best practice," was used in four recent Medicaid certifications secured by Conduent and our State partners.

CERT16
The Contractor shall present at milestone reviews and other certification meetings as directed by the State.

We are prepared to present, demonstrate, and/or discuss any business or technical process to CMS as directed by the State. Conduent provides a complete team of onsite certification, technical, and business staff to support the State during milestone reviews, as demonstrated by the recent Montana Flex Rx and North Dakota MMIS certifications. Although our responsibilities may vary depending on the milestone review being performed, standard activities involve:

- Supporting the preparation of documentation for milestone reviews and maintaining it in the document repository
- Conducting process reviews prior to milestone reviews to verify team preparedness and identifying areas for improvement prior to reviews
- Verifying requirements traceability of artifacts relevant to the review
- Scheduling sufficient time for activities related to preparing for and executing milestone reviews
- Actively participating in meetings as directed by the State

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4.2.4 Operations, Maintenance, and Configuration [RFP 3.10.4, Attachment F]

REQUIREMENT: RFP Section 3.10.4, Attachment F

The Contractor shall provide Operations support, Maintenance, and ongoing Configuration of the provided Solution(s) throughout the life of the Contract. This includes providing Operations support as described in the scope of work as well as providing Maintenance and Enhancements to the provided Solution(s). The Contractor will follow project management and system development processes throughout the life of the Contract. The Offeror must describe in detail their approach to meet each of the Operations, Maintenance, and Configuration requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent's operational experts apply repeatable and documented processes from our System Development Methodology (SDM), Project Management Methodology (PMM), and Operations Methodology to maintain and enhance our solutions and services accurately and efficiently.

Conduent's Quality Management System (QMS) was originally conceived for DDI projects but has been enhanced based on our vast operations experience to include a comprehensive Operations Methodology. The Operations Methodology provides the practices for managing, overseeing, and continually improving the people, processes, policies, and procedures for operational activities and systems maintenance. Procedures for continuous system monitoring, configuration changes, and end-user support help us provide a fully functioning solution that meets DPHHS service level agreements and performance expectations.

Quality in Operations

- Advanced, detailed planning
- Repeatable processes
- Quality controls
- Performance monitoring and reporting tools
- 49 years of experience in MMIS
- Configurable, scalable, and secure product suite
- Microservices driven API architecture for flexibility and agility

During operations, we continue our strict adherence to project management disciplines across our scope of work. Our resulting approach to supporting operations is a combination of employing supporting tools, following proven methods, leveraging expert resources, executing new enhancement projects approved through change control, and providing oversight and governance. We work collaboratively with the Department to understand and support the State's goals early in the project, so we can spend the life of the contract helping you to meet those objectives and meet new needs as they evolve over time. The Operations, Maintenance and Configuration Plan deliverable documents the processes and standards we follow for the operations phase of the project.

During operations, we support the project with a 360-degree support and maintenance structure that preserves the achievements gained in a successful implementation. Figure 4.2.4-1 depicts the areas of support we provide for the project.

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Figure 4.2.4-1. 360º Support and Maintenance Structure
Conduent's comprehensive support continues throughout the project lifecycle.

When DPHHS requests modifications or enhancements to CMdS or to business processes, we apply well--defined procedures to drive successful, efficient, and cost-effective system changes. When coupled with the API-driven microservices architecture of CMdS, our solution facilitates faster, more efficient modifications during operations. This is driven, in part, by our solution's flexibility to include or exclude various functions, driven by specific program requirements. All changes to the product go through the change request process held collaboratively with the Department. Our adherence to stringent documentation and deliverable management protocols simplifies maintenance and modification of system documentation and functionality. This process improves ongoing end-to-end operations support.

Conduent applies stringent change management and configuration management processes throughout the contract to tightly control system changes and the resources assigned to work on them. Whether it is maintenance support or Department-submitted system change requests, the timeframe for applying changes to the CMdS is significantly reduced when compared to that of legacy system changes.

Implementing and managing modifications and enhancements are not just a matter of adhering to the process steps in our systems development life cycle (SDLC); our strategy is grounded in the principles we follow from the first tasks of the Planning Phase through the life of the project. Our focus remains centered on delivering and maintaining business processes that meet the Department's needs.

OMC01
The Contractor shall cooperate and assist the Department in responding to all law enforcement, federal and State audit and review requests. The Contractor shall provide audit support including, random sample generation, data extracts, hard-copy documents, and provide any requested data or information.

We understand the criticality of accurate and timely responses to audit and review requests. Conduent assists Department staff in responding to requests from federal and State auditors, law enforcement

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officials, and/or their designees. Our documentation management and retention practices facilitate efficient access and retrieval of information needed to quickly respond to audits, program administration, hearings, appeals, and fraud, waste, and abuse inquiries. Our CMdS product images, indexes, and retains paper documents in a document repository by type of document to support access during audits and reviews. A number of index factors, such as member ID, provider ID, and claim TCN facilitate retrieval of documents.

Conduent maximizes the use of data standards—including fully 5010 compliant data content, data representations, data access, and data distribution—which are fundamental to establishing control over the data layer and helping in the exchange and retrieval of information. We follow industry standards for system design and data exchange, enabling us to effectively generate random samples, extract data, and perform data analysis to respond to audit and review requests.

We have extensive experience with project-specific external audits, as required by the terms of each individual contract. As with certification, we have a solid track record of performance in a variety of audits in Montana such as the recent SOC I audit and PBM penetration tests performed in the Fall of 2019. Once you receive notice of an audit and inform Conduent, we appoint a lead, gather key information, retrieve and produce the information, and provide further assistance upon request. Additionally, our team is staffed and prepared appropriately to participate in meetings with auditors or state legislators to help present information and answer questions when requested by the Department.

OMC02

The Contractor shall support the disaster recovery activities that will provide timely failover and create relevant documented policies and procedures to implement a recovery.

Meeting the very real need for business continuity and disaster recovery is fundamental both to the State's overall program strategy and our contractual service level agreements. Our Business Continuity and Disaster Recovery plans focus on prevention, continuity of critical functions following a service disruption, and quick activation of a comprehensive disaster recovery response when a disaster is unavoidable. Upfront planning supports our ability to recover from a disaster and/or unexpected event. Our procedures cover resumption or continuation of operations following an occurrence(s) of any kind that adversely affects, in whole or in part, the error-free and continuous operation of the CMdS product and supporting services, and/or affects the performance, functionality, efficiency, accessibility, reliability, and security of the solution. Disaster events may include natural disasters, human error, computer virus, or a malfunction of the hardware or electrical supply.

Our plans include key information about the critical business functions, including hardware, software, and human resources needed to support the analysis of recovery priority, restoration of necessary functions, and information needs related to an outage duration for each business component. We have recent experience planning, preparing for, and executing business continuity plans related to events beyond Conduent control, such as earthquakes in Alaska, potential volcano eruptions in Hawaii, and hurricane--related flooding in Texas. In all cases, we successfully responded to our continuity obligations, assuring continued service to significant member and provider populations. Conduent's efforts in maintaining business continuity for Alaska MMIS were showcased and lauded at the MESC 2019 in Chicago.

The next crisis is not on the calendar: we are ready at any hour of every day, with proven, detailed plans tailored to your specific operational needs. Conduent's plans for business continuity, backup, and disaster

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recovery are documented in the Business Continuity and Disaster Recovery Plans discussed in RFP Section 4.2.7, Project Deliverables and Documentation, ID Numbers DOC08, DOC09 and DOC10. Our processes comply with CMS requirements and the preliminary SLAs identified in RFP Section Attachment J, Service Level Agreements. Figure 4.2.4-2 shows our integrated approach to business continuity and disaster recovery.

Figure 4.2.4-2. Providing Coverage for Business Continuity
Our Business Continuity Plan defines each step to achieve business resumption quickly after a disruption.

Business Continuity Plan

Our preparation begins with the Conduent Business Continuity Program Office, which assumes corporate-wide governance responsibility for emergency preparedness. The office oversees the readiness of all Conduent accounts, assessing their continuity plans against a standard set of criteria, and requiring status reports during operational reviews. With the assistance of our Business Continuity Program Office, we draft and submit the Business Continuity Plan to the State for review and approval following our deliverable review and approval processes.

Conduent has a robust Business Continuity Plan, as evidenced by our response following an earthquake in the State of Alaska, during which Conduent personnel resumed operations in a matter of hours. Our efforts were applauded by the State of Alaska and CMS and spotlighted at the MESC 2019 Conference.

Disaster Recovery Plan

Our disaster recovery (DR) approach focuses on restoring critical functions following a major service disruption. It addresses facilities and backup locations, off-site storage, recovery facilities, contact information, and the temporary staffing needed to resume business operations. We submit the plan to the State for review and approval. Periodic review and regularly scheduled testing are essential to verify that the plan remains current and effective. Consistent with State requirements, Conduent Governance Policy

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requires annual disaster recovery testing. This is a cross-enterprise, end-to-end disaster recovery exercise that tests the performance of the solution's failover to backup resources.

Conduent's CMdS product suite is a cloud native system which is hosted in Azure. Conduent's infrastructure footprint includes a Hot DR site, which includes a replica of the production environment running in a different region. Conduent does continuous and near real time replication and back up for the production site.

In addition to maintaining a Hot DR site, the backup site provides a redundant version of the primary production site, duplicating the security and accessibility characteristics of primary resources as it takes over production operations. Each Azure instance has a snapshot taken daily through the Azure Managed Disk snapshot feature and a data backup using the Azure Backup client. These backups and snapshots are maintained in Azure storage accounts accessible by both the primary and secondary data centers. We combine tools and methods to cost-effectively achieve full restoration within the agreed upon service levels. These include: geo-redundant datacenters, EDB (Enterprise Database) Postgres Realtime Replication, daily snapshots and backups, and BLOB (Binary Large Object) storage replicated to the backup datacenter in near real-time.

With these provisions in place, we are able to restore availability within the allotted four-hour timeframe required by SLA139 in Attachment J, Service Level Agreements.

OMC03

The Contractor shall conduct an annual test of the Disaster Recovery and Business Continuity Plan and submit the Disaster Recover/Business Continuity Test Report that includes the outcome, corrective action plan, and revisions, if any, to the Department.

Conduent Governance Policy requires annual disaster recovery and business continuity testing. We review the plans annually to confirm they remain current and effective, and we proactively update the plans if significant aspects of the project (personnel, infrastructure, scope) change. Annual tests consist of discussion-based tabletop testing sessions, simulations, and procedural walkthroughs. These sessions are followed by recovery testing to verify plan effectiveness, to test recovery at an alternate site, to test supplier facilities, and to complete rehearsals. We conclude any drill or actual event with an assessment of the activity. Conduent documents the findings in the Disaster Recovery/Business Continuity Test Report. We submit the outcome of the testing, including a corrective action plan and any revisions of the plan, to the Department for review and approval with the appropriate version control. We welcome the Department's involvement in disaster recovery and business continuity testing activities.

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OMC04

The Contractor shall provide Operations support, Maintenance, and ongoing Configuration of the provided Solution(s) throughout the life of the Contract. This includes providing Operations support as described in the scope of work as well as providing Maintenance and Enhancements to the provided Solution(s). The Contractor will follow project management and system development processes throughout the life of the Contract.

The Department defines maintenance for each module as follows:

1. Making configuration updates as requested by the State. Configuration includes changes to table values, parameters, codes, and business logic, including hardcoded business logic.
2. Correcting deficiencies (defects) found in the solution(s) based on detailed requirements described in the scope of work and published design specifications.
3. Correcting deficiencies (defects) found in the solution(s) based on a failure to meet the detailed requirements in completed enhancement, configuration or maintenance requests.
4. Conducting research requested by the State or required to support the Department. For example:

a. System behavior and results
b. New healthcare initiatives
c. Best practices research across states and industry
d. Impacts of new State and federal legislation

5. Performing mass adjustments or mass changes as requested by the State or required to support the State's healthcare programs (for example, errors in pricing, eligibility, cost share, and financial code assignments, TPL discovery, and provider reimbursement changes).
6. Performing regular maintenance as needed by the State required to support the State's healthcare programs. Examples of maintenance include but are not limited to:

a. Performance optimization.
b. Database management.
c. Software, hardware, and tools (e.g., patches, upgrades, and replacement).
d. Interface, report, and correspondence changes.
e. Making corrections or changes to maintain the integrity of the system or the data within it (e.g., backing out changes, correcting duplicate records, cleansing corrupt data, adding security measures, adding redundancy).

7. Using appropriate testing, configuration, and change control procedures.
8. Updating system, user, and training documentation and online help to reflect changes that have been made to the solution.
9. Performing the activities above to maintain customizations implemented as part of an approved enhancement.

During the Operations and Maintenance Phase of the project, Conduent pairs decades of operational experience and performance excellence with proven processes to perform daily system operations, system maintenance, and enhancements. Modification and enhancement projects follow a life cycle similar to the development life cycle used during DDI, but they are tailored to the size and complexity of each enhancement requested by the State. Using effective project management practices and supporting tools for risk and issue management, scheduling, resource management, document collaboration, and change management, Conduent provides the Department with transparency into the status of current and upcoming projects.

In the sections that follow, we provide insight into each of the maintenance activities we perform for the Claims Processing and Management Services project.

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Configuration Updates (#1)

As requested by the State, Conduent makes configuration updates including changes to table values, parameters, codes, and business logic, including hardcoded business logic. Our robust configuration management process documented in the Operations, Maintenance and Configuration Plan promotes the delivery of high-quality system configuration changes, and it results in a reliable, stable, and controlled technical infrastructure throughout the contract. The Conduent configuration approach identifies configuration items, including documentation and system components; establishes rules to manage changes to the item; and uses change control procedures and software configuration management tools to approve, record, and implement changes to the items. All configuration changes to the system are tracked through the full lifecycle from initiation to deployment to production through our ALM tools (Azure DevOps) for full transparency and traceability.

Defect Correction (#2 and #3)

Conduent corrects defects/deficiencies found in the solution quickly and efficiently. Such defects could arise from the system not functioning according to approved design, or a failure to meet the signed off detailed requirements stated in the original request. Our procedures for tracking and correcting defects/deficiencies are documented in the Defect Management Plan. These procedures include the following steps:

- Identifying, capturing, confirming, and logging unexpected results or problems
- Assigning an owner to each defect
- Tracking each item from identification through resolution
- Analyzing and repairing defects and updating related documentation
- Verifying that defects are fixed
- Retesting and verification
- Closure

Conduent uses Azure DevOps, a comprehensive, web-based lifecycle management tool, to manage defects/deficiencies, produce test incident reports, and perform root cause analysis. Using CMMI standard practices and processes, we compile information on defects found during testing or system operation, analyze that information, and report on it to recognize and address trends and significant events impacting quality. The Azure DevOps supports defect reporting, defect monitoring, traceability, notifications, and tracking to closure.

Research (#4)

Our subject matter experts (SMEs) conduct research as requested by the State or required to support the Department. During our 48-year presence in the MMIS domain, we have cultivated our knowledge and understanding of the unique complexities of the State's healthcare programs and policies. This experience enables us to provide timely and accurate responses to the State's research requests. We organize and staff our implementation, operations, and SME support teams to provide you with research and problem--solving expertise throughout the life of the contract. Many of our SMEs are experts at data research and query languages, with the ability to perform comprehensive analytic research. Our

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operations teams include research analysts who can do data mining to evaluate system/data behavior with Department policy.

With nearly five decades of government healthcare experience, we have experienced policy changes of all sizes, types, sources, and levels of impact. Changes often stem from federal or state policy changes, but they can also come from new healthcare initiatives, revised priorities, improved processes, or technological innovations. We share best practices and lessons learned across our accounts through both formal and informal communication, so that our accounts can collectively benefit from the depth and breadth of services, solutions, and response mechanisms across the company. Proposal Section 4.2.1.1, Compliance, ID Number CMP08 provides a detailed list of the resources we leverage to share technological, programmatic, and operational best practices with all our accounts.

We use our impact assessment template to assure that all aspects of a policy change are considered, measured, and documented before determining how a change should be implemented. We perform research to evaluate the impact of potential changes to technology, system behavior, services, processes, documentation, cost, schedule, members, communication, and staffing. This provides an end-to-end assessment that enables informed decision making. The template guides us in conducting a complete analysis when there is a policy or system change.

Through informed and thorough research activities, we support DPHHS' decision-making processes regarding the implementation of initiatives and policy changes throughout the life of the project.

Mass Changes and Adjustments (#5)

We acknowledge that mass adjustments or changes, which could include changes to or errors with pricing, cost share, claims mass adjustments, financial code assignments, TPL discovery, and provider reimbursement changes, are considered maintenance activities. CMdS processes mass adjustments quickly and consistently, and it allows a complete audit trail of actions taken and transactions generated. CMdS provides tools to analyze the impact of running mass adjustments so that decisions can be made about whether to proceed.

We provide you with the ability to process any number of matching claims through a mass adjustment. Users can combine multiple criteria to select claims for mass adjustments. These criteria can be used to process adjustments for both individual providers, as well as groups of providers. Whether executing an individual adjustment or mass adjustment, the adjustment is linked to the claim that is being adjusted. Using this process, the original claim, the original claim adjustment, and any subsequent adjustments of a previous adjustment are linked together. These links are maintained and displayed on the claim inquiry user interface.

CMdS has a Mass Adjustment web page that allows the requester to determine the criteria for a mass adjustment request, as seen in Figure 4.2.4-3. A new mass adjustment request requires: LOB, batch date, batch number, void or replacement, history only or for payment request, and claim status (paid/to be paid, denied/to be denied, or both). Claim type inclusion or exclusion is accomplished by inserting the applicable claim types in the Other section, using claim type to define the universe.

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Figure 4.2.4-3. Mass Adjustment Request
CMdS includes comprehensive mass adjustment functionality.

The determination to remove zero pay claims from the adjudication process occurs in the mass adjustment claim suspense release. After reviewing the results of the mass adjustment, the user can create a suspense release record and dictate that the batch be released and zero pay claims be deleted.

Routine Maintenance (#6)

Conduent provides comprehensive system support and maintenance of the system in order to provide the highest quality system performance to our stakeholders. Our SaaS delivery model delivers production--ready technology upgrades for hardware and software, security updates, and bug fixes, at no additional cost to the State. We maintain any and all hardware and software products required to support the CMdS product at an industry compliance standard.

Our cloud native, microservices driven architecture maximizes system resources to achieve the highest degree of availability, keeping systems and services up and running in accordance with SLAs. We plan and schedule maintenance windows to release system updates and modifications that have been approved. We perform regular maintenance of the system as needed by the State required to support the State's healthcare programs including:

- Performance optimization tasks to tune the system performance, response time, database stability, and processing to perform at the standard and condition for which it was approved; assisted by performance monitoring tools such as MS AppDynamics
- Database management, including optimization, rebuilding indexes, removing duplicate records, and other optimization activities
- Configurations to manage changes to interfaces, reports, and correspondence to meet user needs and policy changes

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- Product upgrades deployed to production to correct / change / upgrade the system to maintain product integrity – including but not limited to security patches, virus protection, etc. Configuration and data changes are also percolated after testing to correct data discrepancies, update fee schedules, etc.
- Stringent software guidelines, product release manuals, and deployment manuals that enable back out and roll backs in the event of issues discovered in smoke testing after a deployment. Conduent ensures that in the event of a back out, the product is successfully working at the previous release levels after roll back
- Updates to or replacement of software, hardware, operating systems, tools, or other system components requiring version updates, manufacturer "patches," and other routine manufacturers' updates to software

Conduent maintains system availability, proper functionality, high availability, and performance optimization using planned, scheduled intervention, as well as efficient responses during times of unplanned adverse impacts to the system. Conduent's 360 degree support includes autonomous, continuous monitoring using MS AppDynamics, which provides detailed insight into business processes, infrastructure usage, bottleneck identification, system availability, and performance indices. The Department can rely on Conduent to operate the CMdS product with predictability and precision through the life of the contract.

Configuration and Change Control (#7)

As part of maintenance, we apply consistent, repeatable, and quality-focused processes when making changes. Our Operations, Maintenance and Configuration Plan is tightly aligned to our Change Management Plan, providing comprehensive processes to:

- Identify changes
- Log changes in ALM tools to ensure full traceability and audit trails
- Assess proposed changes for impacts to the system, business operations, stakeholders, procedures, training, communications, etc.
- Size and prioritize the work
- Configure and test changes in accordance with test plans and guidelines
- Perform release readiness to confirm change and configuration processes have been followed and results of testing are acceptable for implementation
- Support the Department as it performs user acceptance testing to provide acceptance of changes to be propagated to production
- Implement changes using careful and rigorous configuration controls and release processes
- Perform a post implementation review to make sure there are not unintended results

During operations, we continue to leverage our documented project management and system development processes to assure that ongoing changes are subject to the same process rigor as in implementation. Through the use of Azure DevOps, we add configuration and change requests to the log for tracking and reporting from identification through to closure and approval by DPHHS, reassuring you that changes have been made according to your requests.

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Documentation Updates (#8)

Conduent works closely with the State to develop and maintain documentation to be accessed by project stakeholders throughout the course of the contract. Using our established deliverable management processes and SharePoint-based document management capabilities, we update system, user, and training documentation, as well as online help, to reflect changes that have been made to the system or operational processes.

Like system changes, documentation updates also follow strict configuration and quality management practices to control and oversee their timely and accurate modifications. We add tasks to Azure DevOps to make documentation updates corresponding to system changes. Assigned documentation specialists then adapt user documentation, system documentation, training materials, and other artifacts in tandem with approved system and operational changes. Annually, or as changes occur, we review documents for quality by providing peer reviews and document quality assurance reviews according to our Quality Management Plan. These processes result in complete, accurate, consistent, and current documentation available to stakeholders.

Maintaining Enhancements (#9)

After implementing system enhancements, we apply the same rigor, monitoring, oversight, and preventive maintenance of those changes now that they have been incorporated into the production solution. We perform these maintenance activities in accordance with the processes documented in the Operations, Maintenance and Configuration Plan. The customizations built for the Department are built in accordance with our microservices architecture, thereby maintaining the custom enhancements specific to each client. This provides the added value of allowing a state to absorb the enhancements done for another state into its eco-system by doing a minimal amount of changes, instead of doing ground up re-development. These features in CMdS, built in accordance to the CMS cost-sharing and reuse philosophies, provide maximum return of investment to the Department.

OMC05
The Contractor shall provide a notification web page that displays when the system is unavailable for scheduled maintenance or unscheduled outages.

The Conduent team provides full support and maintenance for the CMdS product, including scheduled maintenance, activities to restore systems after unscheduled outages, and other routine tasks required to keep the CMdS product running at peak form. Our solution maximizes system availability to give users consistent access to data during regular Department business hours, minimizing the times when users cannot access data needed to perform their business functions. Our built-in tools deliver asynchronous communication, timely alerts, and notifications to keep users informed on the system's status.

We provide reliable technology and follow defined processes to mitigate unscheduled downtime due to system failures. In the event the system is unavailable due to scheduled maintenance or an unscheduled outage, a web page notification displays for all users. Figure 4.2.4-4 is a sample system unavailable web page notification.

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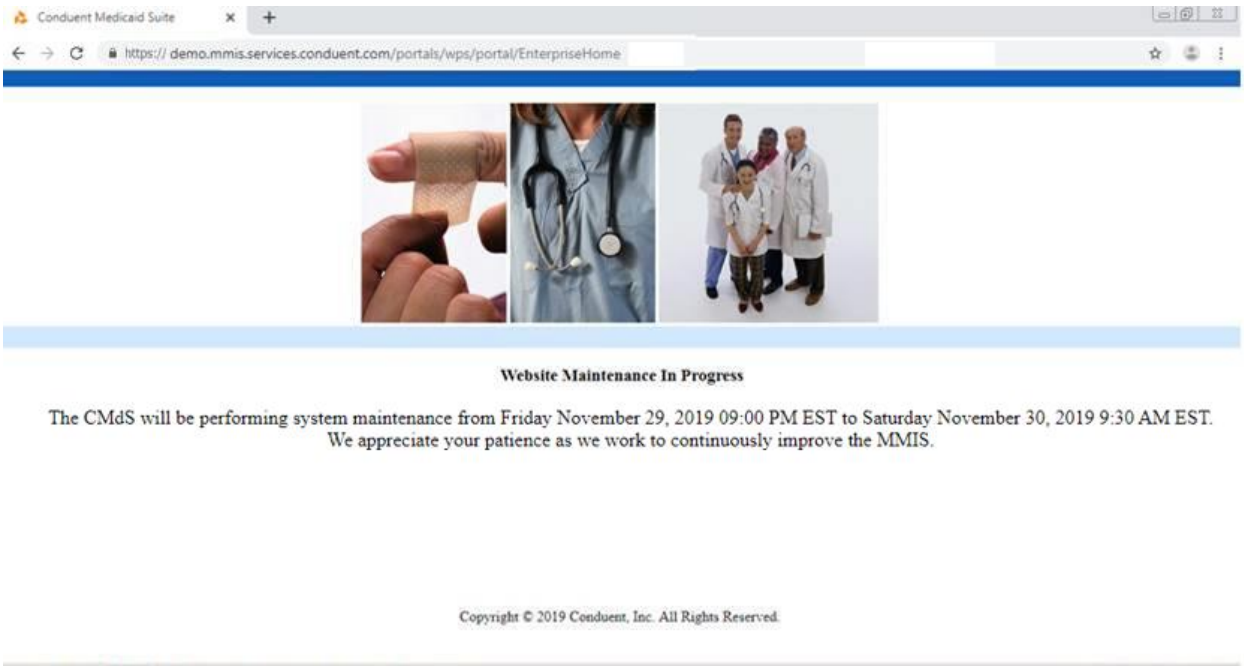

Figure 4.2.4-4. System Unavailable Notification
Conduent's system notifies users of scheduled and unscheduled downtime.

OMC06
The Contractor shall have processes in place to restrict access when inappropriate system access or misuse is detected.

We maintain data confidentiality and restrict access to authorized users through the Conduent Security Framework, which provides robust security and complies with NIST 800-53, HIPAA, HITECH, and other federal and state privacy regulations. Our security framework has a robust RBAC (Role Based Access Controls) function to manage user profiles with associated roles and access to a specific combination of system features and data. Roles and access are determined in the Administrator Security matrix that defines user roles and assigns one or more users to the roles. Users, departments, and their roles can vary and provide flexibility for access to multiple databases if applicable. To enforce separation of duties, CMdS prevents user access to unauthorized information. For example, a user with member access may not be able to view claims. If a user attempts to inappropriately access a portion of the system, an error screen appears. Figure 4.2.4-5 is a sample of an access denied screen.

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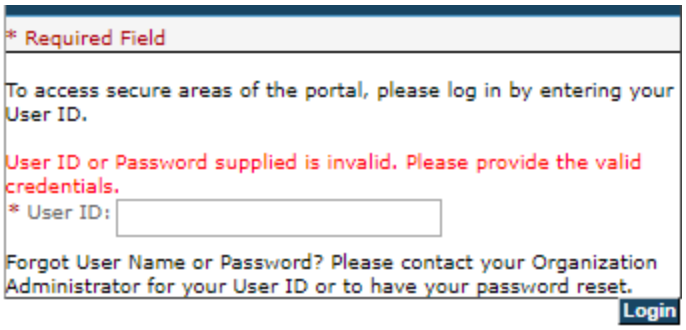

Figure 4.2.4-5. Access Denied Screen
A user attempting to access CMdS may encounter this screen if he/she does not have the necessary privileges to execute a function.

In addition, CMdS enforces a limit of consecutive invalid access attempts by a user and automatically locks the user out of the system when the maximum number of unsuccessful login attempts is exceeded. Equally important, in the event of inappropriate system access or misuse, CMdS provides a one-click capability to modify or terminate access to the system. CMdS includes the capability to perform audits and reviews of all activities based on a specific timeframe and/or date, along with the ability to track who accessed or updated a given record or screen. System Administrators can monitor and track system access based on user levels or application functions; and they can limit users' access to inquiry-only or write--only access. This system-enabled strict adherence to role-based security helps ensure data confidentiality, restricts system access, and prevents disclosure to unauthorized users. Refer to Proposal Section 4.2.1.2, Security, for our approach to system security.

OMC07
The Contractor shall test and implement all production ready patches, upgrades, and releases for all software, firmware and operating systems in a timely manner, in coordination with other modules.

Conduent collaborates with the Department each step of the way to fully assess each change, align it with the needs of the State, prioritize it, test it, and schedule it for implementation in a timely manner and in coordination with other modules.

As programs, policies, and technology evolve, change can and will occur. Changes may affect our solution alone, or they may have a broad impact across multiple modules. We believe constant communication, thorough impact analysis, stakeholder engagement in change decisions, and appropriate oversight are critical to managing change effectively. No change is made in production (including but not limited to security and software patches, software upgrades, code releases, etc.) without thorough testing and progression of those changes through the lower environments and validation and approval by the Department in user acceptance testing.

OMC12
The Contractor shall notify the appropriate user community, as defined by the State, of system events (e.g., major system changes and system outages).

Conduent follows our established and comprehensive Communication Plan embodied within our Project Management Methodology to identify and analyze the communication needs of, and appropriately engage our stakeholders. As we prepare this deliverable, we work with the State to define the appropriate user

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communities to receive notification of system events, including major system changes and system outages.

For system events and planned outages, we communicate the details and timing to the appropriate stakeholder list using communication methods such as emails and web page notifications. We follow up with users to provide the disposition of the change such as a notice that the changes are complete with a link to release notes. Additionally, since version upgrades or new functionality may require additional training for providers and operational system users, we also plan for and communicate the availability of training sessions and/or user documentation updates through the communication method(s) defined in the same Communication Plan.

OMC15

The module Contractor shall provide help desk services to provide level 0 (customer self-service) level 1(basic support), level 2 (moderate support) that includes as appropriate, escalation to the State and level 3 (technical/integration) support related to the functionality of the module's scope of work. Level 1 help desk is the first point of contact and is responsible for logging the issue and, if possible, assisting the user.

When technical issues arise, it is essential that State-authorized users have access to timely and accurate systems support. We provide a fully functional help desk to assist authorized users and serve as the first point of contact for all technology incidents and requests associated with the CMdS product. The Department can reach our help desk by telephone, email, and through the self-service web portal. Our Help Desk staff is well trained and knowledgeable in the MMIS Solution. Our help desk is managed by Conduent and staffed from 7:00 a.m. to 7:00 p.m., agency local time, on all state business days, Monday through Friday (excluding state holidays).

Our help desk staff is equipped to handle both simple and complex issues related to the technology we propose for the project. Help Desk staff are trained to direct users to links for online help documentation on the CMdS product, including manuals and documents that provide reference and information related to the user's inquiry or issue. We also proactively monitor all CMdS components to identify and resolve issues before they affect end-users.

As shown in Figure 4.2.4-6, our Helpdesk provides three tiers of support utilizing ServiceNow as the ticketing platform.

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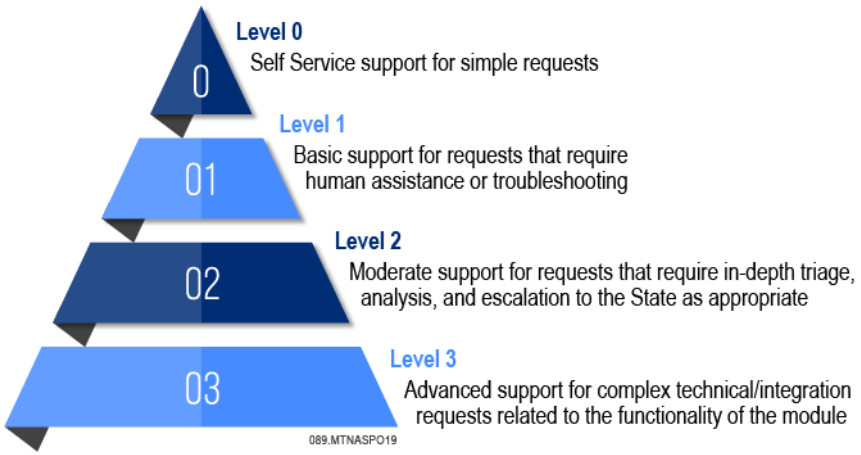

Figure 4.2.4-6. Helpdesk Tiers of Support

Our Helpdesk provides three tiers of support and self-service support for simple requests.

As the first point of contact, our Level 1 support staff assists the user if possible and logs the issue in ServiceNow. Our ticketing platform has the required workflows and escalation trees defined to escalate tickets to the appropriate teams, as well as identified state staff. Our system has been proven to provide quick and timely resolution for issues with high levels of user satisfaction.

OMC16

The Contractor shall provide online help for external and internal users.

The CMdS product provides comprehensive support for external and internal system users in the form of immediately available online help and user manuals. Conduent uses MadCap Flare as our standard help-authoring tool to facilitate the development and maintenance of complete, correct, and consistent documentation. This tool's greatest benefit is the concept of single sourcing. From a single set of content developed within the tool, we can generate a range of web-based help files, context-sensitive help embedded in the application, and procedure manuals based in either Microsoft Word or Adobe PDF. Content is reusable and centrally maintained, so a change to any content can be perpetuated across various outputs of that content. In addition to online help for external and internal users, our Help Desk is available during Department specified business hours to submit tickets for complete, prompt resolution of issues.

OMC18

The Contractor shall notify the Department when updated reference materials (e.g., Requirements Matrices, Manuals, System Documentation, System Design Documentation, User Documentation, Business Rules Catalog, and Training Materials) are available for review.

Our document management process spans the entire life cycle of all reference materials, including Requirements Matrices, Manuals, System Documentation, System Design Documents, User Documentation, Business Rules Catalog, and Training Materials. All reference materials are accessible to the State and State-approved users in our secure SharePoint site. We maintain strict version control by including document revision history within each deliverable and leveraging the version history and automated version numbering provided by the SharePoint application. We notify the Department of changes, and authorized users can also set alerts on the SharePoint site to be notified through email when specific documents, libraries, or list items change.

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OMC19
The Contractor shall provide 24x7 access to the Department for all reference materials (e.g., Requirements Matrices, Manuals, System Documentation, System Design Documentation, User Documentation, Business Rules Catalog, and Training Materials).

We commit to providing full, secure, 24x7 access to published reference materials during all stages of DDI and operations to the Department, the IV&V Contractor, and/or any oversight agent designated by the State or CMS. We load, maintain, and share document-based reference materials on the project's SharePoint site. Examples of reference materials include: Requirements Matrices, Manuals, System Documentation, System Design Documentation, User Documentation, Business Rules Catalog, Training Materials, and project management plans and artifacts. We work with the State to determine stakeholders who can access the document repository so we can provide the appropriate level of access. We notify the Department and obtain Department approval prior to scheduling any document repository maintenance.

OMC30
The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The System Enhancement Pool for DDI includes personnel costs for all resources supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement, and we include the cost of the 7,500 system enhancement pool hours in our fixed price, as shown in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. Any unused hours will roll over into the system enhancement pool hours for the Operations phase of the project or adjusted downward at the discretion of the State. We agree that any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow documented change and configuration management processes for all changes, including enhancements. We gather change requirement information, perform research, and assess impact. We provide the Department with work estimates based on the detailed requirements for each enhancement. We use the Change Request List in our Quality Management System-aligned SharePoint repository to track the drawdown of enhancement pool hours for State approved Change Requests (CRs) and for those that require contract amendments.

Conduent provides DPHHS with a detailed accounting of the use of system enhancement hours on the monthly System Enhancement Pool report. Figure 4.2.4-7 is a sample of our System Enhancement Pool Report. This report shows the current status of the System Enhancement Pool, as well as the change in the

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pool from the previous month's report. It also includes a detailed account of hours spent per enhancement. Conduent works with the Department to finalize a report that is easy to read and understand.

<Project Name> System Enhancement Pool Tracking - <Project Phase>

Account Manager	<Name Here>	Overall Status	Green
Project Manager	<Name Here>		
Implementation Manager	<Name Here>		

Enhancement Pool Status
Period Ending <MM/DD/YYYY>

Description	Total	Invoiced	Remaining
Enhancement Pool Hours - Annual	10000.00	-3313.00	6687.00
Enhancement Pool Hours - This Period		-669.00	6018.00
Enhancement Pool Hours Expended (but not invoiced)	-2969.50		3048.50
Enhancement Pool Hours Committed (but not expended)	-77.00		2971.50

Monthly Invoiced Hours
<MM/DD/YYYY - MM/DD/YYYY>

ID#	Title	Priority	Implementation Date	Area	Responsible Person	Invoice Completed	Hours Invoiced This Period	Total Estimated Hours	Total Hours Used To Date	Total Hours Remaining
10791	Title 1	01		UI		1/31/2020	150.00	175.00	160.00	15.00
10792	Title 2	01	12/31/2019	Claims		1/31/2020	382.00	2000.00	2000.00	0.00
10799	Title 3	04	1/14/2020	Claims		1/31/2020	132.00	430.00	430.00	0.00
10822	Title 4	02		Reporting		1/31/2020	5.00	600.00	5.00	595.00
						Total:	669.00			

Figure 4.2.4-7. Sample System Enhancement Pool Report
Our template presents a detailed dashboard view of each enhancement including the total hours used and remaining.

At the end of each month, system enhancement pool hours expended for the period, by enhancement, are documented and submitted to the Department for review and approval. We understand that the Department must approve all hours charged to the pool prior to decrementing the pool.

OMC31
The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 4,000 system enhancement pool hours during the Operations Phase for each year of the Claims Processing and Management Services project. The System Enhancement Pool for Operations includes personnel costs for all staff supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement, and we include the cost of the 4,000 annual system enhancement pool hours in our fixed price and in Attachment G Pricing Schedules, Schedule D--Enhancement Pool hours. If for some reason, the State does not make use of the full 4,000 hours

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during any operations period prior to the end of the contract, the enhancement pool will either be adjusted downward, or the unused hours will be rolled over into the next contract period at the direction of the State. We agree that any reduction in the number of system enhancement pool hours for operations requires a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

OMC32

The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 3,000 enhancement pool hours for the duration of the DDI phase of the contract for Option A scope of work. The System Enhancement Pool for DDI includes personnel costs for all resources supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement, and we include the cost of the 3,000 system enhancement pool hours in our fixed price as shown in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. Any unused hours will roll over into the system enhancement pool hours for the Operations phase of the project or adjusted downward at the discretion of the State. We agree that any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D--Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

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OMC33
The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 2,000 system enhancement pool hours during the Operations Phase for each year of the Claims Processing and Management Services project for Option A scope of work. The System Enhancement Pool for Operations includes personnel costs for all staff supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement and we include the cost of the 2,000 annual system enhancement pool hours in our fixed price and in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. If for some reason, the State does not make use of the full 2,000 hours during any operations period prior to the end of the contract, the enhancement pool will either be adjusted downward, or the unused hours will be rolled over into the next contract period at the direction of the State. We agree that any reduction in the number of system enhancement pool hours for operations requires a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

OMC34
The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 3,000 enhancement pool hours for the duration of the DDI phase of the contract for Option B scope of work. The System Enhancement Pool for DDI includes personnel costs for

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all resources supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement, and we include the cost of the 3,000 system enhancement pool hours in our fixed price as shown in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. Any unused hours will roll over into the system enhancement pool hours for the Operations phase of the project or adjusted downward at the discretion of the State. We agree that any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D--Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

OMC35

The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 2,000 system enhancement pool hours during the Operations Phase for each year of the Claims Processing and Management Services project for Option B scope of work. The System Enhancement Pool for Operations includes personnel cost for all staff supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement and we include the cost of the 2,000 annual system enhancement pool hours in our fixed price and in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. If for some reason, the State does not make use of the full 2,000 hours during any operations period prior to the end of the contract, the enhancement pool will either be adjusted downward, or the unused hours will be rolled over into the next contract period at the direction of the State. We agree that any reduction in the number of system enhancement pool hours for operations requires a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

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OMC36

The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 3,000 enhancement pool hours for the duration of the DDI phase of the contract for Option C scope of work. The System Enhancement Pool for DDI includes personnel costs for all resources supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement, and we include the cost of the 3,000 system enhancement pool hours in our fixed price as shown in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. Any unused hours will roll over into the system enhancement pool hours for the Operations phase of the project or adjusted downward at the discretion of the State. We agree that any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

OMC37

The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 2,000 system enhancement pool hours during the Operations Phase for each year of the Claims Processing and Management Services project for Option C scope of work. The System Enhancement Pool for Operations includes personnel costs for all staff supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement and we include the cost of the 2,000 annual system enhancement pool hours in our fixed price and in Attachment G Pricing

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Schedules, Schedule D-Enhancement Pool hours. If for some reason, the State does not make use of the full 2,000 hours during any operations period prior to the end of the contract, the enhancement pool will either be adjusted downward, or the unused hours will be rolled over into the next contract period at the direction of the State. We agree that any reduction in the number of system enhancement pool hours for operations requires a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

OMC38
The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Per the State's Question & Answer Board, question *Attachment F Requirements Response Matrix,* a response is not required at this time.

OMC39
The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to provide 2,000 system enhancement pool hours during the Operations Phase for each year of the Claims Processing and Management Services project for Option D scope of work. The System Enhancement Pool for Operations includes personnel costs for all staff supporting the system enhancement effort. Conduent agrees to the State's definition of an enhancement and we include the cost

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of the 2,000 annual system enhancement pool hours in our fixed price and in Attachment G Pricing Schedules, Schedule D-Enhancement Pool hours. If for some reason, the State does not make use of the full 2,000 hours during any operations period prior to the end of the contract, the enhancement pool will either be adjusted downward, or the unused hours will be rolled over into the next contract period at the direction of the State. We agree that any reduction in the number of system enhancement pool hours for operations requires a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours, using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

We follow the same processes, tracking, estimating, resourcing, and reporting mechanisms noted in the response for ID OMC30, page 4.2-338, for this enhancement pool to provide consistent and transparent CR status and pool balance information.

4.2.4.1 Maintenance and System Enhancements [RFP 3.10.4.1, Attachment F]

REQUIREMENT: RFP Section 3.10.4.1, Attachment F

Throughout the life of the contract there are two distinct classifications of work that all MPATH Module Contractors will perform maintenance and system enhancements.

As an MPATH Module Contractor, we agree to perform maintenance and system enhancements as defined in the Claims Processing and Management Services RFP. We discuss these two classifications of work throughout this proposal section, 4.2.4, Operations, Maintenance, and Configuration.

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4.2.4.1.1 Maintenance [RFP 3.10.4.1.1]

REQUIREMENT: RFP Section 3.10.4.1.1

DPHHS defines maintenance for each MPATH module as follows:

1. Making configuration updates as requested by DPHHS. Configuration includes changes to table values, parameters, codes, and business logic, including hardcoded business logic.
2. Correcting deficiencies (defects) found in the solution(s) based on detailed requirements described in the scope of work and published design specifications.
3. Correcting deficiencies (defects) found in the solution(s) based on a failure to meet the detailed requirements in completed enhancement, configuration or maintenance requests.
4. Conducting research requested by DPHHS or required to support the Department. For example:
   a. System behavior and results
   b. New healthcare initiatives
   c. Best practices research across states and industry
   d. Impacts of new State and federal legislation
5. Performing mass adjustments or mass changes as requested by DPHHS or required to support Montana Healthcare Programs (for example, errors in pricing, eligibility, cost share, and financial code assignments, TPL discovery, and provider reimbursement changes).
6. Performing regular maintenance as needed by DPHHS required to support Montana Healthcare Programs. Examples of maintenance include but are not limited to:
   a. Performance optimization
   b. Database management
   c. Software, hardware, and tools (e.g., patches, upgrades, and replacement).
   d. Interface, report, and correspondence changes.
   e. Making corrections or changes to maintain the integrity of the system or the data within it (e.g., backing out changes, correcting duplicate records, cleansing corrupt data, adding security measures, adding redundancy).
7. Using appropriate testing, configuration, and change control procedures.
8. Updating system, user, and training documentation and online help to reflect changes that have been made to the solution.
9. Performing the activities above to maintain customizations implemented as part of an approved enhancement.

All maintenance activities will be performed at no additional cost to the State in the Contractor's response. The Contractor will be required, at no additional cost, to add resources necessary to complete all activities by the required due date. Maintenance activities and any associated hours will not be applied to the system enhancement hourly pool.

We agree to the state's definition of maintenance activities as listed in RFP Section 3.10.4.1.1. We perform these maintenance activities at no additional cost to the State. Maintenance activities are not applied to the system enhancement hourly pool. Please see our detailed response regarding our approach to maintenance in our response to ID OMC04, page 4.2-328.

4.2.4.1.2 System Enhancements [RFP 3.10.4.1.2]

REQUIREMENT: RFP Section 3.10.4.1.2

DPHHS defines systems enhancements as follows:

1. System enhancements exclude any activities defined in "Maintenance" above.
2. New features or functionality that fall outside the scope of all RFP requirements, Offeror's RFP response, the contract, or agreements of any supplemental negotiations.

The State must approve both the design and level of effort prior to the start of development or configuration for system enhancements. DPHHS must approve any changes to the design or level of effort that occur after the original approval. The level of effort billed cannot exceed the level of effort approved by DPHHS. During DDI, any approved system enhancements will be priced based at the rates defined in Attachment G – Pricing Schedules, Schedule E – Resource Hourly Rates.

The Contractor must provide an estimate of any impact to annual operations cost, for the enhancement during the operations phase of the Contract if applicable. Reimbursements for any additional operations costs must be addressed in a contract amendment.

Adding new functionality or modifying existing functionality to address emerging technologies, Medicaid policy updates, program growth, state initiatives, or federal mandates can be expected in the dynamic and evolving world of Medicaid. Conduent has extensive experience updating the MMIS and ancillary systems to support evolving Medicaid and related programs. We successfully make small- and large-scale changes to operational Medicaid systems while maintaining the integrity of these systems. The

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foundations of our approach are experience, proficiency, a solid background in change management, rigorous configuration controls, and regular communication with stakeholders. Conduent expects Department enhancement requests that come with federal and state regulatory and policy changes, new initiatives, and technology innovations in the industry. We anticipate both major and minor modifications to stay current with program needs. As a result, we apply established discipline throughout the SDLC that combines the structure and control of our traditional process based on the *PMBOK Guide*® with the speed and flexibility afforded by modern iterative techniques.

We agree to the definition of system enhancements as new features or functionality that fall outside the scope of all RFP requirements, Conduent's RFP response, the contract, or agreements of any supplemental negotiations; and that system enhancements exclude any maintenance activities defined in ID OMC04. We work with the State to review and approve both the design and level of effort prior to the start of development or configuration for system enhancements. We provide an estimate of any impact to annual operations costs for the enhancement during the Operations Phase if a change to these costs is expected. We submit a contract amendment for reimbursement for any additional operations costs as the result of a system enhancement. If any changes to design, cost, or level of effort occur after the original system enhancement approval, we obtain DPHHS approval for the changes. We understand that only those hours approved by the State will be charged to the pool. Approved system enhancements made during the DDI phase are priced at the rates defined in Attachment G- Pricing Schedules, Schedule E – Resource Hourly Rates.

3.10.4.1.2.1 System Enhancement Pool

DPHHS recognizes that enhancements to the solution may be required periodically throughout the life of the contract to meet mandated Federal or State rules or regulations or to provide increased efficiency in operations or promote cost savings. The Contractor will add resources as necessary to complete enhancements by the required due date.

Conduent agrees to meet this requirement. Conduent works with the State to obtain approvals on completing this work through the allocated System Enhancement hours during Operations and Maintenance. If the number of hours is in excess of the allocated enhancement pool approved by the State, Conduent will work with the state to seek necessary additional approvals.

Conduent's API-driven microservices architecture allows for re-use of enhancements across multiple states with minimal changes embracing the CMS philosophy of cost effectiveness and re-use.

3.10.4.1.2.2 System Enhancement Pool for DDI Core Scope of Work

The Contractor will provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7,500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G – Pricing Schedules and Schedule D – Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort.

The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G – Pricing Schedules and Schedule D –Enhancement Pool Hours.

Conduent agrees to meet this requirement, as described in our response to ID OMC30, page 4.2-338.

3.10.4.1.2.3 System Enhancement Pool for DDI Option A Scope of Work

The Contractor will provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract for the Option A Scope of Work. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort.

The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one-month notification by the State, and the cost of the contract will be

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reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Provider Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC32, page 4.2-340.

3.10.4.1.2.4 System Enhancement Pool for DDI Option B Scope of Work

The Contractor will provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract for the Option B Scope of Work. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort.

The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one-month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Provider Pricing Schedules, Schedule D-Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC34, page 4.2-341.

3.10.4.1.2.5 System Enhancement Pool for DDI Option C Scope of Work

The Contractor will provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract for the Option C Scope of Work. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort.

Conduent agrees to meet this requirement, we described in our response to ID OMC36, page 4.2-343.

3.10.4.1.2.6 System Enhancement Pool for Operations Core Scope of Work

The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Schedule D – Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort.

The level of effort incurred to complete an enhancement will be applied to the System Enhancement Pool once the enhancement is implemented and approved by the Department. If the level of effort exceeds the System Enhancement Pool hours remaining, the Department may choose to utilize hours from the next Contract operations year or have the Contractor invoice the Department for the balance at the rates defined in Attachment G – Pricing Schedules, Schedule E – Resource Hourly Rates.

Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one-month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Pricing Schedule D – Enhancement Pool Hours. The cost of the Contract will be reduced proportional to the cost of the unused hours using the rates provided in Pricing Schedule D – Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC31, page 4.2-339.

3.10.4.1.2.7 System Enhancement Pool for Operations Option A Scope of Work

The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year for the Option A Scope of Work. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort.

Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one-month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Provider Pricing Schedules, Schedule D – Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G, Provider Pricing, Schedule D – Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC33, page 4.2-341.

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3.10.4.1.2.8 System Enhancement Pool for Operations Option B Scope of Work

The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year for the Option B Scope of Work. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort.

Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Provider Pricing Schedules, Schedule D – Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G, Provider Pricing, Schedule D – Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC35, page 4.2-342.

3.10.4.1.2.9 System Enhancement Pool for Operations Option C Scope of Work

The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year for the Option C Scope of Work. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort.

Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Provider Pricing Schedules, Schedule D – Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G, Provider Pricing, Schedule D – Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC37, page 4.2-343.

3.10.4.1.2.10 System Enhancement Pool for Operations Option D Scope of Work

The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year for the Option D Scope of Work. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort.

Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Provider Pricing Schedules, Schedule D – Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G, Provider Pricing, Schedule D – Enhancement Pool Hours.

Conduent agrees to meet this requirement, we described in our response to ID OMC39, page 4.2-344.

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4.2.5 Key Personnel and Resources [RFP 3.10.5, Attachment F]

REQUIREMENT: RFP Section 3.10.5, Attachment F

The Offeror must provide key personnel to be assigned to the DDI and Certification phases of the project for the core claims solution. At a minimum, key personnel shall include a Project Manager, Technical Manager, Contract Manager, Claims Manager, Testing Lead, Integration Lead and a Certification Lead. DPHHS will review and approve all key personnel.

For the core claims solution, the Contractor shall provide the defined key personnel for the Operations, Maintenance and Configuration phase of the project. At a minimum, key personnel shall include a Project Manager, Operations Manager, Claims Manager, Technical Manager, and a Contract Manager. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

For Option A - Financial, The Contractor shall provide key personnel at a minimum that include a Financial Services Project Manager, Financial Services Lead Analyst, during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personnel.

For Option A - Financial, the Contractor shall provide defined key personnel of Financial Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

For Option B - Call Center, the Contractor shall provide defined key personnel of Provider Relations Manager and Enrollment Broker Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

For Option B - Call Center, The Contractor shall provide key personnel at a minimum that include a Call Center Implementation Project Manager, Call Center Lead Analyst, during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personnel.

For Option C - Federal Reporting, The Contractor shall provide key personnel at a minimum that include a Federal Reporting Implementation Project Manager, and three Federal Reporting Lead Analysts for the following areas: 1) Transformed Medicaid Statistical Information System (TMSIS), 2) CMS-64, CMS-21, CMS-37, 3) All other state and Federal reporting during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personnel.

For Option C - Federal Reporting, the Contractor shall provide defined key personnel of Federal Reporting Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

For all phases of the Project, the Offeror's Project Manager will be required to perform work at the Primary Project location (local Agency) unless approved by DPHHS to work remotely. Other Offeror staff working remotely, must be available to work in Helena, Montana at the Department's request for functions necessary to support the scope of work (e.g., risk review meetings, root cause analysis sessions, integration planning, release planning, operational readiness reviews, UAT, implementation, and production deployment). For any work performed at a location other than Helena, Montana, the Offeror must identify the specific location (city, state, country), describe the type of work to be performed, and the percent of the total hours for that type of work at that location.

The Offeror must propose a staffing approach to meet each of the requirements detailed in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

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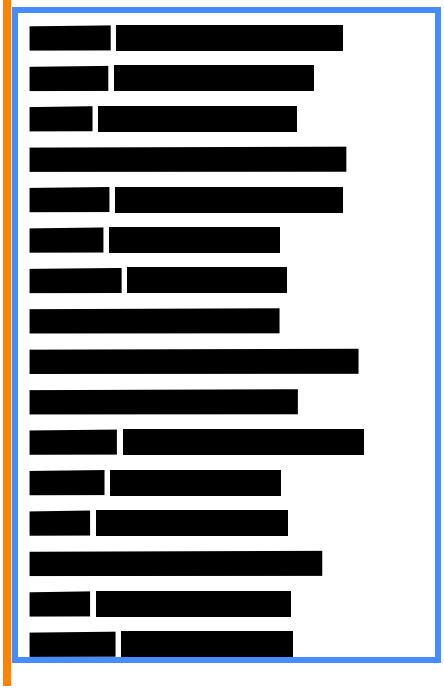
DPHHS benefits from a Conduent team that offers the necessary range of experience, expertise, and capabilities across Medicaid and other healthcare programs nationwide to successfully deliver each phase of the project.

DPHHS has made it clear in its procurement strategy that it expects the contractor to provide key personnel with the appropriate targeted skills for the Claims Processing and Management Services project. The success of the project hinges on the quality of staff and the ability of the project organization to work effectively toward common goals and success. We build on our record of successfully staffing and implementing similar projects for Montana and other state health and human service programs nationwide. By selecting Conduent, you benefit from a familiar contractor that possesses knowledge of your goals and objects; proven experience in supporting your staff and stakeholders; and a good understanding of your expectations.

Experience Matters

Our team brings more than 120 combined years of relevant Montana experience to the project.



Throughout this section, we showcase our extensive staffing qualifications and credentials for performing the full scope of services for the Claims Processing and Management Services project. We demonstrate that Conduent is the most qualified contractor to provide these services. Our hiring philosophy for our projects is to find people with the right experience, skillsets, and mindset for each role. Thus, Conduent's people are the key to our success. We recruit and hire employees and subcontract additional resources when required in order to bring the best talent to projects such as this one. We create a cohesive team of specialists who have the experience and knowledge to manage and run your project effectively.

Our team achieves this level of success through their dedication to quality and attention to detail in providing professional services and technical solutions. Project success depends on a skilled, talented project team with the experience in effective management and oversight.

Key Personnel

The MPATH Claims Processing and Management project requires a tested and proven partner that can deliver key personnel who have prior exposure and experience with modular and multi-vendor testing and integration. During our search for the highest-quality key personnel for this project, we placed a high priority on that type of experience and, accordingly, we identified a talented group of key personnel, some of whom already drive success on our MMIS contract. Table 4.2.5-1 identifies our proposed key personnel for the core and optional solutions.

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Table 4.2.5-1. Key Personnel

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KR01
The Contractor can use off-shore and near-shore resources. However, offshore or near shore resources cannot develop security controls. The Contractor shall advise the Department when work is being completed by offshore or near shore resources. The Contractor shall ensure that all Contractor practices and procedures, including but not limited to secure coding practices are used by all resources.

We support the Department's concern in our use of off-shore or near-shore resources on this project. We advise you if any work is completed by off-shore or near-shore resources. We only use onshore resources to develop security controls. Similarly, we make sure our resources use our practices and procedures, including but not limited to secure coding practices.

KR02
The Contractor, and any of its subcontractors, shall work cooperatively with module Contractors and Department staff to ensure the success of the program.

Based on our experience in Montana and in other states, we are keenly aware of the complexities faced by the Department staff, the System Integrator (SI) Contractor, and module contractors in coordinating a complex project with phased implementations of modules that are interdependent. Our extensive experience—supporting implementation and day-to-day support of third-party solution components—has enabled us to recognize the importance of free and frequent communication, collaboration, and cooperation with solution providers.

The Conduent local support team of approximately 100 in Helena has provided support to the State of Montana and its MMIS solution for 35 years. During the past two years, the Conduent team has supported the State's effort for modernization of the MMIS through use of modular solution contractors, Deloitte as System Integrator and OptumInsight (Optum) for the Provider Services module. The Conduent Helena-based team assisted both contractors in the implementation and training of Optum's MPATH claims-entry solution. Conduent's provider relations team worked directly with Optum's trainers to understand the claims-entry system and its training methodology by attending the train-the-trainer sessions and training trial runs. Optum and Conduent worked together to address potential concerns of providers in anticipation of oncoming training sessions. The training was modified until providers successfully entered claims in the new system.

Conduent delivered four regional on-site trainings and several online sessions that received high praise from the Department and the provider groups. Conduent and Optum established the help desk support process for escalated issues. The Department, Optum, and Conduent team worked to ensure the issue escalation process was a success. Escalated issues were efficiently communicated, quickly resolved, and conveyed to the provider. The overall implementation was deemed a success by the Department and provider groups.

Managing a Modular Solution. Our systems background gives us a full understanding into how modular technology can best be applied to the MPATH solution and business services. Our experience in other states' multi-vendor implementations has made clear the need to collaborate with other contractors and modules. Our goal is to implement an integrated, stakeholder-centric solution that promotes flexibility, scalability, and interoperability in line with the NASPO cooperative vision and other MPATH modules. We work with DPHHS to integrate our methods with your current processes, minimizing process disruptions, and enabling us to quickly adapt to new state policies, regulations, and implementations.

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To ensure a successful integration with all module contractors, Conduent will provide status information that provides informative reporting on deliverables, milestones, resources, and overall project health. During the planning phase, we adapt our schedule and work breakdown structure (WBS) components to those of the MPATH program management office, to align tasks with the SI Contractor as needed, and to incorporate the necessary tasks into our schedule. We continually evaluate our alignment with the SI Contractor to keep our CMdS modules on track with the overall goals and vision for the MPATH.

KR03

The Contractor shall help prevent project delays and address them if they occur. This includes assurances that sufficient resources and knowledgeable, experienced staff are available to meet the required project schedule.

Our experience with government healthcare projects has taught us that all projects encounter change that can cause delays. Changes can occur due to legislative mandates, strategic initiatives, technology improvements, resource changes, or issue/defect identification. All changes, whether planned or unplanned, rely on solid project management practices to minimize their impact on the project schedule and increase the project's chances of success. Before we begin the project, one strategy to prevent schedule slippage due to change is to include slack in the work plan where possible. We plan for flexibility in non-critical tasks, so they can be adjusted within the schedule as needed. We also use historical data and subject matter expertise to estimate our work, so our schedule is as accurate and low-risk as possible. Additionally, we anticipate problems that could affect the schedule using Quality Management System (QMS) risk management processes. We identify, analyze, and either avoid or mitigate risk occurrence by designing and implementing solid risk mitigation plans.

Despite our proactive risk management efforts, if a problem does occur—or if a change is determined to be necessary—we work quickly and decisively to minimize its impact on the project's schedule, cost, and resources. If the issue or change is identified as having a significant impact on scope, schedule, cost, or resources, we look to the processes in the approved Change Management Plan to fully assess the impact on the system, operations, documentation, communications, and resources, so the Department and Conduent stakeholders can make an informed decision on next steps.

In addition to proactive risk management and expert project scheduling, our Project Manager is charged with making sure the project is staffed with the right resources at the right time to meet scheduled tasks, activities, milestones, and deliverables. The Project Manager works with project leadership to continually evaluate resource needs and make sure the teams are equipped with the right number of resources with the right skill sets to complete project work. With access to more than 2,900 resources in our Government Health Services organization, Conduent has both the experience and means necessary to provide the knowledgeable and experienced resources needed.

KR04

The Contractor shall provide sufficient personnel to administer and execute required project activities, including approvals, during development, implementation, and operations.

Our proposed organization structure leverages the experience and success of many members of the current Montana team to meet the requirements of the project and to accomplish the implementation of CMdS with the least risk to your programs. Our organizational approach reflects a clear hierarchical and solid project team structure staffed with the expert personnel required to implement, operate, and maintain

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CMdS. We clearly delineate roles and responsibilities to leverage appropriate knowledge and to facilitate a successful implementation while ensuring we are not impacting current service delivery.

Core – DDI and Certification Phases Organization

The core DDI and certification team is focused on implementing and seeking certification of the following CMdS modules:

CMdS-Claims. CMdS-Claims supports electronic and paper submissions as well as non-traditional claims that follow federal and State regulations. We receive, process, edit, audit, and price claims of multiple types from many different entities. The solution contains more than 1,300 flexible edits and audits; supports simple and complex pricing methodologies; and has extensive configurable program and benefit plan capabilities.

CMdS-EDI. Our CMdS-EDI module is a HIPAA/HITECH clearinghouse, specializing in the ANSI 5010 X12N transaction set. It supports multiple connectivity protocols as well as interoperability with a variety of third-party connectivity and middleware products. We support EDI and non-EDI data transmissions between healthcare stakeholders in a safe, efficient manner.

CMdS-Insights. This module is our reporting dashboard and business intelligence platform. It includes traditional claims, financial, and transactional information, as well as trend and aggregation reporting. The module supports deeper understanding of Medicaid and related programs. Combined with business, policy, and analysis experts, CMdS-Insights creates a powerful knowledge management tool.

Figure 4.2.5-1 shows our organization for the DDI and Certification Phases. As the incumbent, many of the operations personnel on our current MMIS project are experts in how operations work today and therefore participate throughout implementation as needed, which is a great benefit to the State. Where appropriate, current operations personnel are available to answer questions and provide SME support as needed in understanding requirements for CMdS.

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Figure 4.2.5-1. Core DDI and Certification Phases Organization Chart

Our staffing approach provides the staff needed for successful implementation and certification, including strong project management discipline, and staff committed to working in collaboration with the State, and other contractors and stakeholders.

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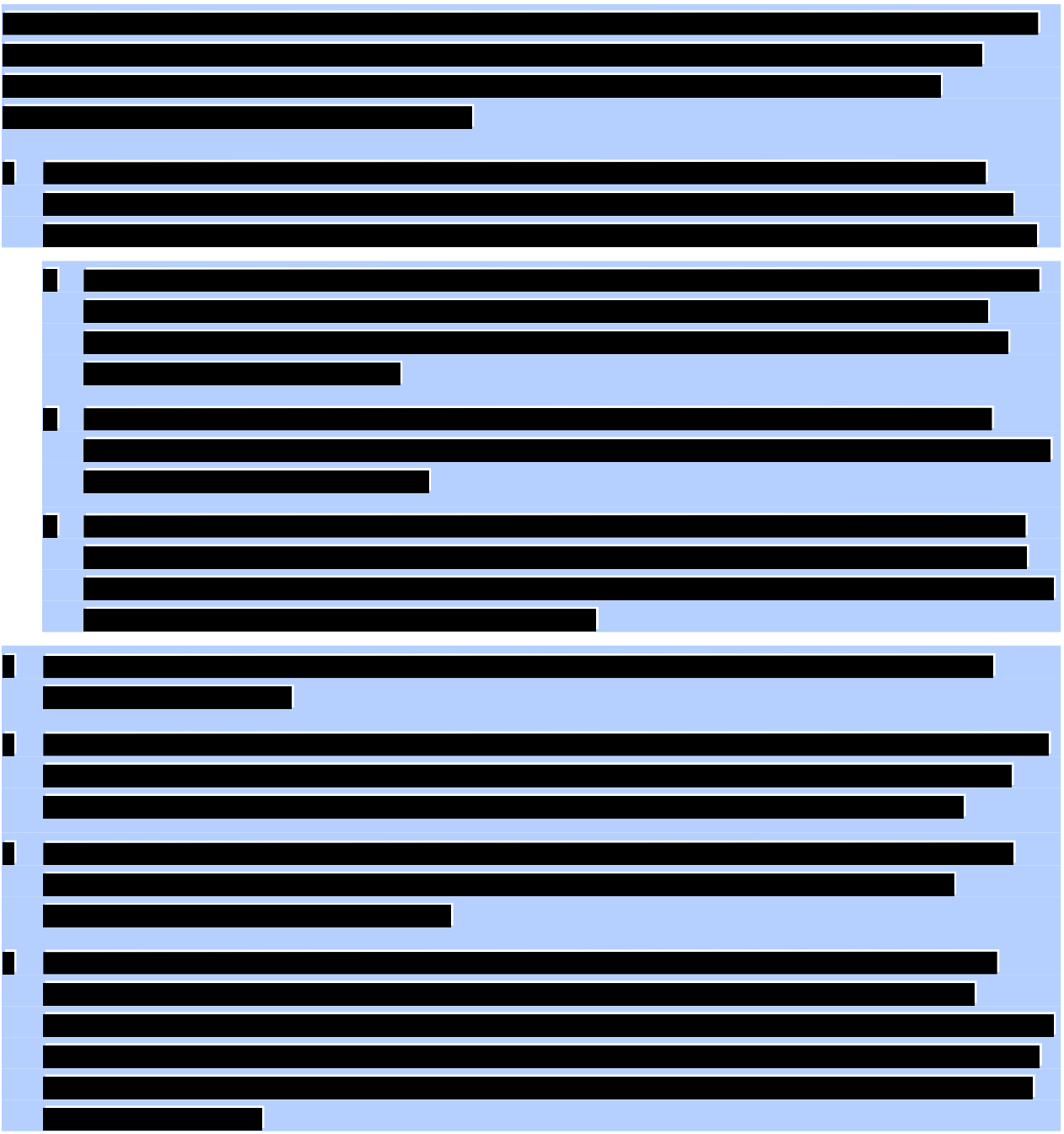

Core – Operations, Maintenance and Configuration Organization

During this phase, the focus shifts to daily operations, maintenance and configuration of the CMdS modules. An efficient change management process supports this shift by providing the mechanisms for defining, analyzing, estimating, and approving changes. Figure 4.2.5-2 depicts the project organization for operations.

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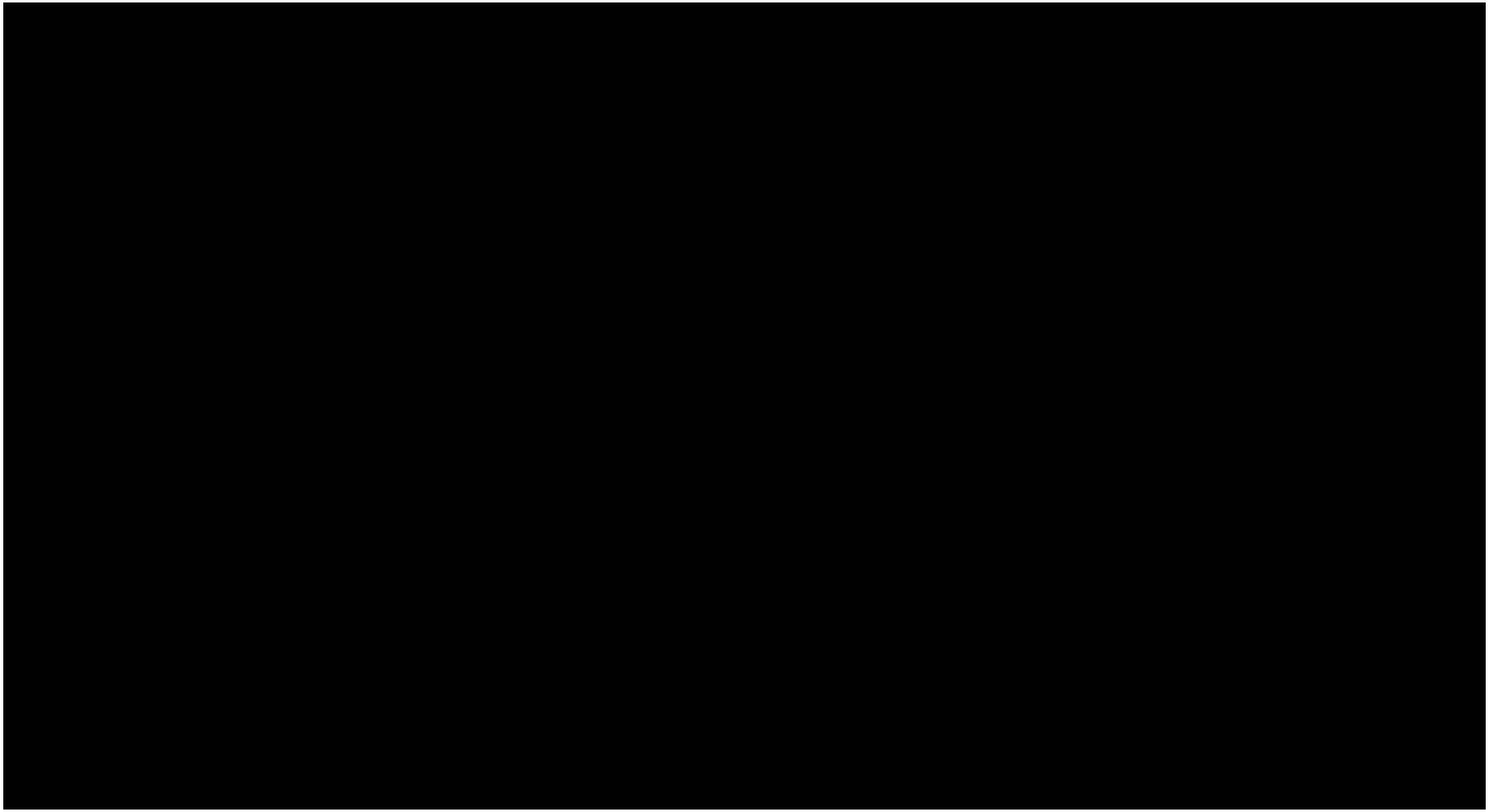

Figure 4.2.5-2. Core Operations, Maintenance and Configuration Organization Chart

During this phase, we continue our strict adherence to project management disciplines, while the focus shifts to operations, maintenance and configuration of the CMdS modules.

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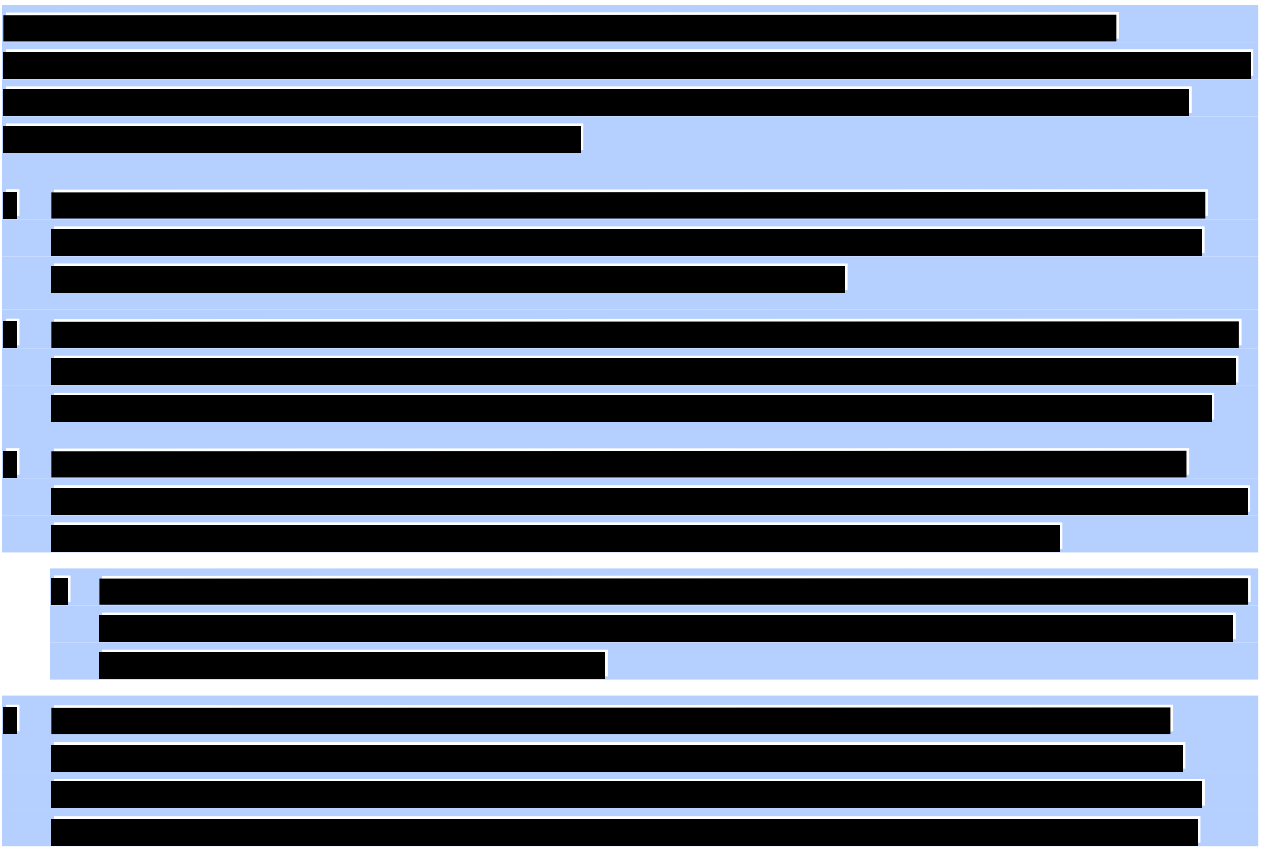

Option A – Financial Organization

The financial team is focused on implementing and operating our CMdS-Financial module. The financial module supports the fiscal management process and financial reporting. The module supports payment processing for financial transactions, full payment reporting for State and federal reporting, and calculation of 1099s.

Figure 4.2.5-3 shows our financial organizations for the various phases of the project. Our staffing approach provides the staff needed to successfully support the Option A – Financial requirements, including strong project management discipline, and staff committed to working in collaboration with the State, and other contractors and stakeholders.

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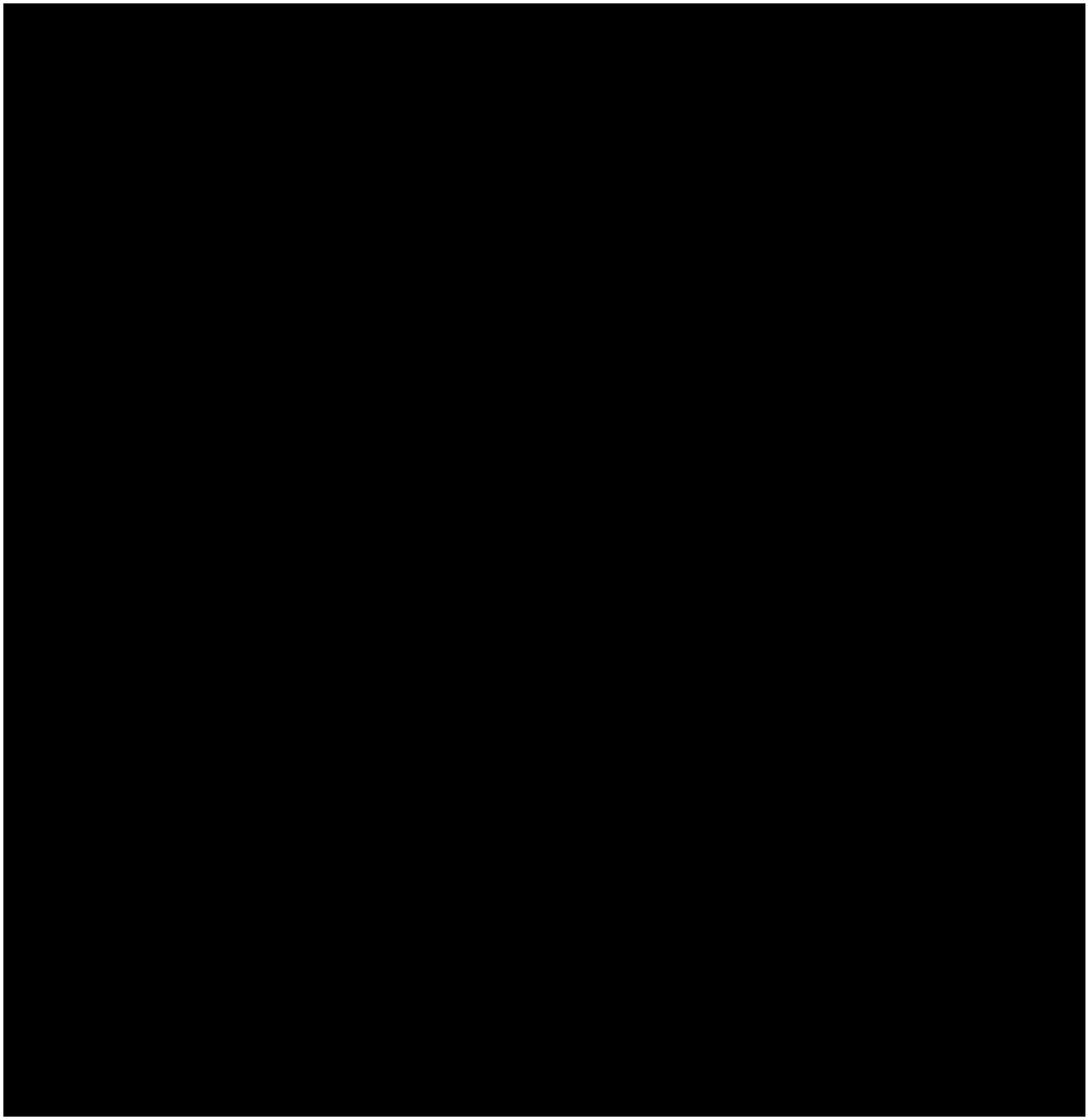

Figure 4.2.5-3. Option A Financial Organization Charts
These teams implement and operate our CMdS-Financial module and services.

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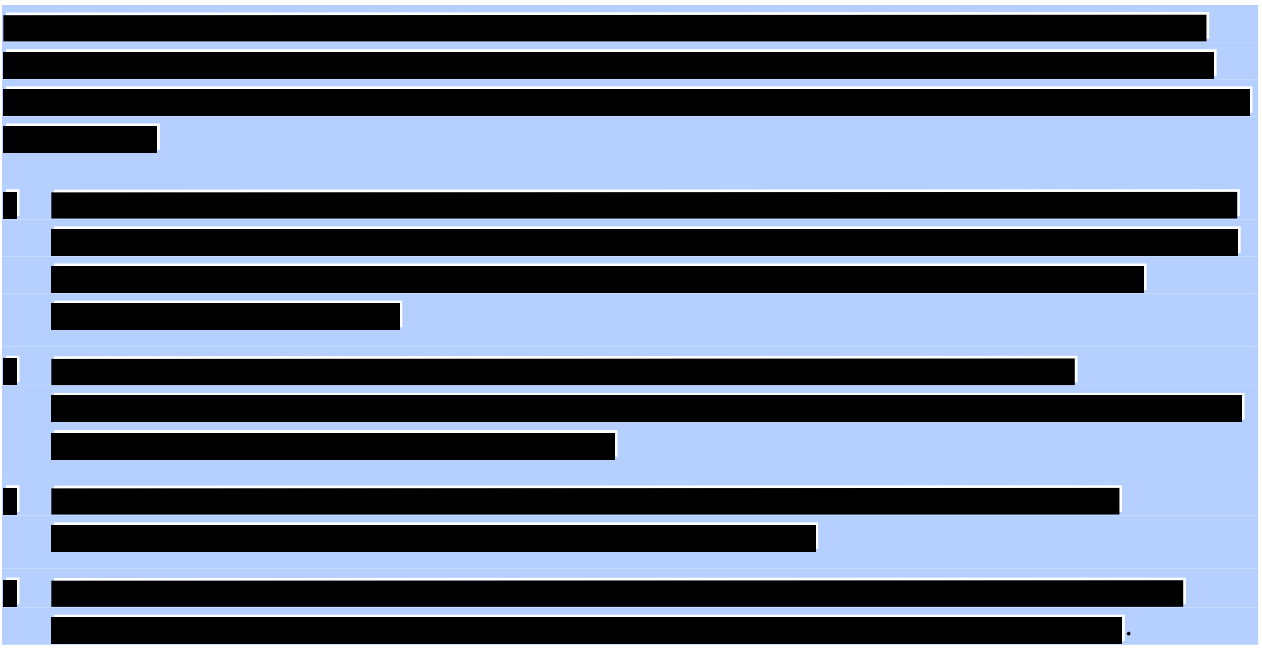

Option B – Call Center Organization

The call center team is focused on implementing and operating our CMdS-Call Center module. Our call center module includes Verizon's Virtual Contact Center—a complete cloud-based, hosted contact center offering. Our solution offers state customers advanced, feature-rich technology that supports comprehensive customer care capabilities to help agents deliver an exceptional customer service experience for providers and members.

Figure 4.2.5-4 shows our call center organizations for the various phases of the project. Our staffing approach provides the staff needed to successfully support the Option B – Call Center requirements, including strong project management discipline, and staff committed to working in collaboration with the State, and other contractors and stakeholders.

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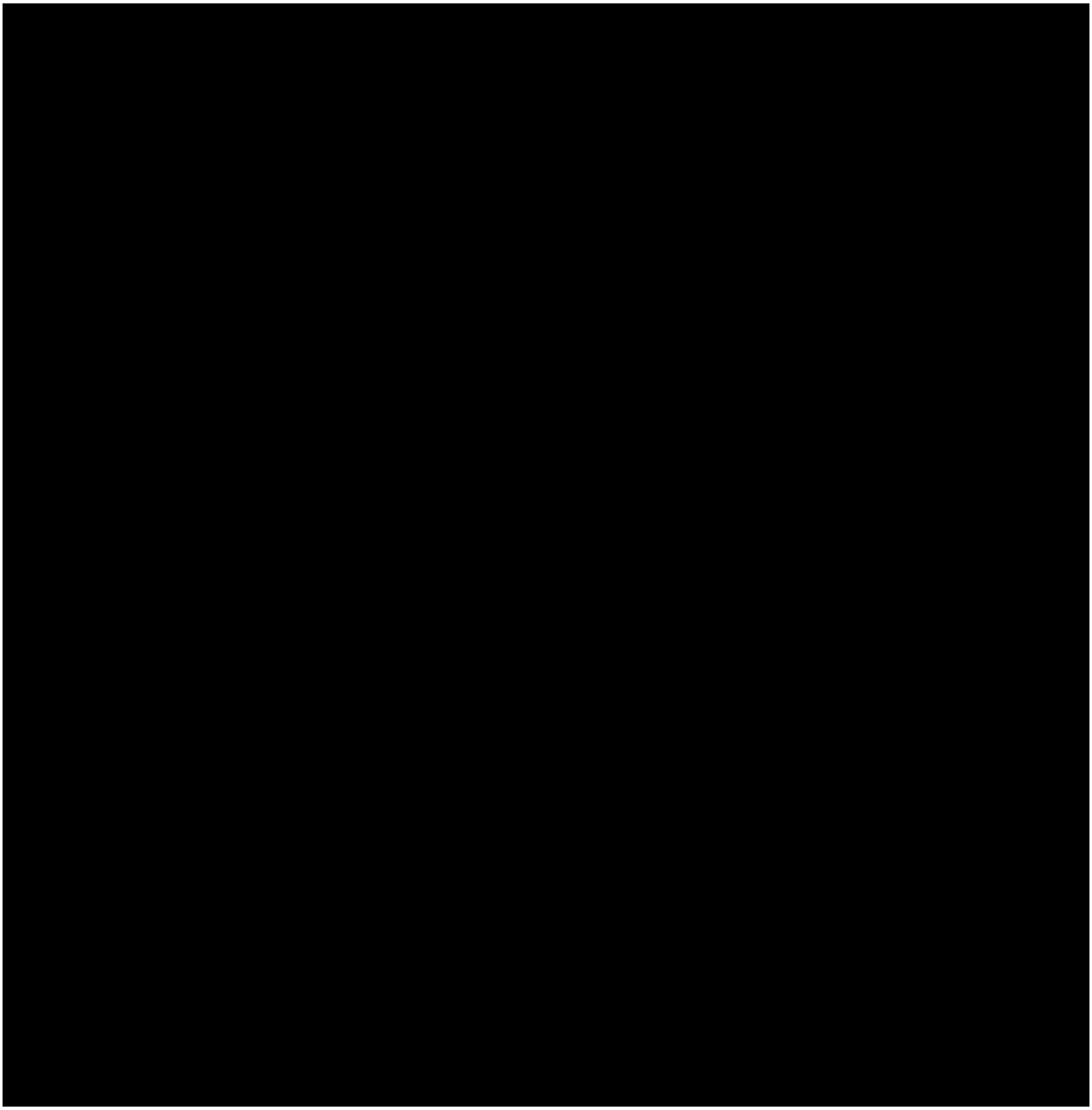

Figure 4.2.5-4. Option B Call Center Organization Charts
These teams implement and operate Conduent's CMdS-Call Center solution and services.

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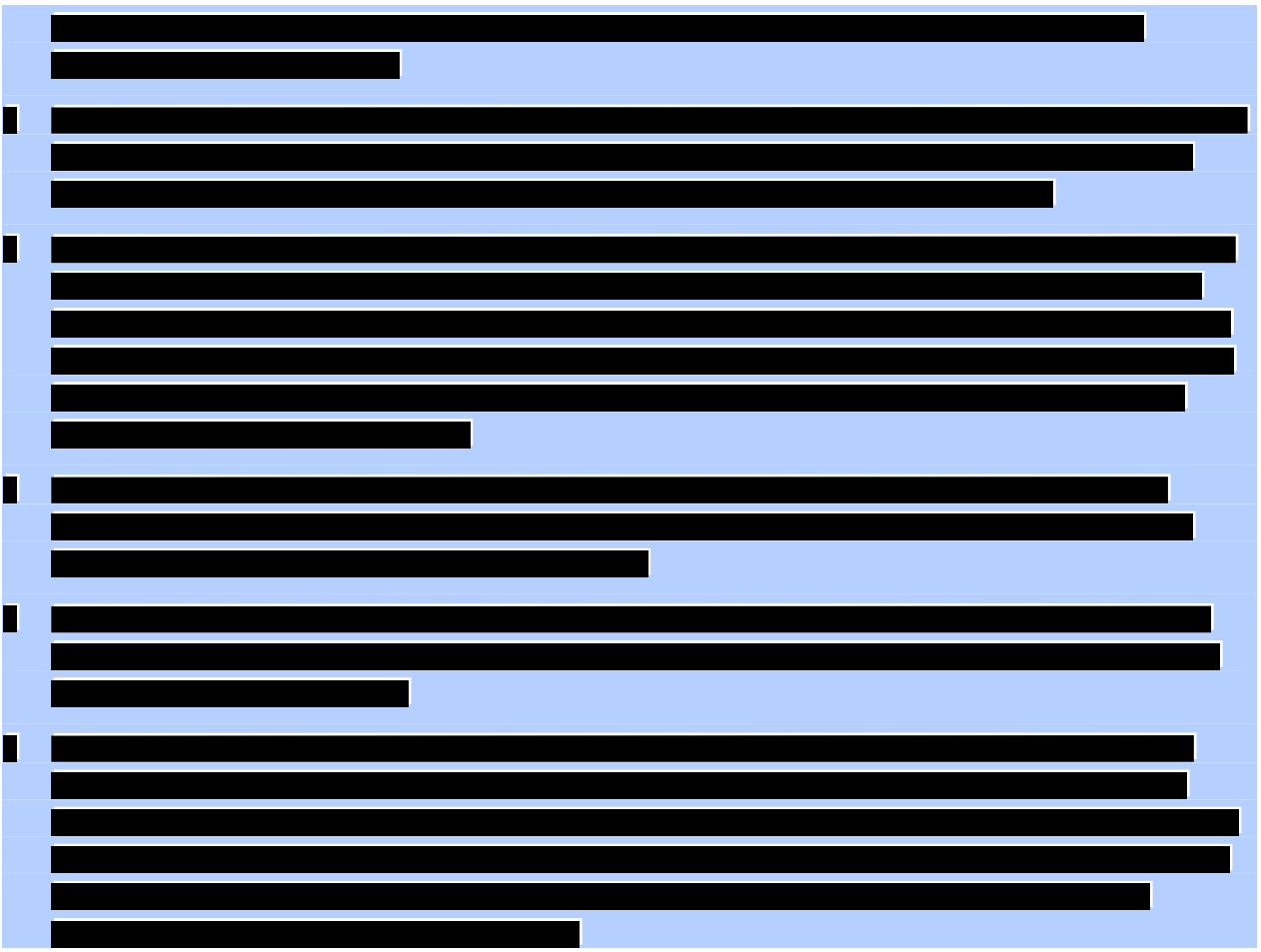

Option C – Federal Reporting Organization

The federal reporting team is focused on implementing and operating our CMdS-Federal Reporting module. Our CMdS-Federal Reporting module provides state clients with comprehensive reporting functionality to satisfy federal reporting requirements along with flexible, user-defined capabilities for financial, administrative, and clinical program analysis.

Figure 4.2.5-5 shows our call center organizations for the various phases of the project. Our staffing approach provides the staff needed to successfully support the Option C – Federal Reporting requirements, including strong project management discipline, and staff committed to working in collaboration with the State, and other contractors and stakeholders.

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Figure 4.2.5-5. Option C Federal Reporting Organization Chart
These teams implement and operate our CMdS-Federal Reporting module and services.

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[redacted]

Our commitment to the State and this project is reflected in the highly qualified staff and team that we have assembled. As a leader in Medicaid and healthcare services, we have the resources necessary to provide a seamless and successful transition to CMdS and to provide quality service throughout the contract term.

KR07
Key personnel described in the proposal shall become named resources on the project and are subject to the following requirements:
a. Key personnel shall not be transferred or removed without prior approval of the Department.
b. The Department will approve key personnel assigned to the Contract.
c. The Department reserves the right to request removal of any Contractor staff or subcontractor staff, if applicable, assigned to the project, and the Contractor shall comply with any such request immediately.
d. If a vacancy occurs in a key role, the Contractor shall fill the position in compliance with identified SLAs.

Conduent provides high-caliber key personnel that strive every day to make your goals for the project a reality. We provide key personnel with the appropriate, targeted skills to execute the full scope of work and services at the highest levels of quality. The success of the project hinges on the caliber and leadership skills of our key personnel to guide the project organization and work effectively toward common goals and success.

Familiar Faces

Our key personnel include several familiar faces that work with you today. Stable, experienced leadership reduces risk of disruption to Montana Medicaid and provides knowledgeable resources for the new project.

Conduent understands and appreciates the need for a project team to remain consistent, cohesive, and collaborative. It is critical to the project success that key personnel changes remain at a minimum. The key resources outlined will not be changed or removed without prior consultation with DPHHS. DPHHS will also have the right to request the removal of any of these key resources or our subcontractor staff with written notification to Conduent. We fill new positions within the agreed-upon SLA.

Resumes

We provide detailed resumes for proposed key personnel in Proposal Section 4.6, Resumes.

Current Montana Staff

Several of our proposed key personnel already serve DPHHS in similar roles. As current staff, they understand the Montana Medicaid environment, have experience with technical and business processes, are conversant in State and federal regulatory environments, and are sensitive to the diversity of Montana cultures and communities.

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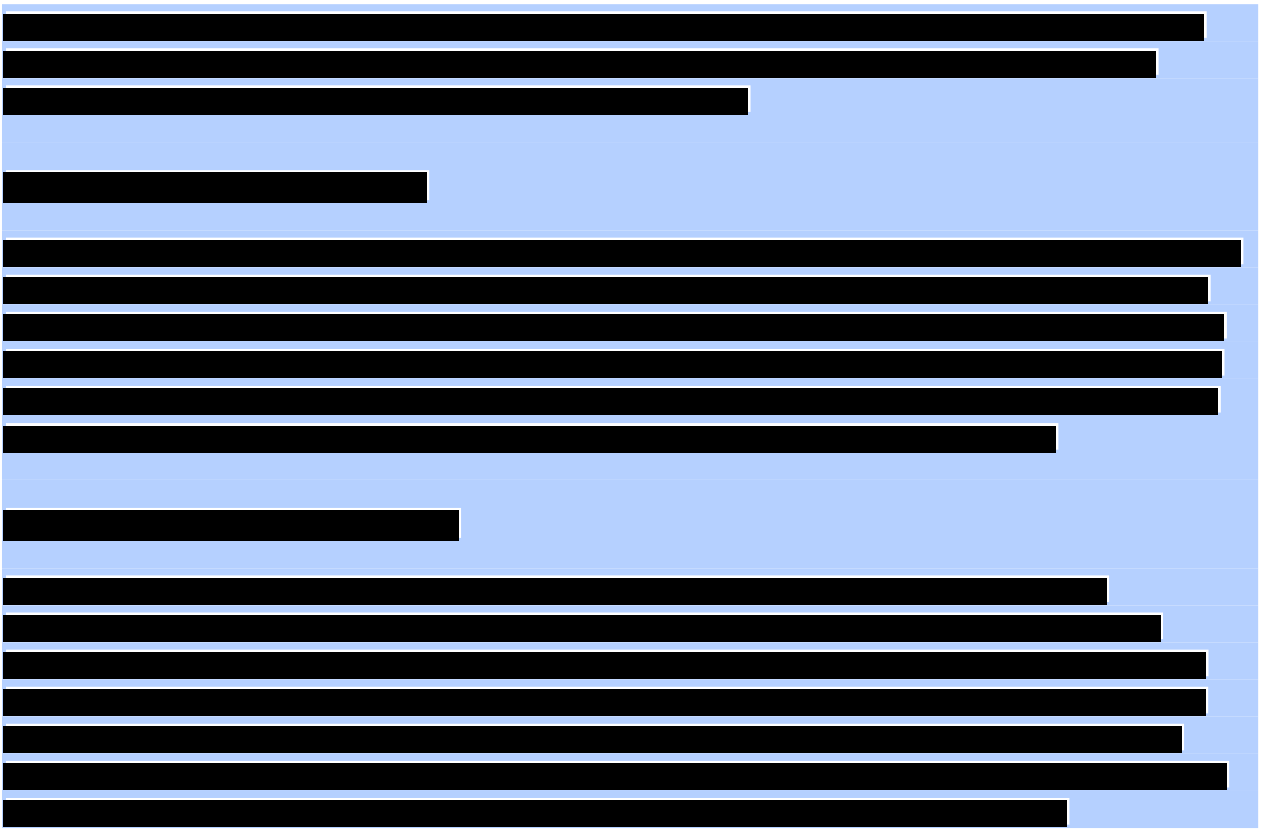
KR08

The Contractor must designate a Project Manager to represent and oversee the day-to-day activities of the project. This individual shall serve as the Department's primary point of contact for matters relating to the project and serve as a liaison for certification, collaborating with other contractors, and stakeholders.



KR09

The Contractor's Project Manager must meet the following qualifications including:
a. A minimum of seven (7) years' project management experience managing projects of similar size and scope, preferably in Medicaid or the healthcare industry. This experience must include relevant experience within the last three (3) years from the release date of the RFP.
b. Project Management experience should include each phase of the system development life cycle.
c. Project management certification through the Project Management Institute (PMI) is preferred.

Table 4.2.5-2 and Table 4.2.5-3 .

Table 4.2.5-2. Project Manager

Requirement	Response
a. A minimum of seven (7) years' project management experience managing projects of similar size and scope, preferably in Medicaid or the healthcare industry. This experience must include relevant	

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Requirement	Response
experience within the last three (3) years from the release date of the RFP.	[redacted]
b. Project Management experience should include each phase of the system development life cycle.	[redacted]
c. Project management certification through the Project Management Institute (PMI) is preferred.	[redacted]

Table 4.2.5-3. Project Manager [redacted]

Requirement	Response
a. A minimum of seven (7) years' project management experience managing projects of similar size and scope, preferably in Medicaid or the healthcare industry. This experience must include relevant experience within the last three (3) years from the release date of the RFP.	[redacted]
b. Project Management experience should include each phase of the system development life cycle.	[redacted]
c. Project management certification through the Project Management Institute (PMI) is preferred.	[redacted]

KR11

The Contractor's Integration Lead must meet the following qualifications including:
a. Minimum of five (5) years leading system design and integration projects, including the technical design and implementation of projects similar in size and scope to this project.
b. Experience must involve directing multi-discipline technical teams producing integration solutions (e.g., Service Oriented Architecture, network, hardware and software).
c. A Bachelor's Degree in Information Systems Engineering, Computer Science, or a related field is preferred.

[redacted]

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Table 4.2.5-4. Integration Lead [redacted]

Requirement	Response
a. Minimum of five (5) years leading system design and integration projects, including the technical design and implementation of projects similar in size and scope to this project.	[redacted]
b. Experience must involve directing multi-discipline technical teams producing integration solutions (e.g., Service Oriented Architecture, network, hardware and software).	[redacted]
c. A Bachelor's Degree in Information Systems Engineering, Computer Science, or a related field is preferred.	[redacted]

KR12
The Contractor must designate a Testing Lead to coordinate all testing activities.

[redacted]

KR13
The Contractor's Testing Lead must meet the following qualifications including:
a. Minimum of three (3) years experience leading testing activities for a project similar in size and scope to this project.
b. In-depth understanding of the testing lifecycle and all artifacts required to successfully validate the system.

[redacted]

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Table 4.2.5-5. How Testing Lead Steve Gentle Meets RFP Requirements

Requirement	Response
a. Minimum of three (3) years experience leading testing activities for a project similar in size and scope to this project.	[redacted]
b. In-depth understanding of the testing lifecycle and all artifacts required to successfully validate the system.	[redacted]

KR14

The Contractor must designate a Contract Manager to be the single point of contact for matters concerning the Contractor's performance under the Contract. This person shall have the authority to make decisions that are binding to the Contract, shall be responsible for timely completion of the project, and shall be responsible for meeting all contractual obligations.

[redacted]

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[redacted]

KR15

The Contractor's Contract Manager must have a minimum of five (5) years' contract management experience managing related services with similar budgets, preferably in Medicaid or the healthcare industry and for a project similar in size and scope to this project.

[redacted]

Table 4.2.5-6. Contract Manager [redacted]

Requirement	Response
The Contractor's Contract Manager must have a minimum of five (5) years' contract management experience managing related services with similar budgets, preferably in Medicaid or the healthcare industry and for a project similar in size and scope to this project.	[redacted]

Table 4.2.5-7. Contract Manager [redacted]

Requirement	Response
The Contractor's Contract Manager must have a minimum of five (5) years' contract management experience managing related services with similar budgets, preferably in Medicaid or the healthcare industry and for a project similar in size and scope to this project.	[redacted]

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KR16

The Contractor shall submit two (2) references for each of the key personnel being proposed for the project. Each reference should depict relevant and current experience for work completed no more than seven (7) years prior to the date of this RFP.

An effective method of predicting successful job performance is determining past performance using career references. We provide references for key personnel in the following tables.

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Table 4.2.5-8. References for Contract Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]

Table 4.2.5-9. References for Contract Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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Table 4.2.5-10. References for Project Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]

Table 4.2.5-11. References for Project Manager [redacted]

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Table 4.2.5-12. References for Claims Manager [redacted]

[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]

Table 4.2.5-13. References for Operations Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
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Table 4.2.5-14. References for Technical Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]

Table 4.2.5-15. References for Technical Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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Table 4.2.5-16. References for Testing Lead [redacted]

[redacted]	[redacted]
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[redacted]	[redacted]
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[redacted]	[redacted]

Table 4.2.5-17. References for Integration Lead [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
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Table 4.2.5-18. References for Certification Lead [redacted]

[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]

Table 4.2.5-19. References for Quality Manager [redacted]

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Table 4.2.5-20. References for Financial Services Project Manager [redacted]

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Table 4.2.5-21. References for Financial Manager [redacted]

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Table 4.2.5-22. References for Financial Services Lead Analyst [redacted]

[redacted]	[redacted]
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[redacted]	[redacted]
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Table 4.2.5-23. References for Call Center Implementation Project Manager [redacted]

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Table 4.2.5-24. References for Call Center Lead Analyst/Quality Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]

Table 4.2.5-25. References for Provider Relations Manager [redacted]

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Table 4.2.5-26. References for Enrollment Broker Manager [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]

Table 4.2.5-27. References for Federal Reporting Implementation Project Manager/ Federal Reporting Manager [redacted]

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Table 4.2.5-28. References for Federal Reporting Lead Analyst T-MSIS [redacted]

Reference #1	Information
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Table 4.2.5-29. References for Federal Reporting Lead Analyst CMS 64, 21, 37 [redacted]

[redacted]	[redacted]
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[redacted]	[redacted]
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Table 4.2.5-30. References for Federal Reporting Lead Analyst for All Other State and Federal Reporting [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]
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KR17

The Contractor must demonstrate that it can commit an adequate level of technical and human resources sufficient to complete the project within the required time frame and to meet the quality requirements outlined in this RFP. Furthermore, the level of technical and human resources which the Contractor agrees to commit to the project at the time of proposal must be maintained throughout the life of the project at a necessary level to complete the scope of work.

DPHHS seeks a contractor capable of providing technical and human resources for this project while meeting RFP quality requirements. With access to over 2,900 Government Health Services resources, Conduent is fully capable of providing the type of adequate technical resources and highly qualified staff that DPHHS is seeking. As evidence, we point to our longtime overall Medicaid experience at other contracts, as well as our specific experience in staffing our six Medicaid contracts for Montana dating back to 1984. We have consistently provided high-quality support and successfully collaborated with DPHHS to improve services.

Focus on Our Montana Roots

Many on our current MMIS staff will continue to serve Montana on the new contract. They are already in place, providing stable, experienced leadership.

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Managing Service Delivery

The contractor you select must have the technical and staffing resources to successfully manage the delivery of all contractor SOW services—a capability that starts with our senior managers and filters down within the organization to even the most junior personnel. Many of our staff already are serving DPHHS on our current contract in similar roles and will apply this knowledge and experience to build a solid foundation for managing service delivery. Further, we actively and effectively manage service delivery through our decision-making structure and processes, which provide a means to quickly respond and ensure staff accountability during operations.

Corporate Capability

Conduent is a financially sound corporation with a long history of displaying professional responsibility in implementing and operating state healthcare programs. We bring the required financial stability and solvency to bring to all required stages of this contract the financial strength to maintain it through completion.

We provide and administer state healthcare systems and services for a variety of other government healthcare-related programs, including Medicaid, CHIP, behavioral health, federal employee benefits, workers' compensation, health information exchanges, and health insurance exchanges. Our project teams work with states to develop, administer, and improve their healthcare services. We continue to invest in our readiness to support the future of healthcare programs by continually strengthening our team with talented industry experts and by bringing to the market solutions designed for our clients' unique program requirements.

Successful support of this project requires a wide variety of skill sets and expertise to meet the requirements. With thousands of trained and expert individuals in our healthcare solutions organization, we have access to qualified staff for this and other projects. As the prime contractor, Conduent is fully responsible for all program management and overall contract performance, including partner performance.

We have a long record of smooth working relationships with other contractors or external organizations as we employ an integrated management approach with clearly stated roles and responsibilities, well defined lines of authority, and open channels of communication.

Corporate Technical Infrastructure and Resources

As a national leader in Medicaid service delivery, Conduent has experienced resources specializing in technical infrastructure support as well as the interpretation of new and evolving federal rules, regulations, and legislation. These resources provide guidance and support to all of our accounts, in addition to our key personnel, to help ensure our projects are continuously improving, while meeting the ongoing changes to healthcare program requirements.

Conduent's fully hosted components not only provide the State with the technology to support your vision and goals for the consumers you serve, but also minimize the IT support burden through routine maintenance activities. The Conduent team leverages existing data centers within the continental United

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States, providing a cost-effective solution while maximizing our disaster recovery and business continuity capabilities.

Each data center site has a shared technical support team responsible for ensuring ample support for all networking, telecommunications, programming, and systems matters. Regional technical support resources may be deployed to assist the local IT team with new program implementations; migrations of network, telephony, or software platforms; and other major system upgrades. This structure allows the State to benefit from the skills of specialized teams without incurring the total attendant cost. Each site's technical support team provides maintenance for the hardware and software, using a combination of internal and external third-party resources where applicable.

KR18
The Contractor's staff shall have sufficient experience appropriate for their role.

As a highly qualified service provider, we have access to a pool of professionals ready and able to meet state-requirements from day one of the project. Our staffing solution is based on the goal of utilizing as many of the same people from our current MMIS staff as possible. Beyond that, we provide skilled and knowledgeable staff members experienced in similar projects to complete certain activities and responsibilities for the project.

In the event we need to supplement our personnel resources, we use tools and resources such as LinkedIn, Monster.com, Indeed.com., and other job search websites, as well as experienced local Montana recruiters who work directly with our Contract Manager and other appropriate key staff to replace or hire additional staff for the project.

Whether conducting internal or external candidate searches, recruiters work closely with hiring managers throughout the recruitment process. This helps ensure:

- Our recruiters have a complete understanding of job requirements
- Positions are filled in accordance with staffing plans and operational needs
- Candidates have the requisite knowledge and skills for each position
- The process is compliant with all employment regulations

As part of the screening process, candidates may be required to pass a test of skills and knowledge relevant to the position for which they are being considered. Depending on the role, individuals' complete tests designed to assess their technical, customer service, presentation, written communication, and other job-related skills. We employ best practices in our testing to help ensure a candidate possesses the required knowledge and skills for the intended position.

After completing formal interviews with hiring managers and successful completion of the skills assessment, we select the most qualified individual(s) and make formal employment offers for the appropriate project position. All employment offers are contingent on a satisfactory result from required background checks that include a criminal background check and a drug test.

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KR19
The Contractor must supply a Personnel Background Check Attestation (written documentation) of a favorable background check for Contractor personnel who might reasonably be expected to access sensitive and confidential member data contained in any system accessed during the course of the Contract. The Department may request the removal of staff for disqualifying offenses. Contractor must describe their process for performing background checks for non-US citizens or Green Card holders.

In the State's Question & Answer Board response to *Attachment F, KR19, Background Checks, you* stated that the Personnel Background Check Attestation (written documentation) of a favorable background check for Contractor personnel is not to be included in the original proposal submission. The attestation is a project deliverable and is a requirement of the project that results from a Participating Addenda. Accordingly, we commit to providing the attestation as a project deliverable, as a requirement of the project that results from a Participating Addenda.

Background Checks for Green Card Holders

Unless legally prohibited, a background check is required for all Conduent hires, regardless of location, with regulatory standards for processing of personal data while complying with data protection laws. For each location, Conduent also must comply with a multitude of nuances and regulatory requirements.

For the United States, the background search is performed according to the Conduent background policy. The search may only be modified for any additional client requirements, state regulatory requirements, and/or requirements related to the position. Unless legally prohibited, this is the same for non-U.S. locations, and in accordance with regulatory standards for processing of personal data while complying with the Data Protection Act.

No distinction exists between U.S. citizens and non-U.S. citizens, although some contracts may require more rigorous background information screenings. The background information check may differ from contract to contract, depending on which client the candidate will support, but there should be no difference based upon citizenship.

Conduent Approach to Background Checks

DPHHS relies on its contractor to perform background checks to make sure contract staff meet the high standards of qualification. Conduent uses a thorough proven background check procedure to avoid hiring questionable staff. Our process not only determines candidate suitability but also protects our clients' business and helps ensure employee safety.

In addition to our internal background check process, we require our staffing vendors to certify that individuals assigned to perform work on behalf of Conduent have satisfactorily passed a background investigation. We also perform background checks on staff that join Conduent from other companies, such as during a takeover. If/when Conduent converts a vendor or subcontractor employee vendor to a Conduent employee, an additional background investigation is conducted when the person is hired, unless we have an acceptable original background investigation report from the vendor or subcontractor.

Our final hiring decisions are based on the information we receive from the background investigation results. Results are confidential and distributed on a need-to-know basis. If, upon background check, a

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candidate is considered ineligible, we send a notification letter to the candidate, and the recruiter rescinds the offer. The candidate may follow a dispute process. If a hiring manager wants to employ a candidate who is considered ineligible, the hiring manager must secure written approval from the Conduent Vice President of HR.

KR20
The Contractor's Project Manager shall be required to perform work at the State's primary project location (e.g., city, state), unless approved by the Department to work remotely.

Our project manager performs work at the State's primary project location in Helena, unless approved by the Department to work remotely.

KR21
The Contractor's staff shall be available Monday through Friday as early as 7:00 AM and as late as 6:00 PM in the time zone of the participating State.

As a longtime provider of Medicaid and other state healthcare systems and services across the U.S., Conduent is familiar with the desire of our state clients for our staff to be available both during and beyond normal working hours, as appropriate to each client's situation. Accordingly, we commit to our staff being available in Montana or in another participating state on Monday through Friday as early as 7:00 a.m. and as late as 6:00 p.m. in the time zone of the participating State.

KR22
For any work performed at a location other than the primary Project site, the Contractor must identify the specific location (city, state, country), describe the type of work to be performed, and the percent of the total hours for that type of work at that location.

[redacted]

Table 4.2.5-31. Hosting Locations

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

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[redacted]

KR23

The Contractor's staff working remotely, must be available to work in the State's primary project location at the Department's' request for functions necessary to support the scope of work (e.g. risk review meetings, root cause analysis sessions, integration planning, release planning, operational readiness reviews, UAT, implementation, and production deployment).

Conduent supports the intent of the State that key staff working remotely be available to work in the State's primary project location, at the Department's request, for functions necessary to support the scope of work, such as risk review meetings and other events identified in this requirement.

It is not uncommon within our company to require staff to convene at a central work location for certain tasks that are better performed in person, at the same place. Accordingly, we acknowledge and agree to this requirement, key staff will travel to Helena as needed to participate in meetings with DPHHS and the current account team.

KR25

The Contractor's key personnel and/or management replacement must meet the minimum qualifications for the position. The Contractor shall provide a detailed résumé for proposed key personnel and/or management replacement. Replacements are subject to Department approval prior to any assignment.

Our key personnel and/or management replacements meet the minimum qualifications for the position. We rely on our proven recruitment and retention processes described in response to ID KR04 to provide highly qualified key personnel at the beginning of the project.

How We Make Sure Management Replacement Staff Meets Qualifications

Although we strive to maintain a stable leadership workforce, if it is necessary to replace key personnel, we follow a proven selection. When management receives notice of a permanent separation of a key personnel resource from employment through a resignation, we prepare, whenever possible, by selecting a replacement before the terminating employee leaves. Once notice is received, we provide the Department with notification and endeavor to fill the vacancy promptly and within specified SLAs.

To replace key personnel, we look first to existing Conduent employees, particularly those already on the project, or on similar projects nearing the end of a contract term, and those who have expressed a desire for new or additional challenges. In all cases—whether hiring or promoting from within—our recruiters work closely with hiring managers through each step of the recruiting workflow.

In evaluating candidates to replace key personnel, we take into consideration an individual's past performance on other assignments. To accomplish this goal, we couple our staff retention and development activities with a customized project recruitment plan built on our experience with Montana MMIS and other similar projects, ensuring that all key personnel needs are met in an efficient and effective manner by quality staff, with no disruption in services.

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Our aggressive internal and external recruiting program has proved successful in obtaining highly qualified candidates to satisfy personnel needs for our other similar large-scale healthcare projects. We have a history of maintaining well-trained staff and encouraging low employee turnover throughout the life of our contracts. We are committed to maintaining the key personnel as sufficient key personnel as outlined in the RFP.

Resumes

We provide detailed resumes for proposed management replacement staff over the course of the contract.

Replacements Subject to Department Approval

We acknowledge that replacement personnel are subject to Department approval prior to any assignment.

KR26
The Contractor shall provide the appropriate level of knowledge transfer/training to Contractor staff.

We support DPHHS in its desire for Conduent staff to be appropriately trained. To help DPHHS realize its full training vision, we offer a comprehensive training strategy with innovative tools that support our growing training program and your MPATH objectives.

ADDIE and Our Results-Oriented Learning Approach

Our well developed, organized, and advanced training and knowledge-transfer program teaches our resources how to perform their roles effectively—answering questions and resolving issues at the first interaction with the system or when engaging with another stakeholder. An encounter with educated staff who are proficient using Conduent tools and resources results in a positive experience for all involved.

We offer a robust learning approach to better support our staff. Our proposed Learning Management System (LMS) solution is Knowledge Connection, a dynamic, web-based tool for managing, developing, tracking, reporting, and deploying our training programs. Knowledge Connection is an effective LMS and a Learning Content Management System (LCMS) that allows users to create, design, and manage content on web pages.

We combine the expertise of our Training and Knowledge Management Organization (training team), who have specific knowledge of Montana's programs, along with our team's familiarity with CMdS solution modules, to provide learners with benefits that include:

- Increased knowledge and expertise through well-designed, learner-centric modules
- Increasing stakeholder productivity through access to a training library featuring more than 80 training modules and supporting materials
- Use of a dynamic learning management system that promotes higher knowledge retention
- The right training content, using the right methods, at the right time based on recipients' needs

To best serve the learning needs of the project, we leverage Instructional Systems Design concepts and use a systematic training approach called ADDIE (Analyze, Design, Develop, Implement, and Evaluate) depicted in Figure 4.2.5-6. The Training Methodology in our QMS elaborates upon the ADDIE process

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and how we use it to develop and deliver training. This flexible method allows our training team to elaborate upon new training concepts to deliver to our staff, so that we can deliver up-to-date training as policy, rule, and regulation changes affect system solutions and services.

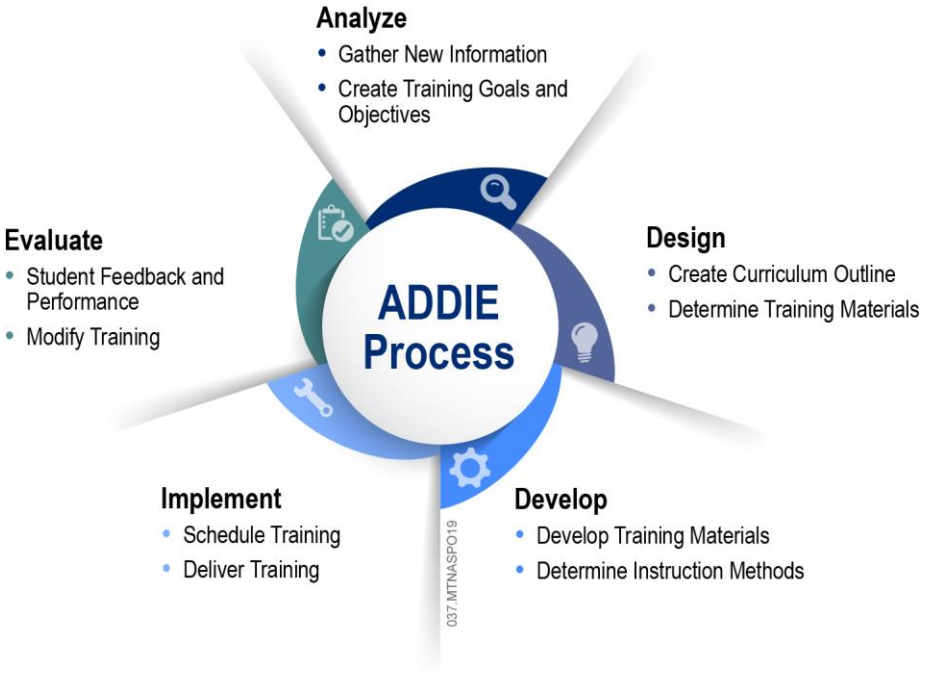

Figure 4.2.5-6. ADDIE Process
The ADDIE framework provides a lifecycle for training delivery and continuous improvement.

Our training program focuses on analyzing learner needs and outlining performance objectives up front for our staff and by job function. Conduent works closely with DPHHS to incorporate these findings in the development of a Training Plan and schedule that addresses resource training needs.

We begin by conducting a comprehensive training needs assessment, drawing from program policies and procedures to develop a Training Plan specific to requirements, job needs, and skills development needs. Through the assessment process, we design training modules with specific objectives the user audience. Our training team works with leadership and DPHHS to identify and develop training materials required for delivering effective initial and ongoing training. As we continue to work through the ADDIE process, we schedule and implement meaningful training sessions that focus on the end user, transferring the knowledge necessary to educate, empower, and inform.

With an emphasis on Results Oriented Learning—concentrating directly on meeting DPHHS' vision and business needs, while also considering learners' time and budget constraints—our training program focuses on the learning and performance objectives outlined for each learner group, job function, and role in using CMdS module solutions and services. Figure 4.2.5-7 details key tenets of our process with the goal of enabling full utilization of the project solution.

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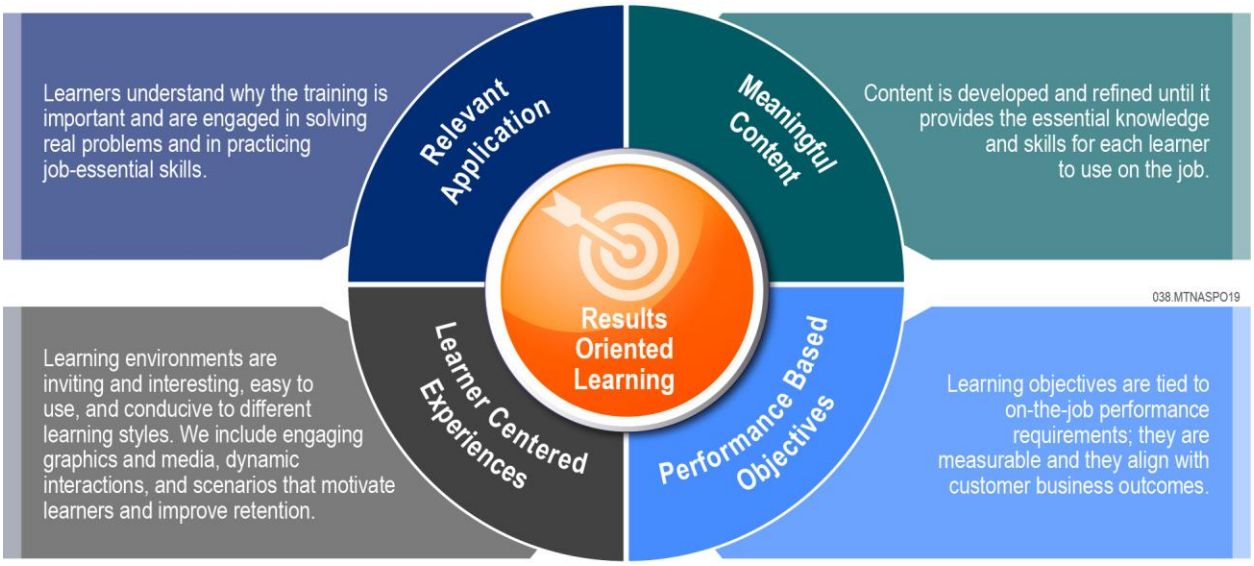

Figure 4.2.5-7. Results-Oriented Learning
Our results-oriented learning approach increases learners' knowledge and mastery.

It is important for the trainee to understand how to use CMdS efficiently and proficiently, how the new solution affects his or her operations functions, and how to obtain support during daily interactions with providers, clients, and other stakeholders. We design training modules with the specific objectives for each group of trainees in mind. We focus on providing Conduent resources with the knowledge and skills required to perform their job responsibilities using the CMdS modules.

Innovative Training Technology

The journey toward the Claims Processing and Management Services solution (and in the long run to Medicaid modularity) brings changes in process, policy, and technology. To successfully implement and adopt these changes, DPHHS must rely on Conduent providing an effective training program for our staff. Our current, experienced training team has designed a training program that includes an established library of training modules and the support to manage program materials. Our training program has been instrumental in creating a culture of learning and quality for Montana's Medicaid program over the years.

Our proposed LMS solution, Knowledge Connection, offers access to reporting and analytic tools, advanced survey and evaluation tools, creation of role-specific training curricula, and user-friendly training interactions for end users. It supports module development, training delivery, knowledge transfer activities, and competency assessment.

As an added benefit, the in-place Montana training library is easily transferrable to the new CMdS product and Knowledge Connection. With this new solution, our training team can enhance our already successful training program and help you realize your vision for updated services and solutions using modernized, award-winning communication and learning channels.

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Assessing Training Effectiveness

Our LMS includes functionality to assess a learner's comprehension of the training material throughout the training process. The tool is highly configurable, allowing designers to set a response time limit, request feedback, or include both pre- and post-testing prompts so instructors can easily observe learners' improvement. Designers also have access to a common-question bank that leverages existing content prompts while allowing creation of more customized questions. Assessments are critical to recognizing and managing readiness and preparedness for the learner to smoothly transition into their day-to-day job responsibilities. Additional configurations include setting competency scores before the learner can move to the next training level or into an operations environment, as well as limiting the number of test question retakes. Figure 4.2.5-8 shows how we develop assessment questions in Knowledge Connection.

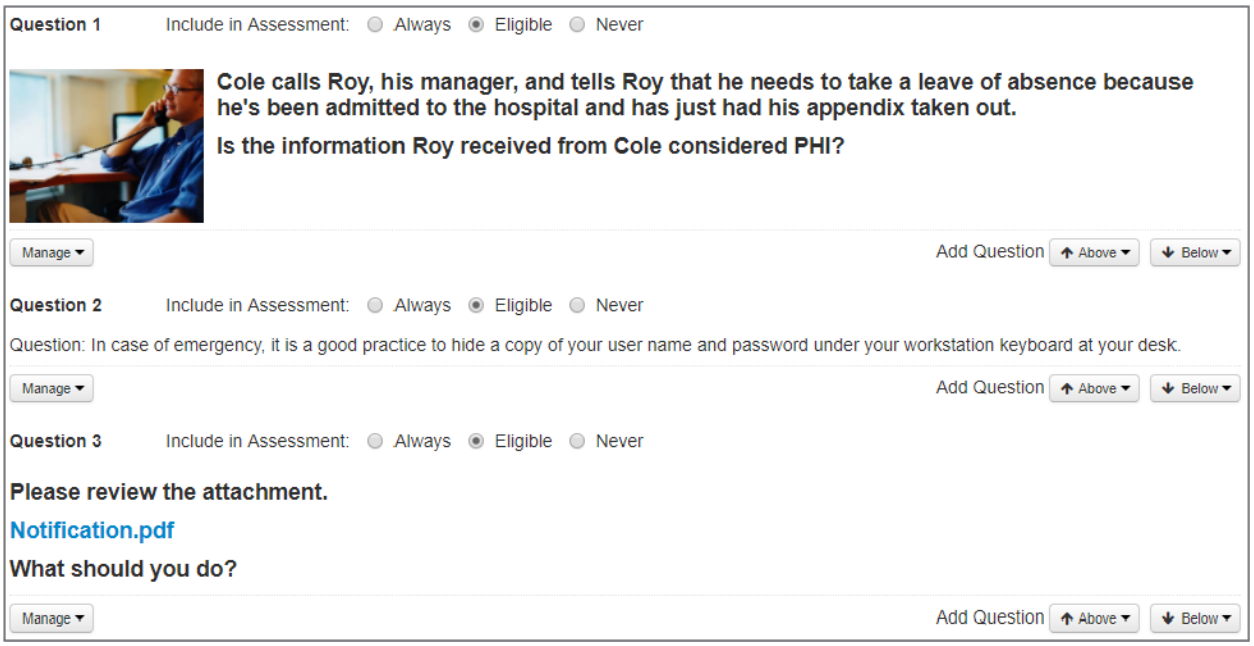

Figure 4.2.5-8. Assessment Development in Knowledge Connection
Our training team can easily interact with our highly configurable training solution to design and develop training materials and assessments.

After each training session, Conduent evaluates the training content, delivery, and approach by collecting feedback from participants. We develop, distribute, and evaluate training questionnaires from all training sessions, and we can provide the State with a summary of responses. We use these questionnaires as a benchmark to gauge the effectiveness of our training and identify potential improvements and changes for future training.

Training Materials, Knowledge Transfer Materials, and Other Documentation

Whether a one-page handout or a multi-chapter manual, our Montana training team understands how training materials and supporting documentation can help convey DPHHS' business and vision for the project. We are knowledgeable and skilled in developing high-quality written materials for learners' ease of reading, use, and retention. We develop targeted knowledge transfer materials and e-learning content for each training method (e.g., computer-based training (CBT), role-based, instructor-led,

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train-the-trainer, etc.), which includes manuals, presentations, handouts, and other resources to support effective learning. We maintain our training materials throughout the life of the project in order to stay current and meaningful to our learners.

Our training team uses Microsoft Word, PowerPoint, and Adobe Captivate to develop engaging, role-specific training and support materials with our audience in mind. We perform peer reviews to check content for accuracy and alignment with the goals for each training course or module. Once we complete peer reviews, the training team meets for a final review and submits training materials for State review and approval prior to publishing or delivering training.

Initial Training

Our initial training and knowledge transfer approach includes dedicated training for Conduent internal resources and DPHHS clients to help them successfully transition to the new CMdS modules solution. We participate in structured sessions with DPHHS to transition knowledge that is specific to Montana's program and staff responsibilities. This approach provides our SMEs with information on how the project was previously operated and what we can improve with the CMdS modules solution. We train end-users and confirm their comprehension of how to use the CMdS modules solution and access operational data. Our training team works with the trainees and their leadership to gauge the learning retention and identify additional training needs.

Ongoing, Refresher, and On-Demand Training

Conduent's history and familiarity with Montana policy and operations uniquely positions us to most effectively support DPHHS through customized user training. Ongoing and refresher training provides periodic overall, job-specific, and remedial training. We also disseminate information and instructions when policies, procedures, regulations, systems, or functionality change. We monitor staff capabilities and job-specific quality expectations to identify when internal resources require remedial training. In addition to recurring training sessions, we provide ad hoc training for specific topics when requested. We work with you to identify training needs for each type of user and develop our training sessions to meet those needs. We also train new hires covering general Montana and Conduent policies as well as an overview of Medicaid and other Montana state-sponsored healthcare programs.

Training Documentation

To encourage appropriate and maximal use of training and documentation by users, Conduent provides and maintains several types of written documentation and online help for the CMdS modules solution, including help pages, manuals, FAQs, screenshots, and a quick start guide. Through our online help, users can search document titles and keywords for documentation including best practice guides, release notes, batch load specifications, dataset definitions, and more. In addition, detailed technical manuals, user manuals, and best practices documentation are available online for all system operating processes. We use both the Knowledge Connection LMS and established quality-performance measures to determine whether learners are fully using and benefitting from these resources.

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Training Delivery Mechanisms

We plan a blend of delivery methods, including traditional instructor-led classes, self-paced training through CBT and our Microsoft Teams software, and hands-on activities for a rich training experience. We minimize straight lectures, maximize time to view demonstrations, engage in role playing, ask questions, provide feedback, promote one-on-one coaching, participate in peer group discussions, and conduct proficiency tests.

When end users receive enough training to be confident in their knowledge and abilities, they are more likely to experience greater job satisfaction and increased productivity, which positively affects DPHHS' satisfaction with our service.

We are committed to the philosophy that a continuous training improvement process helps us deliver high-quality learning and meet DPHHS' goals for the project. We systematically monitor and evaluate the adequacy and appropriateness of the training program, pursue opportunities to improve our performance, enhance trainee satisfaction, and solidify users' knowledge and proficiency in the CMdS modules solution and business processes.

KR28
The Contractor must designate a Certification Lead to coordinate all certification activities.

[redacted]

KR29
The Contractor's Certification Lead must meet the following qualifications including:
a. Minimum of three (3) years experience certifying systems against industry standards for projects similar in size and scope to this project.
b. In-depth understanding of the most current MECT certification lifecycle required to successfully validate the system.

[redacted]

Table 4.2.5-32. Certification Lead [redacted]

Requirement	Response
a. Minimum of three years of experience certifying systems against industry standards for	[redacted]

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Requirement	Response
projects similar in size and scope to this project.	[redacted]
b. In-depth understanding of the most current MECT certification lifecycle required to successfully validate the system.	[redacted]

KR34

The Contractor's key personnel positions may not be vacant for more than 10 Business Days without a qualified substitute (temporary replacement). A qualified substitute must be in place no more than 10 Business Days after the separation date of the vacating resource. The definition of a qualified substitute is someone meeting the requirements of the RFP and Contract Section 4. The Contractor may not fill vacant key personnel positions with other existing key personnel without approval by the Department. The Department will also have the authority to approve proposed replacements of key personnel by the Contractor.

We support the State's interest in having a stable team of key personnel. Although we strive to maintain such a team, if it is necessary to replace key personnel, we replace them in no more than 10 business days with qualified substitutes. We agree not to fill vacant key personnel positions with other existing key personnel without approval by the DPHHS. We acknowledge that the Department has the authority to approve proposed replacements of key personnel.

KR35

The Contractor must designate an Integration Lead to coordinate with the Systems Integrator, other module vendors, and other stakeholders, manage the design, configuration/build, integration, defect management, and implementation of the Contractor's scope of work.

[redacted]

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KR36

The Contractor shall provide key personnel that at a minimum include the Project Manager, Technical Manager, Contract Manager, Claims Manager, Testing Lead, Integration Lead and a Certification Lead during the DDI and Certification Phases of the Program. For the Operations Phase of the Program, the Contractor shall provide key personnel that at a minimum include the Project Manager, Operations Manager, Claims Manager, Technical Manager, and Contract Manager. Key personnel shall not hold more than one key role unless otherwise approved by the Agency. The Agency will review and approve all key personnel.

We provide the key personnel required by this requirement. Our key personnel do not hold more than one key role unless otherwise approved by the Agency. We acknowledge that the Agency will review and approve all key personnel. We identify and describe these individuals under these IDs:

[redacted]

In this response we identify and describe the following individuals.

[redacted]

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Technical Manager – Deepak Kumararaj

We propose Deepak Kumararaj to fill the role of technical manager during the DDI and Certification phases. Deepak has more than 16 years of experience in the healthcare industry. Deepak is a technology delivery director with a proven track record of complete end-to-end delivery of two MMIS systems for North Dakota and New Hampshire with budgets exceeding $35 million. He managed the transition from DDI to warranty and operations for both North Dakota and New Hampshire. Deepak also has expertise managing multi-client/multi-vendor engagements. Deepak's experience is vast, he has participated in large project delivery including Medicare and Medicaid systems, integration of delivery across different technologies and internal units, managed operations for State Medicaid systems, and several multi-tenant applications. He has also managed the implementation of a new provider management system and managed the complete lifecycle from inception to production support for large projects interfacing with the states of California, Washington, Michigan, Texas, New Mexico, and Ohio.

Technical Manager – Michelle Senn

We propose Michelle Senn as the technical manager during the Operations, Maintenance, and Configuration Phase. **Michelle has supported the Montana Medicaid account as systems manager for almost one year.** Some of the many duties in her current role include leading the review and analysis of Medicaid business requirements, managing more than 15 business analysts and programmers, and providing daily MMIS support. Michelle joined Conduent in 2019 after a successful career in state healthcare-related jobs, and 20 years at the State of Washington Department of Social and Health Services. In all, Michelle has more than 30 years of experience in healthcare information technology, working with CMS, State Medicaid, Medicare, and commercial health insurance companies. She is experienced in implementing Enterprise solutions, leading cross-functional and diverse teams, and facilitating communication and interaction among functional, technical, and Project Management Office (PMO) teams.

Quality Manager – Dennis Torrez

We propose Dennis Torrez as other key personnel for the project. **Dennis has supported Montana Medicaid for four years.** He has more than 12 years of experience in documenting, training, and implementing quality assurance (QA) standards in workplace practices and more than 17 years of experience leading teams. In his current position as QA manager for the Montana Medicaid account, Dennis is responsible for overseeing the QA department in its responsibilities in compiling data and submitting the monthly report card to the State that demonstrates Conduent's compliance with contractual obligations. He has gained valuable experience throughout his career including establishing performance metrics, working with a multitude of computer systems, and overall people leadership/management skills. Dennis started his career with Conduent as a temporary worker in the QA department and was promoted to the manager based on his dedication, exemplary performance, and demonstrated skills as a leader.

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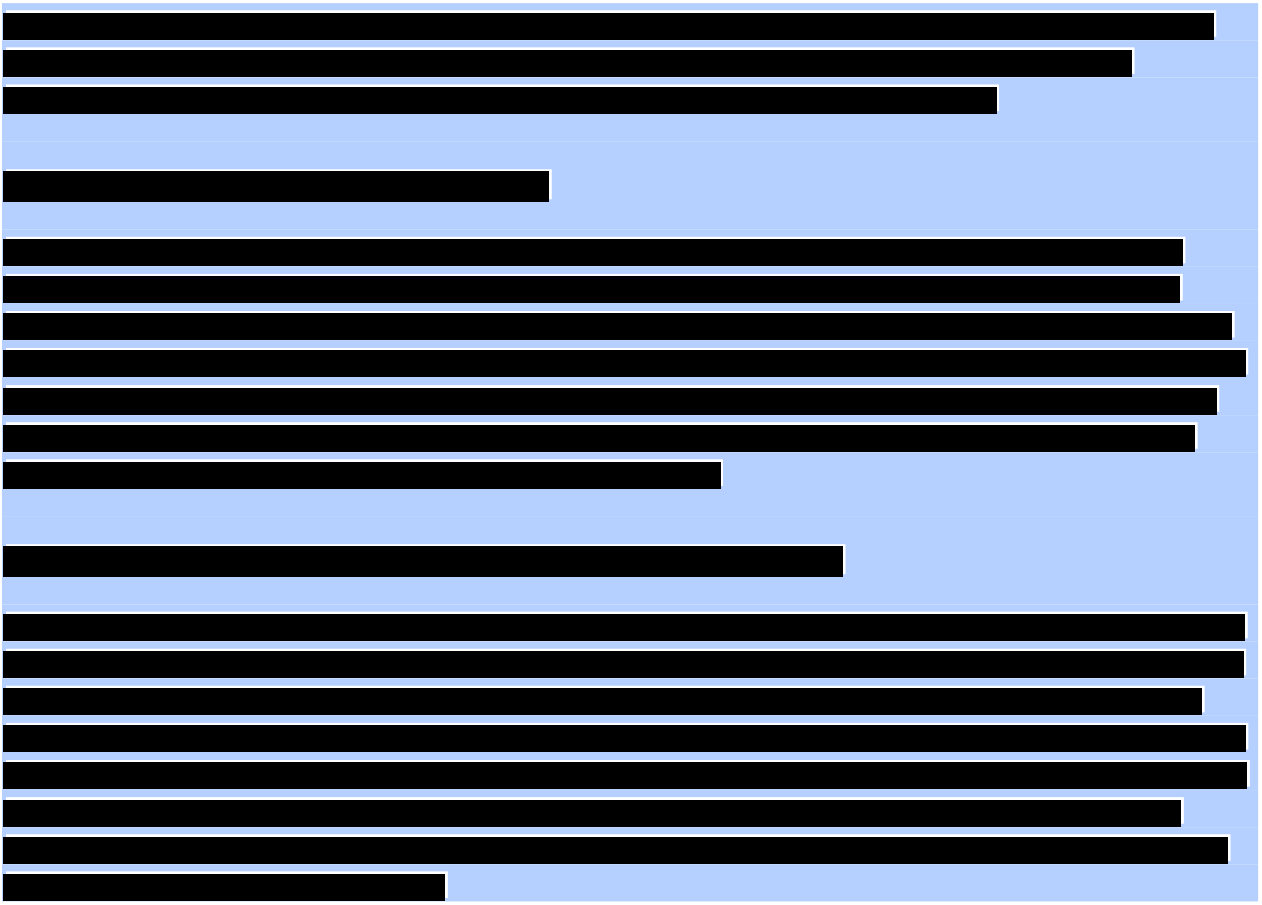
KR37

For Option A - Financial, the Contractor shall provide defined key personnel of Financial Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.



KR38

For Option B - Call Center, the Contractor shall provide defined key personnel of Provider Relations Manager and Enrollment Broker Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

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[redacted]

KR39

For Option C - Federal Reporting, the Contractor shall provide defined key personnel of Federal Reporting Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

[redacted]

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[redacted]

KR40

For Option D - State Specific Requirements, the Contractor shall provide key personnel for the Operations, Maintenance and Configuration phase of the project as defined in the Participating State's Participating Addendum. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel.

Our proposal does not include Option D – State Specific Requirements, nor the identified key personnel.

KR41

For Option A - Financial, The Contractor shall provide key personnel at a minimum that include a Financial Services Project Manager, Financial Services Lead Analyst, during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personnel.

[redacted]. Our

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key personnel do not hold more than one key role unless otherwise approved by the Department. We acknowledge that the Department will review and approve all key personnel.

[redacted]

KR42

For Option B - Call Center, The Contractor shall provide key personnel at a minimum that include a Call Center Implementation Project Manager, Call Center Lead Analyst, during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personnel.

[redacted] Our key personnel do not hold more than one key role unless otherwise approved by the Department. We acknowledge that the Department will review and approve all key personnel.

[redacted]

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[redacted]

KR43

For Option C - Federal Reporting, The Contractor shall provide key personnel at a minimum that include a Federal Reporting Implementation Project Manager, and three Federal Reporting Lead Analysts for the following areas: 1) Transformed Medicaid Statistical Information System (TMSIS), 2) CMS-64, CMS-21, CMS-37, 3) All other state and Federal reporting during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personnel.

[redacted] Our key personnel do not hold more than one key role unless otherwise approved by the Department. We acknowledge that the Department will review and approve all key personnel.

4.2.5.1 Resource Allocation Schedules [RFP 3.10.5.1, Attachment H, Schedule A and Schedule B]

REQUIREMENT: RFP Section 3.10.5.1, Attachment H, Schedule A and Schedule B

Offerors must complete the Resource Allocation Schedules provided in Attachment H – Resource Allocation Schedules. These schedules serve as the representation of Offeror's plan for staffing the project by resource type. Offeror should include additional information as necessary to explain the Offeror's resource allocation. If the Offeror has one or more subcontractors, the Offeror must submit a Schedule A and Schedule B with a comprehensive total for all FTE and hours representing the effort of the prime contractor and all subcontractor work in total. In addition, a separate Schedule A and Schedule B for each contractor (prime contractor and subcontractor) must be submitted.

Table 3.10.5.1 Resource Allocation Schedules (These schedules are provided in Attachment H – Resource Allocation Schedules).

All schedules must be completed in full at the time of submittal. The resource types listed in the schedule are not exhaustive, nor should the Contractor assume that DPHHS is requesting resources from each category. Use any resource type listed above and/or add resource types necessary to successfully deliver the scope of work.

Schedule A: This schedule details the number of full time equivalents the Offeror plans to allocate to the project by phase and by resource type.

Schedule B: This schedule details the number of resource hours the Offeror plans to allocate to the project by phase and by resource type.

Conduent's experience and footprint in the industry affords us a unique capability to provide appropriate staffing levels and support for implementation and operational functions. Our highly configurable solution facilitates the automation of business processes helping to reduce the need for manual intervention.

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One of the critical risk factors faced by project leaders is the management of human resources. Allocating resources appropriately, both in terms of numbers of staff and timing, requires close coordination with the claim management vendor and other stakeholders across the enterprise.

Experience Reduces Risk

- Nearly 50 years of experience staffing, implementing, and operating Medicaid solutions
- Deep understanding of Medicaid program and stakeholder needs
- Thorough knowledge of MT Medicaid staffing needs

As part of our process, we perform resource leveling to optimize key staff availability including maintaining site-based resources and contingency. We also maintain a staffing plan, assess and track resources, conduct monthly training sessions, and promote knowledge transfer vertically and horizontally among project team members.

Conduent's resource allocation tables located in Attachment H, Schedules A and B, reflect staffing levels and allocation models derived from nearly 50 years of Medicaid implementation and 38 years of fiscal agent management work. More importantly, our staffing levels and timing reflect 35 years of working closely with Montana program officers, providers, and other stakeholders on technology changes that have improved the MMIS user experience.

Resource Allocation Methodology

Our staffing strategy balances cost, task specialization, variable demand, subject matter expertise development, and staff retention.

We value our employees and invest heavily in our subject matter experts, project managers, and production support staff in order to deliver the core production services and continuously improve our processes and quality. We use a proven staffing model and standards that we apply to all engagements.

Conduent's resource allocation for our modules is based on our extensive experience implementing and running Medicaid fiscal agent contracts. When estimating operational staffing needs such as claim examiners, data entry, and call center it is important to understand the fee-for-service population for each state. For members with managed care, the vendor receives encounter claim files that do not require data entry and claims resolution resources. We also receive fewer calls for managed care members. In order to exclude managed care members from our estimates, in addition to the RFP, we used the federal website, Medicaid.gov '2017 Managed Care Enrollment Summary' report (https://data.medicaid.gov/Enrollment/2017-Managed-Care-Enrollment-Summary/uw3d-3r25).

Conduent prescribes to the belief that business processes should be automated and human intervention eliminated whenever possible. We have a dedicated business transformation team that specializes in the automation of manual workflows that will work with the stakeholders to continuously improve efficiency, speed of processing, and reduce the opportunity for human error.

The CMdS-Claims module allows for the configuration required to achieve SLA155, "Contractor shall ensure the number of suspended claims cannot exceed 2% of the average weekly claims (based on a 12-month rolling average of weekly claims)." During DDI, Conduent will work with the State to identify opportunities for automation to meet this objective. We used the maximum suspense rate provided by the service level agreement (SLA) to baseline our staffing model.

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When implementing a new system, challenges can arise from unexpected processing outcomes and/or provider behavior. Based on our experience, we understand the importance of having additional resources trained and ready to perform on Day One of operations. Our strategy includes the deployment of knowledgeable resources capable of quickly identifying and addressing issues. It also includes additional staffing required to process larger than expected volumes. The increased resource allocation will promote quality, maintain provider satisfaction, and stabilize overall operations.

Subcontractors

While Conduent staff provide the majority of our proposed work, we control costs and improve resource expertise by leveraging subcontractor organizations that have a core focus in the tasks and services needed. Conduent's engagement of subcontractors is limited to third party audits and security testing, specialty services like ID cards and language translation services, and staff augmentation for certain roles that require short bursts of resource ramping over the course of the contract.

Conduent provides the required resource allocation models as evidence of our ability to deliver the numbers and types of resources necessary to deliver and operate CMdS in accordance with all requirements and service level agreements.

We look forward to additional discussions with all participating states regarding a more precise allocation of resources, based on further refinement of requirements and service level agreements.

Schedule H

Our resource allocation workbook, schedule H, contains several worksheets. We show resources forecasted for the core claims project under three separate schedule A and B worksheets.
The initial A & B represents a combination of Conduent and subcontractor resources for the core claims project. The second set of A & B represents Conduent's resource allocation for core claims, and the third set represents subcontractor-only resources in support of the core claims project. The hours shown under the 'print & fulfillment' resource type represent a print and fulfillment vendor for printing of monthly ID cards. Similarly, hours shown under security audit represent the engagement of E&Y for a SOC2 audit and specialty vendor performing security penetration testing. Remaining hours shown on the 'Sub Only' worksheet reflect staff augmentation during the core claims DDI project.

The next grouping of worksheets represents resource allocation in support of the three options. Repeating the pattern, the initial six worksheets represent Combined, Conduent, and subcontractor resource breakdown for Option A, Financial.

The subcontractor worksheet for Option B, Call Center, is reflective of estimated usage of a language line translator service to assist with translation services from non-English and Spanish speaking members. Worksheets for Option C, Federal Reporting, represent Conduent resource hours only, as only Conduent internal resources support requirements.

Further, it is important to note that hours shown are estimates based for completion of the core claims DDI within a 28-month period and a 92-month Operations and Maintenance contract. The DDI period for all three options is shorter as start is delayed due to limited scope and dependency on the core claims

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functionality. The go live date for all three options is scheduled to coincide with the core claims solution go live date.

4.2.6 Project Closeout and Turnover [RFP 3.10.6, Attachment F]

REQUIREMENT: RFP Section 3.10.6, Attachment F

At least twelve months prior to the end of the contract, the Contractor will provide an initial turnover plan to detail how the Contractor will manage the completion and closure of all work for the Contract and deliver project artifacts, including deliverables, data, and anything needed to operate and maintain the integrity of the Montana Healthcare Programs and systems.

Transition activities will be dependent upon the nature of the solution or services, which may include but is not limited to:

- State Owned and Contractor hosted
- State Leased software hosted by a third party
- Software as a Service (SaaS)

The Contractor must demonstrate that all contractual requirements have been met, transition operational tasks to a new Contractor and/or DPHHS completed, and provide lessons learned from the project prior to the end of the contract term. The Offeror must describe in detail their approach to meet each of the Project Closeout and Turnover requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Chronologically, the turnover period represents the last set of activities completed by Conduent; however, these activities do not rank low in importance. We employ the same guiding principles for the turnover of contractual responsibilities as we do throughout the Claims Processing and Management Services project. Our approach supports an active, seamless, and cooperative transition with no interruption in service to the DPHHS or stakeholders.

Conduent's Turnover Approach is:

- Collaborative
- Focused on seamless transition
- Quality-oriented
- Aligned with project management best practices

Conduent recognizes the importance of turnover activities that are both carefully planned and properly executed. We also recognize our role in maintaining high service levels throughout this potentially disruptive period. We believe that an effective and efficient service delivery turnover at the end of the Claims Processing and Management Services project is vital to the success of this program.

At least twelve months prior to the end of the contract, Conduent provides an initial Turnover Plan that details how we manage the completion, closure, and transfer of all Conduent work and related artifacts to DPHHS or its designee. This includes, but is not limited to, all State-owned systems, data, and documentation including project deliverables, documentation, and code customizations specific to Montana. In our response to the Project Closeout and Turnover requirements below, we describe our approach to turnover and closeout planning and execution.

PTO01
The Contractor shall provide a turnover approach and the services required for the transition of operations, services and module components.

Approach to Turnover

Our approach to project closeout and turnover focuses on customer satisfaction with little to no disruption in services. Our Turnover Team completes turnover tasks efficiently and professionally, in accordance with DPHHS' requirements and preferences. Furthermore, Conduent strives for a "top-down" turnover, in which all aspects of the Claims Processing and Management Services project—including operations,

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services, and module components—are identified, detailed, and turned over to the DPHHS or the successor contractor in an orderly fashion.

We leverage the Turnover Plan from our QMS and review and agree to key processes with DPHHS and designated stakeholders. Depicted in Figure 4.2.6-1, our process for turnover includes the creation and execution of critical turnover artifacts such as: the Turnover Schedule, which includes all activities for a comprehensive turnover; turnover checklists to itemize the data, systems, and documents that are subject to turnover; and knowledge transfer templates that guide the transfer of subject matter expertise.

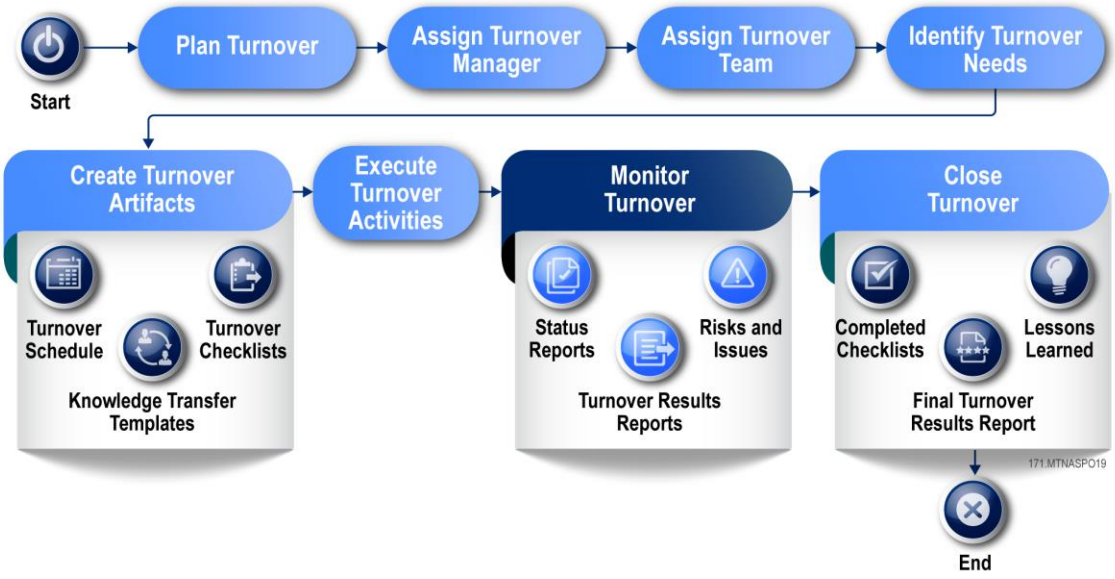

Figure 4.2.6-1. Turnover Approach and Key Artifacts

We end projects with the same discipline and focus as we used during project start-up. Our comprehensive approach to turnover features artifacts like simple inventory checklists to track turnover of State-owned assets and templates to track knowledge transfer in line with the Turnover Schedule.

One of the elements that contributes to successful turnover is the simplicity of our approach. For example, we create and use checklists to capture the inventory subject to turnover and the knowledge transfer topics that must be reviewed with successor staff. Once agreed to with DPHHS, we use the checklist to track the turnover of each inventory item or knowledge transfer session according to the schedule. We provide regular status reports, and we provide the completed checklists along with the Final Turnover Results Report at the end of the turnover period.

Several other factors contribute to a successful turnover, including prior turnover experience; personnel who understand the project's operations and systems; and a commitment to meeting turnover responsibilities. Our approach combines these factors with a detailed Turnover Plan and schedule, open lines of communication, and a spirit of genuine cooperation among Conduent, DPHHS, and the successor contractor.

Our experience as both the incumbent and the successor contractor on other accounts serves as the basis for our approach to a successful transition and turnover. This experience enables us to understand firsthand the pressures, issues, and deadlines facing both the incumbent and the successor.

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Planning

Conduent designates a Turnover Manager, who employs a collaborative approach to facilitate Conduent's turnover responsibilities. Representatives from Conduent, the successor contractor, and DPHHS hold weekly turnover status meetings to monitor and track progress. Prior to each meeting, the Turnover Manager coordinates the meeting preparation including the development and distribution of agendas, status, outstanding issues, action items, and risks.

During the initial planning stages, Conduent meets with DPHHS and the successor contractor to capture and align the turnover approach and tasks for the Turnover Plan. This includes a joint evaluation of Conduent's Turnover Schedule and the successor contractor's Takeover Schedule. This joint evaluation allows both vendors the opportunity to identify gaps and formulate a cohesive plan and agreeable timeframes to perform all turnover and takeover activities. We capture these decisions in the Turnover Plan and supporting schedule and submit both artifacts to DPHHS for approval. We make any subsequent updates to the artifacts with DPHHS and successor contractor involvement.

Communication

Conduent's Turnover Plan includes a section dedicated to communication planning. The communication strategy serves as a roadmap to establish and maintain open communication channels and support a cooperative and seamless transition to the successor.

Our turnover approach embraces a philosophy of cooperation and communication. We lean toward providing an abundance of communication in order to inform stakeholders about this critical transition. Our communication efforts are intended to provide as much succinct and relevant communication as possible to minimize the possibility of turnover activities being overlooked.

Transition of Staff

Conduent understands that turnover staff management is very challenging. It may be difficult to retain team members when they know their tenure is limited. Staff may, of course, apply for the open positions offered by the successor contractor. Under these circumstances, our proactive approach benefits all program stakeholders. As the incumbent, the Turnover Manager works with the DPHHS to identify the staffing needs of both parties and support uninterrupted service levels to program stakeholders.

Our collaborative approach allows both contractors (incumbent and successor) to establish guiding principles that support continuity, to coordinate opportunities for staff to participate in job interviews, and to dedicate the resources to support and protect the interests of our respective teams. Conduent does not believe that a wholesale transfer of staff works for either party. We feel a planned and carefully choreographed process works best.

Our Turnover Manager employs a variety of techniques to coordinate and manage the transition of our staff. To provide uninterrupted service levels, Conduent may offer incentives for employees to remain on the job; and, when necessary, we may augment our staffing levels with temporary and corporate resources to support a seamless transition.

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Training and Knowledge Transfer

We remain steadfast in our commitment to perform comprehensive knowledge transfer activities to support turnover. Our approach to turnover knowledge transfer is consistent with the training approach used throughout the project: we work collaboratively with the DPHHS resources and the successor to identify training and knowledge transfer needs and topics, to identify stakeholders for each topic, and to schedule training or knowledge transfer sessions with those stakeholders. Conduent also employs the Shadow Reverse-Shadow training approach whereby new resources follow and observe the day-to-day activities of existing resources. This is followed by the new resources assuming responsibility for day-to-day activities while being shadowed and mentored by the existing resources until all parties are confident with the transition. This approach facilitates a seamless transition to the successor with minimal disruption to the State.

Inventory Management

As the incumbent contractor, our performance levels will not decline during the Turnover Phase. Our efforts provide the confidence necessary to affirm that all operational inventories of work products are turned over to the successor contractor. Our Turnover Team works to manage our inventory levels to eliminate service level disruptions or delays. We capture inventory of all data, content, files, instructions, processes, and all other items deemed appropriate by DPHHS in the Turnover Plan. We communicate with the DPHHS and successor contractor to make sure data is in an industry-standard format, is approved by the DPHHS Project Manager or designee, and that each item is turned over properly and successfully.

Quality Assurance

Continuous process improvement does not end with management and operations. It is integrated into the maintenance and execution of turnover as well. Our Turnover Plan identifies quality control checkpoint activities that measure and improve quality. To complete these checkpoint activities, we:

- Solicit feedback from DPHHS and the successor after each artifact turnover. This allows us to determine what improvements can be made for the next successive turnover.
- Monitor the quality of each deliverable by understanding DPHHS requirements, addressing comments, and by applying industry knowledge of the turnover process. As turnover activities proceed, we improve each successive deliverable by understanding the environment and DPHHS requirements and expectations.
- Refine tasks and timelines as a result of Turnover Schedule monitoring and continuous improvement efforts. This includes adding detail to the Turnover Schedule to clarify tasks and assignments.
- Identify and mitigate areas of concern through continued application of risk and issue management processes to provide transition quality improvement.
- Perform process quality assurance activities to verify executed turnover activities adhere to documented turnover processes, such as those for knowledge transfer, and perform corrective actions when necessary.

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Turnover Closeout

Turnover requires we demonstrate that all contractual requirements have been met, that we transition operational tasks to a new Contractor and/or DPHHS, and we provide lessons learned from the project prior to the end of the contract term. Our expert execution of project processes including those for turnover, make this possible. We provide DPHHS with completed copies of turnover artifacts and a Final Turnover Results Report to mark the closeout of our contractual obligations for the Claims Processing and Management Services project.

Applying Project Management Best Practices to Turnover

Conduent uses a consistent, process-based approach to project management throughout project turnover. Our approach aligns with the best practices described in *A Guide to the Project Management Body of Knowledge* (PMBOK Guide) and covers all knowledge areas with an integrated system of initiating, planning, executing, controlling, and closing process groups. In practical terms, project controls and activities relevant to turnover include:

- Creating a comprehensive Turnover Schedule that includes all activities and tasks required to fully and completely execute our turnover responsibilities
- Updating the Turnover Schedule with weekly progress, revising any time and/or resources associated with each task, and publishing the updated Turnover Schedule
- Reviewing the project risks to determine if any risk status has changed or if triggering events have been reached; reviewing the results of any mitigation efforts; reviewing risk classifications and updating the risk and issue tracking systems
- Reviewing quality control metrics, defect-detection and mitigation processes, and other quality-related information
- Confirming requirements have been met; using traceability information to help identify artifacts and services to be turned over
- Communicating the results of these monitoring and controlling processes to stakeholders in status reports and other agreed-upon communication vehicles

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PTO02
At least six (6) months prior to the final Contract year (including option years that have been exercised) and at least six (6) months prior to the end of any contract extension(s), the Contractor shall provide the following:
a. An updated Turnover Plan.
b. Complete and update system and user documentation.
c. Statement of the resources that would be required by the Department or another contractor to fully take over solution, technical, and business functions outlined in the Contract(s). This includes quantity and types of resources and volume of tasks to support the scope of work.
d. Operational tasks and procedures as necessary to support ongoing operations of the solution.
e. Lessons learned report.
f. List of incomplete tasks, such as system defects, modifications or enhancements, mass adjustments, reference updates, and configuration requests.
g. A detailed description of the services that would be required by another Contractor to fully take over system, technical, and business functions outlined in the Contract.
The Department reserves the right to request this information at any time throughout the Contract.

The objective of the turnover period is to provide an orderly transfer of the Claims Processing and Management Services artifacts from Conduent to the Department or a (prospective) successor Contractor at the end of the Contract. We approach the turnover as we approach project implementation—through careful and methodical planning. At least six months prior to the final Contract year (including option years that have been exercised) and at least six months prior to the end of any contract extension(s), we complete a series of turnover related tasks to demonstrate our readiness and support of turnover. These activities include:

- **An updated Turnover Plan.** Our plan describes the overall approach, tasks, and artifacts to complete an orderly and collaborative turnover.
- **Complete and updated system and user documentation.** The system and user documentation are stored in the project's SharePoint site and updated throughout the contract to remain current with the system functionality and optimized user procedures. We transition ownership of these artifacts to the Department or its designee as part of the turnover process.
- **Required resources list.** The Turnover Manager provides a list of the resources needed to take over the solution, technical, and business functions; along with a list of resources that may be released or reassigned.
- **Operational tasks and procedures needed to support the project.** The Project Manager supplies copies of the tasks and procedures required to keep the project running smoothly.
- **Lessons learned.** As part of our iterative development life cycle, our team is accustomed to conducting retrospectives on a routine basis and implementing improvements as a result of lessons learned findings. Conduent conducts additional lessons learned at the end of the contract and makes the findings available to the Department and its designee. The Turnover Manager reviews the feedback and works with the Turnover Team to identify potential process improvement opportunities and provides them to the DPHHS.

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- **Listing all incomplete tasks for the project.** The Turnover Manager compiles a list of all incomplete tasks along with estimated dates of completion and provides it to the Department. This may include items such as outstanding defects, deferred enhancements, incomplete modifications, or mass adjustments.
- **Description of the services required to fully take over the project.** The Turnover Manager generates a descriptive list of services needed to take over the technical and business functions required by the project.

Throughout the turnover process, our subject matter experts serve as points of contact for questions and communications. The Turnover Manager works with the DPHHS to confirm the turnover is completed in accordance with the contract. During the turnover, we maintain the staffing levels and resources necessary to continue the successful support of the project. We make every effort to minimize or avoid delays in the turnover to minimize the impact to the Department.

PTO03
The Contractor shall provide a Monthly Turnover Report reflecting transition activities during the turnover period.

As part of our commitment to facilitate open communication and collaboration between Conduent, DPHHS, and a successor contractor, the teams meet monthly, or more frequently as needed, to discuss turnover. The Conduent team submits and reviews a Monthly Turnover Report during these meetings. In addition to having access to the documents associated with turnover, we also use meetings, workgroups, and reports to maintain transparency of our activities and operations.

The Turnover Manager is responsible for providing the Monthly Turnover Report reflecting transition activities during the turnover period. The Turnover Manager serves as our liaison to the Department and successor contractor and is the primary contact for all turnover-related matters and for meeting all Turnover Phase objectives.

PTO04
The Contractor shall provide operational procedures that describe how maintenance is performed for the solution.

Our Operations Maintenance and Configuration Plan identifies procedures for how we perform maintenance on our CMdS solution. It covers maintenance activities, monitoring, planned downtime, and reporting, among other items. This deliverable, and other maintenance process information, is included as part of the turnover materials in order to seamlessly transfer the maintenance of the system to the successor contractor.

PTO05
The Contractor shall cooperate with the successor contractor while providing all required turnover services. This will include meeting with the successor and devising work schedules that are agreeable for both the Department and the successor contractor.

Our staff remains committed to a successful turnover to the Department and the successor contractor. Turnover is only deemed complete when approved by the State. Therefore, while we strictly adhere to approved turnover processes, we also commit to cooperation and collaboration with the successor

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contractor with regard to meetings, work schedules, schedule modifications, and process adjustments that align with DPHHS objectives.

PTO06
The Contractor must transfer solution and services documentation and all data requested by the State to the State.

During the Turnover Phase, there are many details that need to be provided to help guide the successor contractor throughout the transition. Some of the critical items include solution and services documentation, requested data, or other information required by the Department. We provide full support and assistance in turning over complete and current information requested by the Department. Low-risk turnover that is transparent to recipients, providers, and users is at the forefront of our transition approach.

PTO07
The Contractor shall deliver a Turnover Results Report that documents completion of each step of the Turnover Plan.

In order to document the results of each step in the Turnover Plan, Conduent provides a Turnover Results Report. This report includes necessary progress-to-date information about the files, data, artifacts, knowledge transfer sessions, and system functionality subject to turnover at key intervals or milestones during the turnover phase. We use this report to both gauge and present to you our overall execution of planned versus actual turnover work—an essential element of our approach to complete this project phase as effectively and efficiently as our implementation.

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4.2.7 Project Deliverables and Documentation [RFP 3.10.7, Attachment F]

REQUIREMENT: RFP Section 3.10.7, Attachment F

The documentation deliverables outlined in Table 3.10.7 have been identified for this scope of work. If the successful offeror provides a Commercial off the Shelf (COTS)/Software as a Service (SaaS) solution, DPHHS will review the list of required deliverables and may remove or modify the deliverable requirements to reflect a COTS or SaaS implementation approach. COTS or SaaS contractors will still be required to provide all documentation required for MECT certification. For each documentation deliverable, the Contractor shall follow the guidelines outlined in the Documentation Standards document in the Procurement Library in eMACS. The Contractor will submit documents that meet the specific deliverable acceptance criteria as outlined in the Deliverable Expectation Document for the specific deliverable. All deliverables must be approved by DPHHS. Project artifacts and information will be shared on the CMS Reuse Repository. The Offeror must describe in detail their approach to meet each of the Documentation requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Our project deliverables and documentation are some of the most important elements of our approach to the implementation and operation of the CMdS solution. Deliverables contain critical information needed to meet DPHHS requirements, therefore it is imperative that these documents possess a high-level of quality to facilitate the success of each project phase.

Our strategy for meeting the RFP requirements for project deliverables and documentation employs a field-tested process that considers the premium placed on DPHHS' time and resources in reviewing and approving deliverables. We place great emphasis on producing high-quality documentation and work collaboratively during the review process so that the deliverables and documentation align with your expectations.

Proven Deliverable Management Processes

Conduent's document development, maintenance, and quality review processes infuse quality into each step of the lifecycle, including:

- Establishing deliverables expectations
- Aligning deliverables to agreed-upon standards
- Conducting quality reviews
- Controlling document maintenance and updates

We leverage proven plans and processes from our Quality Management System (QMS), curated over decades of our implementation experience, which are then tailored to project and project environment specific needs. They are the narrative, document-based form of the comprehensive methods and approaches we describe throughout Proposal Section 4.2.2, Project Management and System Development Requirements. This gives the project a strong start, allowing stakeholders to benchmark from our successes and make approach adjustments rather than starting from scratch.

Our Deliverables Management Plan outlines the process for creation, delivery, and management of document-based deliverables: we provide it as a value add to DPHHS for this project. This plan describes the overall approach to producing, transmitting, maintaining, and tracking document-based deliverables throughout the life of the project. The process applies to all Conduent team members with the goal of delivering consistent and thoroughly reviewed documentation for the Claims Processing and Management Services project.

Our meticulous document management process spans the lifecycle of each deliverable throughout the project. Our Deliverable Management Plan and Deliverable Expectations Document (DED) guide our rigorous, quality-focused process for drafting, reviewing, submitting, walking through, and seeking approval from DPHHS.

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Deliverable Lifecycle

Figure 4.2.7-1 provides an overview of the deliverable lifecycle.

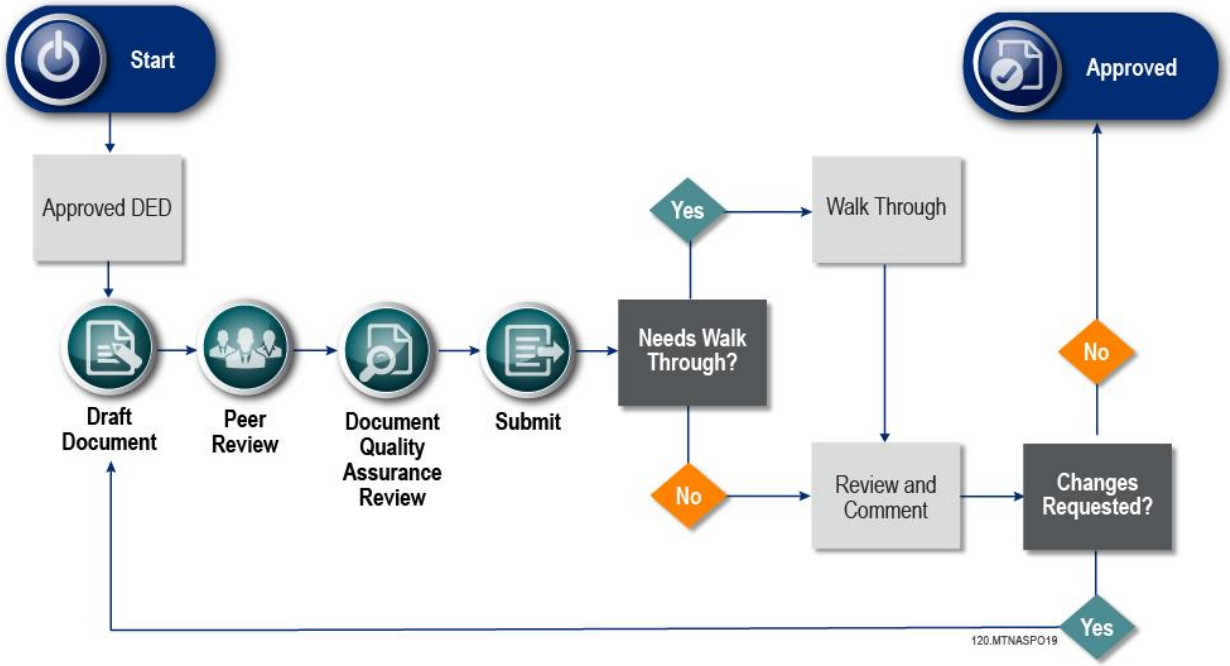

Figure 4.2.7-1. Deliverable Lifecycle
We conduct peer and document quality assurance reviews before submitting deliverables to DPHHS for walk through and approval.

In the paragraphs below, we describe each step of our quality-focused deliverable process.

Approve DED

Before we begin work on a deliverable, we hold deliverables expectations discussions with the Department to make sure we mutually agree upon deliverable purpose, format, content, and stakeholders. We firmly believe this step increases quality and reduces rework, because all parties know what to expect from the deliverable early in the life cycle.

Draft Document

Conduent develops each deliverable based on the content and format specifications defined in the approved Deliverable Expectations Document. Each deliverable is organized logically and presented clearly. Project team members use all available assets to produce quality content, such as bidder's library contents, legacy system documentation, policy documents, and all reference materials supplied by DPHHS. We not only codify and follow our own documentation standards, we also follow the guidelines outlined in the Documentation Standards document in the Procurement Library in eMACS.

Managers supervise deliverable development and confirm resources with the right subject matter expertise are staffed to complete each work product. We write each document in a manner that is

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understandable by relevant DPHHS SMEs and meets all applicable business and technical requirements. We maintain draft documents within the project's SharePoint site, first to automate the maintenance of version history if prior versions need to be consulted for any reason; second to leverage the check-out feature to avoid making conflicting or redundant changes to a work product; and finally, to provide team-wide, online access to documentation at any time.

Peer Review

Conduent allocates adequate time and human resources to conduct peer reviews of all formal deliverables. The Project Manager determines appropriate SMEs to conduct peer reviews. Peer reviewers are given checklists and other reference materials with which to conduct peer reviews in a structured, documented, and consistent manner. Through peer reviews, we provide documentation with cross-functional consistency, adherence to requirements, and business validity.

Prior to submitting the deliverable to the Department, we thoroughly review the deliverable for content, accuracy, and completeness to confirm that DPHHS-defined objectives for the deliverable are met.

Document Quality Assurance Review

Our quality analysts review each deliverable for standards adherence, grammar, formatting, adherence to expectations set in the Deliverable Expectations Document, and other aspects of quality to make sure that, once delivered, DPHHS can focus on the most important aspect of the deliverable—the content. Quality analysts review documents for all aspects of quality: grammar, punctuation, content, spelling, legibility, organization, and consistency with the format defined for the deliverable. The analysts produce deficit logs to capture errors and inconsistencies found in the documentation, allowing the author to fix the errors prior to DPHHS delivery.

Walkthrough and Review

After all internal reviews are complete, Conduent publishes draft documentation to the project's SharePoint site for DPHHS access. An advantage of SharePoint is that Conduent can post draft and updated documents regularly and frequently, giving the Department ready access to current documents and prior versions for comparison purposes. Many straightforward and uncomplicated deliverables are handled by simple review and approval by the Department, taking advantage of SharePoint's automated workflow feature to assign review and approval tasks and track them to completion. For those deliverables needing a formal walkthrough, DPHHS and Conduent agree upon the appropriate setting and staffing for joint reviews of these deliverables. Conduent delivers documents to the Department to allow for time to review all documentation prior to walkthroughs. Then, DPHHS and Conduent representatives review, modify, supplement, and clarify document contents in meetings and discussions as needed. As deficiencies are discovered during walkthroughs, Conduent rectifies problems immediately, tracks all changes, and calls for follow-up meetings or interviews with DPHHS staff to confirm the satisfactory closure of open comments and questions.

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Modification and Approval

After the Department provides feedback, Conduent abides by documented and contractual review periods to address all DPHHS-provided comments. In some cases, Conduent may request a meeting with appropriate DPHHS staff to confirm that we fully understand the feedback. Conduent revises the deliverable to incorporate all DPHHS requested revisions. The revised deliverable undergoes the same Conduent internal review and sign-off procedures as the initial deliverable.

After completing revisions, Conduent submits the revised deliverable to the Department for review and approval. Typically, a final review of a deliverable consists of verifying that all agreed-upon revisions have been incorporated into the final document or work product. If necessary, we walk through the deliverable revisions with DPHHS.

After final review, DPHHS provides formal approval of the deliverable. All deliverables are maintained under strict configuration control in the project's SharePoint site according to the Application Configuration and Maintenance Plan.

Deliverables for COTS/SaaS Implementation

In response to the RFP requirement, "If the offeror provides a COTS/SaaS solution, DPHHS will review the list of required deliverables and may remove or modify the deliverable requirements to reflect a COTS or SaaS implementation approach," the CMdS solution proposed by Conduent is a SaaS solution. Therefore, Conduent will work jointly with DPHHS to plan for customer-specific deliverable requirements after contract award.

In the pages that follow, we provide a description and highlights of the deliverables we produce to meet documentation requirements. These deliverables are created to meet Department requirements. In some cases, based on agreement with the Department, we expect to remove them from scope or modify expectations to reflect a SaaS implementation approach.

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DOC01

The Contractor shall develop, execute, maintain and deliver for the State's approval, a System Security Plan (SSP) that will document the current level of security controls within the module scope of work that protects the confidentiality, integrity and availability (CIA) of the solution and its information. This is a living document and will be updated no less than annually and when new vulnerabilities are identified and mitigated and when additional functionality and/or components are implemented.

The System Security Plan must be approved before any State data is transferred or entered into the solution. The State must approve all revisions of the System Security Plan. If the Contractor's solution is hosted by the State, the State will provide supporting information to the Contractor to complete the SSP. The SSP must address the following topics:

- Adherence to the State's requirements outlined in the "Security and Privacy Controls Requirements" document, included in the Procurement Library;
- Compliance with the Centers for Medicare and Medicaid Services (CMS) Acceptable Risk Safeguards (ARS) to assess CIA and NIST SP 800-53 Rev 4 at a "moderate" control level;
- Data center physical security;
- Network segmentation, access controls, and forensics;
- Perimeter security;
- Application security and data sensitivity classification, including Protected Health Information (PHI) and Personally Identifiable Information (PII);
- End-point protections such as multiple redundant firewalls and host-based intrusion detection systems;
- Identification and prevention of the use of prohibited functions, ports, protocols, and services;
- Network, firewall, server and other security-related configurations and changes;
- Intrusion detection and prevention;
- Network scanning tools;
- Host hardening;
- Internet filtering;
- Remote access;
- Encryption of data at rest and in transit;
- User authentication and directory services;
- Interfaces and exchange of data with external entities;
- System penetration testing;
- Management of operating system and security patches;
- Anti-Virus and malware detection and email gateways;
- Assessment and testing of system and code modifications; and
- Allowable internal and external communication protocols.
- Compliance with the Federal Risk and Authorization Management Program (FedRAMP) Certification, FedRAMP Risk Assessment that indicates compliance or documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation for Contractor hosted solutions;
- Compliance with Statement on Standards for Attestation Engagements (SSAE-18) SOC 2 Type 2.

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System Security Plan Approach

Medicaid program members, providers, and DPHHS deserve absolute protection from personal healthcare data intrusion across the IT enterprise. The System Security Plan describes our methods for safeguarding privacy and information security; these methods have earned us the trust of Medicaid agencies across the U.S.

We adhere to all applicable laws, rules, regulations, and standards that govern the work we do, including the following:

- Montana's State requirements outlined in the "Security and Privacy Controls Requirements" document, included in the Procurement Library
- National Institute of Standards and Technology (NIST), Special Publication 800-53 (rev. 4) Management, Operational, Technical, and Program Management Security Controls for Moderate-Impact systems
- Federal Risk and Authorization Management Program (FedRAMP) Certification, FedRAMP Risk Assessment that indicates compliance or documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation
- Statement on Standards for Attestation Engagements (SSAE-18) SOC 2 Type 2
- Application security and data sensitivity classification, including Protected Health Information (PHI) and Personally Identifiable Information (PII)
- Health Insurance Portability and Accountability Act (HIPAA) 45 CFR Parts 160 and 164
- All other DPHHS Vendor Security Requirements, as described in Proposal Section 4.2.1.2, Security

As described in the System Security Plan, the Conduent approach to ensuring security, privacy, and availability is based on our "defense-in-depth" strategy; it follows the principle that multiple layers of security provide greater security than a single layer alone.

As shown in Figure 4.2.7-2, we incorporate multiple layers of administrative, physical, and technical controls to protect project data, staff, and processing facilities.

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Figure 4.2.7-2. Data Secured by Multiple Defense Layers
Our Defense-in-Depth approach provides complete data security, from physical access through network, host, and application design.

System Security Plan Highlights

Our project team tailors the System Security Plan in accordance with DPHHS requirements. We then submit it to you for review and approval. Our System Security Plan adheres to applicable State and federal statutes, regulations, and guidelines for security, privacy, and confidentiality. It documents the current level of security controls within the module scope of work that protects the confidentiality, integrity and availability of the solution, and its information. Our approach aligns with HIPAA's three-fold security objectives of confidentiality, integrity, and availability (CIA). We update the plan annually, as well as when new vulnerabilities are identified and mitigated, and when additional functionality and/or components are implemented.

Included below are some highlights of our System Security Plan:

- Data center physical security describes how we limit access and protect data center facilities. Physical access is managed using access zones. Access to each zone is granted based on need. Data centers are protected according to the established security procedures
- Network segmentation, access controls, and forensics:
  - Network segmentation with virtual local area networks (VLANs) creates a collection of isolated networks within the data center. Properly configured VLAN segmentation severely hinders access to system attack surfaces

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  - Conduent controls the integrity of data through access and identity controls and strong role-based access controls
  - Data forensics are used to determine what was created and utilized
- Perimeter security describes how perimeter defenses protect our facilities from external threats
- End-point protections defines how multiple redundant firewalls, intrusion detection systems (IDS) and/or intrusion prevention systems (IPS) and logging measures are employed and centrally managed for intrusion detection and prevention
- Network scanning tools references tools used to conduct ongoing network vulnerability scanning
- Host hardening describes the process of securing a system by reducing its surface of vulnerability
- Identification and prevention of the use of prohibited functions, ports, protocols, and services
- Internet filtering depicts tools used to block inappropriate content
- Remote access explains how appropriate authorizations and technical security controls should be implemented prior to remote access being granted
- Encryption of data at rest and in transit explains how we secure inactive data and in transit
- User authentication and directory services describe how the CMdS product can be configured to leverage existing directory services for user authentication and access controls by integrating with Active Directory
- Interfaces and exchange of data with external entities indicates how we securely interface and exchange data with the Systems Integration Services Contractor and other agencies/vendors
- System penetration testing describes how testing is conducted to find security vulnerabilities
- Management of operating system and security patches describes the process to manage the operating system and how to review and approve all security patches
- Anti-virus and malware detection and email gateways describes the tools used to prevent security risks and intrusions
- Assessment and testing of system and code modifications describes the process to assess and test system and code modifications across the entire Systems Development Life Cycle (SDLC)
- Allowable internal and external communication protocols include guidance for communication protocols so that we consistently and completely communicate with DPHHS regarding any security issues or concerns

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DOC02
The Contractor shall develop and maintain a Certification Plan that defines the contractor's approach to CMS certification. It must describe the processes and procedures that will be used to manage Certification requirements. The Certification Plan must comply with the most current MECT process to ensure the system will meet all certification requirements.

Certification Plan Approach

We develop a Certification Plan as we are completing the Requirements Phase, and we maintain it through to successful CMS certification. The Certification Plan provides information on the certification process, including the review milestones that the State must meet and the CMS activities that the State must follow to achieve CMS certification retroactive to the first day of operations. The purpose of the plan is to describe the process through which the State, supported by Conduent, seeks CMS certification of the CMdS modules, configured and operational for the Claims Processing and Management Services project.

Industry recognized best practices for Certification

Our certification document repository and file structure were highlighted as a "best practice" by the Centers for Medicaid and Medicare Services and was later added to the instructions for the CMS MECT toolkit. In North Dakota, the CMS team noted that all States should follow our documentation method.

Conduent provides support and expertise to the State during the certification process. We are confident our CMS certification preparations, processes, and supporting evidence will help the Department achieve certification and maximum federal financial participation.

Conduent has achieved an enviable record in meeting MECT checklist requirements. We were the first MMIS vendor to have a system certified based wholly on the MECT protocols and review criteria.

As you are aware, Montana Flexible Rx was the first pharmacy POS system to achieve CMS certification under the new modularity standards. We have never failed to receive federal certification for any of our implementations. Because of this experience, we are familiar with the process, planning, cooperation, communication, and teamwork required to be successful.

Certification Plan Highlights

Included below are some highlights of our Certification Plan:

- Guidelines for our Certification Lead, who also serves as the CMS certification lifecycle subject matter expert (SME)
- Complete lists of all the activities, deliverables, and roles responsible for milestone reviews
- Detailed preparation and planning activities and guidelines
- Best practices for the certification document repository and artifacts
- Method for tracking certification-related action items

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DOC03

The Contractor shall develop, submit, and maintain a Data Management, Conversion and Migration Plan to include the following:

a. A data management strategy that will support integration, optimization, quality, stewardship, standards, and governance of data.

b. description of appropriate skill sets, processes, technologies/tools, and any naming conventions followed.

c. Approach to conversion, cleansing and migration.

d. Approach to risk management for data conversion effort.

e. Approach for testing migration or converted data;

f. Approach to reporting the number of records successfully converted vs. errors or exceptions.

g. Approach for cleansing data to prepare it for loading to the proposed solution that is refined as necessary.

h. Approach to resolving data conversion errors and issues.

i. Approach for supporting the Department validation of converted data.

j. Tasks, timelines, and responsible parties for all conversion and migration tasks.

k. Entrance and exit criteria for each phase of the effort.

Data Management, Conversion, and Migration Plan Approach

Early in the project, we develop a detailed Data Management, Conversion, and Migration Plan and submit it to the Department for review and approval. The plan lays the framework for specific conversion activities, process steps, naming conventions and standards, team member roles and responsibilities, tools used to support the conversion and migration. The plan includes all data management, conversion, and migration activities throughout the project lifecycle.

Our approach to data conversion is detail-oriented, carefully orchestrated, and has been honed over years of systems implementations. While a full description of the process can be found in Proposal Section 4.2.2.5, Data Conversion, Cleansing, and Migration, a simplified approach to conversion is shown below in Figure 4.2.7-3.

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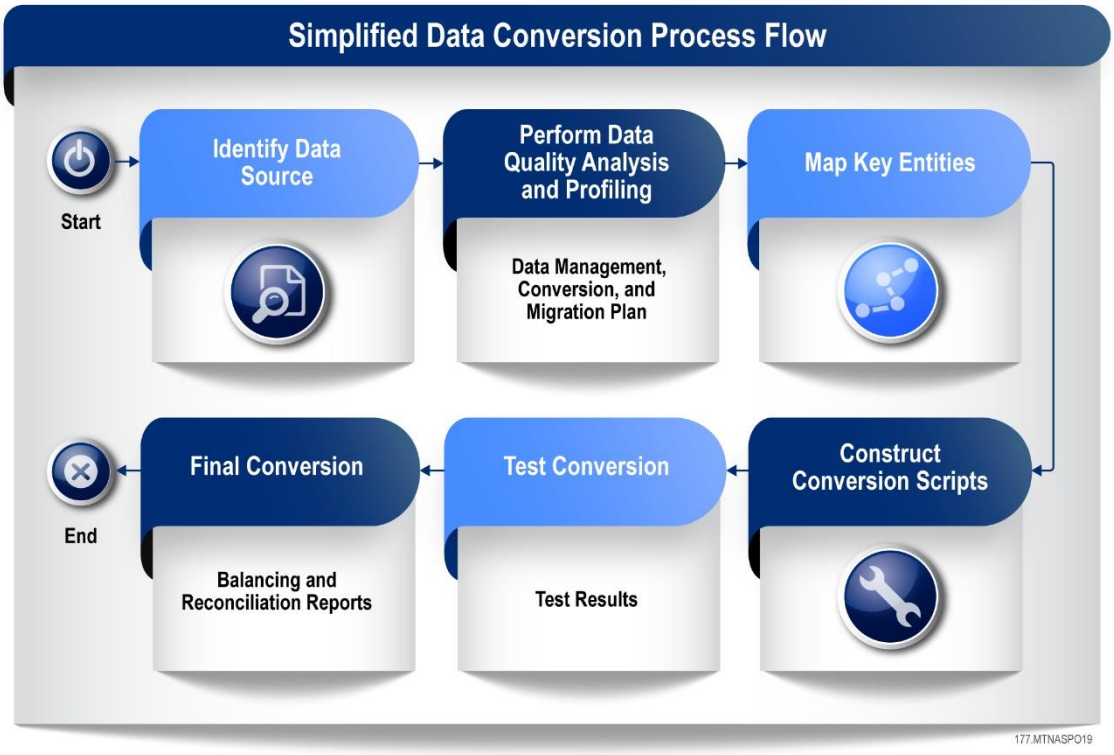

Figure 4.2.7-3. Data Conversion Process Flow
Our approach to data conversion is time-tested and quality-focused.

Included in the plan is our approach to work with the Department to identify the data, files, sources, and amounts of data needed for the new solution. Since the data in one system may not have a one-to-one correspondence to data in another system, we develop standards, a conversion method, and crosswalk to map existing data from one system to the other. Once the conversion mapping is complete, we proceed to capture, convert, port, and test the converted and migrated data.

Data Management, Conversion, and Migration Plan Highlights

Included below are some highlights of our standard Data Management, Conversion, and Migration Plan:

- Approach for the integration, optimization, quality, stewardship, standards, and governance of data
- Description of recommended Department participation in the conversion and migration effort
- Definition of the universe of data from the current system that must be converted to the new CMdS product
- Risk management approach for the data conversion effort, leveraging our QMS risk management processes
- Approach to report on the number of records successfully converted vs. errors or exceptions, a process to resolve data conversion errors and issues, and cleanse data as necessary
- Rigorous entrance and exit criteria for each phase of the effort

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- Approach to support the use of converted data during all phases of testing, to minimize issues and defects during implementation
- Timeline, including resources and tasks, for the conversion and migration effort

DOC04
Prior to beginning design and configuration/build activities, the Contractor must develop and submit to the State an Application Configuration and Maintenance Plan that describes the Contractor's approach to applications configuration and enhancements including:
a. Approach to conducting design sessions or walkthroughs.
b. Approach to conducting sprints or iterations.
c. Configuration management.
d. Schedule of major and minor releases.
e. Tasks, timelines, and responsible parties for design and configure/build tasks.
f. Approach to system enhancements
g. Programming and coding standards
The plan must be maintained through the system implementation. Revisions must be approved by the State.

Application Configuration and Maintenance Plan Approach

The Application Configuration and Maintenance Plan provides the process for executing the system development life cycle, including requirements validation, agile design, configuration, and testing, as well as acceptance and readiness leading up to implementation.

To meet the Department's requirements for the Application Configuration and Maintenance Plan, we combine two base plans from our (QMS): The System Development Management Plan and the Configuration Management Plan.

The System Development Management Plan component of the document walks the reader through the life cycle, itemizing the inputs, process steps, outputs, roles, and responsibilities for each phase. It is supported by several procedures that help our team execute the phases consistently and reliably.

The Configuration Management Plan component provides processes, standards, and oversight mechanisms to make sure changes to baselines are made only through approved configuration protocols and with required version control and tracking.

The resulting combined Application Configuration and Maintenance Plan is maintained throughout the DDI phase until system implementation. All revisions are submitted to the State for review and approval.

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Application Configuration and Maintenance Plan Highlights

Included below are some highlights of our Application Configuration and Maintenance Plan:

- Guidance for our Conference Room Pilots as well as design sessions or walkthroughs, in which we conduct system configuration and review design decisions to drive requirements-aligned solutions and high-quality results
- Processes for conducting sprints, during which we collaboratively and iteratively develop the right application configurations according to our Feature Driven Development approach
- Identification of configuration items and their configuration levels
- Methods to authorize configuration changes to baselines
- Schedule of major and minor releases – all releases follow the project's release schedule
- System enhancements processes including the approach, reporting, and supporting change management processes. Once the desired system enhancements are identified, Conduent also provides work estimates based on the detailed requirements for each system enhancement
- Programming and coding standards – our technical teams follow industry best practices and robust coding standards to develop code that is comprehensible, scalable, and easy to maintain
- Timeline, including resources and tasks, for the design and build activities

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DOC07

The Contractor shall provide during the initiation phase of the project and maintained throughout the project, user documentation.

The State requires User Documentation for use by a novice business user to understand the automated system or application from a business function perspective. The Contractor's User Documentation shall include at a minimum:

• Written in a procedural step-by-step format. (Instructions for sequential functions must follow the flow of actual activity).

• Manuals that helps users understand the purpose and operation of the module/module component(s) for each business process/major program/functional area.

• Acronyms used in user instructions must be identified and must be consistent with windows, screens, reports, and the data element dictionary.

• Cover system navigation, online help, and policies and procedures.

• The documentation must be available on-line and provide an on-line search capability with context-sensitive help.

• Provide the ability to produce a PDF version upon request

• Use version control to retain historical versions of documentation and revisions must be clearly identified.

• User documentation must be written and organized so that novice users can learn from reading the documentation how to access the on-line windows/screens, read reports, and perform all other user functions.

• User manuals must contain a table of contents and an index.

• Definitions of codes used in various Sections of a user manual must be consistent.

• Descriptions of error messages for all fields incurring edits must be presented and the necessary steps to correct such errors must be provided.

• Abbreviations must be consistent throughout the documentation.

• Each user manual must contain a Section describing all reports generated within the subsystem, which includes the following:

A narrative description of each report.

The purpose of the report.

Definition of all fields in the report, including detailed explanations of calculations used to create all data and explanations of all subtotals and totals.

Definitions of all user-defined, report-specific code descriptions; and a copy of representative; and pages of each report. Instructions for requesting reports or other outputs must be presented with examples of input documents and/or screens.

• Instructions for making on-line updates must clearly depict which data and files are being changed.

User Documentation Approach

The successful delivery of high-quality technical solutions hinges on the seamless adoption of the new solution by its end-users. This adoption is dependent on well-designed and timely training as well as clear and accurate user documentation. Our User Documentation gives CMdS end-users knowledge, instruction, and training to perform their expected tasks with minimal assistance. It helps novice business users to understand the automated system or application from a business function perspective.

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We maintain the accuracy of the CMdS user documentation by engaging SMEs to evaluate and test user documents for usability, completeness, and comprehension, and to evaluate the support requested by and provided to CMdS users.

To facilitate the development of correct and consistent user documentation, Conduent uses MadCap Flare, a COTS product, as our standard help-authoring tool. We can generate a range of Web-based help files, context-sensitive help embedded in the application, and Word- and PDF-based procedures and manuals. Documentation specialists and trainers can build help content that is job- and role-based so the user sees the tasks necessary to complete his or her job. Development of User Documentation begins during project initiation and as process improvements, system changes, or enhancements are made we update User Documentation accordingly.

User Documentation Highlights

Included below are some highlights of what is included in our standard User Documentation:

- Procedural, step-by-step format to help even the novice user to easily understand the flow and functionality of the system
- User manuals that help users understand the purpose and operation of the module and its components
- Definitions of acronyms used consistently throughout the user documentation manuals, training documents, and online help
- Clearly stated navigation system instructions, online help, policies, and procedures
- Online documentation and online search capabilities supported for all user documentation
- Capability to produce PDF copies of documents
- Version history and automated version numbering of documents
- Well-written and organized documentation for new users to learn relevant user functions
- Instructions on how to access the online windows/screens, read reports, and perform all other user functions
- Standard definitions of codes, user errors, and abbreviations used in all user documents
- Reporting sections include a narrative description, purpose of the report, explanation of fields and calculations used in the report, code descriptions, and instructions for requesting reports
- Description of how to make online updates including a description of data and files involved

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DOC08
The Contractor shall develop and maintain annually, a Business Continuity and Disaster Recovery Plan that must be in place before any Department data is transferred or entered into the solution. The Plan must contain procedures for data backup, restoration, and emergency mode operations in the event of:
a. Hardware or Software Failures;
b. Human Error;
c. Natural Disaster; and/or
d. Other unforeseeable emergencies.
The Business Continuity and Disaster Recovery Plan must be approved by the Department.

Business Continuity and Disaster Recovery Plan Approach

Meeting the very real need for effective and practiced business continuity and disaster recovery is fundamental both to the Department's overall project strategy and to our design for ensuring ongoing operations for contracted services. The increased number and severity of natural disasters and security threats in recent years has underscored the need for effective planning and readiness. Development of the Business Continuity and Disaster Recovery Plan begins early in the project as this information must be in place before your data is transferred or entered in CMdS product. We submit the initial version of this document, annual updates, and any interim changes to the Department for review and approval.

Proven Business Continuity Plan

On Friday, November 30, 2018, a magnitude 7.1 earthquake hit Alaska with an epicenter about 10 miles north of our Anchorage facility. Conduent on-site and off-site staff sprang into action, accounting for all employees' safety and executing our Business Continuity Plan starting within an hour of the event and continuing through Monday morning. By executing the plan as designed and maintaining constant, transparent, and collaborative communications, we completed all necessary steps to resume business in Alaska safely and reliably. We were open for business Monday morning.

Our business continuity and disaster recovery plans focus on prevention, continuity of critical functions following a minor or major service disruption, and preparedness for quick activation of a comprehensive disaster recovery response when a natural or manmade disaster is unavoidable. Conduent's Business Continuity Plan includes procedures that address all aspects of operations to include a contingency for alternate facilities for backup and recovery of all hardware and software and handling all types of emergencies and disasters.

In a disaster, our primary goal is to confirm that the operations staff are safe, and the facilities in which they work are secure. We then focus on ensuring business continuity and continuing to meet contract requirements and service level agreements. Each client has unique environmental, geographical, and technological risks that must be considered in developing plans for business continuity and disaster recovery.

In developing the Business Continuity Plan, Conduent addresses risks such as earthquakes, fires, and floods, and a multitude of other data center and supporting operational facilities disaster recovery concerns to include evacuations, chemical spills, hackers, ice storms, power outages, and shredded data.

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Business Continuity and Disaster Recovery Plan Highlights

Included below are some highlights of our standard Business Continuity and Disaster Recovery Plan:

- Approach to hardware and software failures
- Establishing continuity of essential business functions, onsite, via local command center, or with the support of our extensive network of Government Health Services accounts
- What to do in case of human errors
- How to deal with natural disasters
- Managing unforeseeable emergencies
- Back up procedures
- Employee, client, and subcontractor's safety
- Reporting incidents to the client
- Annual and ongoing updates of the plan

DOC09

The Contractor's Business Continuity portion of the plan must include the following:
a. Identification of the core business processes involved in the production solution. For each core business process include:
1) Identification of potential failures for the process;
2) Risk analysis;
3) Impact analysis; and
4) Definition of minimum acceptable levels of service/output.
b. Definition of triggers for activating contingency plans.
c. Procedures for activating any special teams for business continuity.
d. A plan for recovery of business functions, units, processes, human resources, and technology infrastructure.
e. Communication protocols and process for restoring operations in a timely manner.

Business Continuity Plan Approach

Conduent develops, delivers, maintains, and executes the Business Continuity portion of the Business Continuity and Disaster Recovery Plan. The plan addresses the recovery of business functions, business units, business processes, human resources, and the technology infrastructure for the project.

Business Continuity is the ability of an organization to maintain its mission-critical processes and business functions during and after an unmitigated and/or unplanned event. Conduent defines mission-critical processes and business functions as those that are essential to keeping the business running as usual. In the event of a business interruption, these processes and functions are those that would have a noticeable financial, legal, customer, regulatory, or service impact.

For proper guidance during an incident, each business unit maintains business continuity plans to identify crisis response and recovery procedures for mission-critical processes and business functions, and to address capacity requirements for responding to business disruption events.

The Business Continuity Plan outlines our strategy for maintaining system availability and for recovering from any significant interruption in service. It provides templates for predefined best practices with

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detailed steps for restoring business processes, including all functions required to meet recovery timeframe commitments.

In preparing a plan, we identify and document critical business functions, including:

- Key personnel, with primary roles and responsibilities
- Internal and external contacts
- Critical equipment and data
- Contingency work locations and the personnel available at that location
- Operational recovery procedures
- Communication of the plan
- A testing methodology
- Identification of roles and responsibilities for business continuity team members

Business Continuity Plan Highlights

Included below are some highlights of our standard Business Continuity portion of the Business Continuity and Disaster Recovery plan:

- Approach for the identification of potential failures for the process
- Risk and impact analysis to prevent long term disruption
- Description of minimum acceptable levels of service during the disruption
- Description of the business functions that are sustained after a significant disruption
- Triggers and implementation of contingency plans in case of a disruption
- Communication protocols to engage Conduent's Corporate Service Continuity Management Team
- Detailed plan for the quick recovery of business functions, units, human resources, and infrastructure
- Communication procedures and actions for the restoration of operations

DOC10
The Contractor's Disaster Recovery portion of the plan must address, at a minimum:
a. Retention and storage of backup files and software;
b. Hardware backup for critical solution components;
c. Facility backup;
d. Backup for any telecommunications links and networks;
e. Backup procedures and support to accommodate the loss of any online communications;
f. A detailed file backup plan, procedures, and schedules, including rotation to an off-site storage facility.
g. The off-site storage facility must provide security of the data stored there, including protections against unauthorized access or disclosure of the information, fire, sabotage, and environmental considerations.
h. An enumeration of the prioritized order of restoration for Contractor's proposed solution.
i. Provide a short-term uninterruptible power supply to facilitate an orderly shutdown of the information system in the event of a primary power source loss.

Disaster Recovery Plan Approach

To quickly recover from a disaster, the Disaster Recovery portion of the Business Continuity and Disaster Recovery Plan includes a comprehensive strategy for the resumption of business operations. It addresses

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distinct types of potential interruptions at Conduent sites involved directly or indirectly in our operations. The Disaster Recovery portion addresses the elements for which recovery may be needed, such as hardware, software, telecommunications, production data files, and system documentation.

We build redundancy into the key points of our computer and network architectural solution, minimizing the risk from hardware or other system failures. We also keep backup copies of all data files and make these backups available to Disaster Recovery personnel to confirm our ability to continue operations. The plan is based on our corporate standards and is consistent with DPHHS policies and procedures.

The plan contains business resumption procedures specifically designed for each facility used to support the Claims Processing and Management Services project. The plan's goal is to make certain the prompt resumption of critical business functions if there are service disruptions. This plan supplies a layered recovery strategy that addresses disaster scenarios and documents critical procedures.

The plan clearly defines what software, functions, and operational procedures are critical at each location, including backup and recovery of each critical item in the event of an emergency. Additionally, the plan is revised to cover any facilities or systems used to support the project's scope of work.

Disaster Recovery Plan Highlights

Included below are some highlights of our standard Disaster Recovery portion of the Business Continuity and Disaster Recovery plan:

- Identification of individual facility recovery teams and their roles and responsibilities, including:
  - Detection and definition of the problem
  - Execution of any steps necessary to protect the safety of staff
  - Determination of the problem's scope
  - Hardware, software, or networks affected
  - Steps for problem resolution
- Plan for the retention and storage of backup files and software
- Detailed hardware data backup procedures and schedules for critical solution components
- Backup procedures for the facility, telecommunications links and networks, support to accommodate the loss of any online communications
- Plan for offsite facility storage including all necessary protections
- Plan for the restoration of the CMdS product
- Plan of action for recovery from a primary power source loss
- Documented recovery timeframes
- Outline of a strategy and detailed steps for safeguarding and restoring system operations
- Plan for network and workstation hardware and software recovery
- Relocation to a backup operational facility
- Plan for uninterruptible power supply to facilitate an orderly shutdown of the information system

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DOC11
The Contractor shall update all project documentation (e.g., system design documentation, user and training documentation) as necessary throughout all phases of the project.

Conduent updates project documentation at pre-defined intervals throughout all phases of the project to keep assets and artifacts used by our teams and end-users accurate and up to date. We work with the Department to refine our project documents, plans, procedures, materials, and supporting tools to align with the RFP requirements and meet evolving project needs.

Our standard DED template has a place to establish a document update frequency and process. This is important to establish expectations with the Department as to how often a document must be updated and what controls must be placed on the document to protect the integrity of its content. In all cases, we maintain strict version control by including document revision history for project documents and by using the check-out and check-in features of the project's SharePoint site.

DOC12
The Contractor shall provide and maintain an Operations, Maintenance and Configuration Plan for the Department's approval that describes post-implementation processes for areas such as:
a. Architecture/hosting operations.
b. Monitoring daily operations performance.
c. Performing routine maintenance.
d. Maintaining user documentation.
e. Online help approach and documentation, as appropriate.
f. Configuration and change management.
g. Approach to enhancements and other new requirements.
h. Maintaining system documentation.
i. Maintaining training documentation.
j. Archiving requirements.
k. Tasks, timelines, and responsible parties for design and configure/build tasks.
l. Reporting status against relevant Service Level Agreements (SLAs)
m. Schedule of major and minor releases.
The Department must review and approve all revisions of the Operations, Maintenance and Configuration Plan.

Operations Maintenance and Configuration Plan Approach

Our Operations Maintenance and Configuration Plan describes post-implementation processes for providing ongoing support to the Department and reviewing project outcomes and metrics for future process improvements. Activities commence at system go-live and extend as dictated by the RFP or contract.

To meet the Department's requirements for the Operations Maintenance and Configuration Plan, we combine two base plans from our QMS: The Maintenance and Operations Plan and the Configuration Management Plan.

Our Maintenance and Operations Plan is based on the Centers for Medicare and Medicaid Services (CMS) Operations and Maintenance Manual Template. It also includes content based on ISO/IEC 14764,

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IEEE Std. 14764-2006, Software Engineering – Software Life Cycle Processes – Maintenance. It includes procedures for continuous system monitoring, configuration changes, and end-user support to provide a fully functioning solution that meets DPHHS service level agreements and performance expectations. The plan guides the development of procedures to oversee the production environment and keep the system fully functional and performing as required.

The Configuration Management Plan component provides processes, standards, and oversight mechanisms to make sure changes to baselines are made only through approved configuration protocols and with required version control and tracking.

Operations Maintenance and Configuration Plan Highlights

Included below are some highlights of the Operations Maintenance and Configuration Plan:

- Approach for system architecture and hosting operations
- Performance level management and monitoring
- Procedures for system maintenance activities
- Updating user documentation, training documentation, and online help in accordance with system, policy, and procedure changes
- Identification of configuration items and their configuration levels
- Methods to authorize configuration changes to baselines
- Process for enhancements, including timeline, resources, and tasks for design, configuration, build, and testing of enhancements
- Reporting on requirements and performance against Service Level Agreements
- Release management

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DOC14

The State defines System Design Document (SDD) as documentation that describes how the functional and nonfunctional requirements recorded in the Requirements Response Matrix transform into more technical system design specifications from which the system is configured and built. The SDD documents the high-level system design and the low-level detailed design specifications.

The SDD describes design goals and considerations, provides a high-level overview of the system architecture, and describes the data design associated with the system, as well as the human-machine interface and operational scenarios. The high-level system design is further decomposed into low-level detailed design specifications for each system component, including hardware, internal communications, software, system integrity controls, and external interfaces.

The SDD documents and tracks the necessary information required to effectively define architecture and system design in order to give the development team guidance on the architecture of the system to be developed. Design documents are incrementally and iteratively updated during the system development Lifecycle and includes proprietary contractor material (this excludes proprietary information related to COTS products). Its intended audience is the project manager, project team, and development team. The Contractor shall provide and maintain system design documentation that includes at a minimum:

- A description of each component, their purpose, including basic functions and the business areas supported
- User stories/use cases
- User interface design
- Physical database design
- A module system diagram, including all components, identifying all business process diagrams, data flows, systems functions, and their associated data storage
- Configurations
- Job streams within each module, identifying programs, inputs and outputs, control, job stream flow, operating procedures, and error and recovery procedures.
- A network schematic showing all network components and technical security control
- Listing of the edits and audits applied to each input item and the corresponding error messages.
- Interface Control Documentation
- Narrative descriptions of each of the reports and an explanation of their use must be presented.
- Definition of all fields in reports, including a detailed explanation of all report item calculations.

System Design Document Approach

Conduent provides a System Design Document (SDD) that describes how functional and nonfunctional requirements transform into technical system design specifications from which the system is configured and built. The SDD describes design goals and considerations, provides a high-level overview of the system architecture, and describes the low-level detailed design associated with the system, as well as the user interface and operational scenarios.

Because CMdS is a SaaS offering, we focus on providing design artifacts that specifically address the identified gaps. This is in contrast to ground-up development efforts in years' past, in which we would develop end-to-end architectural, technical, and functional specifications for the entire system during the design phase. We plan to review the changed or added design specifications with DPHHS to obtain your feedback regarding the proposed solution for each gap. Upon approval, we configure, enhance, and test

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the system within the same iteration, so DPHHS can see the results of the changes quickly and incrementally.

System Design Document Highlights

Included below are some highlights of our System Design Documentation:

- Detailed description of the components, associated functionality, supporting features, and configuration
- Design requirements for user stories, use cases, UI design, and database design
- Module diagrams that show the allocation of classes and objects to modules, business process diagrams, data flows, systems functions, and their associated data storage
- Job streams that identify all programs, inputs and outputs, control, job stream flow, operating procedures, business processes, system functions, and error and recovery procedures
- Network schematic showing a visual representation of network architecture
- Information about the edits, audits, and associated error messages
- Interface Control Documentation describing the interfaces of the system
- Listing of all reports, including descriptions, data fields used, explanation of item calculations

DOC15
The Contractor shall develop and maintain a Communication Plan. The purpose of the Communication Plan is to provide a description of the communication that will occur on the project and how it will be managed. This includes details about various types and means of communication, communication channels, communication flow within the organizational structure, escalation, guidelines for meetings, dissemination of knowledge, and communication effectiveness. The Communication Plan shall ensure that the communication approach addresses communication across multiple vendors. Effective communication is a key element for the success of the project.

Communication Plan Approach

The Communication Plan defines the standards and processes for formal and informal communication used to support the successful completion of the project. It establishes a routine communication approach that keeps DPHHS, Conduent team members, and other stakeholders informed in a timely and accurate manner. Figure 4.2.7-4 shows our process flow for communication management, as is depicted and elaborated upon in our baseline Communication Plan.

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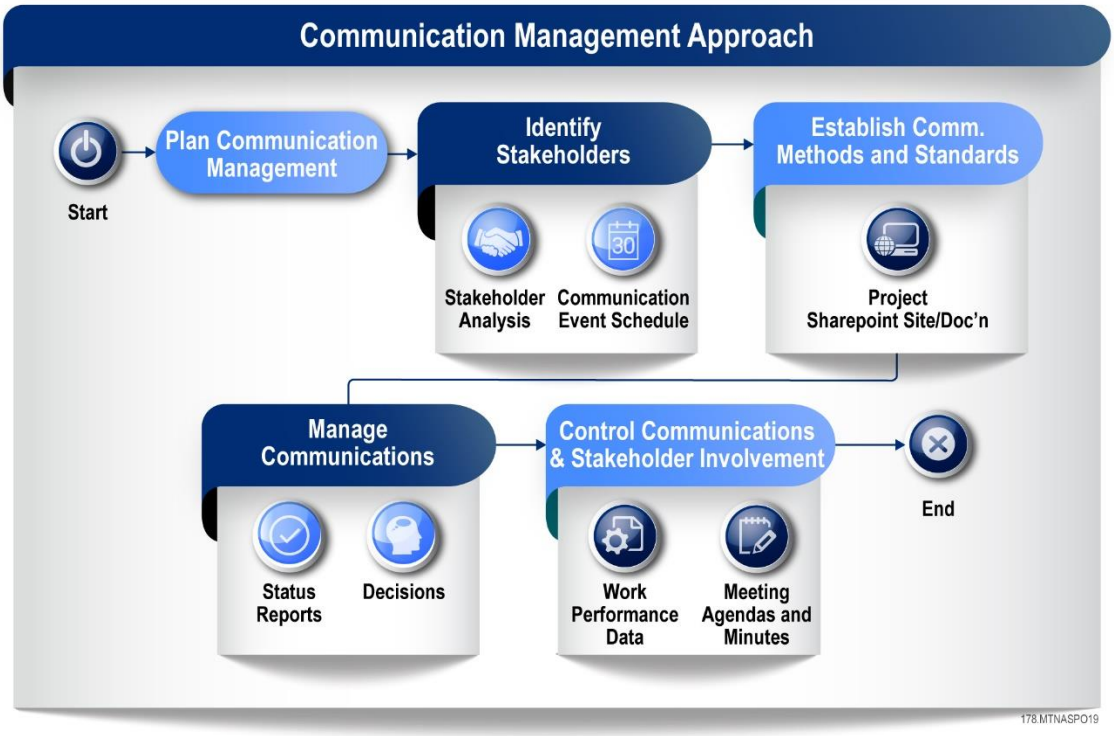

Figure 4.2.7-4. Communication Plan Process Flow
Our approach to communication management is carefully planned and stakeholder-oriented.

Our Project Manager oversees that communication events, such as status reports and meetings, are planned, documented, and executed according to the Communication Plan. The Project Manager works with the Department to continually update the Stakeholder Analysis and confirm stakeholders are receiving the right levels and types of communication to support their involvement. Delivering messages and statuses that are timely, accurate, and meaningful to demonstrate agreed upon communication processes are being followed.

Communication Plan Highlights

Included below are some highlights of our Communication Plan:

- Description of communication events, frequency, and management approach
- Contents of status reports, standards for heat map indicators, and the frequency of delivery
- Guidelines such as email signatures, telephone etiquette, and proper terminology
- Stakeholder analysis to analyze which stakeholders receive what information when and how
- Events schedule to document formal communication events, such as governance and meetings, across the project
- Approach to governance and facilitating effective communication across multiple vendors
- Guidelines for communication means, protocols, channels, and timing
- Escalation procedures

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DOC16

The Contractor shall develop and maintain a Quality Management Plan. The Quality Management Plan identifies the quality standards for the project and how quality standards are measured. It includes the process steps and quality tools that will be used (e.g., templates, standards, and checklists).

Quality Management Plan Approach

Our Quality Management Plan provides a full range of quality assurance and quality control processes that we apply to our work throughout the various phases of the project. Our long history of systems implementation and operations brings structured processes for quality, the accuracy of documentation, resolution of issues, adherence to your SLAs, and continuous process improvement.

The Quality Management Plan details the management strategy for continually planning for, governing, promoting, implementing, and improving quality in all project activities. Quality activities begin with defined and measurable performance standards and goals that apply not only to activities and operations, but also to all documents and deliverables. Our overall process flow, presented and elaborated upon in the Quality Management Plan, is shown in Figure 4.2.7-5.

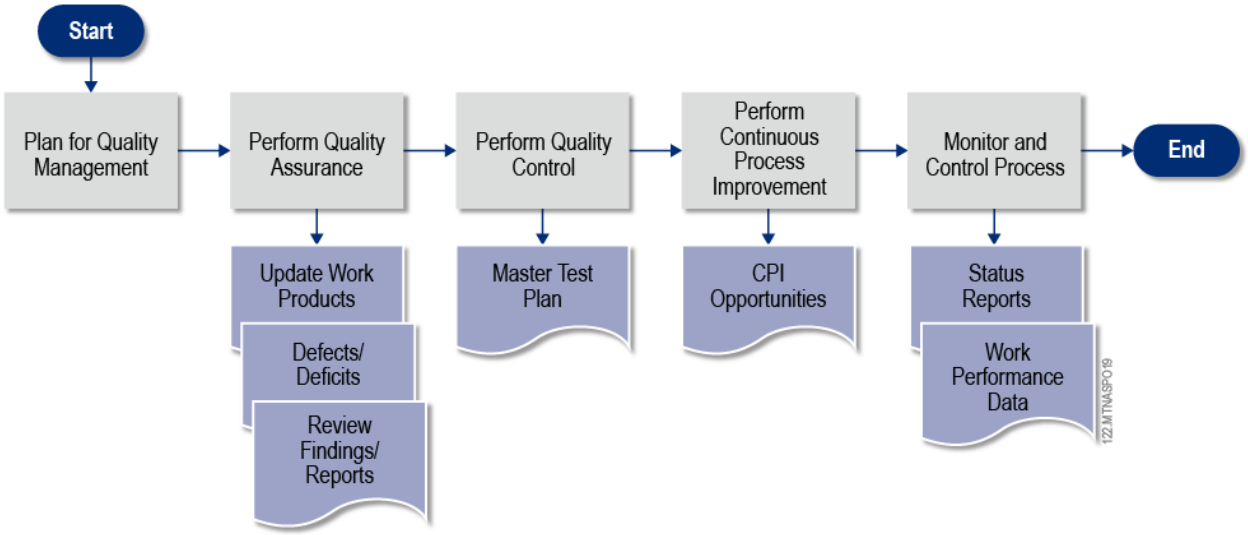

Figure 4.2.7-5. Quality Management Process Flow

Our approach to quality management is comprehensive and spans the duration of the contract.

Quality management processes form the basis for many quality practices and improvement opportunities to be applied throughout the project phases to our modules, our services, our process execution, and our documentation. We have quality workbooks that are used to schedule, resource, and track quality review activities and findings. We measure quality through test results, metrics reporting, defect tracking, stakeholder feedback on deliverables, and meeting project requirements.

This constant focus on quality is the foundation of our operational approach, and the services we provide to the Department and its stakeholders. Our quality management approach helps us to function consistently and efficiently across the scope of work for the project.

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Quality Management Plan Highlights

Included below are some highlights of our standard Quality Management Plan:

- Quality Management Overview
- Peer Review processes, to check documents and solutions for content completeness, accuracy, and alignment to requirements
- Document Quality Assurance procedures, to check document-based deliverables for writing quality, clarity, and template adherence
- Process Quality Assurance procedures, to oversee accurate and complete execution of our project management and system development processes
- Quality control discussion, to provide an overview of quality control (testing) activities, measures, monitoring, and reports; and how we test our solutions for fidelity to standards for data exchanges, telecommunications, interfaces, and single sign-on requirements
- Performance monitoring reviews, measures, and reports
- Continuous process improvement steps
- Supporting processes, such as issue and risk management and responding to problems identified by the Department
- Roles and responsibilities in performing quality activities, in the form of a Responsible, Accountable, Consulted, Informed (RACI) Chart
- Supporting procedures, checklists, and workbooks for quality analysts and team members to perform their quality tasks, record and resolve deficits, and report findings

DOC18
The Contractor shall develop and maintain a Change Management Plan. The Change Management Plan must include the following elements.
a. Tools to support change management
b. Change management process steps
c. Escalation process
d. Training
e. Roles and Responsibilities

Change Management Plan Approach

Our Change Management Plan includes the processes to identify, assess, and disposition changes to project scope, requirements, timelines, etc. The baseline Change Management Plan we maintain in our Project Management Methodology includes tools to support change management, best practices, change management process steps, escalation procedures, training, roles and responsibilities, and industry project management standards.

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It is aligned with the Project Management Body of Knowledge (PMBOK Guide) as a component of Project Integration Management and Project Scope Management knowledge areas. Through this alignment, we establish a structured, repeatable process to effectively manage and incorporate project scope changes. We have applied our mature and proven change management process in other large state projects similar in scope to the Claims Processing and Management Services project to make sure proposed changes are fully vetted, analyzed, sized, prioritized, and approved prior to implementation. Our process for Change Management is presented in Figure 4.2.7-6 below.

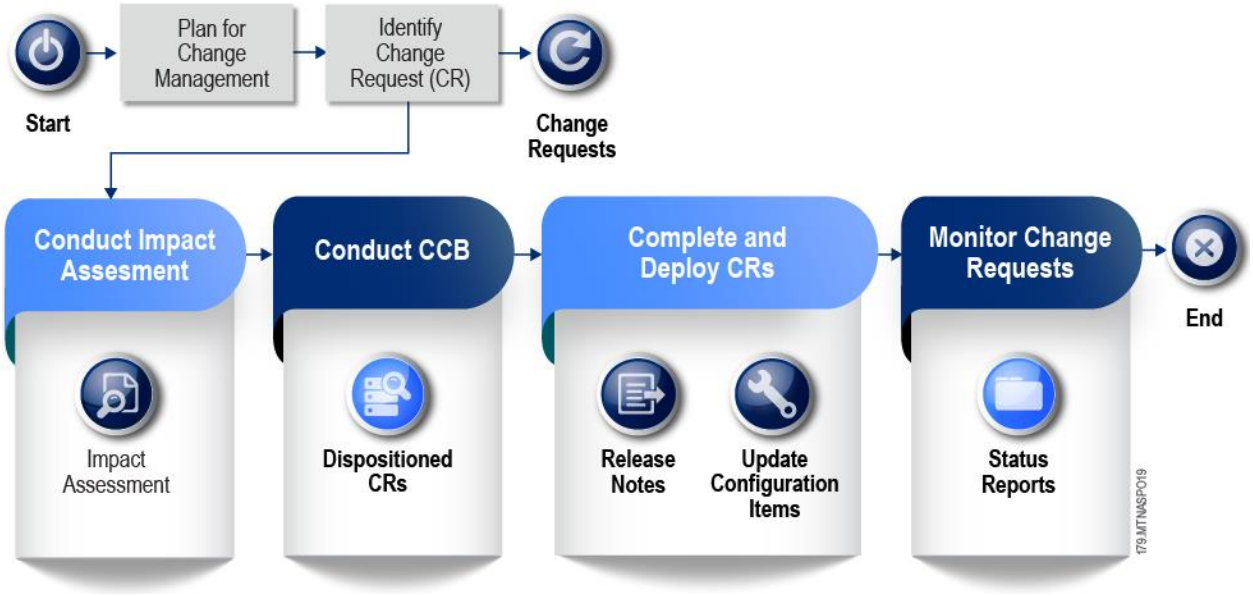

Figure 4.2.7-6. Change Management Process Flow
Our approach to change management focuses on impact assessment.

Change Management Plan Highlights

Included below are highlights of our Change Management Plan:

- Description of change management tools used in the project, including SharePoint and Azure DevOps
- Informative metadata fields used in the Change Request list in SharePoint
- Change management approach for process steps and escalation procedures
- Specialized training for change management
- Key personnel roles and responsibilities in the form of a Responsible, Accountable, Consulted, Informed (RACI) Chart
- Discussion of change control board processes

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DOC19

The Contractor shall provide and maintain Technical Documentation including written description of module component(s) design, function and architecture that will provide guidance to system developers. Additionally, the Contractor must include a detailed list of all environments, each environments' IT technologies including software, middleware, hardware, utility applications, development tools, testing tools, and provides detailed information on the programming languages and protocols used.

Technical Documentation Approach

We provide clear and updated technical documentation throughout the life of the project. We know that up-to-date technical documentation is paramount to deploying and maintaining a high-quality solution. Our technical documents communicate design information, architecture decisions, environments, software, tools, and other critical aspects of the CMdS product.

Our approach for developing technical documents includes:

- Establishing expectations for the types of documentation needed and content of each document to adequately specify the technical solution
- Storing the documentation in Microsoft SharePoint and gaining both document quality assurance and technical peer reviews on content to assure accuracy and clarity
- Providing the right information to gap developers, infrastructure engineers, and other analysts in order to configure and build the right solution for Montana

Technical Documentation Highlights

Included below are some highlights of our Technical Documentation:

- Inclusion of typical characteristics of module components design, function, and architecture
- Description of each environment used as part of the project and the technologies, applications, and tools used to support the environment
- Index of programming languages and protocols used for each module

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DOC21
The Contractor shall provide a Solution Architecture Document. The Solution Architecture Document includes a technical explanation of all aspects of the solution including detailed architectural diagrams, data flows, component specifications, SaaS, COTS products and hosting environment details. The document will include architectural tradeoffs using the Architecture Tradeoff Analysis Method (ATAM) method or other suitable method for evaluating the proposed platform architecture relative to the enterprise goals to identify risks that would inhibit the achievement of Agency's business goals.

Solution Architecture Document Approach

We develop a Solution Architecture Document as part of our standard system development methodology. The document describes the IT solution design for the Claims Processing and Management Services project. The purpose of the Solution Architecture Document is to:

- Communicate the end-to-end IT solution to all stakeholders
- Provide traceability of the solution back to business requirements and reference architecture
- Provide all views of the solution required for design, build, testing, and implementation
- Define impacts of the solution for estimation, planning, and delivery purposes

The document captures decisions made in conjunction with Conduent's Architecture Review Board and factors that were considered in those decisions.

Solution Architecture Document Highlights

Included below are some highlights of our Solution Architecture Document:

- Detailed and technical explanation of all aspects of the solution
- We create our architectural design artifacts in standards such as UML, BMPN, and Archimate to represent the component specification, business flows, system design, and integration aspects in detail
- Drivers and constraints of the solution – defines the purpose and goals of the project along with the constraints of the solution including:
  - Project overview
  - Reference architectures
  - Business context
  - Requirements
- Conceptual solution – defines the conceptual architecture by depicting the current and target state in a more abstract view
- Logical solution – specifies the solution using the various architecture views
- Solution delivery – specifies the delivery approach and assessment of the solution including:
  - Delivery considerations
  - Architecture assessment
  - Impacts assessment

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- The Solution Architecture document clearly captures design details such as:
  - Agency's goals
  - Quality of Service requirements
  - Case, Logical, Process, Deployment, and Implementation Views
  - Nonfunctional requirements
  - Architectural tradeoffs
  - Alternative design considerations

DOC22
The Contractor shall develop and maintain a Defect Management Plan that describes the process of submitting, monitoring and resolving defects. The plan will detail the following:
a. Approach and tools utilized to assign, identify, prioritize, track, resolve, and test system defects.
b. Approach to defect severity categorization using an industry standard methodology.
c. Approach to reporting and documenting defects.
d. Describe how the Contractor will work collaboratively with other State healthcare programs enterprise vendors.
e. Describe the defect management processes related to all test types and levels in the RFP (e.g., the relationship between defect resolution and the coordinated test case execution).
f. Describe the defect management processes after implementation.

Defect Management Plan Approach

Our Defect Management Plan includes the processes to identify, submit, assess, triage, assign, monitor, resolve, and retest system defects throughout the project. The plan includes a consistent, streamlined, accountable, and detail-oriented approach to defect management using our Web-based lifecycle management tool, Azure DevOps.

The Defect Management Plan describes our overall approach to the correction process, which consists of a series of sequential steps, shown in Figure 4.2.7-7.

Figure 4.2.7-7. Defect Process Flow
Our approach to defect management focuses on capturing the details of the issue so it can be resolved and retested expeditiously.

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Conduent applies this cycle consistently to all types of testing and all testing phases required by the RFP. By applying a standard defect management and correction process to all types of testing, we reduce the learning curve for test processes and facilitate easy setup and maintenance of the test management tool and related reporting.

When a test is executed and discrepancies exist between the predicted results and the actual results, the test analyst enters a defect in Azure DevOps. The defect log captures all necessary information to identify and resolve defects, such as functional area, severity, steps to reproduce, status, and iteration. Testing is an iterative process and as defects are found, the software or processes are amended, and the test is re-executed. Defects discovered during test execution are tracked using integrated defect tracking and test management tools.

When entering a defect, a severity is assigned to alert staff of the relative need for immediate action to correct the defect. The highest severity indicates no further testing can be completed on this function until the defect is corrected. Particular attention is paid to these defects, as they can affect the testing schedule if not given immediate consideration. The lowest severity indicates the defect does not hinder further testing but does need correction.

We leverage the defect management protocols from our QMS and tailor them to align with your needs, especially with respect to cross-contractor ranking nomenclature and SLAs. Our defect severity ranking template and definitions are identified in Table 4.2.7-1.

Table 4.2.7-1. Defect Severity Rankings, Definitions, and SLAs (if required) Template

Ranking	Definition	SLA (if required)
1 – Critical	The defect impacts the current function being tested, other functions within the component, and/or functions in other components. The test analyst cannot continue to execute the current test case. No workaround is available. Other test cases may be affected. Examples include a user interface is not available, the create function is not available, or reference data is not available.	Fixed within [X] hours
2 – High	The defect only impacts the current function being tested. The test analyst cannot continue to execute the current test case. No workaround is available. Other test cases are not affected. Examples include the test analyst can enter data for an inquiry but cannot select the data from a list box or specific calculations within a function return incorrect results.	Fixed within [X] hours [or X calendar days]
3 – Moderate	The incident has a minor impact on functionality. The test analyst can continue to execute the current test case. One example is a missing value in a drop-down list.	Fixed within [X] calendar days
4 – Low	The incident does not impact functionality. The test analyst can continue to execute the current test case. Examples include misspellings of field names or incorrect tab order on the web page.	Fixed within [X] calendar days

Routing rules for defect assignment and processing are established by the project and configured by the tool administrator. We create defects in Azure DevOps, and we triage and assign them to the team or person responsible for resolution based on the functional or topic area. Management staff track testing progress reports and defect resolution metrics generated by the tool to confirm that anomalies are

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corrected and retested in an efficient manner. Defects are retested to confirm actual results match the expected results outlined in the test cases.

Defect Management Plan Highlights

Included below are some highlights of our Defect Management Plan:

- Description of tools used in the defect management process
- Overview of the defect management process throughout the life of the project
- Inclusion of defect severity rankings and their definitions
- Reporting tools and actions
- Approach for handling defects that result from UAT
- Approach for handling defects that potentially affect other MPATH module contractors

DOC24

The Contractor shall submit and maintain a Staffing Plan as part of the Project Management Plan. The Staffing Plan must include:
a. Identify the roles and responsibilities by resource type throughout all phases of the contract, including identifying key and non-key personnel as well as FTE allocation for all personnel.
b. Staffing Levels (estimated by resource type by phase for the duration of the project) to be reported in the Resource Allocation Matrix.
c. Detail how the staffing levels shall achieve consistent, dependable service regardless of changes that may influence work volume.
d. Detail differentiated by Proposer staff, subcontractor staff, if applicable, and State project staff.
e. Identify total hours to be expended, per phase or effort, and for the entire project, by Proposer staff and by State project staff.
f. Tools and processes used to screen available staff and fill positions.
g. Expectations regarding onsite time for contractor resources
h. Process for temporarily and permanently replacing vacancies in key personnel and other manager/lead positions consistent with staffing SLAs.

Staffing Plan Approach

The Staffing Plan aligns with the PMBOK Guide processes for Resource Management and covers the staffing approach and structure we propose to meet the requirements and level of effort for each task and phase of the Claims Processing and Management Services project. It includes proven strategies for both monitoring and improving staff performance, it helps us to continually meet the organizational and staffing needs of the project, and it supports our quality performance. Our overall process flow for resource management is shown in Figure 4.2.7-8.

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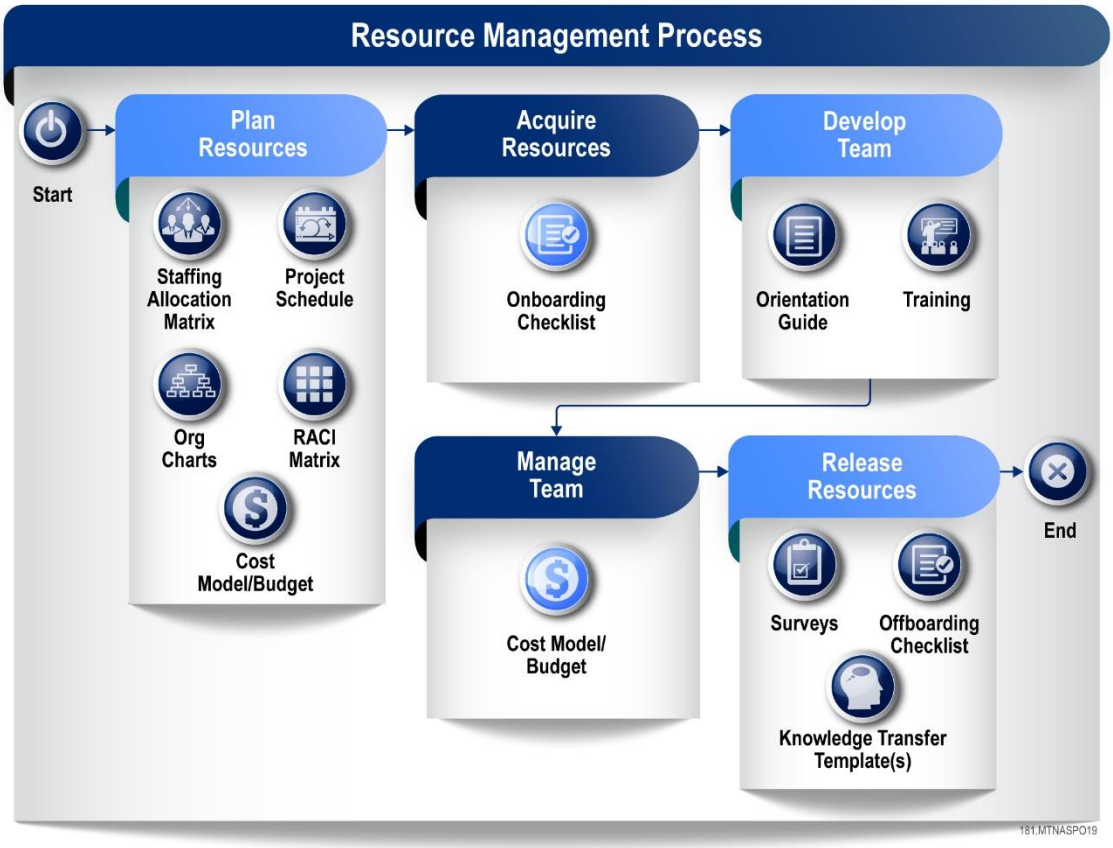

Figure 4.2.7-8. Resource Management Process Flow
Our approach to resource management results in the right number and type of staff to accomplish project objectives.

The Staffing Plan helps Conduent identify the individuals that are assigned task ownership and responsibilities in the Project Work Plan. The roles and responsibilities, by resource type, are documented throughout each of the individual deliverable plans.

The Staffing Plan establishes the appropriate staffing levels that comply with RFP requirements to fully support the operations for the new contract period. It evaluates the current level of services provided, the future level of services being requested, and the necessary staffing to support those activities. It also details how staffing levels might be organized and physically located to provide optimal support to the Claims Processing and Management project and the Department. Additionally, the Staffing Plan identifies the tools and processes used to screen available staff and fill positions and vacancies.

Staffing Plan Highlights

Included below are some highlights of our standard Staffing Plan:

- Provides a matrix of all key and non-key staff and FTE allocation
- Includes Conduent, subcontractor and State staffing levels for every phase of the project
- Approach to providing consistent staffing levels

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- Estimated number of hours per project phase and for the whole project
- Staffing procedures, including replacing vacancies

DOC26

The Contractor shall develop, submit and maintain a Master Test Plan that describes the Contractor's plan for all testing activities, processes, types and levels. Testing must be as automated and self-documenting as possible (e.g., continuous unit testing). At a minimum, the Master Test Plan must address the following:

a. Overall testing strategy for the following testing types: unit testing, system testing, integration testing, regression testing, parallel testing, performance and load testing, manual and automated and/or scripted testing, disaster recovery and end-to-end integration testing of COTS products if any.

b. Approach to planning and preparing the test/staging environment

c. Approach to conducting each test level.

d. Approach for supporting UAT.

e. Approach for testing nonfunctional requirements.

f. Approach to test documentation (e.g., test cases, test scripts, test case matrices added as design progresses).

g. Approach to quality control/quality assurance.

h. Approach to bi-traceability to requirements and design.

i. Tools, techniques, and methods.

j. Reporting mechanisms, traceability and metrics.

k. Defects and defects resolution.

l. Entrance and exit criteria for each test level including alignment with industry standards.

m. Configuration management for each test level

n. Testing roles and responsibilities

o. Acceptance Criteria shall include but is not limited to; no high or critical defects in code released to production and production releases will not be promoted if more than 5% of requirements have an open defect

Master Test Plan Approach

The Master Test Plan describes the approach considerations, test planning, and types of testing that are conducted; the testing deliverables, tools, and processes used; and the roles and responsibilities associated with testing activities. The document first details activities common to all test phases and then defines each test phase at a high level. Prior to initiating the test execution for each phase, a phase level detailed test plan is developed, reviewed, and submitted to the Department for approval. The detailed information specific to individual test phases, such as industry standard entry criteria; specific tasks that occur within the test phase; roles and responsibilities specific to the phase; and industry standard exit criteria, is provided in the specific phase-level test plan documents. These phase-level test plans are then used to manage and track progress throughout the respective test phase.

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Master Test Plan Highlights

Included below are some highlights of our standard Master Test Plan:

- Testing strategy for all testing types, unit testing, system testing, integration testing, regression testing, parallel testing, performance and load testing, manual and automated and/or scripted testing, disaster recovery, and end-to-end integration testing
- Structure, criteria, environments, and standards that define how testing is conducted and how the results are documented for all test types and levels
- Our comprehensive testing approach includes:
  - Planning and configuring the test/staging environment
  - Conducting each test level
  - Supporting the Department's UAT testing efforts
  - Testing nonfunctional requirements
  - Providing test documentation
  - Field-tested quality assurance methodology and controls
  - Bi-directional traceability to requirements and design
  - Testing tools, techniques, and methods used as part of our testing efforts
  - Comprehensive reporting solution
  - Defect management
  - Rigorous criteria consistent with industry standards for entrance, exit, and acceptance management

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DOC28

The Contractor shall develop in collaboration with the Department, a System Test Plan that describes the Contractor's System Testing approach and includes at a minimum the following:

a. Test Coverage
b. Walkthroughs and Inspections
c. Test Data Considerations
d. Entrance Criteria
e. Exit Criteria
f. Configuration Management
g. Testing Documentation
h. Process Steps
i. Inputs to System Testing
j. Outputs for System Testing
k. Metrics
l. Pass/Fail Criteria
m. Suspension Criteria and Resumption requirements
n. Testing Deliverables
o. Testing activities
p. Resources, Roles and responsibilities
q. Testing Tools
r. Meetings and Communication
s. Acceptance Criteria shall include but is not limited to; no high or critical defects in code released to production and production releases will not be promoted if more than 5% of requirements have an open defect.

System Test Plan Approach

System testing demonstrates that the CMdS solution is fully functional. System testing identifies data entered into the system, follows the data through processing, and demonstrates the data is included in output reports and processes – otherwise known as end-to-end testing. With our agile SDLC, we conduct system testing iteratively and incrementally, with various system tests building on prior tests. System testing culminates with exhaustive end-to-end test cases executed after the sprints are complete.

System testing is guided by our System Test Plan, which describes the processes and standards for system and integration (end-to-end) testing. It supports the overall process in the Master Test Plan and provides methods and reporting consistent with other test plans.

System Test Plan Highlights

Included below are some highlights of our standard System Test Plan:

- An overview of the test plan, the goals/objectives, assumptions, and any known risks, dependencies, or constraints
- Test coverage listing all test items and features to be tested

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- Approach, instructions, and considerations for:
  - Walkthroughs and inspections
  - Test data considerations
  - Entrance and exit criteria
  - Configuration management
  - Testing documentation
  - Process steps and testing activities
  - Inputs and outputs to system testing
  - Metrics
- Pass/Fail Criteria defining whether the test item has passed or failed testing
- Suspension criteria to define when to suspend testing activity and resumption requirements that define when testing can resume
- Test deliverables including test cases, scripts, defect and enhancement logs, and test result reports
- Key staff roles and responsibilities in the form of a RACI Chart
- Complete inventory of all tools used for testing
- Test environment properties, tools, and configuration information
- Schedule, specifying key test milestones, and/or a link to the detailed schedule
- Acceptance criteria

DOC29

The Contractor shall provide during the initiation phase of the project and maintain throughout the project, system documentation that at a minimum includes:
• A description of each component, their purpose, including basic functions and the business areas supported
• User stories/use cases
• Screen layouts, report layouts, and other output definitions, including examples and content definitions
• Physical database design
• A module system diagram, including all components, identifying all business process diagrams, data flows, systems functions, and their associated data storage
• Configurations
• Job streams within each module, identifying programs, inputs and outputs, control, job stream flow, operating procedures, and error and recovery procedures.
• A network schematic showing all network components and technical security control
• Listing of the edits and audits applied to each input item and the corresponding error messages.
• As applicable, listing and description of all control reports
• Interface Control Documents
• Narrative descriptions of each of the reports and an explanation of their use must be presented.
• Definition of all fields in reports, including a detailed explanation of all report item calculations.
• Operations Procedure Manual
• Data Dictionary

System Documentation Approach

We provide the Department with a copy of our base CMdS system documentation during the initiation phase of the project. We then update it throughout the project as changes are made to the system. System

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Documentation is a reference tool for system users to get better acquainted with the system and its functionality. It is supplemented by training materials and other process documentation.

Our System Documentation includes a variety of specifications that describe the functionality of the system adequately and completely. The Operations Procedure Manual is included as part of the system documentation. It benefits both new and experienced staff during initial training and as a reference on the operation and use of the CMdS solution. We store and maintain system documentation in the project's SharePoint site.

System Documentation Highlights

Included below are some highlights of our CMdS System Documentation:

- Detailed description of each component, along with its functionality, supporting features, and configuration
- Use cases describing use of the system to achieve business goals
- User stories, including a high-level definition of the requirements, for base features and any identified gaps
- Specifications of user interface (screen), report, and letter layouts, and output definitions
- Listing of all reports, including descriptions, data fields used, explanation of item calculations
- Diagram of the database design
- Workflow diagrams for system components, functions, processes, etc.
- Information about the edits, audits, and associated error messages
- Diagram of network components
- Interface control documents describing system interfaces
- Inclusion of Operations Procedure Manual and Data Dictionary

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DOC37

At least twelve (12) months before the start of the final Contract year (including option years that have been exercised) the Contractor shall provide, a Turnover Plan to the Department. The Plan will include:
a. Proposed approach to turnover.
b. Tasks and subtasks for turnover.
c. Schedule for turnover.
d. Updated operational tasks and procedures during turnover.
e. Description of vendor coordination activities that will occur during the turnover task and implementation of the activities to ensure continued system and services as deemed necessary by the Department.
f. List of incomplete tasks, such as system defects, modifications or enhancements, mass adjustments, reference updates, and configuration requests.
g. A detailed description of the services that would be required by another Contractor to fully take over system, technical, and business functions outlined in the Contract. The description shall also include an estimate of the number and type of personnel required to support the technical platform and supporting services.
h. The data and documentation shall be organized in a format required by the State (e.g., by provider unique ID and provider name).

Turnover Plan Approach

Conduent recognizes the importance of turnover activities that are both carefully planned and properly executed. We believe that an effective and efficient service delivery turnover at the end of the project is vital to help preserve our relationship with the Department.

Conduent's Turnover Plan includes a section dedicated to communication planning. The communication strategy serves as a roadmap to establish and maintain open communication channels and formulate guiding principles that support a cooperative and seamless transition to the successor contractor. Our Turnover approach embraces a philosophy of cooperation and communication.

The Turnover Plan defines roles and responsibilities for turnover staff, including the Turnover Manager, who has direct oversight of the design, development, implementation, and maintenance of the plan. The Turnover Manager is responsible for overseeing that each deliverable is completed, and each milestone is met according to the requirements of the Turnover Plan. We provide the Turnover Plan to the Department at least twelve 12 months before the start of the final Contract year.

Turnover Plan Highlights

Included below are some highlights of our standard Turnover Plan:

- Approach to turnover activities to promote communication and a spirit of genuine cooperation between Conduent, the Department, and the successor contractor
- Description of turnover artifacts such as checklists, knowledge transfer templates, and reports
- After a turnover date has been identified, we identify the turnover tasks and subtasks that must be completed to successfully turn over the project to DPHHS and the successor contractor
- Turnover schedule approved by the Department

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- List of the operational tasks, procedures, and resources required to keep the project working smoothly
- Approach to vendor management and coordination
- List of incomplete tasks, if any, along with estimated dates of completion
- Complete description of services needed to operate the project after the turnover has been successfully executed
- List of data and documentation subject to turnover, organized according to the requirements

DOC38

The Risk Management portion of the Project Management Plan must describe at a minimum:
a. Proactive identification and analysis of risks before they become issues.
b. Development of risk avoidance, transfer, mitigation or management strategies.
c. Approach to monitoring, communicating, reporting of risk status including procedures for documenting, resolving, and reporting issues and risks identified by the Contractor, the Department or other project contractors.
d. Approach to root cause analysis.
e. The appropriate methods, tools, and techniques for active and ongoing identification and assessment of project risks.
f. Describe how risks will be quantified and qualified.

Risk Management Plan Approach

The early identification of risks provides the basis for effective mitigation and minimization of potential impact. The purpose of the Risk Management portion of the Project Management Plan is to establish a structured, repeatable risk management process that guides our team to effectively identify and mitigate the impact of risks to the project.

Our risk management process is PMBOK Guide-aligned and includes identification of risks by all team members in the project's SharePoint site; analysis of risks by completing fields such as probability, severity, and level of control; mitigation and contingency planning; implementing risk responses, and risk monitoring through to closure. Our approach to risk management is presented in the process flow in Figure 4.2.7-9.

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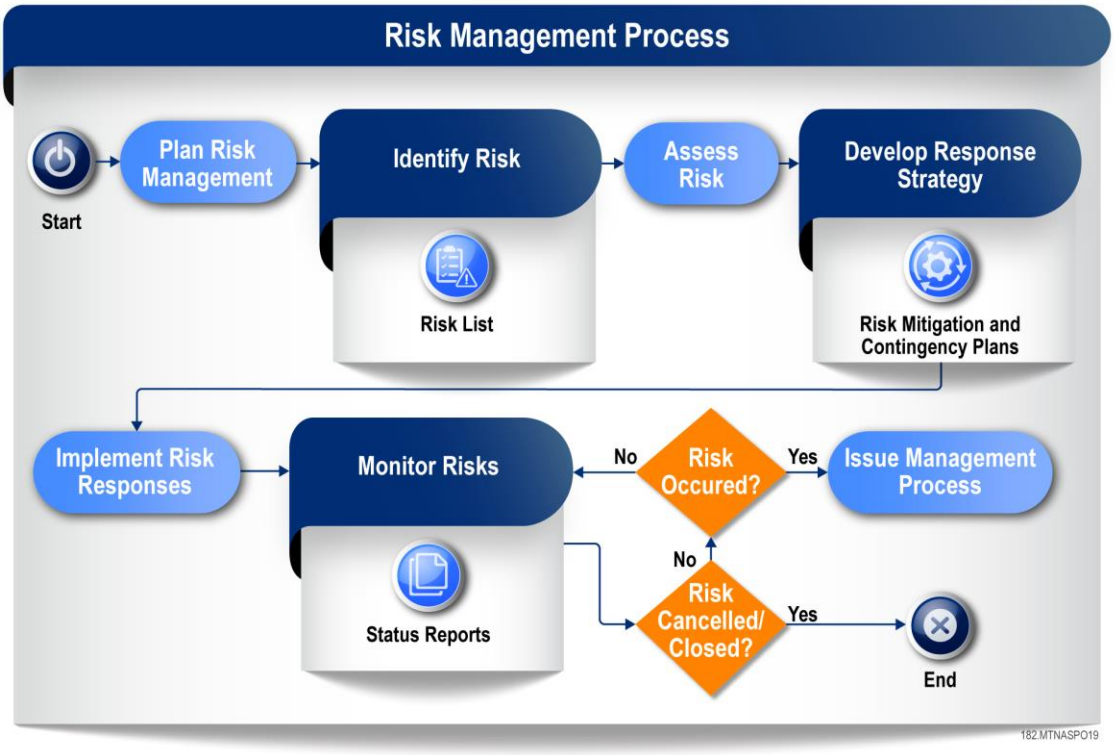

Figure 4.2.7-9. Risk Management Process Flow
Our approach to risk management includes early identification and mitigation to minimize the negative impact on the project.

Our Risk Management strategy maximizes the probability and consequences of positive events and minimizes the probability and consequences of adverse events to project objectives. This approach promotes project-wide identification of risks and continual risk monitoring in order to maximize the probability of project success.

Risk Management Plan Highlights

Included below are some highlights of our standard Risk Management Plan:

- Description of initial risk assessment and analysis done during project startup to identify specific project risks, overall project risks, and areas of complexity
- Explanation of the development of risk response strategies including:
  - **Avoidance.** Risk avoidance involves changing the project plan to eliminate the risk or condition to protect the project objectives from the risk's impact.
  - **Transference.** Risk transference involves shifting the impact of a risk event and the ownership of the risk response to a third party.
  - **Mitigation.** Risk mitigation reduces the probability or impact of a potential risk to a more acceptable level.
  - **Acceptance/Contingency Planning.** This strategy refers to accepting a risk for which there is no method of mitigation or which management decides there will be no proactive response.

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- Ongoing management and monitoring of risks throughout the life of the project, revisiting risk attributes regularly for potential changes
- Performance of root cause analysis, which provides a systematic process for identifying root cause of problems or events and an approach for responding to them to prevent future recurrence
- Overview of risk management tools and methodology, including documentation review, root cause analysis, etc.
- Description of the process of quantifying and qualifying risks that have been identified and developing the data that will be needed for making decisions as to what should be done about them

DOC 39
The Contractor shall develop comprehensive Desk Level Procedures which provide guidelines for the operation and use of the Contractor's solution. At minimum the Desk Level Procedures shall contain policies, processes and workflows for the MPATH module.

Desk Level Procedures Approach

We are committed to developing Desk Level Procedures to provide guidelines for the operation and utilization of the CMdS product. Our Desk Level Procedures are written in a procedural step-by-step format that presents the flow of activity, system navigation, online help, and relevant policies. We develop and maintain Desk Level Procedures in accordance with the documentation and quality standards defined for the project.

Our Desk Level Procedures contain the policies, processes, and workflows for the CMdS product. They are collectively summarized and indexed using the Operations Procedure Manual described in our response to ID Number DOC42. The Operations Procedure Manual helps users understand the purpose and operation of the module and module components for each business process, major program, and functional area. This includes policies, processes, and workflows for the module and module components. We test our procedures as part of the Operational Readiness Reviews conducted prior to implementation, and we update them based on ORR findings.

Desk Level Procedures Highlights

Included below are some highlights of our Desk Level Procedures:

- **Document Control.** We document procedures for claims receipt, imaging, and outgoing mail processing. They cover screening criteria for claims, detailed instructions for using the scanners and mail processing equipment. The document control desk-level procedures also address hard copy retention policies and our courier procedures.
- **Claim Entry.** Conduent uses a combination of OCR and traditional direct data entry. Both procedures and detailed instructions are included in the exam entry desk-level procedures.
- **Claims Resolution.** Our claims resolution desk-level procedures are a combination of navigation and command instructions designed to help the resolutions associates process and adjudicate claims via an integrated workflow. These procedures are coupled with our claims resolutions text to provide a clear set of instructions to cover any situation impacting claims processing.

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- **Provider Inquiry.** Our provider inquiry desk-level procedures outline the steps necessary to log into the phone system and answer phone calls. The procedures also cover the navigation and procedures necessary to answer common provider claim inquiries.
- **Payment.** The claims payment desk-level procedures provide the step-by-step instructions to complete all activities necessary for claims payment and associated financial activities. This includes check writing, payment cycle, account reconciliation, payment recovery, and EFT enrollment.

DOC40
The Issues Management Plan portion of the Project Management Plan must describe at a minimum:
a. Approach to issue management.
b. Issue management process steps including:
-Approach to prioritizing, tracking, escalating, communicating, reporting issues
-Approach to documenting, reporting, and resolving issues identified by the Contractor, the Department or other module contractors.
-Approach to impact analysis.
c. Tools, and techniques for active and ongoing identification and monitoring of project issues.
d. Roles and responsibilities.
e. Describe how issues will be quantified and qualified.

Issues Management Plan Approach

The Issues Management Plan component of the Project Management Plan describes the approach, management process, and tools used to identify, log, track, and resolve issues throughout the project. It describes the roles and responsibilities, communication processes and protocols, and how issues will be quantified (e.g., severity and priority ranking), qualified (using fields such as impact area and team), and reported to DPHHS.

The Issues Management Plan provides guidance for addressing, analyzing, and resolving issues. We take a proactive approach to identify issues, assessing them, and swiftly mitigating or resolving them to minimize the impact on the project's success.

Our issue management approach illustrated in Figure 4.2.7-10 is a continual process executed throughout the contract. It includes categorizing and prioritizing issues, identifying a path to resolution, and resolving issues completely and timely.

Figure 4.2.7-10. Issue Management Process
Our issue management approach enables continual identification and monitoring issues throughout all project phases.

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The Issues Management Plan is modified to meet the unique needs of the Department and the project and is submitted to the Department for approval upon completion. Conduent has a set of integrated management processes that are consistent with industry best practices, and we plan to conduct an integrated planning exercise to configure those processes to maximize project success.

Issues Management Plan Highlights

Included below are some highlights of our standard Issues Management Plan:

- Issue management process steps include:
  - Issue identification, categorization, recording, assignment, and prioritization
  - Tracking, monitoring, and reporting on issues to resolution
  - Communicating issue status
  - Issue maintenance and escalation
- Approach for documenting, monitoring, and reporting on issues using the project's SharePoint site
- Identified issues are resolved and managed according to the established plan and procedures
- Our approach to impact analysis which describes the tools and methods used for issue identification and tracking, keeps track of roles and responsibilities, and describes how issues are categorized
- Roles and responsibilities in the form of a RACI Chart

DOC41
The Contractor shall provide a Deliverable Expectations Document (DED) for each deliverable that describes the purpose, content, applicable MECT minimum required content and industry standards (e.g., PMI, IEEE/ISO, CMS XLC) that are satisfied for each Deliverable. Each DED is a deliverable.

Deliverable Expectations Document Approach

During project initiation and planning, Conduent works with DPHHS to create a Deliverable Expectations Document (DED) for each project deliverable specified in the RFP. The DED details the objective, scope, key milestones, content description, location, constraints, and assumptions for each deliverable. The DED captures and affirms our mutual understanding of the requirements, required industry standards, approval process, and acceptance criteria for the deliverables we generate and submit to you throughout the project.

In the DED, we also capture the review cycle that will be enforced for each deliverable. We understand and agree with the Department's approach that deliverable review cycles should be adjusted based on deliverable complexity with staggered review times to assure both timely implementation of key processes and adequate time for a through DPHHS review. Some deliverables, like the DEDs themselves, will only need a couple of days of review and revision. Others, such as the Security Plan, may need as many as 20 days and several review cycles. We set forth the plan for each deliverable's review cycle in the DED so that we mutually agree to the process and timeline before we start work on the deliverable.

Figure 4.2.7-11 provides a sample DED template.

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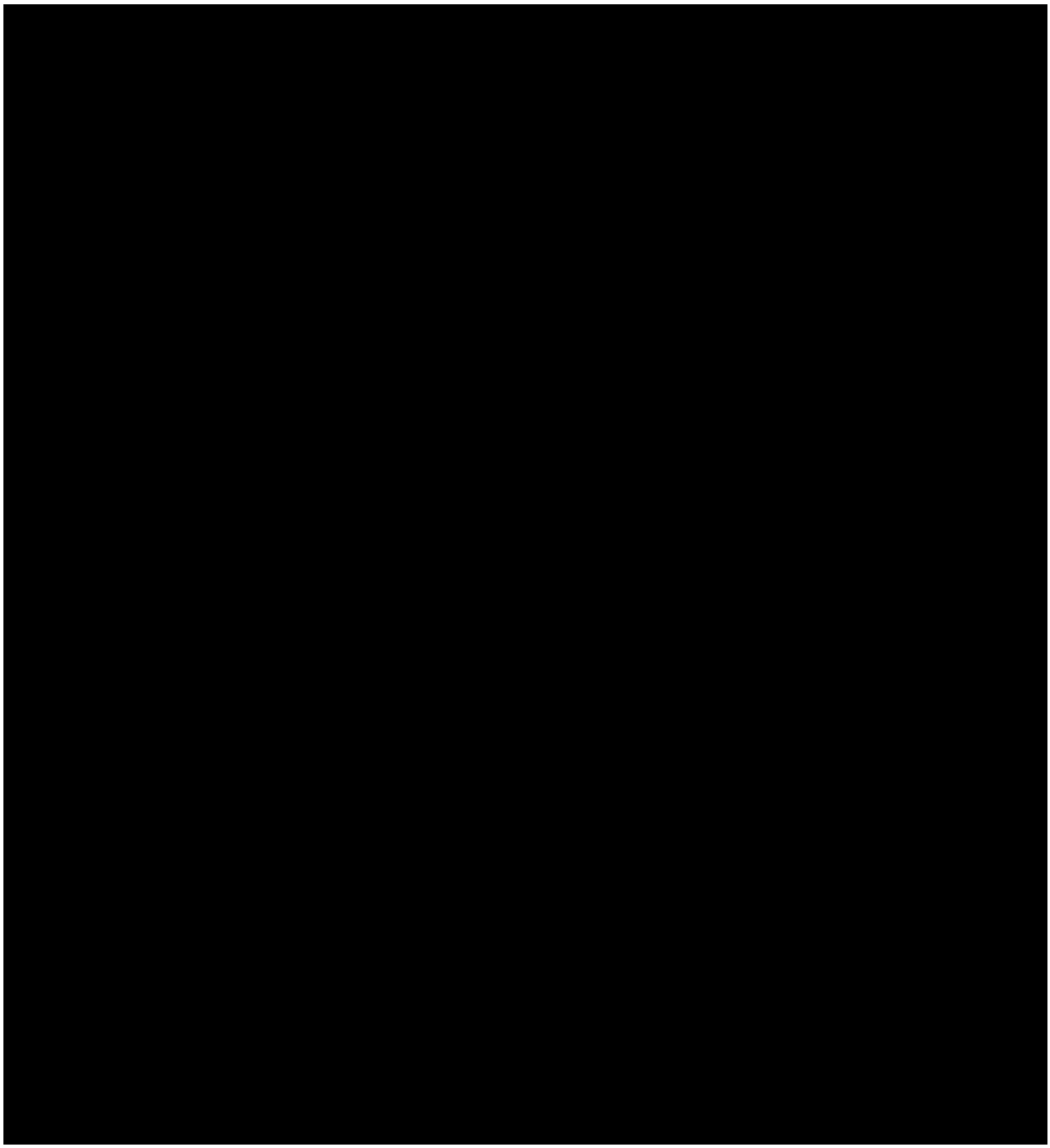

Figure 4.2.7-11. Setting Deliverable Expectations Yields Faster Review Cycles
We reduce the potential for rework by establishing deliverable expectations upfront.

Deliverable Expectations Document Highlights

Included below are some highlights of our standard Deliverable Expectations Document:

- Describes the purpose and pertinent information regarding the deliverable
- Describes the content of the document, including purpose, objectives, and scope
- Includes deliverable outline, including planned headings

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- Includes acceptance criteria used for the deliverable
- Describes the MECT minimum required content and industry standards related to the content

DOC42
The Contractor shall develop a comprehensive Operations Procedure Manual which shall provide guidelines for the operation and use of the module and/or module component(s). At minimum the Operations Procedure Manual shall contain policies, processes and workflows for the module and/or module component(s).

Operations Procedure Manual Approach

We develop a comprehensive Operations Procedure Manual that benefits both new and experienced staff during their initial training and ongoing as a reference on the operation and use of the CMdS product. The Operations Procedure Manual references desk level procedures for daily operations, workflows, and relevant policies. The *Operations Procedure Manual* provides guidance for staff resources to perform their functions correctly and efficiently.

We "test" the manual and its included procedures during operational readiness review, making refinements based on any deficiencies identified. We also maintain the manual online in SharePoint and update it with system changes, operational improvements, and program/policy changes.

Operations Procedure Manual Highlights

Included below are some highlights of our Operations Procedure Manual:

- Includes policies relevant to the module and/or module components
- Describes the processes and procedures required to operate the module and/or module components
- Illustrates workflows for the module and/or module components

DOC44
The Contractor shall maintain Attachment L- Technology Matrix and deliver annually for the Department for review.

Along with the proposal, we provide Attachment L – Technology Matrix. The matrix includes the technology being proposed for the project, including product type, operating system, licensing, number of seat(s), hosting strategy, cost information, and renewal information. It also provides the detailed hardware and software information according to the instructions provided in Attachment L. We maintain the Technology Matrix on the project's SharePoint site and deliver it annually for Department review.

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DOC46

The Contractor shall provide a User Interface Style Guide or equivalent document defining the design standards for user interfaces. The User Interface Style Guide must demonstrate how the solution meets the most current MECT user interface requirements including:

a. User ability to customize or make adjustments (e.g. language support, font size) to portal presentation.

b. Users utilizing scripting languages and/or assistive technology have the ability to access the information, field elements, and functionality required for electronic form or page completion and submission including directions and cues.

c. User Interface organization so documents are readable without requiring an associated style sheet.

d. User Interfaces identifying row and column headers for data tables.

e. User Interfaces informing users when a timed response is required and given sufficient time to indicate more time is required.

f. User Interfaces providing a method that permits users to skip repetitive navigation links.

g. User Interfaces provide text titles for frames to facilitate frame identification and navigation.

h. User Interfaces use markup to associate data cells and row/header cells for data tables that have two or more logical levels of row or column headers.

User Interface (UI) Style Guide Approach

The CMdS user interface provides a consistent and intuitive user experience by following the principles of user-centered design. The UI Style Guide specifies how the solution meets the most current MECT user interface requirements, and it provides an overview of its abilities, organization, and features. We update our UI Style Guide to reflect any State-specific branding that should be applied to the CMdS product as part of configuration for the Claims Processing and Management Services project.

The UI Style Guide brings cohesion to the CMdS user interface and experience. It includes all the design elements and interactions that occur within a module; lists crucial UI components such as buttons, typography, color, navigation menus; documents important components like hover states, dropdown fills, animations; and contains live elements and code snippets for developers to reference and use.

User Interface Style Guide Highlights

Included below are some highlights of our UI Style Guide:

- Defines the typography included and how to customize or adjust the font size of the portal presentation. It also provides instructions for Titles, Subtitles, Headings (H1, H2, H3), Body Text, and Captions
- Assistive technology capabilities are described in the UI Style Guide. Assistive technology helps increase, maintain, or improve the functional capabilities of individuals with disabilities, through devices like screen readers, magnification tools, and hearing aids
- Describes UI organization for document readability
- Describes UI for row and column headers for data tables
- Defines UI for timed responses and required actions
- Provides instructions to skip repetitive navigation links

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- Describes text titles for frames
- Describes markup to associate data cells and row/header cells for data tables

DOC50
The Contractor shall develop a Module Implementation Plan in conjunction with the State that describes, at a minimum:
a. The rollout approach, including phased implementation, if necessary.
b. Overall integration approach
c. Approach to continuous integration of other modules or data from other data providing entities.
d. Integration Testing, including coordination procedures with System Integrator, other modules, other stakeholders and vendors.
e. Approach to continuous integration of other modules or data from other data providing entities.
f. The proposed implementation schedule.
g. The rollback strategy.
h. Communication and Contractor support procedures.
i. Contractor and State roles and responsibilities.
j. Operational Readiness Checklist(s) that defines, in advance, the go/no-go decision, and all aspects of Contractor, solution, and State readiness.
k. All critical tasks that are required for cutover.
l. Post cutover monitoring.
m. The onsite and offsite user support provided by the Contractor and State during the initial solution implementation.
n. Solution acceptance procedures.
o. Tools and processes to ensure overall quality.
p. Describe post implementation production deployment process and activities.

Module Implementation Plan Approach

The Module Implementation Plan establishes a structured, repeatable deployment process tailored to the specific needs and requirements of DPHHS and the implementation of the CMdS solution. The plan details the framework for managing and coordinating the wide variety of activities that occur during implementation. It describes how the module is deployed, installed, and transitioned to operations. The plan identifies key milestones, processes, equipment, staffing, roles and responsibilities, tasks, and success criteria that are necessary to accurately implement the solution.

To make certain that each phase of the SDLC leads to a successful implementation, Conduent actively monitors, reviews, and updates the plan throughout the SDLC.

The plan includes inputs to a Go/No-Go decision meeting where DPHHS, Conduent, and CMS jointly review the integration, operational readiness, and user acceptance testing completed to date to confirm the system is ready for deployment. The Module Implementation Plan also addresses transition and post-implementation review and monitoring processes to confirm the successful cutover of both the system and operations.

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Objectives and goals of this plan are to:

- Confirm that the module is ready for implementation prior to operations
- Facilitate the smooth and successful implementation and transition to operations
- Provide executives and stakeholders with timely information regarding the implementation progress and status

Conduent advocates the following strategies in planning for a successful module implementation:

- Identify implementation roles and responsibilities; make sure there is accountability across the board and individual assignments for each task.
- Collaborate with DPHHS staff and stakeholders to define and document the details of the implementation.
- Plan for implementation-specific communications
- Capture lessons learned and best practices afterward in a Post-Implementation Review Report in order to refine processes for future implementations

Module Implementation Plan Highlights

Included below are some highlights of our Module Implementation Plan:

- Includes the rollout approach for the configured CMdS product
- Captures the overall integration approach including how the module is deployed, installed, and transitioned to operations alongside other MPATH modules
- Describes our approach to continuous integration; how the data from providing entities are iteratively and incrementally consolidated and validated
- A review of the completed integration testing, performed at the conclusion of sprints, to expose faults or gaps in the interaction between integrated units and to optimize the overall, integrated system. Collaboration with the System Integrator, other stakeholders, and vendors may be required.
- The implementation schedule clearly lists all the tasks necessary to complete the deployment and related assignees, outcomes, and deadlines
- The rollback strategy includes all the steps that are required to return to the previous version
- List of communications procedures established for all stakeholders
- List of roles and responsibilities for all stakeholders
- Operational Readiness Checklists used to validate the readiness of the system, the environment, and the personnel to support the production system
- List of tasks required for cutover and their timing
- Post cutover monitoring; the system is monitored for any unusual or inconsistent behavior and the systems team looks for opportunities to optimize the system's performance
- Description of onsite and offsite user support
- Describes procedures by which Conduent and DPHHS jointly accept the system

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- Description of the tools and processes used to oversee quality throughout the project lifecycle
- Description of all post-implementation production deployment processes and activities

DOC51
The Contractor shall develop and submit a Training Plan that, at a minimum, addresses the following:
a. Summary of the Contractor's training approach that focuses on methodology, objectives, and desired outcomes.
b. Training needs analysis, including an assessment of the target audience and their knowledge and skills.
c. Recommendations on type and delivery approach based on training needs analysis.
d. Summary of proposed training materials and documentation in addition to hands-on training.
e. Approach to maintaining training documentation and accompanying materials.
f. Approach to providing training necessary to support new functionality and/or major software releases that materially change the user interaction.
g. Approach for incorporating feedback to improve training effectiveness over the life of the Contract.
h. Training schedule to be approved by the agency.

Training Plan Approach

The Training Plan supports standardized, repeatable, and quality-focused training events and materials for all learners. The objectives of the Training Plan are:

- Provide a method and template to identify and analyze learner roles and learning needs
- Include best practices to design and develop learning solutions using appropriate delivery methods and timelines
- Determine the appropriate method to deliver and track learning
- Monitor the quality and effectiveness of the training

Our overall approach to training follows the ADDIE framework, as shown in Figure 4.2.7-12 below.

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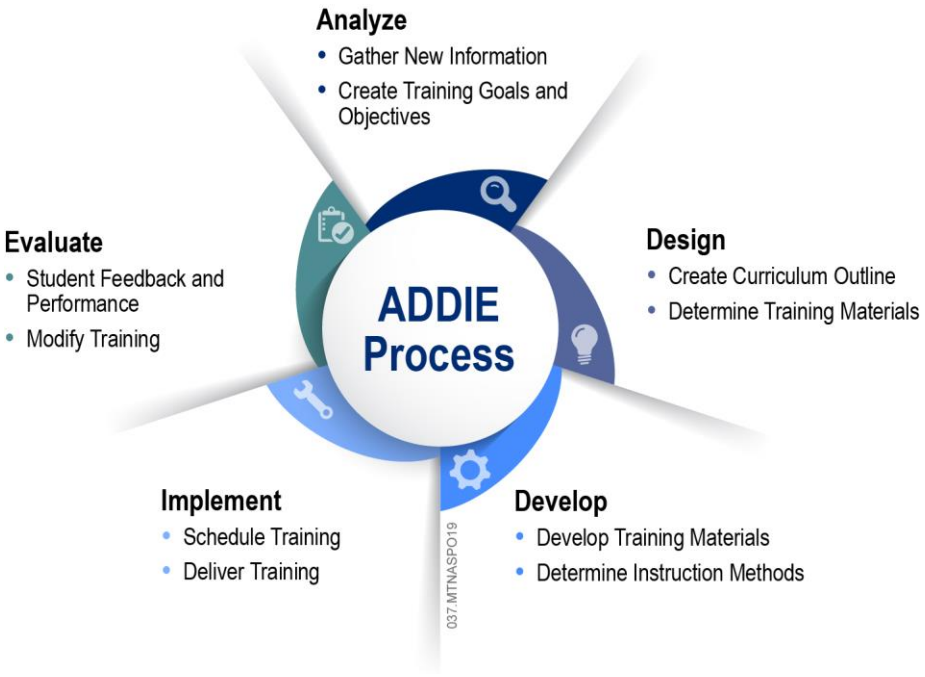

Figure 4.2.7-12. Training Plan Follows ADDIE
The Training Plan takes the reader through the industry-standard instructional design method of: Analyze, Design, Develop, Implement, and Evaluate.

We maintain the Training Plan to reflect your expectations and goals as the training needs of the project evolve. For example, as the project progresses, we may identify specific training needs related to UAT, supporting tools, or specific implementation roles and responsibilities. We maintain an up-to-date training calendar that includes all training activities throughout the project.

Training Plan Highlights

Included below are some highlights of our standard Training Plan:

- Summary of our approach, which focuses on the applying the ADDIE (analyze, design, develop, implement, and evaluate) model, objectives, and desired outcomes, along with a blend of delivery methods to confirm we meet the full range of needs for the project
- We perform a training needs analysis, including an assessment of the target audience and their knowledge and skills, and make recommendations based on our findings
- Description of the training materials provided for the training, along with our approach for developing the training materials and peripherals
- Our approach supports continuous process improvement as additional training is designed to support new functionality and/or major software releases that materially change the user interaction

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- Following training, Conduent evaluates the training content, delivery, and approach by collecting feedback from participants. We incorporate the feedback, updating our training documentation and materials, to improve our train-the-trainer effectiveness over the course of the project. Monitoring user support requests also acts as a measure of training effectiveness
- Training schedule that is approved by the Department

4.2.8 Performance Standards [RFP 3.10.8, Attachment F, Attachment J]

REQUIREMENT: RFP Section 3.10.8, Attachment F, Attachment J

Performance requirements are defined in Attachment F – Requirements Response Matrix. Performance standards (Service Level Agreements), including associated liquidated damages for unmet standards are defined in Attachment J – Service Level Agreements. The Department will defer the enforcement of Operational Performance Standards until the first full month that begins 60 calendar days following the System Acceptance by the Department of the production implementation of the Claims Processing and Management solution. This one-time deferral does not apply to software deployments or releases that follow the initial production implementation (e.g., major/minor implementations, patches, fixes, or maintenance releases). In their response, the Offeror must describe in detail their approach to meet the Performance requirements in Attachment F – Requirements Response Matrix and Performance Standards (Service Level Agreements) in Attachment J – Service Level Agreements. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

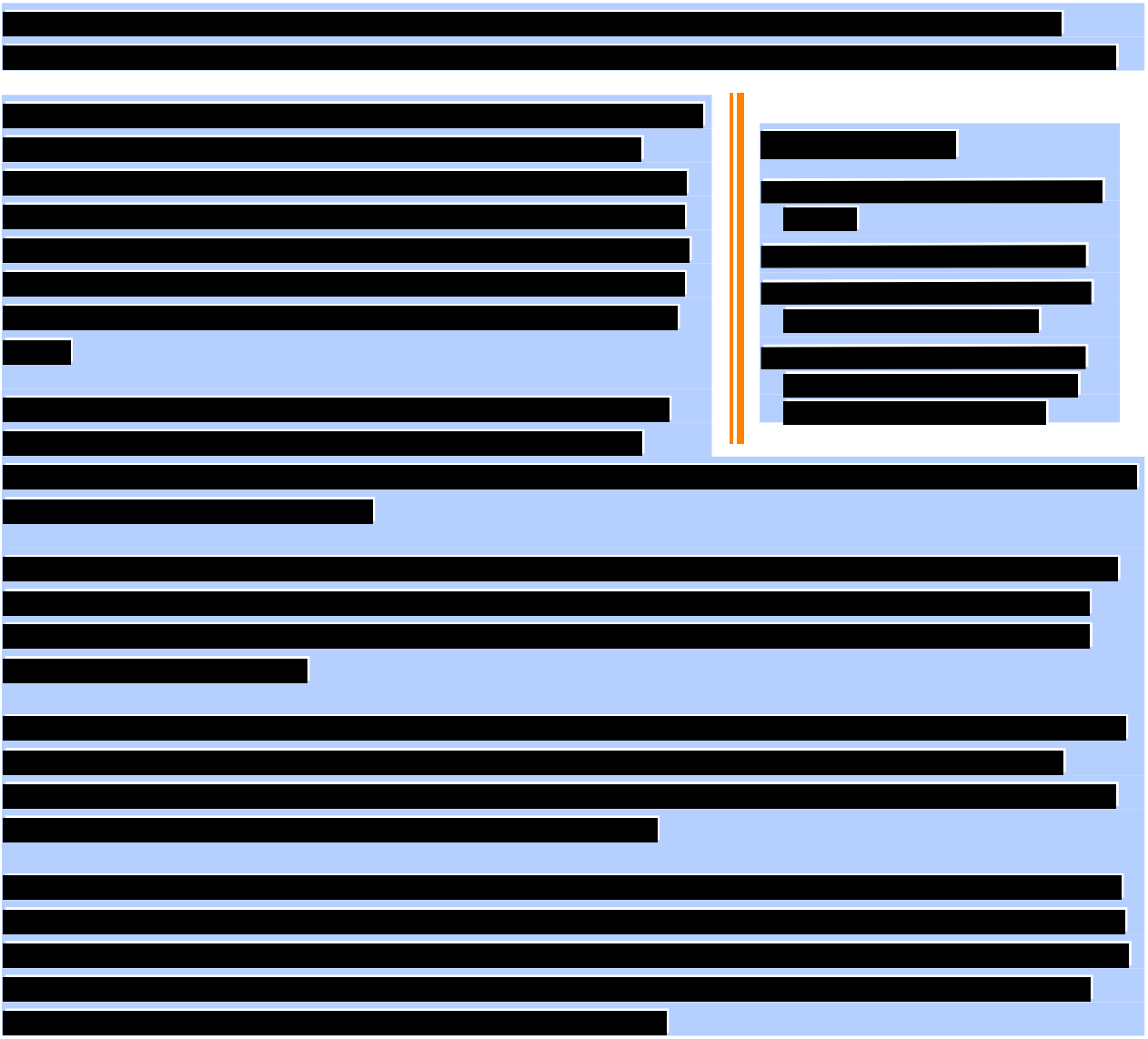

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Figure 4.2.8-1. SLA Performance Report Template

We work with the Department to confirm the list of SLAs to report, frequency of reporting, and method used to calculate each SLA.

[redacted]

[redacted]

PRFM01
The Contractor shall develop a method for maintaining performance compliance with Service Level Agreements (SLA).

[redacted]

PRFM04
The Contractor shall meet Service Level Agreements and integrate tools for monitoring system and component performance and create the necessary reports or supply a dashboard to support SLAs.

[redacted]

Table 4.2.8-1. Key SLA Management Tools

[redacted]	[redacted]
[redacted]	[redacted]

Tool	Description
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

[redacted]

[redacted]

[redacted]

Figure 4.2.8-2. Call Center Calls Dashboard
This sample call center dashboard includes useful information about our compliance with key SLAs.

Figure 4.2.8-3. Call Center Calls Supervisor View Dashboard
This is a dashboard with a "supervisor view" of agent and team performance for the call center.

Figure 4.2.8-4. Call Center SLA Dashboard
This dashboard features compliance with key SLAs.

Figure 4.2.8-5. Sample Agent Dashboard
This is a dashboard with an "agent view."

Figure 4.2.8-6. Conduent Performance Management Suite Dashboard Sample: System Availability SLA Dashboard
This sample dashboard focuses on system availability and applicable metrics.

Table 4.2.8-2. CPMS APM Analytics Capabilities

Operation	Description
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

PRFM05

The system shall track performance measures for each SLA requirement using predefined and ad hoc reporting methods

[redacted]

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[redacted]

Table 4.2.8-3. Conduent's Approach to Meeting SLAs

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Type	SLA and Approach
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4.2.9 Subcontractors [RFP 3.10.9, Attachment F]

REQUIREMENT: RFP Section 3.10.9, Attachment F

The Offeror will be the Prime Contractor if a contract is awarded and shall be responsible, in total, including for all work of any subcontractors. Nothing contained within this document or any contract documents created as a result of any contract awards derived from this RFP shall create any contractual relationships between any subcontractor and the State. The Offeror must describe in detail their approach to meet the Subcontractor requirements n Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

After carefully considering RFP requirements and our experiences on other projects, we have identified six partners that strengthen our services and enhance our offerings. Our rationale for selecting these partners includes the services, products, and personnel they offer. As a team, we and our subcontractors leverage our strengths to offer you a thorough and effective solution.

The Department understands that allowing its bidders to include subcontractors in their solutions is a way to help improve the quality of services provided to the Department. Conduent shares this view and appreciates the opportunity to ally with strong subcontractor partners to propose the best possible solution.

Our Proven Subcontractor Partners

- Cadence Group
- Ernst & Young
- CPS Card
- United Language Group
- Infinite Computer Solutions Inc.
- Infosys Limited

As the Prime Contractor on this solution offering, Conduent has overall and ultimate responsibility for all work delivered to the Department, including any work completed by the Subcontractors. We manage our subcontractors to make sure they fully understand their roles and responsibilities, produce quality work, and adhere to all requirements of their subcontracts. And of course, we hold subcontractors to the extremely stringent quality standards to provide the best possible offering to the Department.

Over the years, Conduent has engaged subcontractors as necessary in various phases of Design, Development, and Implementation (DDI) and Operations of Medicaid systems and other state healthcare projects. We use subcontractors to augment our core staff and services in order to achieve our clients' overall project goals.

We engage subcontractors for a variety of reasons in order to enhance our product and Software-as-a-Service (SaaS) offering:

- **Niche Services that require third party subcontractors to ensure external audit and compliance.** For example: Cadence for security penetration testing and Ernst & Young for Service Organization Control (SOC) audits reports.
- **Standard offering vendors to provide niche functionality and business processes.** For example: CPS Card for ID card fulfilment/printing and United Language Group for translational services for non-English language speakers (such as Cantonese, Turkish, etc.) for call center support.
- **Staff Augmentation for Development, Testing and Infrastructure services.** This is primarily to manage resource loading and augmentation of staff when required for short bursts of time. All the key roles, technical and architectural leadership and teams are Conduent employees and subcontractors are brought on only for augmenting existing teams.

We deploy best practices for reviewing subcontractor plans, monitoring their progress, and evaluating their work products for compliance with defined requirements. Our goal is to leverage the strengths of our partners to develop better solutions and improve through all project phases.

SUB02
If the Contractor transfers resources required to fulfill the contract to a third party, the third party is considered a sub-contractor and the transfer will be subject to the 40% subcontractor limitation.

As Conduent is proposing our entire solution as a SaaS offering, per ID SUB09, we believe the 40% subcontractor limitation would not be applicable. However, understanding the importance of the prime vendor relationship and its significance to the Department, we acknowledge and agree that Conduent will operate under the 40% subcontractor limitation. A list of subcontractors and their defined engagement in support of this contract is provided in our response to ID SUB03.

SUB03
The Contractor shall list all subcontractors, if any, in the proposal.

We have identified the subcontractors and their level of participation on the project as it relates to providing services for Core services, Option A, Option B, Option C or a combination thereof.

We have carefully evaluated RFP requirements, including your long-term MPATH goals, and considered our experience with subcontractors in this field. As a result, we are confident these distinguished firms are the right subcontractors to assist us in accomplishing your vision:

- **Cadence Group.** Core Services, Option A, Option B, and Option C
- **Ernst & Young.** Core Services, Option A, Option B, and Option C
- **CPS Cards.** Core Services Only
- **United Language Group.** Option B Only
- **Infinite Computer Solutions Inc.** Core Services, Option A, Option C
- **Infosys Limited.** Core Services, Option A, Option C

SUB04
The Contractor shall provide a detailed description of all work to be subcontracted to third parties.

In this section, we describe the work to be subcontracted to our partners and summarize their qualifications.

Cadence Group

On this project, the Cadence Group performs an annual vulnerability assessment and network penetration testing.

Cadence is highly experienced in the area of penetration testing and possesses proven capabilities in the following areas of security testing:

- Web Application Testing (OWASP)
- Network Layer Testing
- Network Segmentation Validation
- Internal/Authenticated Testing
- Physical Testing
- Social Engineering/Phishing

Conduent chose Cadence as a subcontractor based on the firm's proven experience, expertise, and technologies that best assist us in performing the Department's scope of work. Since 2011, Cadence has performed penetration testing services for over 40 separate business of Conduent, including many state and local government agencies, performing over 100 individual penetration tests during that time.

Having a third-party security penetration testing firm to perform penetration testing allows for an unbiased view of system vulnerabilities, if any, so that we can make sure that the product suite is always secure and at the highest standards.

Ernst & Young

We engage an independent auditor, Ernst and Young, to perform annual SSAE-18 SOC 2 Type II audits. We submit the audit findings and our response to the findings to the Department after each audit.

Conduent chose Ernst &Young as a subcontractor based on their proven experience, qualifications, and expertise. Ernst & Young has served Conduent as a long-time proven partner on numerous projects spanning many years. In the best interest of Conduent and the Department, we engage Ernst & Young independent SOC audit teams to get an unbiased view of our processes and controls. This helps us mitigate and correct any findings identified to ensure our products and processes meet the highest industry standards.

CPS Cards

For this project, CPS produces and mails initial and replacement Medicaid member ID cards, including card stock, letter stock, envelopes, personalization, and fulfillment.

Conduent chose CPS as a subcontractor based on its proven experience, expertise, and technologies that best assist us in performing the Department's scope of work. CPS has served as partner to us in various other contracts over the past nine years.

CPS has an outstanding 21-year track record of providing comprehensive production and fulfillment services to produce personalized ID cards, letters, and kits for health insurance providers in all markets. CPS' experienced team understands the important role that quality and timing play in ensuring an elevated and positive experience for you and your members.

The firm's primary focus points are security and quality. Further, CPS has managed ePHI data following HIPAA guidelines, without incident.

United Language Group

To address language needs beyond English and Spanish, for Option B Call Center services, Conduent partners with United Language Group, a third-party vendor who provides call translation services and correspondence translation.

United Language Group provides telephone-based translation services for languages other than English, including the State's prevalent and non-prevalent languages. Call center agents are trained on how to conference-in the language translation services when appropriate. United Language Group is accustomed to translating the unique terminology needed to support this project.

United Language Group excels in translation services for 200 languages and has been providing high quality support for our Medicaid and other Health and Human Services contact centers for more than a decade. The firm facilitates half a million interpreter calls and translates roughly 750,000 words per year across multiple business units including: government healthcare/Medicaid/Medicare programs, commercial healthcare, pharma/life science, legal & compliance, privacy, human resources, payment services, insurance, and banking. Their service is available 24x7x365.

We selected United Language Group as a partner because of its reputation in the industry and our experience working with them on other similar projects. For example, in recent years on our CoverVA enrollment contract in Virginia, Conduent agents worked with United Language Group to provide translation services for thousands of calls in many different languages, including Arabic, Chinese, Korean, Hindi, and Vietnamese.

Infosys Limited

Infosys serves clients in the healthcare, insurance, financial services, life sciences, high-tech, communications, resources, and other industries. The company is a performance-oriented technology partner that excels in creating efficient, effective, and innovative business process services.

Infosys has a successful history delivering government healthcare solutions. Currently, they deliver end-to-end solutions to meet state-specific technology demands for Conduent's PBM products in other states. The firm has collaborated with Conduent on several key innovative projects, demonstrating the on-time, quality service delivery that Conduent's clients deserve.

Infosys is proposed as a Contingent Workforce Subcontractor on this project. When Conduent requires augmentation to their core team of developers, testers, and infrastructure resources, we engage Infosys in a staff augmentation mode. All Infosys individuals onboarded for the project are vetted by Conduent's technical staff to ensure they meet the highest standards and go through HIPAA and other mandatory security training to ensure compliance to Conduent standards.

Infinite Computer Solutions Inc.

Infinite is a full-service software corporation providing healthcare IT staffing to organizations. Their experience, dedicated recruitment, and staffing capability enable them to partner with clients as a key provider of best-of-breed IT resources. Infinite has decades of success in providing full lifecycle recruitment, placement, and contract consulting services to organizations of all sizes and from all industries.

Healthcare Payer Expertise. Infinite is currently serving multiple clients in the healthcare space, helping them achieve their business and technology objectives. Their healthcare business vertical has over 4,000 consultants focusing on engagements related to the medical and clinical domain. The firm's healthcare clients include 20+ active customers.

Infinite is proposed as a Contingent Workforce Subcontractor on this project. When Conduent requires augmentation to their core team of developers, testers and infrastructure resources, we engage Infinite in a staff augmentation mode. All Infinite individuals onboarded for the project are vetted by Conduent's

technical staff to ensure they meet the highest standards and go through HIPAA and other mandatory security training to ensure compliance to Conduent standards.

Conduent has chosen two highly experienced and reputable companies to provide staff augmentation services over the course of this project. As such, DPHHS can be assured that we have access to the best pool of resources to supplement our core team. In short, we can choose resources that best suit our specific staffing and timing needs for project tasks.

SUB05
The Contractor must submit to the Department annually, a Subcontractor Usage Report on the use of subcontractors and certify that all subcontractors are in compliance with the employment practices mandated by federal and State statutes and regulations. The Subcontractor Usage Report must at a minimum contain the total subcontract dollar value, total subcontractor FTE's, total subcontractor hours.

Conduent provides the Department with an annual Subcontractor Usage Report on our use of subcontractors, including certification that all our subcontractors comply with the employment practices mandated by federal and State statutes and regulations. We acknowledge and agree that the Subcontractor Usage Report, at a minimum, must contain the total subcontract dollar value, total subcontractor FTE's, and total subcontractor hours.

SUB06
The subcontractor will be required to enter into a signed Business Associate Agreement (BAA) as a part of the contract, that is in compliance with the Privacy and Security provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) prior to start of work. The BAA is included in the contract template found in the Procurement Library

Conduent shares and supports DPHHS' expectation that our subcontractors comply with HIPAA Privacy and Security provisions. As a longtime provider of similar state healthcare systems and services nationwide, we are familiar with this process. We acknowledge and agree to this requirement that each of our subcontractors will enter into a signed Business Associate Agreement (BAA) as a part of the contract, that is in compliance with the Privacy and Security provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) prior to start of work.

SUB07
The Contractor shall allow Department personnel direct access to all subcontractor or third-party personnel serving in critical roles on the project and shall not act as an intermediary between the Department and such parties for questions about the proposed solution or operation of the proposed solution. The Department reserves the right to discuss design, configuration, implementation, operation, routine maintenance, and enhancement of the proposed solution(s) directly with any subcontractors or third parties involved in performing work for the Department.

Conduent acknowledges the Department's request to have direct access to all subcontractor or third-party staff serving in critical roles on the project, and that Conduent shall not act as an intermediary between the Department for questions about the proposed solution or operation of the proposed solution. We understand that the Department reserves the right to discuss design, configuration, implementation, operation, routine maintenance, and enhancement of the proposed solution(s) directly with any subcontractor or third parties involved in performing work for the Department.

For example, Conduent welcomes the direct discussions between the Department and our subcontractors like Ernst & Young who leads the assessment sessions with both the State and Conduent resources for the SOC audits. Similarly, Cadence interacts directly with Conduent and certain State staff to craft a rigorous Security Penetration Testing Plan.

Conduent has extensive experience in managing subcontractor/third-party contracts. We encourage and support a communication structure that fosters direct communication. Communication, coupled with the sharing of essential information across impacted parties (regardless of where it is initiated), helps ensure that communications and decisions are made and shared appropriately, and project alignment and understanding is considered and protected.

SUB08
The Department shall have the right to review and approve any subcontracts through the Contractor.

We acknowledge and agree that the Department shall have the right to review and approve any subcontracts through Conduent.

SUB09
The Contractor may use subcontractors for no more than forty percent (40%) of the scope of work included in the contract. The subcontractor 40% will be determined using the highest proportional value among the following factors: subcontract dollar value relative to the overall contract value, subcontractor FTE's relative to the total contract FTE's, subcontractor hours relative to the total contract hours. If the proposed solution to meet the core functional requirements (e.g., core product) is a commercially licensed COTS or SaaS product (e.g., the State will receive a commercially available license for the product), the specific product that satisfies this condition can be excluded from the 40% subcontractor calculation. In Attachment L - Technology Matrix, the vendor must include "Commercially Licensed" in the column titled "Other" for the specific line item. This exclusion also applies to infrastructure, infrastructure software, or software that supports the core product.

Conduent is proposing a SaaS product offering to fulfil its obligations for the core module and all associated options. As defined by the Department, and because Conduent is proposing a SaaS offering, we believe the 40% subcontractor calculation would not be applicable. However, Conduent understands and embraces the Department's vision for this requirement. Conduent's engagement of subcontractors is limited to third-party audits and security testing, specialty services like ID cards and language translation services, and staff augmentation for certain roles that require short bursts of resource ramping over the course of the contract. As defined in the requirement above, Conduent has marked "Commercially Licensed" in the column titled "other" for its core products and various option offerings in Attachment L – Technology Matrix.

Even though we believe the 40% limitation would not be applicable to Conduent due to our proposed SaaS offering, Conduent acknowledges that we do not use subcontractors for more than 40% of the scope of work included in the contract.

Conduent has a mature governance and practice model in place and we provide reports showing resources and their contributions supporting the account.

4.2.10 Edits, Processing, and Adjustments [RFP 3.10.10, Attachment F]

REQUIREMENT: RFP Section 3.10.10, Attachment F

This section addresses claims editing, processing, and adjustment requirements. The solution will adjudicate all claims transactions and apply edits based on configurable business rules (e.g., duplicate, history, bundling, procedure, service limit(s), accumulators such as dollar and units limits reached monthly, annual, and lifetime, diagnosis codes, procedure code relationships, service authorizations, age, gender, eligibility, provider type, specialty, and category of service, and NCCI editing). The solution will have configurable claim transaction adjustment processes with automated and ad-hoc functions to support retroactive rate changes, procedure or diagnosis code revisions, benefit plan updates, and audit activities. The Offeror must describe in detail their approach to meet each of the Edits, Processing, and Adjustments requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

CMdS-Claims embodies the flexibility of configurable rules-based business processing to support the MPATH Program's objective to quickly adapt to the dynamic, evolving needs of existing programs and support new regulations, policies, and innovations.

The Conduent Medicaid Suite (CMdS)-Claims solution provides a comprehensive approach to edits, processing, and adjustments. We track claim and adjustment submissions from receipt through adjudication, whether the process starts with a paper document mailed to our facility, batch X12 submission to our Electronic Data Interchange (EDI) gateway, or direct data entry through our web portal.

Our Solution

- Uses a sophisticated rules engine to set and maintain adjudication rules
- Maximizes provider web portal support for claims, SA, adjustment, and void submission and processing
- Processes encounters and other non-Medicaid claims
- Data driven business rules
- Uses COTS business rule engine
- Adheres to HIPAA standards for all electronic transactions

Data driven business rules allow our team to control adjudication rules online using attributes from the incoming claim, as well as member, provider, and reference data. We provide purpose-built online web pages to solve the most complex tasks seen in government healthcare programs such as duplicate check, utilization review, and TPL processing. The data driven configuration makes it faster and easier than ever to implement business rule changes that previously required developer intervention.

Business rules engine (BRE) functionality provides a powerful combination of a 1,700+ business rules catalog and a vast 1,300+ exception catalog to meet the Agency's requirements. We provide an industry leading COTS-based BRE that uses an intuitive and readable syntax to specify and change rules.

Claims processing adjudicates claims to a paid, denied, or suspended status, performing calculations and algorithms to finalize the claims. The system stores the system-derived data elements from those calculations and algorithms with the claim record to provide complete transparency into how the system processed the claim. These data elements include the allowed charge, reimbursement amount, claim status, exception codes, overrides, and more. The system stores and maintains the claims in a database that includes the system-derived data elements and every field we receive with the claim, whether we received the claim through paper, EDI, or the web portal.

Suspense resolution functionality organizes suspended claims into location queues that put claims into the capable hands of our staff with the knowledge and experience to resolve claims quickly and accurately. The solution places key information at our staff's fingertips by using a web-based user interface (UI) for presentation of information that is based on nearly 50 years of claims processing experience and continuous feedback from our claims processing staff. Web pages are well-designed and include easy navigation features help users to complete tasks quickly and accurately. From the

CMdS-Claims web pages, our team can access everything necessary to resolve exceptions quickly and easily and manually price claims.

Service authorization (SA) efficiency means MPATH Program members can access quality health care quickly. Conduent provides this efficiency through rapid turnaround of service authorization requests, flexibility in accepting requests in different formats, and correctly processing claims requiring authorization. Conduent coordinates our SA functionality with the Agency and the Care Management Services contractor responsible for authorizing services for the Montana Enterprise.

Adjustments and voids are supported through paper, EDI, and the web portal. Regardless of submission method, our solution processes adjustments and voids quickly and consistently, and provides a complete audit trail of actions taken and transactions generated. Our mass adjustment functionality has been developed and seasoned over 50 years of fiscal agent services. Advanced tools analyze the impact of running mass adjustments to aid the Agency in their decision to proceed.

Reporting through CMdS-Insights leverages a proven, high quality solution using an industry-leading suite of reporting. The solution provides a stable and mature platform for producing claims processing reports. We have a library of hundreds of operational reports designed specifically to support our day-to-day claims processing operations such as balancing, claims in suspense, statistics on overridden claims, statistics on denied claims, and much more.

EPA01
The Contractor's solution shall receive, store with encryption, maintain, and index all imaged documents. Imaged documents shall be indexed with sufficient metadata to allow users to search and retrieve images and easily differentiate between similar documents.

We image and store documents we receive in the CMdS-Claims enterprise content management (ECM) solution. We store the images with encryption and assign them a document control number (DCN). We index imaged documents with sufficient metadata to allow users to easily search, retrieve images, and differentiate between similar documents. Some of the primary metadata indexes include the document type, claim transaction control number (TCN), service authorization ID, provider ID, and member ID. This index metadata and the DCNs become the keywords that are used to search for and retrieve documents. A search can also include a percent sign as a wildcard to help refine the results.

Throughout the CMdS-Claims web-based user interface, the system provides users with links to view associated document images directly in the ECM solution. For example, we have links available in claims entry, correction, and inquiry for the user to view associated claim images and attachments without requiring navigation to the ECM search page. The link uses the image metadata to display the documentation associated with the claim the user is viewing.

EPA02
The Contractor's shall provide the ability to automatically suspend claims based on configurable business rules (e.g., inactive eligibility, one day-specific eligibility, nursing home span, attachment) including the ability to cycle claims for adjudication automatically when criteria is met as defined by the Agency

The CMdS-Claims adjudication process has many business rules that automatically suspend claims. We configure the edit disposition using the web-based user interface. We set the status of the edit to suspend

when the claim requires manual review by a claims resolution specialist, or the claim is waiting on updates based on a predefined timeline to finalize the claim.

We can change the automated suspense release process to recycle certain claim edits or claim location codes to determine if updates to member eligibility or other data has occurred, which would resolve the suspended claims. This process continues until either the claim edits are resolved, or the defined time period has elapsed, in which case a corresponding denial edit posts to the claims.

In addition to the criteria that automatically recycles suspended claims through the adjudication process, users can enter suspense release requests to process a targeted group of suspended claims that need reprocessing due to other updates or changes in the system. This provides the ability to adjudicate a volume of claims impacted by the changes without requiring a person to work each claim. Figure 4.2.10-1 shows the suspense release request user interface.

Figure 4.2.10-1. Suspense Release Request
The suspense release request allows us to reprocess a volume of suspended claims that match the criteria specified.

EPA03
The Contractor's solution shall have the ability to receive service authorizations for services to be performed by specific and non-specific providers.

CMdS-Claims receives service authorizations through interfaces, provider portal submissions, and on paper. The service authorization supports header and line detail level provider information for the requesting, event, and servicing providers. A single SA may be submitted for a member with multiple service providers, multiple services, and dates of service across a span of time. You can create authorizations with multiple lines of the same service with different servicing providers on each line and overlapping dates. The system maintains the status, approved services, and the services used across time as claims are processed against the SA. Claims adjudication processing matches claims to the service authorization based on the member, services, dates, and types of provider based on configurable business rules.

EPA04
The Contractor shall adhere to data retention requirements cited in 45 CFR 164.316 and State specific policies. The Agency may require a longer retention period on an exception basis to support ongoing business needs (e.g., TPL recovery and drug rebate).

We retain data in accordance with 45 CFR 164.316, which requires us to retain documentation for a minimum of six years from the time of its creation or the date it was last in effect, whichever is later. By doing so, we support the State's needs for access to historical data. We understand the Agency may require longer retention periods on an exception basis to support ongoing business needs.

During implementation, we work with the State to define claims documentation and confirm the retention rules for that documentation. From the outset of the project, we begin to retain the documentation for the defined periods in the required format and repository. As with all CMdS-Claims data, historical claims documentation is subject to our stringent security program, including Health Insurance Portability and Accountability Act (HIPAA) requirements for security and privacy.

EPA05
The Contractor's solution shall adjudicate all claims transactions and apply edits based on configurable business rules (e.g., Duplicate Checking Edits, History Checking Edits, Bundling Edits, Payment Error Rate Measurements (PERM) Audit Support, Edits based on trend analysis against claims history, NCCI / MUE – Medically Unlikely Edits, NCCI / PTP – Procedure to Procedure Edits, Edits for CPT4 to HCPCS Relationship, Maximum allowable units by Revenue Code/HCPCS relationship, Limit checks for client accumulators such as dollar and units limits reached monthly, annual, and lifetime, diagnosis codes to procedure code relationships, service authorizations, age, gender, eligibility, provider type/specialty, category of service) as defined by the Agency.

We process every claim transaction through the CMdS-Claims adjudication process, which has over 1,300 adjudication edits. We designed the module to take the presentation of complex processes such as duplicate check and allow configuration through purpose-built, web-based user interfaces to capture and display the data necessary to apply claim edits. This provides transparency of rule conditions and ease of maintenance.

CMdS-Claims provides many options and capabilities to create data driven business rules. These data configurations provide the ability to define and redefine claim edits as needed. Benefit plan edits use mapsets that provide a flexible foundation for reuse. Duplicate check, TPL Matrix, service limits, and UR editing are other examples that we can reuse or model to provide efficiency in creating edits across programs. We also use a rules engine to execute business rules and apply edits against claims.

The flexibility built into the adjudication edit processing provides the capability to quickly change edits related to PERM audit findings and trend analysis against claims history. Claims adjudication supports a variety of edit types, examples are shown in Table 4.2.10-1.

Table 4.2.10-1. Claims Editing Types

Edit Type	Description
Member	• Compares the claim dates of service with the member's eligibility coverage date spans, eligibility coverage group, benefit plan packages • Validates gender, age, date of birth, and date of death
Provider	• Validates active enrollment • Validates provider type and specialty
Category of Service	Uses data configuration to determine the category of service to assign to the claim or claim line items
Reference	• Validates procedure codes, diagnosis codes, DRGs, revenue codes, NDC codes, place of service, and procedure code modifiers, plus relationship edits between codes, such as bill type valid for revenue code • Validates provider type, provider specialty, and category of service to the service codes • Maximum units per service code
Service Authorization	• Service authorization requirements are configured in the benefit plan • Benefit plan indicates if the service authorization ID must be submitted on the claim or if the system should automatically look up the SA • Business rules match the service authorization line item to the claim's date of service prior to using the authorized units and amounts to adjudicate the claim
Duplicate Check	• Data configuration is used to create the rules for duplicate check processing • Validates in-process claims against history claims to determine if similar or exact services were previously reimbursed based on dates of service, billing and/or rendering provider
NCCI/MUE	• Detects medically unnecessary services, bundling/unbundling, overuse of services, procedure to procedure, and relationship edits • Based upon nationally recognized coding standards and generally accepted standards of medical practice • Performs National Correct Coding Initiative (NCCI) editing
Benefit Limit, UR Limit, Contraindicated	• Data configuration is used to create the rules for benefit plan limits and utilization review limits and contraindications • Diagnosis to procedure code relationship edits • Configure units and dollar limits with combinations of codes (procedure, revenue and diagnosis) per member using variable time periods such as monthly, annual and lifetime

Category of service determination uses a data driven configuration to assign the category of service to the claim or claim line item. This approach provides the ability to respond to annual code set updates and program changes more quickly. Figure 4.2.10-2 shows an example of the criteria available for assigning a category of service to the claim.

Figure 4.2.10-2. Category of Service Configuration
This web page allows configuration of category of service assignment.

CMdS-Claims uses a data driven approach to check for duplicates. The configuration is performed using online web pages. The duplicate check criteria provide flexibility in defining duplicate check scenarios and can include or exclude claim data elements. We also use system lists to use ranges of codes, as necessary. Figure 4.2.10-3 is an example of the available duplicate check criteria.

Figure 4.2.10-3. Duplicate Check Edit Configuration
This web page allows configuration of duplicate check edits.

Figure 4.2.10-4 shows an example of a benefit plan limiting the number of units per State fiscal year and a corresponding mapset definition.

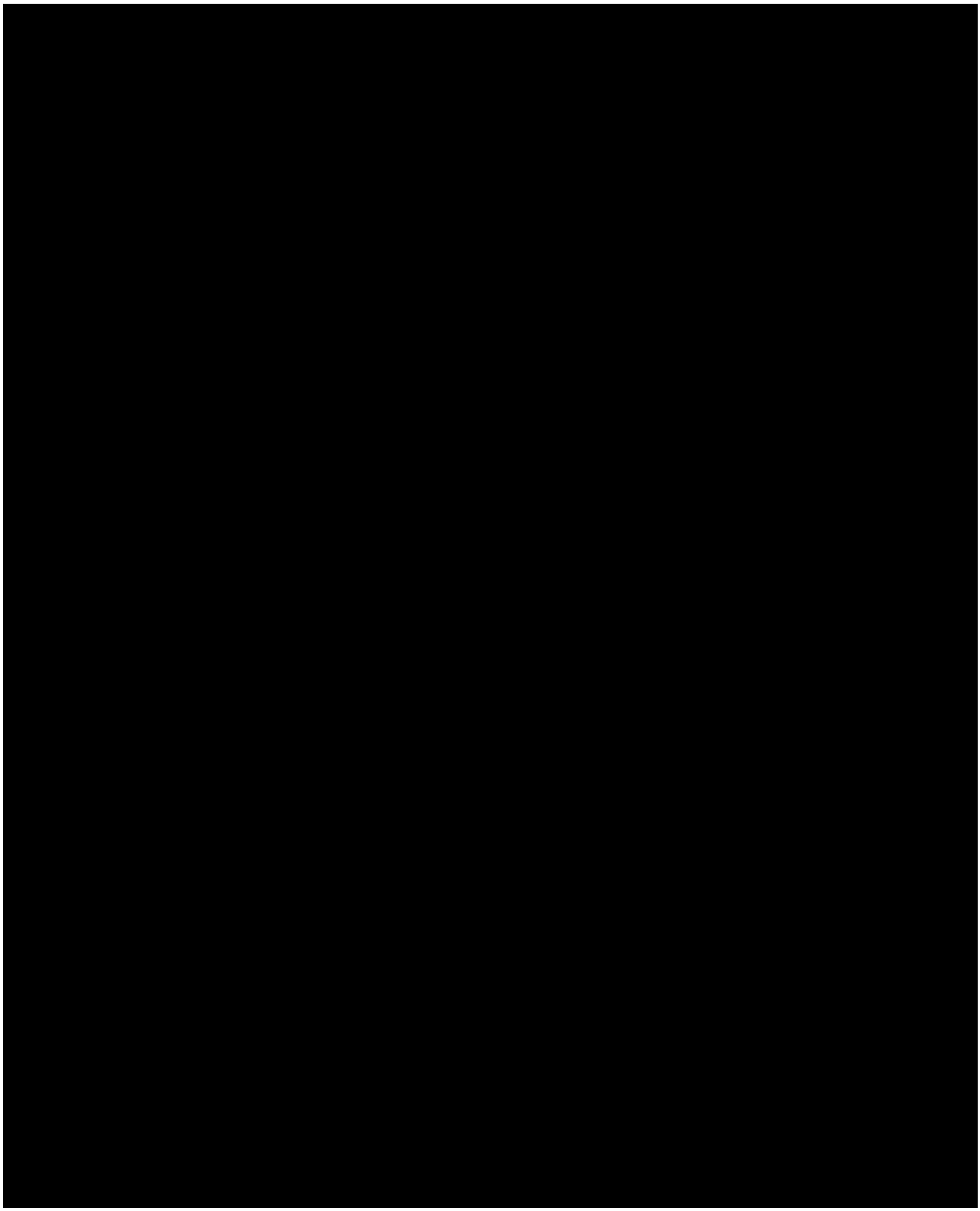


Figure 4.2.10-4. Benefit Plan Limit and Mapset Configuration
We can easily configure benefit plan limits online.

EPA06

The Contractor's solution shall process all claims transactions using edits and business rules during adjudication to validate transactions against service authorization(s), track utilization (e.g., authorized vs. used) and post edits if there are duplicate service authorizations or one or more service authorizations that conflict with each other as defined by the Agency.

CMdS-Claims determines whether a service requires authorization based on the benefit plan configuration, which includes the ability to indicate if the service authorization ID must be submitted on the claim or if the adjudication process should automatically lookup the service authorization. When a service authorization is required, business rules validate that the claim data matches the service authorization based on criteria such as member, provider, date of service, and service type (e.g., procedure code). An active service authorization is one that is approved, has not expired, and the unit or dollar limitations are not exhausted.

Service authorization adjudication includes duplicate editing that posts edits to the authorization prior to approval. This editing identifies the exact duplicate service authorizations based on the header or line item detail and across different service authorizations.

Applying Units and Dollars. Once a claim that requires authorization is adjudicated and matched to a service authorization, the amount remaining on the authorization is reduced by either the claim's dollar amount or units. If a claim is processed with a submitted amount or units greater than the amount or units remaining on the SA, the system automatically reduces the claim reimbursement to the amount or units remaining. These activities include processing of original claims, adjustments, and voids that draw down (decrement), and/or add back authorized services (units or amounts).

Tracking Utilization. Claims adjudication updates the service authorization to reflect the used units or amounts along with associating each claim TCN to the service authorization. Figure 4.2.10-5 shows the approved, used, and remaining units on the service authorization.

Figure 4.2.10-5. Service Authorization with Utilization
This web page shows a service authorization line with claims utilization.

EPA07
The Contractor's solution shall provide the ability to reprocess a claim transaction that has suspended due to a service authorization edit once the service authorization has been modified.

Claims adjudication posts edits to claims that require service authorization during the matching process or if the service authorization is fully used. We can disposition the claim adjudication edits to suspend the claim for review to determine if we need to modify the service authorization. Once the service authorization is modified, we adjudicate the claim in real-time using the claim correction user interface. This allows the resolutions specialist to review the results immediately to ensure the updates result in the appropriate action. If we need to reprocess a volume of claims against the updated service authorization, we create a suspense release request to eliminate the need for a person to process each claim individually.

EPA08
The Contractor's solution shall have the ability to automatically reprocess claims (e.g., paid, denied, suspended) based on Agency configurable business rules (e.g., new/updated eligibility, TPL, benefit plan changes, aid category changes, rate updates, date of death, member liability, new/updated service authorization, edit resolution).

Our CMdS-Claims module includes the ability to automatically reprocess suspended claims through the suspense release process. Suspense release has configurable system lists of claim adjudication edits and claim location codes that consistently reprocess any claim with a matching edit or assigned location. This capability improves the resolution of suspended claims that need data updates to the member eligibility, demographic, or TPL information. When suspended claims need to automatically reprocess for a scenario that is not part of the routine edits and location codes, we create a suspense release request through the

user interface using a variety of criteria options to select the claims. Suspense release processing identifies the claims meeting the request criteria and automatically reprocess the claims through adjudication with the most recent information available.

Mass adjustment processing is used to reprocess paid and denied claims automatically. CMdS-Claims has business rules to automatically generate mass adjustment requests based on retroactive changes to member eligibility, aid category, benefit plan enrollment, member liability, date of death, and TPL. Other retroactive changes in the system such as rate increases, new or updated service authorizations, and edit resolutions changes use the mass adjustment request user interface to create the request to adjust the associated claims. Once we enter the request, the system automatically adjusts the claims.

This process provides more control over the timing and scope of adjustments. Particularly in the case of retroactive rate changes, where the financial impact to the State and the provider community warrants more analysis and planning. Manually entered mass adjustment requests use specific batch ranges that process the adjustment claims through adjudication and stay in a status of suspense with a mass adjustment related exception until release. We may review the results of the mass adjustment through a report or an online user interface. This review includes validation of the net financial impact of the adjustments. If the outcome is different than expected, we can individually work the adjustments, individually delete, or release or delete as a group. Once released, our claims team reviews release reports to confirm that the outcome is as expected.

The CMdS-Claims module links adjusted claims to the claim adjusted. Each claim can only be adjusted once. Using this process, the original claim, the original claim adjustment, and any subsequent adjustments of a previous adjustment are linked together. These links are maintained and displayed in the claim inquiry user interface.

EPA09
The Contractor's solution shall support electronic forms needed for proper claims processing and ensure the form is matched to the submitted claim.

Providers have multiple ways to send claim attachments (forms) to Conduent for processing including: mail, fax, and Web Portal. Additionally, while we wait on the national adoption of an electronic attachment standard, we support the receipt and processing of ANSI X12 837 transactions with an attachment indicator. Our process for associating claims to attachments depends upon the method of receipt:

Claim Web Portal Submission. If the provider keys the claim directly into the Web Portal, they upload any attachment images as part of the submission process. We store the attachment images in ECM and index them with the claim's TCN for online review.

Claim 837 EDI Submission with Attachment. We support the receipt of 837 EDI claims with the attachment code information included. We suspend the claim for a configurable number of days to allow receipt of the attachment information. If the attachment is not received within the allowed timeframe, the claim auto-denies.

Paper Attachment. If the attachment(s) are submitted on paper or fax, we match the documents using the TCN. If the provider forgets to include the TCN on the attachment, our staff uses online claims inquiry to

match the provider, member, date of service, and other pertinent information. The attachment is then indexed to the appropriate TCN, and the image is stored in the ECM.

Attachment Processing. Once attachments are imaged, loaded, and indexed, users can easily retrieve and review the documents from the claim correction and inquiry user interfaces or directly in the ECM. The system has no limits to the number or type of attachments electronically uploaded with the claim.

EPA10
The Contractor's solution shall include a validation feature that performs configurable real-time front-end editing prior to claim submission, prevent further processing for claims that fail the front-end edits (e.g., active provider enrollment, valid revenue codes, procedure codes, and diagnosis codes) as defined by the Agency.

As part of the OCR process for paper claims, CMdS-Claims includes a validation feature that performs real-time front-end editing prior to claim submission to prevent further processing of claims that fail the front-end edits, as defined by the Agency. The OCR-capture software extracts claim data from standard forms such as the CMS-1500 and UB-04. Once the data is captured from the image, it is validated using business rules and customized for the claim or form being processed. Data that does not pass the business rules is presented to our staff for data perfection, where the data is then corrected or accepted based on the determination made by our staff. We use look-up files to validate the claim's provider, procedure, diagnosis, and revenue codes to perform the data perfection process. Additionally, provider and member eligibility validation and code set edits occur at the beginning of processing to determine if the solution should deny the claim and/or claim line early in the process.

Our CMdS-Claims Web Portal claim submission feature provides real-time validations and messaging to the provider to ensure accurate claim submissions. The use of drop downs for valid values, required field validations, calendar icons, and data relationship validations assist the provider in submitting their claims. The real-time adjudication of web claim submissions allow the provider to review the results immediately. If there is an error in their original submission, they can retrieve the original data and make the necessary updates.

EPA11
The Contractor's solution shall retain the relationship between the service authorization and any claim adjudicated against the service authorization, as defined by the Agency.

CMdS-Claims adjudication retains the submitted service authorization ID at the claim header and/or line item. After determining if the service authorization is a valid match to the claim detail and is not exhausted, the system deducts the claim units or amount from the authorization. Once a claim uses a service authorization, that authorization ID is stored in the claim with the associated service authorization line number. This authorization ID is a link that the user can use to open the service authorization directly as shown in Figure 4.2.10-6. The service authorization user interface also maintains the list of claims that used the authorized units or amounts.

Figure 4.2.10-6. Claim Line Service Authorization
CMdS-Claims links the claim to the service authorization.

EPA12
The Contractor's solution shall capture, store, maintain, and display the status of each claims transaction (e.g., as suspended, paid, denied, to be paid, to be denied) based on Agency configurable business rules.

We assign every edit posted to the claim header or line item a corresponding disposition configured in the claim exception online user interface. During final adjudication, the system evaluates the exception dispositions (including force codes) for each edit using a hierarchy to determine the claim header and line status codes of suspend, to-be-paid, or to-be-denied. The combination of the claim header exception dispositions with the line items' exception dispositions result in the overall claim status. Each line item is also assigned a status of suspend, to-be-paid, or to-be-denied based on the exception dispositions for the edits on that specific line.

- For claims that suspend, the system assigns a location for routing to appropriate staff for review of exceptions
- For claims that deny, the system sets all line status values to to-be-denied, the reimbursement status to deny and the reimbursement amounts to zero

Figure 4.2.10-7 illustrates the hierarchy and rules used to determine the claim's status.

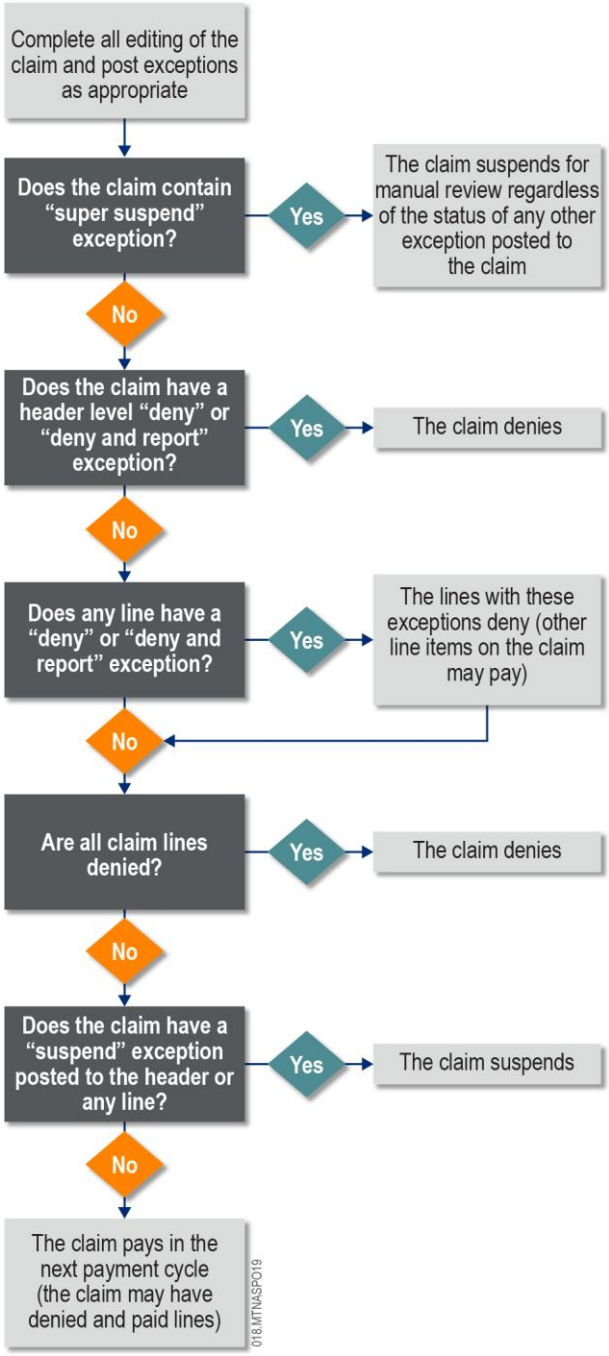


Figure 4.2.10-7. Claim Status

The system determines the claim's status by analyzing the claim's exceptions and their dispositions.

EPA13

The Contractor's solution shall enforce timely filing requirements using configurable business rules as defined by the Agency.

CMdS-Claims saves the received date with each claim regardless of the submission method. The system uses the received date in the business rules to enforce timely filing requirements. The business rules use unique parameters for non-crossover claims, crossover claims, and adjusted claims, allowing timely filing to vary based on the characteristics of the claim. These parameters are used to calculate the number of days after the claim last date of service allowed for timely claim submission.

Non-crossover claims exceed timely filing if the received date minus the claim last date of service is greater than the number of days defined in the system parameter. Crossover claims use the received date in relation to the Medicare paid date. Adjustment claims use the received date in comparison to the original claim paid date. The exception disposition determines if the claims auto-deny or suspend for manual review.

EPA14

The Contractor's solution shall provide the capability for Agency staff to mass adjust claims based on specific criteria and allow for edits to be bypassed as defined by Agency. At the direction of the Agency the Contractor's must perform the requested mass adjustment using the Agency's specific criteria.

Mass adjustment processing allows Agency and Conduent staff to void or adjust a group of previously adjudicated claims based on specific selection criteria, such as provider, member, and procedure for specific time periods (date of service, date of adjudication, or date of payment). CMdS-Claims can process a mass adjustment at any time although it is typically performed nightly. Instead of voiding or adjusting one claim at a time, a mass adjustment allows many claims to automatically be adjusted. The mass adjustment process includes the ability to suspend the adjustment claims for review and validation of results. As shown in Figure 4.2.10-8, the mass adjustment request allows users to select the criteria that the system uses to identify claims to adjust or void.

Figure 4.2.10-8. Mass Adjustment Entry
Users can request mass adjustments using a variety of criteria to select claims for adjustment.

Mass Adjustment Cycle. Mass adjustment processing selects system generated and user entered mass adjustment requests for processing. The process identifies the claims that match the criteria associated with each request and creates the adjustment or void claim. These claims have a media source to indicate the claim was system generated which allows for unique exception disposition configuration for mass adjustments and facilitates bypassing certain exceptions. CMdS-Claims executes business rules to carry forward the exceptions from the original claim that were force paid or force denied eliminating the need for a resolution specialist to work those same edits again. Business rules also exist to post an exception to each adjustment claim based on the batch number of the request so that the adjustment claim suspends. This process provides the opportunity to determine the fiscal impacts of mass adjustments.

Analyze the Mass Adjustment Results. CMdS-Claims provides a web-based user interface to validate the mass adjustment results for the suspended adjustments in addition to several reports. Based on the validation, we can release the adjustment claims or release only selected claims. Suspense release processing supports automated reprocessing to finalize the suspended adjustments. Suspense release options for mass adjustment batches include the ability to release the entire batch, delete the suspended adjustments that resulted in no change to the reimbursement amount and release the remaining adjustments to finalize, or delete the entire batch if needed. To support more claim specific review of the mass adjustment, the select/deselect user interface allows us to retain and finalize individual adjustments while we can specifically exclude other adjustment claims. Once we complete the review and analysis with the State, we finalize the results and the suspense release automatically reprocesses the adjustments and clears the mass adjustment edit or deletes the adjustment as specified.

Mass Adjustment Reporting. We provide mass adjustment reports as described in Table 4.2.10-2 that provide a record of mass adjustment activity as part of the CMdS-Insights standard library of reports included with the solution. In addition, mass adjustment requests are tracked in the change tracking tool and mass adjusted claims can be identified in our reporting tool by the batch range and media number.

Table 4.2.10-2. Mass Adjustment Entry

Report Name	Report Description
Mass Void / Replacement Request	This report lists all the mass void/replacement requests that were processed during the cycle and any error detected during the editing of the request.
Mass Credit / Replacement Analysis	Contains a comparison of the original TCN to the new adjusted TCN, identifying financial impacts to the billing provider.

EPA15
The Contractor's solution shall provide searchable options that are applicable to specific business rules including but not limited to: client, provider, benefits, reference data, claims processing, prior authorization, third party liability (TPL), and financial, as defined by Agency.

Our solution's web pages include links to key data such as member, provider, service authorization to review edits posted to the claim based on the business rules. These links provide easy access to additional information for the claims business rules. Reference data such as the procedure and diagnosis codes display the description of the codes for quick reference. TPL policy information is accessed using the link to the member ID to view the member's policy information. The financial information such as fund code is accessed through the fund code assignment user interface and from there authorized users access the associated budget detail when necessary. When the user needs to perform more detailed analysis, the CMdS-Claims module provides an extensive set of search options to access the information required for specific business rules.

EPA16
The Contractor's solution shall optimize the processing steps for working suspended claims to maximize user efficiency and meet or exceed claim suspension service level agreements.

CMdS-Claims is designed to speed processing, maximize workflow capability, and relieve much of the burden that legacy systems impose. Authorized users can access information directly from the claim correction user interface necessary to resolve exceptions and manually price claims. We designed the CMdS-Claims user interface to optimize the processing steps for working suspended claims and maximize user efficiency. This includes user-friendly links to assist with accessing the data needed to accommodate every phase of claim correction. We have leveraged our years of claims processing experience and continuous feedback from our claims processing staff. Easy navigation features help users to complete tasks quickly and accurately.

The claim correction search options provide easy access to the claims assigned to each resolution specialist. The claims are presented oldest to newest and as each claim is finalized and saved the system presents the next claim in the queue. Users can manually route suspended claims to another specialist if required and the user can enter online notes specific to that claim which improves communication.

Key information available through the claim screens include:

- **Exception resolution instructions.** Each exception code that posts to the claim has a short description and a link to the exception control user interface. Claims examiners have online access to resolution text, notes, disposition rules, and override criteria.
- **Claims attachments.** The integration of CMdS-Claims with the ECM allows the user to retrieve and view all images associated with the claim, including attachments and original claim images from the claim correction web page.
- **Prior approvals and service authorizations.** The service authorization ID on the claim has a link to the service authorization user interface allowing for immediate verification.
- **Claims history.** Users validate claims history using the TCN and claim line number link in the related history for each historical claim audit. When required more complex historical claim research is accomplished by selecting the member or provider ID performing a claims search.
- **Provider information.** The provider ID link provides access to the full provider details for billing, rendering, ordering, and referring providers.
- **Member information.** The member ID link navigates to the member summary inquiry. The member information includes eligibility, benefit plan enrollment, including cost-sharing, lock-in, and TPL information.
- **Reference information.** Links navigate to the reference code sets in CMdS-Claims, including procedure, diagnosis, revenue, and ICD surgical procedure codes.
- **Adjustment and void information.** The adjustment/void function provides an audit trail of previous and subsequent TCNs for every adjustment transaction. Each adjustment TCN is displayed and has a link on the current claim, allowing the user to retrieve and view the entire adjustment history.
- **Online help.** CMdS-Claims helps users navigate with the use of online help, site search, and intuitive links to content. Help is context sensitive, which means that when the help link is clicked, the starting point for help is the information relative to the page currently being displayed. Indexes and tables of contents are also available to access additional answers.

EPA17

The Contractor's solution shall accept attachments through the following mechanisms: fax, mail, electronic upload via the online provider portal. Additionally the Contractor's solution shall accept attachments via standard HIPAA transaction formats or any standard healthcare delivery methods.

Providers have multiple ways to send claim attachments for processing including mail, fax, and web portal. Additionally, while we wait on the national adoption of an electronic attachment standard, we support the receipt of attachments through the following mechanisms:

- **Claim Web Portal Submission.** If the provider keys the claim directly into the portal, they can upload attachment images as part of the submission process. We store the attachment images in ECM and index them with the claim's TCN for online review.
- **Claim 837 EDI Submission with Attachment.** We support the receipt of 837 EDI claims with the attachment code information included. We suspend the claim for configurable number of days to

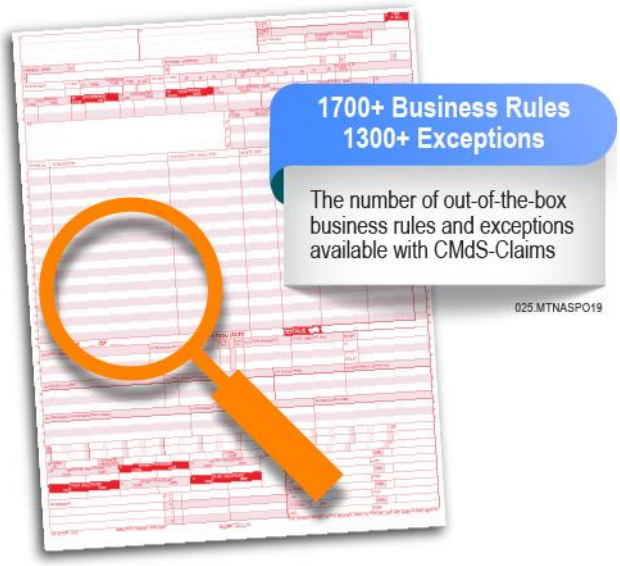
allow for receipt of the attachment information. If the attachment is not received within the allowed timeframe the claim will auto-deny.

- **Paper Attachment.** If the attachment(s) are submitted on paper or fax, we match the documents using the TCN. If the provider forgets to include the TCN on the attachment, our staff uses online claims inquiry to match the provider, member, date of service, and other pertinent information. The attachment is then indexed to the appropriate TCN and the image is stored in ECM.

EPA18

The Contractor's solution shall provide a base set of effective dated claims edits, audits, and rules for Agency use and maintain a version history of rules.

The CMdS-Claims adjudication process provides a base set of 1,700+ business rules and 1,300+ exceptions. Our solution posts exceptions to claims based on these business rules. Exception maintenance and data driven rule configuration is performed online through the web-based user interfaces. All exception codes have start and end dates. With the data driven capabilities of our CMdS-Claims module, supporting data used by our processing includes begin and end dates that are viewed and maintained using the web pages. Users can also view the audit log information through the user interface to view the audit history.



Our COTS-based business rule engine (BRE) stores business rules in an XML-based repository which serves as a central storage and maintenance area for business rules and their metadata. The rules repository allows for auditing and traceability of the rules. Our source code management (SCM) supports full versioning capabilities, including branching and tagging, to support release management.

EPA19

The Contractor's solution shall create, store, and maintain configurable edits and audits (e.g., member groups, benefit plan, age, region, claim type, procedure, provider type and/or specialty, provider taxonomy, tooth number, modifiers, benefit plan or lock-in or lock-out) as defined by the Agency.

Our CMdS-Claims module is designed with a significant number of configurable edits and audits. Many of the edits and audits are data driven providing flexibility to create new business rules that we maintain online through web pages. Our COTS-based BRE stores business rules in an XML-based repository which serves as a central storage and maintenance area for business rules and their metadata.

Benefit plans support editing to determine if the member's benefit plan covers the claim's services and if the claim's provider is associated with a provider network eligible to render the covered services. Benefit plans support member groups and the specific services and limits applicable to the group. Benefit plan configuration includes the ability to assign specific edits to the claim for non-covered services and service authorization requirements. Benefit plan limit audits limit service utilization for the services covered

under a specific benefit plan. Benefit plan mapsets can use many data fields including provider attributes (e.g., provider type, specialty and taxonomy), member age and long term care span types, and service details (e.g., procedure, modifiers, diagnosis, and revenue codes).

Reference data includes include/exclude criteria for specific fields and corresponding edits that post if the claim data doesn't meet the restrictions. This includes age ranges, claim type, provider type, specialty and taxonomy, modifiers, and tooth number. Rate configuration for ambulatory surgical centers (ASC) include region specific rate configuration. Figure 4.2.10-9 shows the procedure include/exclude configuration.

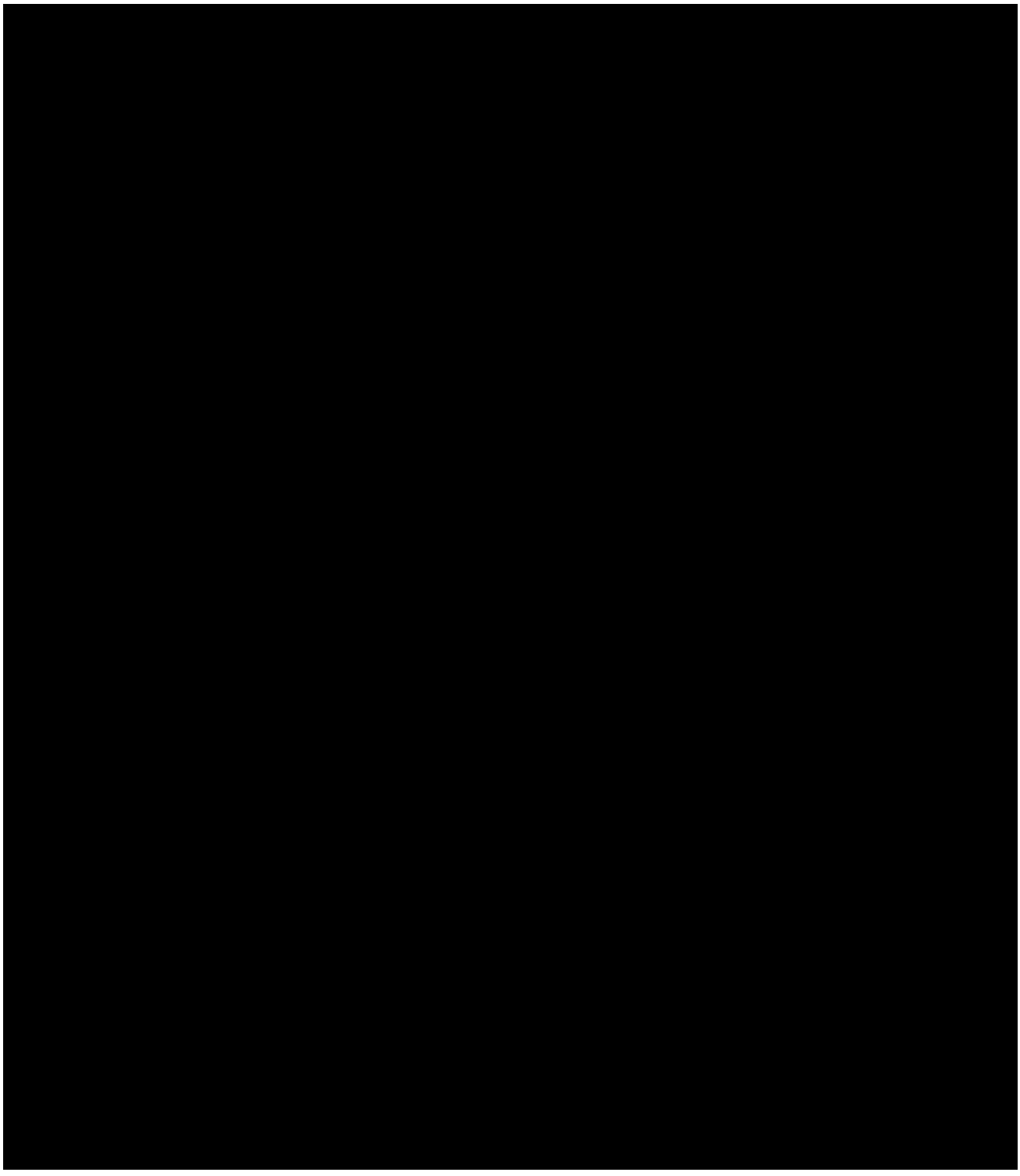


Figure 4.2.10-9. Procedure Include/Exclude

The procedure code web page supports include/exclude configuration to post claim edits.

CMdS-Claims uses claim type throughout the edits and audits. Exception control uses claim type to indicate if the edit or audit is applicable to a specific claim type or if the edit should be ignored. We also use claim type to define duplicate check rules and benefit plan limits.

Member lock-in or lock-out editing uses defined attributes which are then further extended with the use of mapsets. Mapsets extend configuration beyond frequently used data fields and allows for complex rules with and/or logic and include/exclude capabilities. Figure 4.2.10-10 shows the member on review user interface which is used to set up lock-in/lock-out edits.

Figure 4.2.10-10. Member Lock-In

The member review web page allows the lock-in/lock-out rules to be configured using mapsets.

EPA20

The Contractor's solution shall identify and deny or suspend duplicate or suspected duplicate claims across all claims transactions (e.g., fee for service, encounter) submitted by all enrolled providers, organizations, MCOs based on configurable business rules as defined by the Agency.

We designed our solution to take the presentation of complex processes such as duplicate check and allow configuration through purpose-built web-based user interfaces to capture and display the data necessary to apply claim edits. CMdS-Claims duplicate check processing requires the establishment of criteria for the in-process claim that CMdS-Claims uses to evaluate the in-process claim's additional service lines and the universe of history claims. The criteria support cross claim form and cross claim type criteria including the capability to indicate if the history claim should be adjusted.

The duplicate check processing identifies exact, suspect, and possible duplicates based on criteria which provide transparency to the duplicate check rules and the ability to update the rules based on code set updates and policy changes. The exception codes that post to the claim are included in the configuration criteria. The configuration also supports defining conditions where it is appropriate for that combination of claim characteristics to bypass duplicate edits. The bypass edits are set with a disposition of pay to easily identify that a claim or claim line processed through the duplicate check logic but specifically met a bypass rule. The duplicate check rules can include or exclude claim data elements. We also use system lists for ranges of codes, as required. We can choose specific fields to compare or ignore service date comparison rules to support the duplicate evaluation. Figure 4.2.10-11 shows the duplicate check user interface.

Figure 4.2.10-11. Duplicate Check User Interface
CMdS-Claims provides the ability to change duplicate check logic, allowing us to quickly implement policy changes.

EPA21
The Contractor's solution shall process and adjudicate all claims transactions using configurable business rules (e.g., bundle vs. unbundled, suspect or exact duplicates, invalid tooth number, age vs. procedure, category of eligibility vs. procedure, mutually exclusive, incidental, emergent visits) as defined by the Agency.

Our CMdS-Claims module processes and adjudicates claim transactions using configurable business rules. In response to ID EPA20, we provide a detailed description of how we configure suspect or exact duplicate business rules in the user interface.

We configure edits for procedure code invalid tooth number and procedure code age ranges from the procedure code web page. The corresponding business rules ensure the data on the claim matches what is allowed otherwise the system posts an edit to the claim line. We indicate emergency services from the procedure, diagnosis, and revenue code user interfaces. Throughout processing there are special processing rules and bypass conditions for emergency services.

Member category of eligibility is a primary attribute used to determine a member's benefit plan enrollment. Based on their benefit plan enrollment the covered procedure codes are configured into the benefit plan. CMdS-Claims also can use the category of eligibility directly through the claims adjudication business rule processing.

The NCCI edit processing performs the edits that detect medically unnecessary services, incorrect coding of services, and overuse of services, cross-referrals. NCCI edits are comprised of procedure-to-procedure (PTP) pair edits designed to prevent improper payment. The NCCI editing process includes identification on improper procedure bundling/unbundling, mutually exclusive and incidental edits. Medically unlikely edits (MUE)'s limit the number of times a procedure can be billed in a given time period.

EPA22
The Contractor's solution shall receive, process, and store encounter data from a variety of sources (e.g., Managed Care Health Plans, NEMT vendors) based on configurable business rules.

We process encounter data we receive in the HIPAA X12N 837 format from Managed Care Health Plans and NEMT vendors. The encounters include the plans payment information reported in the other payer segments of the 837 transaction. We process encounters through the same CMdS-Claims adjudication process as FFS claims, including pricing to establish the Medicaid allowed amount the claim would have paid under FFS processing. The adjudication bypasses certain processing not applicable to encounters. We typically set the exception dispositions to pay, deny, or ignore edits for encounters and encounter adjustments. The encounter claims and "shadow pricing" are available for reporting and analytics.

EPA23
The Contractor's solution shall, using configurable business rules, automatically review suspended claims based on Agency defined timeframes. The priority for these claims will systematically increase and where appropriate be automatically escalated for additional evaluation. All claims shall be electronically tracked until the claim is finalized.

Claims that suspend are held in suspense queues. Resolution staff work these queues daily based on the claim's priority. The claim correction web page displays the claims from oldest to newest to increase the priority of aging claims systematically. Additionally, the system uses business rules to automatically release suspended claims for processing based on Agency defined timeframes. For instance, certain exceptions may cause claims to suspend for a specified number of days, such as a member becoming eligible. After the number of days transpires, the system can automatically recycle the claims through the adjudication process before reaching a final disposition. CMdS-Claims electronically tracks claims until they are finalized. Numerous reports provide detailed and summary information about suspended claims that help our team manage the suspense queues.

EPA24
The Contractor's solution shall automatically identify missing claims attachments (e.g., required forms, trip reporting, medical records) and automatically search the document repository for relevant documentation (e.g., a document associated to the member and service type for the attachment) and associate the document with the claim.

As described in ID EPA09, providers have multiple ways to send claim attachments to Conduent for processing including mail, fax, and the web portal. Additionally, while we wait on the national adoption

of an electronic attachment standard, we support the receipt and processing of ANSI X12 837 transactions with an attachment indicator. Providers can send attachments when they submit the claim or later. When we receive attachments, we index attachment images with the TCN of the associated claim and store the images in the ECM repository.

We have business rules to determine if the procedure and revenue codes that indicate an attachment is required. CMdS-Claims automatically searches the ECM repository for supporting documentation (e.g., a document associated to the member and service type) indexed using the claim TCN. The documentation can be viewed using the claims correction and inquiry user interface.

EPA25
The Contractor's solution shall allow for user friendly manual entry of claims and adjustments by Contractor's and Agency staff.

There are circumstances that require manual entry of claims and adjustments by Conduent and Agency staff. Our solution provides user friendly web pages for staff to enter these claim transactions. During manual entry, adjudication occurs real-time so that users can review edits posted to claims and make corrections at time of entry. This feature provides instantaneous feedback and allows staff to review and correct the data they entered. Access to the claim and adjustment image and supporting documentation online through the user interface also supports accuracy and efficiency in resolving data entry issues. Our staff are well-trained and efficient at entering claims accurately.

EPA26
The Contractor's solution shall identify, store, and display and report all edits, audits, and exceptions (error codes) applied to the claim during processing and provide viewable audit trail for all edits and exceptions that are applied to a claim as it is processed, as defined by the Agency.

To provide transparency and visibility into processing, the system displays the edits, audits, and exceptions posted to claims during the adjudication process. We store this information with the claim, and it is viewable through an online audit trail. We retain each exception code along with the applicable line number (line zero indicates the claim header) and exception status. Users can select the exception code to view its description, and if the edit was force paid or force denied along with the person's user ID and name who performed the override. The resolution text is viewable online to provide accuracy in resolving the claim's exceptions.

Figure 4.2.10-12 shows the claim's edits, statuses, descriptions, and if an edit was forced, the person's user ID and name who performed the override. Authorized users can view this information in claim correction or claim inquiry.

Figure 4.2.10-12. Claim Exception Detail
Users can view the edits posted to the claim including the dispositions and descriptions.

In addition to the detailed exception information, the claim correction and inquiry user interfaces display the following:

- **The related history** detail shows the audits posted against other claim lines or claims in history and provides links to view the related claims
- **The replacement claims history** shows the adjustment or void history back to the original claim and provides links to view the adjustments and voids
- **The location history** provides an audit trail of the locations assigned to the claim throughout its lifecycle including the exception causing the claim to go to each location and the date the claim moved from the location

Figure 4.2.10-13 shows the claim history detail that users can view online. Standard reports review and monitor the suspense volume and specific exceptions that post to claims, including edits that are force paid or force denied.

Figure 4.2.10-13. Claim History
CMdS-Claims shows related claims, replacement claims, and location history.

EPA27

The Contractor's solution shall create notification for requesting and performing providers, case managers, authorized users and participants of service authorization activity, as defined by the Agency.

CMdS-Claims service authorization produces notification to providers, case managers, and authorized users when the service authorization is approved, denied, or updated. Service authorization notifications are delivered to the providers and members secure inbox on the external portal. We maintain electronic copies of the notifications in the ECM and provide a link from the service authorization to view the associated notification.

The service authorization letter itself is configurable, allowing users to send alternate letters based on authorization type or authorization status. As shown in Figure 4.2.10-14 the letter may include selectable letter comments and/or free-form additional letter text. Additional addressees such as case managers and authorized users can also receive a copy of the letter if entered in the additional addressee section of the service authorization user interface. Enclosures are also a configurable component of authorization letters. For example, denied or partially denied authorizations may include a member rights to a fair hearing enclosure if letter is delivered to the member.

Figure 4.2.10-14. Automated Authorization Letters
Users can generate automated service authorization letters that can be sent through multiple communication channels.

EPA28

The Contractor's solution shall adjudicate and finalize claims at a frequency (e.g., real-time, near-real-time processing, and batch processing where appropriate and/or necessary) as defined by the Agency.

Our CMdS-Claims module supports real-time adjudication of web portal claims, internally entered claims, and suspense correction claims. The module processes OCR, EDI, and other batch claim submissions in near real-time as the adjudication engine receives each claim. We typically schedule mass

adjustment and suspense release processes to run in batch during off hours, Monday through Friday. These processes go through the available mass adjustment and suspense release requests to create the data needed for each claim to be adjudicated. As the claim data is available the adjudication processing begins. All claims are fully adjudicated without the need for additional processing to perform historical auditing processes.

EPA29
The Contractor's solution shall identify and utilize third-party and/or Medicare coverage/payments at the header or line level to pay (e.g., pay in full, pay reduced amount, pay at zero, or pay coinsurance and deductible) or deny as defined by Agency business rules.

We use the X12 837 other payer information or the claim's attached EOB to perform editing and pricing using the other payer payments, coinsurance, and deductible amounts. Providers can submit other payer payments at the claim header or line level. We track third-party payments as base rate changes to reduce the reimbursement amount. We use Medicare paid, coinsurance, and deductible amounts to determine the allowed amount during pricing.

CMdS-Claims uses a TPL Matrix to manage third-payer payer processing rules. The TPL Matrix provides the capability to associate multiple attributes with values stored in system lists to each coverage code and associated edit. Each unique mapset defines a series of evaluation criteria such as diagnosis code, member age, and claim type. Exceptions post if all conditions are true in the mapset. During claims adjudication, CMdS-Claims evaluates other insurer information submitted as an EOB attachment to a paper claim or with the X12 837 other payer segment, including Medicare and private insurers, to avoid paying claims that should be paid by another responsible party. The TPL cost avoidance and pay and chase rules govern the way in which TPL edits are applied to claims. An example of a rule that is part of the TPL Matrix can be seen in Figure 4.2.10-15.

Figure 4.2.10-15. TPL Matrix Edit Configuration
Using configuration, we can control the policy applied by TPL edits.

EPA30
The Contractor's solution shall process all claims transactions utilizing specific information contained in a benefit plan (e.g., member's healthcare coverage, provider, procedure/service, cost share, diagnosis) using Agency defined configurable business rules.

We establish benefit plans for fee-for-service, waiver, and managed care programs. The corresponding claims adjudication processing rules perform the appropriate benefit plan validations. CMdS-Claims has a benefit plan coverage determination process which selects the appropriate benefit plan for the claim and/or claim line during claims adjudication. A member can be enrolled in multiple benefit plans for the claim dates of service based on their eligibility information. Adjudication determines the benefit plan based on the benefit plan rank in the benefit plan hierarchy table which is configurable. The process

iterates the map definition associated to the benefit plan(s) to match the defined criteria to the claim attributes.

The CMdS-Claims benefit plan structure is used to define provider networks which identify the providers that can deliver the covered services to the enrolled members. Providers can submit claims across multiple benefit plans based on their network association to the plan and the rules described below.

The benefit plan coverage configuration uses mapsets to define the services (e.g., procedure and diagnosis codes) that are covered under the plan. Mapsets allow for complex and/or logic and allows access to rich set of data available in our data model beyond the typical frequently used fields. The use of mapsets provide a flexible foundation for re-usability.

Service authorization requirements and cost share (copayments, coinsurance, and deductible) configuration is also performed in the benefit plan setup. Claims adjudication will process against execute business rules for service authorization processing based on the rules define. Cost share calculations and the corresponding reductions (cutbacks) are executed if the benefit plan applies copayments, coinsurance, or deductibles to some or all the covered services.

EPA31
The Contractor's solution shall identify, rollback/recover, reprocess and report on all claims transactions processed in error (e.g., system malfunction, sending or receiving error, Contractor's error) as defined by the Agency.

Our Claims department establishes claims control and entry policies and procedures we reconcile all captured claims (hardcopy and electronic) to batch processing cycle input and output figures to confirm that the system processed all claims received. Each point of entry for claims – electronic, web, and paper has a reconciliation method unique to its characteristics. In the event of a system malfunction or error the balancing and reconciliation processes identify the transaction in error to allow for reprocessing all the claims transactions and reporting.

Electronic Claims. As the EDI/HIPAA gateway receives files, submitter authentication occurs based on the associated trading partner's unique credentials issued during the enrollment process and elements in the individual transactions. The system tracks the claim through the full transaction lifecycle including submission, routing, clean translation, validation, and adjudication while generating standard acknowledgements at the appropriate stages. We validate throughput and backlog, cross-application, and for data consistency. To control balancing a trace numbering system assigns a unique trace number to each claim received then delivers the number to CMdS-Claims. As the system processes claims, it generates confirmation records to reflect accepted and rejected claims. The rejected confirmation records contain rejection details, reason, and date.

Web Claims. CMdS-Claims receives web claims from the portal as HIPAA data content compliant transactions immediately upon submission. During normal processing, the system provides the submitter with a response containing the results of adjudication. In the rare event where the system cannot receive the claim from the portal, the user will receive a processing error.

Paper Claims. Control of paper claims begins as soon as the paper enters our mailroom. The OCR Scan Module assigns a Transaction Control Number (TCN) to each paper claim as part of scanning, indexing, and image storage. Upon receipt we capture, number, and maintain in the document repository an

electronic image and format of each hardcopy document. Paper claim documents become part of a batch that we can monitor through the batch control function which indicates the status of batches in the system, prevents the entry of duplicate batches, and provides a balancing control count for claims entered into the system.

CMdS-Claims automatically reconciles the number of claims in the batch to the number specified on the batch control record. Management staff reviews the Batch Status Aging Report daily to ensure timely entry of batches and to balance and account for every claim in a batch. A batch remains on the Batch Status Aging Report until the system reconciles the claim count and batch count.

EPA32

The Contractor's solution shall provide the ability to process claims with Medicaid-covered, non-covered and non-healthcare services (e.g., DME, transportation, EPSDT, home modifications, waiver services) as defined by Agency configurable business rules.

CMdS-Claims supports adjudicating that have specific processing requirements, such as DME, transportation, and EPSDT services. The business rules and benefit plan configuration are designed to support the policies associated with Medicaid and State waiver programs. In ID EPA30, we covered the benefit plan configuration and flexibility to support these programs. The map definition also includes the ability to specifically exclude non-covered services and post exceptions to the claim. Non-healthcare services are configured with the use of procedure codes plus state specific modifiers as needed to support business rules and unique fee schedules and rates for pricing. Data driven rules throughout adjudication provide transparency to view the rules and ease of modification as needed to adapt to your program needs over time.

EPA33

The Contractor's solution shall provide the capability to waive timely filing on claims based on Agency configurable business rules.

CMdS-Claims saves the received date with each claim regardless of the submission method. The system uses the received date in the configurable business rules to enforce timely filing requirements. The business rules use unique parameters for non-crossover claims, crossover claims, and adjusted claims, allowing timely filing to vary based on the characteristics of the claim. These parameters are used to calculate the number of days after the claim last date of service allowed for timely claim submission.

Non-crossover claims exceed timely filing if the received date minus the claim last date of service is greater than the number of days in the system parameter. Crossover claims use the received date in relation to the Medicare paid date. Adjustment claims use the received date in comparison to the original claim paid date. The exception disposition determines if the claims auto-deny or suspend for manual review.

EPA34

The Contractor's solution shall accept, validate, and process all current and future approved HIPAA ASC X12 transactions from covered entities (e.g., health plans, health care clearinghouses, billing companies, trading partners, and health care providers)

Our multi-tenant EDI/HIPAA gateway accepts, validates, and processes current approved HIPAA ASC X12 transactions from covered entities. Our CMdS products are updated to support future approved

HIPAA ASC X12 transactions as they become available based on our product roadmap. We have long-standing experience providing EDI services that support Montana Medicaid and other Medicaid programs around the country with claims and eligibility transaction processing. Figure 4.2.10-16 discusses our EHNAC accreditation.

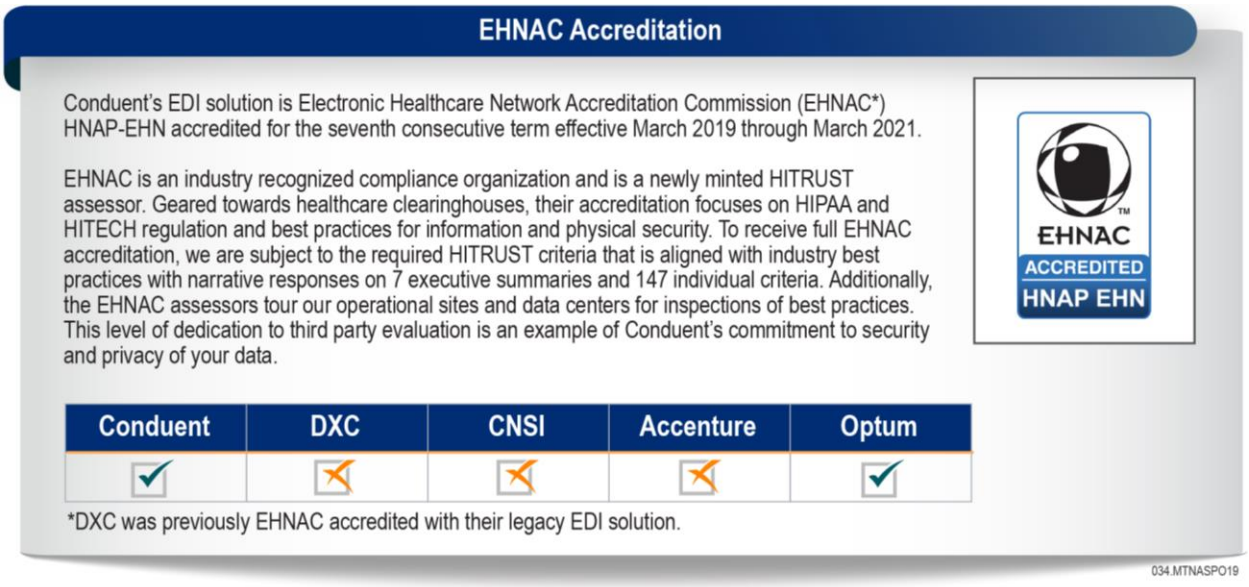


Figure 4.2.10-16. EHNAC Accreditation
Our EDI solution is EHNAC accredited, just one example of our commitment to security and privacy.

Our solution receives and generates X12N healthcare transactions that comply with the HIPAA implementation guides. In addition, we have helped clients achieve compliance with Centers for Medicare and Medicaid Services' (CMS) Operating Rule Mandates. We are a member of ASC X12, the standards organization that drives global business processes through the development and maintenance of X12 EDI standards.

Trading partners and payers are given access to transmission reports that display receipt of transmissions, and we deliver all data accepted from trading partners to payers within 24 hours of receipt. Our organization provides payer-specific editing capabilities for all trading partners and we track all accepted/rejected transmissions to the payer. In addition, we conduct business in accordance with all applicable federal and Agency requirements and regulations.

The Conduent Information Security Office (CISO) and Center of Excellence (COE) has authored extensive policies, procedures, and minimum baseline configurations to properly harden our servers to ensure that electronic Protected Health Information (ePHI) that we create, receive, maintain or transmit is treated in accordance with the HIPAA Security Final Rule. As the incumbent, we currently offer the Agency a versatile, solid, and dynamic multi-tenant EDI solution that reduces the Agency's cost responsibility. Our solution provides data quality and secure transfer protocols. Further, we provide necessary documentation relating to our implementation (including companion guides).

Conduent's EDI solution supports all standard connectivity protocols as well as interoperability with a variety of third-party connectivity and middleware products. With all implementations, we provide efficient and secure EDI transmissions between healthcare stakeholders. Our services include providing transaction validation, transaction response, and any-to-any translation services. Our solution is fully

5010-compliant, and within the Medicaid space, was the very first solution to reach the ACA Section 1104 Phase I mandate. Our required configurable ports are built to suit the business needs of our clients. Further, our solution is designed to support the future exchange of data flow through its service-oriented architecture (SOA) and use of commercial off-the-shelf (COTS) data transformation and data validation sub-components. Figure 4.2.10-17 shows our EDI end-to-end solution.

Figure 4.2.10-17. End-To-End EDI Solution

Our EDI platform facilitates the transmission, translation, and delivery of transactions over multiple real-time and batch channels using the latest industry security standards.

EDI Solution Components

Our complete end-to-end solution with enterprise class tracking and transaction logging uses the TIBCO Foresight Instream Product suite to support our SOA. We have combined complex systems into manageable workflows with TIBCO BusinessWorks and Business Events components, creating an Enterprise Service Bus (ESB) for all EDI processing. With the ESB, we manage how the transactions interact and flow through our systems through configuration rather than coding.

The TIBCO Transaction Insight works with other components including the robust COTS Informatica B2B Data Transformation (DT) and EDIFECS XEngine for clean translation and validation while providing visibility and control over the entire transaction lifecycle. The TIBCO Foresight platform integrates Informatica B2B DT to manage each step in the data receipt, transformation, and delivery process. Informatica B2B DT serves as the translator tool for mapping either to a common format, such as X12N, or to a proprietary format for use within another application. Tightly integrated with Informatica is the EDIFECS XEngine tool, a compliance check module that includes data validation and compliance reporting. Built into this process is a complete tracking and reporting component that allows the system to identify each file, record statistics for each file, and report file status at any point in time. Such components improvements include effectively interpreting results, handling failures and accurately generating performance measures.

EPA35
The Contractor shall have an online solution for providers to complete submission of claim transactions with efficient keying of claims without requiring additional keystrokes such as slashes, dashes or double entry (e.g., allow providers to submit individual and/or batch claims file, allow providers to submit through direct data entry, allow providers to submit adjustments, voids, replacements, and corrections to existing claims as well as resubmissions of denied claims, allow providers to submit service authorization requests, allow providers to submit required participant attachments, forms, and requests for information, including the ability to submit supporting claims documentation, allow providers to review upfront validation of claims data at the point of entry by the billers, and allow for necessary correction) and allow for any additional types of submissions as defined by the Agency.

When it comes to superb customer service, providers need self-service features that allow them to easily complete claim and service authorization submissions. Our CMdS-Claims external portal provides comprehensive capabilities to perform a variety of tasks online and in real-time. Our practical experience has demonstrated that the use of self-service features and appropriate automation results in improvements in accuracy, efficiency, and provider satisfaction.

Authorized providers using the CMdS-Claims external portal have the option of submitting either individual claims or service authorization requests or batch EDI X12 file submission. Batch file submission response files are retrieved using the file retrieval mailbox. Claim adjustments, voids and resubmission of denied are supported using either the direct entry pages for individual claims or batch X12 submission.

Our CMdS-Claim external web portal offers providers the ability to directly enter claims and receive a real time confirmation with the adjudication results. The external portal supports the full 5010 837 data content, but the layout is grouped by commonly used fields in a manner that guides the provider through

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the entry process. As provider's enter the claim data there are real time validations that highlight any missing required fields, improper formats (e.g., alpha characters in a numeric field), and questions throughout the page to assist with accurate submissions the first time. Providers can correct the errors as they complete the claim entry. Figure 4.2.10-18 shows the initial display of the professional claim entry web page.

Figure 4.2.10-18. Professional Claim Entry

The external portal entry page guides the provider through the steps for successful claims submission.

The CMdS-Claims external portal also supports submission of claims attachments and supporting documentation. Figure 4.2.10-19 shows the web page for submission of attachments. Additional self-service support for providers includes the ability to upload participant attachments, forms, and documents in response to requests for additional information.

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Figure 4.2.10-19. Attachment Upload
This web page is used to upload attachments on the external portal.

EPA36
The Contractor's solution shall accept and process all current and future paper claim types (e.g., CMS 1500 (Professional Claim form), UB04 (Institutional Claim), ADA (Dental Claim) and paper adjustments as defined by the Agency.

We process paper claims, attachments, and adjustments in our Helena mailroom using Agency approved policies and procedures. Conduent accepts standard claim forms and establishes an electronic image of each incoming document. We will support future changes to the claim forms as released. These are the forms in use today:

- UB04 Institutional Claim
- CMS 1500 Professional Claim
- ADA 2012 Dental Claim

Upon receipt of hardcopy claims in the mailroom, we use Central OCR (COCR) workflows to scan associated pages together. COCR attempts to convert the claim to an electronic format for adjudication. This process is highly successful, keeping our staff from having to key from the form directly into the system. We return rejected paper claims to the provider per mailroom procedures approved by the Agency.

As we process paper claims, we perform quality control procedures throughout the process such as verifying that the electronic image is legible and meets quality standards. The processing of paper claims and attachments requires a coordinated effort combining the right people and best technology to accept,

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process, capture, and index information from paper claims and store the images in the ECM solution. Conduent has a solution that integrates those steps into a streamlined process that provides timely processing, accuracy, and efficiency.

Paper Adjustments. Paper adjustment and void requests are imaged, stored in ECM and routed to work queues for review and entry. CMdS-Claims allows the correction of any data element on the adjustment that Agency policy allows. We perform the same QA procedures for adjustments and voids as we do for original paper claims.

EPA37
The Contractor's solution shall display claims and associated documents which shall be searchable and printable as defined by the Agency

The CMdS-Claims inquiry user interfaces provide a powerful tool for authorized users to research and inquiry into processed claims. The claims correction and inquiry user interfaces provide multiple search options to access the claim data based on user roles and the associated data access needs. As shown in Figure 4.2.10-20, our product's claims inquiry basic and advanced search options range from TCN, provider, and member, to other advanced options such as procedure and/or diagnosis codes. The advanced search provides additional data filtering capabilities to allow users to refine their criteria to ensure the search results provide the necessary information in efficient manner.

Figure 4.2.10-20. Claim Inquiry Advanced Selection Web Page
This web page allows users to enter claims inquiry selection criteria in a provider or member-centric view.

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All claims meeting the search criteria are displayed on the results web page. The result set allows users to sort the results to more quickly identify the specific claims they need to review. This ordering of the results increases the search capability based on the specific user need. Users can select claims from the results to view claim details. Once a claim is chosen, all the claim data content is displayed on the details tabs which are used to group the claim data to present the frequently referenced data in the first tabs and less frequent data content in the remaining tabs.

Users can print the claim in a printer-friendly format using the view paper documents link. The integration of CMdS-Claims with ECM allows the user to retrieve and view all images associated with the claim, including attachments and original paper claim images and or electronic claim submissions a printable pdf of the submitted claim data.

EPA38

The Contractor's solution shall allow manual override of edits that do not suspend for manual intervention based on the Agency's configurable business rules.

Exception dispositions and authorization to allow manual override of edits is configured in CMdS-Claims for each document type, media type, and claim type. The exception control includes the claim resolution text. The resolution text describes how the authorized user should correct the edits causing the claim to suspend. When working a suspended claim, each edit code that posts to the claim contains a link to the exception control user interface for easy access. This provides access to resolution text, notes, disposition rules, and override criteria. When an exception needs to be overridden the user updates the edit status to indicate force pay or force deny. The claim correction user interface also contains an override exception capability to allow users to pre-force edits on the claim.

Users are limited in the exceptions they can override. The system includes the ability override the disposition to force pay or force deny edit based on the exception. When viewing the claim in claim correction or inquiry, the edit status will indicate any overrides. This provides transparency to what override actions were taken on the claim and by whom. Figure 4.2.10-21 shows the exception disposition and override user interface.

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Figure 4.2.10-21. Exception Overrides
The exception control table stores the rules for when a person can manually force pay or deny an exception.

EPA39
The Contractor's solution shall have the ability to configure edit dispositions (i.e. deny, pay, pay and report, suspend, and super-suspend), as defined by the Agency's configurable business rules.

The claim status (paid, denied, or suspended) is determined by whether exceptions are posted to the claim and what the corresponding edit status is. The CMdS-Claims exception control user interface is where the exception dispositions are configured. The exception control provides considerable flexibility in setting the edit dispositions using the claim's document type (i.e., FFS, adjustment, and encounter), media type (i.e., paper, web, and electronic), and claim type. The exception dispositions include: super suspend, suspend, deny and report, deny, pay and report, pay. The configuration also indicates whether manual overrides are allowed.

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EPA40
The Contractor's solution shall provide the capability to apply and maintain edits and pricing rules for EPSDT related services or Agency defined name for an EPSDT program.

Our CMdS-Claims product fully supports editing and pricing rules for EPSDT related services. We identify members eligible for EPSDT services and track their claims and screening notifications to help ensure the appropriate preventative health services are performed. The benefit plan coverage includes the covered services and the diagnosis code configuration indicates if the diagnosis code is EPSDT related. Business rules exist to support EPSDT specific editing requirements such as 'Completed early periodic screening diagnosis and treatment (EPSDT) service must be billed with proper E&M code.' Pricing of EPSDT claims is performed primarily based on the fee schedule associated with the EPSDT procedure code but can include more specific rate structures including plan specific rates.

EPA41
The Contractor's solution shall allow manual (e.g., force, deny, clear edit, super-suspend) and system overrides, and bypass criteria for edits on an individual claim or batch of claims including the source of the override as part of each individual claim record.

CMdS-Claims supports special situations where edits need to behave differently than normal by use of special batches. Claims process through the normal system logic with our auditing but allow the flexibility to change edit dispositions including bypassing specific edits without affecting regular claims. During claim correction based on the exception users can manually force pay, force deny or clear existing overrides. Critical exceptions can be dispositioned to super-suspend to ensure the claim does not go to a final status until the reason for the exception is resolved.

EPA42
The Contractor's solution shall receive, store, maintain, display, and use current and support all future versions of the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules (CORE) standards: Claim Adjustment Group Codes (CAGC), Claim Adjustment Reason Code (CARC), and Remittance Advice Remark Code (RARC).

The CAQH CORE standards govern the nationally mandated CAGC, CARC, and RARC HIPAA code sets and valid combinations that we include in the provider's electronic 835 remittance advice. CMdS-Claims conforms to CAQH CORE standards to convey details about a claim adjustment or denial in a predictable and consistent format.

- **CAGC.** Categorizes the associated CARC based on financial liability. For example, the description for code PR is: patient responsibility.
- **CARC.** Identifies why a claim was not paid at submitted charges. For example, the description for adjustment reason code 4 is: the procedure code is inconsistent with the modifier used or a required modifier is missing.
- **RARC.** Provides supplemental information about the adjudication of claims or services. For example, the description for RARC M20 is: Missing/incomplete/invalid HCPCS.

Access to Future Versions of Code Sets. Figure 4.2.10-22 shows part of the published CAQH CORE CAGC, CARC, and RARC valid combinations as of October 2019. Conduent maintains a subscription

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with Washington Publishing Company to receive automatic email notifications of new code availability based on the release schedule, which is normally January 1, March 1, July 1, and November 1 of each year. Our CMdS product supports current standards and code sets and will support future updates as well.

CAQH Committee on Operating Rules for Information Exchange (CORE)
Phase III CORE 360 Uniform Use of CARCs and RARCs (835) Rule
CORE-required Code Combinations for CORE-defined Business Scenarios
version 3.5.4 October 2019

Code Combinations for Business Scenario #1: Additional Information Required – Missing/Invalid/Incomplete

Table 2-1

Scenario #1: Additional Information Required – Missing/Invalid/Incomplete Documentation
Refers to situations where additional documentation is needed from the billing provider or an ERA from a prior payer.

CARC	CARC Description*	RARC+	RARC Description*	ASC X12 CAGC
116	The advance indemnification notice signed by the patient did not comply with requirements.			CO or PI
163	Attachment/other documentation referenced on the claim was not received.			CO or PI
163	Attachment/other documentation referenced on the claim was not received.	M19	Missing oxygen certification/re-certification.	CO or PI
163	Attachment/other documentation referenced on the claim was not received.	M23	Missing invoice.	CO or PI
163	Attachment/other documentation referenced on the claim was not received.	M29	Missing operative note/report.	CO or PI
163	Attachment/other documentation referenced on the	M30	Missing pathology report.	CO or PI

Figure 4.2.10-22. CAQH CORE CAGC, CARC, and RARC
CAQH CORE standards govern the valid combinations of CAGC, CARC, and RARC.

EPA43
The Contractor's solution shall provide the ability to view summary level claim information for a member. Users shall have the ability to view utilization by service type (e.g., dental, vision, therapy), the ability to view header and line level edits, including the ability to filter the claims (e.g., date of service, date of payment, claim status, provider type, claim type, rendering provider, pay-to provider) as defined by the Agency.

CMdS-Claims provides a comprehensive claims inquiry search user interface. Claims inquiry provides the ability for authorized users to view the entire claim data content including header and line item detail. Our solution provides a robust set of filtering criteria and combinations of search methods including an advanced search web page for detailed filtering. The search capability includes fields such as:

- Member
- Category of service
- Service date
- Payment date
- Claim status
- Provider
- Provider type
- Claim type
- Rendering provider
- Payee ID

The system displays the claims matching the search criteria on the results web page. The results can be sorted by the user to assist them in reviewing the summary claim data. Users can select claims from the result set to view claim details. Once the user selects a claim, the system displays claim information on

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the detail web page, including header and line level edits. Figure 4.2.10-23 shows the advanced claim inquiry search options.

Figure 4.2.10-23. Advance Claim Inquiry Search
The advanced claim inquiry search web page provides detail claim filtering capabilities.

EPA44
The Contractor's solution shall have the ability to create, receive, maintain, and issue service authorizations for service(s) to be provided to a member with or without a specified provider using configurable business rules (e.g., service type) as defined by the Agency.

Our CMdS-Claims product provides the ability to create and maintain service authorizations. We accept service authorizations electronically (web portal or interfaces) along with paper and fax. Service authorization adjudication includes configurable business rules to validate the service authorization member and provider details on the submitted authorization. The business rules support evaluating the service type to determine what services require a provider to be specified. Providers have numerous ways to send authorization requests to Conduent for processing including:

- **Web portal authorizations** provide convenient, comprehensive self-service functionality to submit authorization requests. Easy-to-use web pages allow providers to enter service authorization requests, submit supporting documentation, and check the status of requests.
- **Hard copy authorizations** arrive by mail from providers. They are screened by designated staff who verify that each service authorization includes required data. Any service authorizations without the required elements are returned to the provider. We batch and image valid requests and store the images in the ECM solution.

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- **Electronic authorizations** are sent by providers through 278 authorization transactions or propriety interfaces using our standard API's. The requests are translated and validated based on business rules.
- **Fax authorizations** provide another convenient way for providers to submit authorization requests. The incoming fax telephone line used to receive faxes is connected to the RightFax server. As an added security, service authorization faxes are automatically indexed and stored in the ECM solution and are not physically printed.

After receipt and processing the service authorizations are assigned to a location for review. Once approved service authorizations are used to support claims adjudication.

EPA45
The Contractor's solution shall provide a service/prior authorization process that is flexible (e.g. across numerous programs, benefit plans, external systems interfaces, claim types, and services).

We designed the service/prior authorization process to have the flexibility to support not only Medicaid programs but also State specific waiver programs. This includes the capability to authorize non-medical services based on program needs. Our benefit plan configuration determines when an authorization is required in order to adjudicate the claims. The authorization and service type support adjudication of institutional, professional and dental claims with attributes unique to each type of claim (e.g., revenue codes and tooth numbers). Some of the features available in our solution include:

- Pricing overrides to have member specific rates
- Edits use data configuration and business rules for service authorization adjudication
- Location routing to work queues and configurable workflow tools
- Authorization and referral letters
- Benefit plan limit override
- Utilization review limit override

As explained in ID EPA44, CMdS-Claims uses our standard API's to interface with external systems to receive and update services authorizations.

EPA46
The Contractor's solution shall provide the ability to generate claim based event notifications to providers of required action (e.g., provide missing attachments) based on their preferred method of communication. The frequency (e.g., once per adjudication cycle) and content of the notification must be aggregated into a single event and configurable by the Agency.

Our product supports notification to providers related to their claim submission in several ways. For paper claims and attachments, if documents fail certain pre-checks such as legibility, the documents are returned in their entirety to the provider with a return to provider (RTP) letter detailing the issue. We maintain an electronic log of all RTP letters and notifications.

The primary notification to provider is through the remittance advice. Providers can elect to include suspended claim information based on their preference in order to received detailed information for the reason the claim is in suspense and response to any claims that require supporting documentation or action on their part.

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Our CMdS-Claims product includes a highly configurable workflow tool that includes the capability to generate notifications. We can configure workflows to identify claims based on the exceptions to send notifications to the provider inbox on the external portal. To support providers with communication preferences that do not include the portal inbox would require a new letter template and validation of the frequency the letters would be sent.

EPA47
The Contractor's system shall have the capability to create and maintain and configurable set of work queues to support the routing and assignment of suspended claims based on edits using Agency configurable business rules.

CMdS-Claims provides the capability to create and maintain a configurable set of work queues (locations). As the system processes claims, they may post exceptions based on Agency configurable business rules that cause the claims to suspend. The adjudication process assigns the claims to locations based on their exceptions. The assignment of exceptions to locations is configurable using the exception control user interface shown in Figure 4.2.10-24. Similar exceptions are grouped together to form different locations. For example, location 70 may contain all the claims posting an eligibility edit. As our team resolves claims online by location, CMdS-Claims presents the next claim in the location queue to be reviewed and resolved.

Each of the locations is assigned a number. The numbers range from high numbers for major exceptions down to the single digits. During the implementation we finalize the list of locations based on Agency requirements and our experience working suspended claims. We then configure the exception control tables online according to the Agency-approved list.

Figure 4.2.10-24. Exception Control Location
This web page allows authorized users to assign exceptions to locations for use during suspense correction.

EPA48
The Contractor's solution shall automatically reprocess suspended transactions after any modification(s) or edit resolution(s) based on Agency configurable business rules.

CMdS-Claims allows authorized users to automatically reprocess suspended claims using our claims correction real-time adjudication or our suspense release process. Our goal for suspended claim resolution is prompt, and accurate adjudication of your claims. Our dedicated resolution team responsible for

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resolving suspended claims has an incredible amount of experience in this area. The suspense correction function uses a queuing feature, so our team works claims with similar exceptions, from the same queue, and edit resolution, the claims are re-adjudicated real-time from the claim correction user interface.

CMdS-Claims provides an additional feature to assist our resolution staff with correcting suspended claims. Claim exception resolution may involve modifications or updates to other data in the system that could impact a volume of claims. The suspense release function provides our team with the capability to automatically reprocess a group of related claims. We can select claims to release based on batch number, Julian date, exception code, provider number, and other criteria. The suspense release transaction request user interface enables a user to add, change, or delete a suspense release transaction online. Claims processing reports provide an audit trail of the claims that were released for processing. Figure 4.2.10-25 show the suspense release request user interface.

Figure 4.2.10-25. Suspense Release Request
This web page allows multiple selection options to identify the suspended claims for automatic reprocessing.

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EPA49
The Contractor's solution shall adjudicate claims transactions against all identified member third-party payer benefits (e.g., primary, secondary, tertiary). The Contractor shall ensure all third-party payer benefits are exhausted prior to billing Medicaid.

Our solution matches claims against identified member third-party payer policy information and edits verify that all third-party payer benefits are exhausted prior to billing Medicaid. The CMdS-Claims module uses the TPL Matrix to post TPL exceptions, which uses all the available member TPL policy information and other-payer data on the claim to enforce cost avoidance and TPL processing rules. The TPL Matrix is maintained through online web pages, which allow updates as needed and transparency into how the rules are configured. Processing is based on a hierarchy of the policy coverage codes and a ranking system that defines the order the adjudication uses to evaluate the rules and determine which exceptions, if any, should post to the claim. Exceptions post if all conditions are true in the ruleset.

The TPL configuration also includes the capability to set up exceptions to exclude claims where the other payer adjudicated the claim but indicated that the service was not covered under the benefits associated with the policy. This information is typically supplied on the claim with the adjustment reason and remark codes.

EPA50
The Contractor's solution shall have the ability to create, receive, update, and store member Third Party Liability (TPL) information (e.g., primary, secondary, tertiary) as defined by the Agency.

We accept and store TPL data from the Agency and approved vendors to use during claims processing. We store the carrier information and link the carrier details to policy, so that updates to carrier information do not require synchronization across multiple policies. Users can create or update TPL policy information using the user interface or the information can be updated in batch using our APIs. We don't limit the TPL information that can be stored for an individual member. We store all the third party information submitted with the claim (up to the 837 maximum of 10 third party payers). During claims adjudication, the system compares the claim data to the available member TPL policy information to perform editing using the TPL matrix configured business rules.

EPA51
The Contractor's solution shall support coordination of benefits pricing and editing when TPL sources such as Medicare, private, commercial, or other insurance is present, based on Agency configurable business rules.

CMdS-Claims ensures that Medicaid is the payer of last resort. In the case of other third-party payer payments, the system uses the adjudication results of the other payer data entered from the EOB for paper claims or in the X12 837 other payer adjudication information, the system will create a TPL cutback when applicable to reduce the Medicaid reimbursement.

If the other payer indicates Medicare processing the reduction is accounted for during the pricing calculations. Medicare crossover pricing includes the reduction of the Medicare payment amount, evaluation of the remaining coinsurance and deductible amounts, and patient responsibly lower of logic to determine the Medicaid payment amount and allowed amount. We set the base rate source to crossover pricing.

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When a member has an active TPL policy, an exception matrix determines how TPL exceptions are set. This matrix determines how exceptions occur when a claim is received with a member who has an active TPL policy. The matrix has unique functionality that defines the order in which the system evaluates exception rules, to determine which exceptions to post. Each unique mapset defines a series of evaluation criteria such as diagnosis code, member age and claim type. Exceptions will post if all conditions are true in the mapset. Both cost-avoid and pay-and-chase exceptions are defined in the matrix. Denied claims are identified for recovery from either the provider or the carrier, as appropriate.

The claims adjudication process identifies when a claim has or has not been submitted for payment to a third party. The editing ensures the member has a commercial policy that covers the service billed. Adjudication business rules evaluate the presence of a TPL amounts on the claim, which are used to reduce the Medicaid reimbursement and are reflected as base rate changes.

EPA52
The Contractor's solution shall capture, track, maintain, store, and report claims processing and payment information based on configurable business rules (e.g. service category, provider type, submission date, entry date, claim input media, adjudication date, payment date) and Federal requirements as defined by the Agency.

We store every field we receive with the claim, whether we receive the claim through paper, EDI, or the web portal. Our solution fully supports all federal requirements including the data required for T-MSIS and federal reporting. Claims adjudication has multiple processes supported by data driven business rules including category of service assignment. Our core edits which comprise of configurable business rules ensure the accuracy of the claims prior to payment and support the MECT editing requirements. Adjudication populates all claims regardless of input media with the submission date, entry date, and adjudication date. Payment processing adds the payment data to the claim including payment date and share allocations required for federal reporting.

EPA53
The Contractor's solution shall capture, track, maintain, store, and report claims processing and payment information based on configurable business rules (e.g. service category, provider type, submission date, entry date, claim input media, adjudication date, payment date) to validate requirements contained in 42 CFR 447.45.

In response to ID EPA52, we provide a detailed description of how we capture, track, maintain, store, and report claims processing and payment information based on configurable business rules (e.g., service category, provider type, submission date, entry date, claim input media, adjudication date, payment date).

Federal regulation 42 CFR 447.45 defines the rules regarding clean claims that can be processed without obtaining additional information from the servicing provider or a third party. It includes claims with errors. It does not include claims from a provider who is under investigation for fraud or abuse, or a claim under review for medical necessity.

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The CFR states:

- The agency must pay 90% of all clean claims from practitioners, who are in individual or group practice or who practice in shared health facilities, within 30 days of the date of receipt
- The agency must pay 99% of all clean claims from practitioners, who are in individual or group practice or who practice in shared health facilities, within 90 days of the date of receipt
- The agency must pay all other claims within 12 months of the date of receipt, except for the circumstances outlined in the CFR

To meet and manage the requirements of 42 CFR 447.45, CMdS-Claims has an unclean edit indicator. This indicator identifies whether an edit is considered "clean" or "unclean". The presence of an unclean edit on a suspended claim excludes the claim from prompt payment calculations. Unclean claims require additional documentation from the payee/originator based on policy. We flag the edits as unclean based on Agency input. We use the unclean edit indicator to generate prompt payment reports that are available for online viewing that show our results in meeting the requirements of 42 CFR 447.45. All claims are paid within Agency and federal filing guidelines based on configurable rules.

EPA54
The Contactor's solution shall adjudicate claims transactions and edit against provider enrollment status based on Agency defined configurable business rules.

Business rules validate that the claim's provider is authorized and enrolled. The system posts provider exceptions to the claim header or line item when it identifies inconsistencies. Based on Agency requirements, the edits verify there is an active enrollment status and benefit plan network association for the specific provider ID/provider role (e.g., billing, rendering, referring, attending, etc.). This process verifies the provider is authorized to serve the member based upon the benefit plan assigned to the claim.

EPA55
The Contactor's solution shall identify all claims in the adjudication cycle by billing provider, group by claim status (e.g., paid, denied, suspended, adjusted) and generate a remittance or downloadable remittance using a current or future HIPAA standard format following CAQH core operating rules.

CMdS-Claims has the functionality to identify claims in the adjudication cycle by billing provider and group the claims by status. The remittance advice (RA) is used to communicate information to the provider community regarding claims billing and payment activity. The RA reports the billing provider's paid, denied, suspended, adjusted and financial transactions processed during the payment cycle. We report adjusted/voided and suspended claims in separate sections. We also report each claim type in their own section. We produce electronic RAs using the X12 835 transaction format. We make the 835 files available for download by providers with activity in the payment cycle. We also make available a print image of the paper version for viewing through the online provider portal.

We provide reference online web pages that allow customization of the text that appears on the RA including explanation of benefit (EOB) codes, Claim Adjustment Reason Codes (CARCs), and Remittance Advice Remark Codes (RARCs). CARCs, and RARCs follow current and future HIPAA standard formats published by the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules (CORE). The RA reports the codes associated with each reported claim along with the claim's details. We produce a glossary at the end of each RA that lists the codes and descriptions.

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EPA56

The Contractor's solution shall have the ability to automatically and/or manually configure an edit to process claims or adjustments for a specific event (e.g., retroactive rate adjustment) or group of claims (e.g., edit, batch, provider type, member, claim type) as defined by the Agency.

We designed the CMdS-Claims product with the ability to configure many edits directly through the user interface. By doing so, we apply edits to claims for specific events. Benefit plans use mapsets to configure coverage, service authorization or limit edits (or bypasses). CMdS-Claims also has online configuration for editing the TPL matrix, duplicate check, and utilization review. Beyond this capability we have business rules that use configurable system lists, such as edit 1100, which supports suspending claims by claim type. As an example, the edit's system list contains the claim type values. This edit is then configured in the exception control table by document type, media code, and claim type. This way we can suspend system generated mass adjustments for retro rate changes to a specific location for review. The system has multiple options available to post edits to claims or adjustments for specific events.

EPA57

The Contractor's web portal real-time direct data entry claims solution shall support the creation and maintenance of provider type specific claim templates for recurring billing (i.e., roster billing to allow institutional or residential service providers to create a template with multiple members for monthly billing, enter patient days, generate and submit claims, recall the template, add or remove members or service authorization numbers, and generate claims for the next month, recall a specific claim from the template for adjustment/void) and provide notification to the provider via secure inbox if a template is not regenerated within a timeframe defined by the Agency.

Our CMdS-Claim external web portal offers providers the ability to directly enter claims and receive a real time confirmation with the adjudication results. The CMdS-Claims external web portal is designed to support providers in submitting their claims easily, efficiently, and accurately. The external portal supports the full 5010 837 data content, but the layout is grouped by commonly used fields in a manner that guides the provider through the entry process.

Additional portal features allow providers to create custom templates to support their routine billing requirements. Templates support each provider's individual needs. To support roster billing, providers use templates for each member and any additional data that doesn't change from month to month. Then, the provider uses the template to create a claim, add the dates of service and specific monthly billing data and submit the claim for processing. There is no limit to the number of templates. Further, the provider can name each template with a descriptive name that makes it easy to know which template to select when billing their claims.

The external portal also has the following additional capabilities to support claims submissions:

- **Save claims.** The provider can save the claim prior to submission and come back later without losing the data.
- **Edit/delete saved claims.** This allows the provider to complete the claim data entry and save it. If the saved claim data is no longer needed, they can simply delete the saved claim.
- **Create a claim from a template.** This supports submitting claims based on previously created template data.

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- **Create a claim from a previously processed claim.** This allows for quick submission of claim adjustments, voids, or claims with very similar data.
- **View submitted claims.** Providers can view submitted claims to ensure billing is complete (e.g., roster billing or validation of all daily submissions).
- **Create a template.** Providers use templates to reduce the keying of individual claims. Providers can create templates with common data, so the data prepopulates when they create the claim from the template. This supports roster billing and billing of routine services such as a dental cleaning.
- **Copy a template.** The ability to copy templates saves keying and reduces errors. For example, billing provider details can be copied from one template to another then only the member or service specific details need entry.
- **View/edit/delete templates.** Allows providers to update and maintain their templates to support their billing needs.

EPA58
The Contractor's solution shall assign each claims transaction, adjustment, and void a unique identification number (i.e. ICN or TCN). The unique ID must be assigned to each claim and associated attachment prior to adjudication.

CMdS-Claims assigns each claim transaction a unique, non-duplicative, 17-digit transaction control number (TCN), shown in Figure 4.2.10-26. The system receives claim transactions through various input mediums, such as paper, fax, web portal, and electronically. Regardless of submission method, the system uniquely identifies each claim transaction and assigns it a TCN prior to adjudication. The TCN is assigned to the claim and attachments at receipt and is available for inquiry and reporting. The TCN provides critical data such as the Julian Date received and method of receipt (media source).

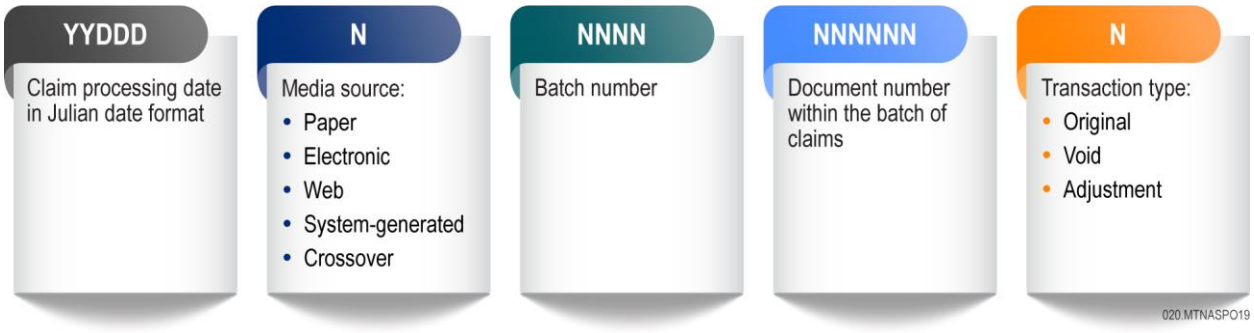

Figure 4.2.10-26. TCN Format
The product assigns a unique TCN to every claim transaction. The last digit specifies whether the transaction is an original claim, adjustment, or void.

EPA59
The Contractor's solution shall process claims adjustments and voids; maintain the original claim and link all adjustments and voids to allow users to easily view the claim processing history as defined by the Agency.

We link every adjustment or void back to the original claim using TCN pointers. The original claim points forward and the adjustment or void points backward. The user interface for claim correction and

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inquiry displays the most recent adjustment or void claims with links at the claim header summary. There is also the full history information of all the adjustments and voids associated with the claim. If the user needs to see more information about one of the claims in the TCN chain, the user can use the link to navigate to the web page showing detail information about the claim.

EPA60
The Contractor's solution shall have the ability to edit new claims against prior history of adjudicated and in-process claims (e.g., once in a lifetime service limits, cumulative limits, duplicates) using Agency's defined configurable business rules.

The solution performs auditing of in-process claims against claims history including the following major processing categories:

- **Duplicate Check.** Identifies exact, suspect, and possible duplicates based on configurable criteria. These criteria provide transparency to the duplicate check criteria rules and the ability to update the rules based on code set updates and policy changes. The exception codes that post to the claim are included in the criteria. The configuration also supports defining conditions where is appropriate for that combination of claim characteristics to bypass duplicate edits.
- **Benefit Plan Limits.** Benefit plan limits are part of the benefit plan configuration. The benefit plan allows unit or dollar amount limits with varying frequency (e.g., daily, monthly, and annual). The accumulated claim activity is displayed in the member's online web page and reported to provider's using the X12 271 eligibility inquiry response. The data element combinations that define the claim or member characteristics that should be considered for each limit are set up using mapsets. The benefit plan limit also allows for bypass conditions and exclusions, if required, can be part of the mapset detail. The exceptions that will post to the claim are configured in the limit definition and can include both met and exceeded exceptions. An example of benefit plan capabilities is shown in Figure 4.2.10-27.

Figure 4.2.10-27. Benefit Plan Limit Configuration Example
This web page offers flexibility benefit plan limits using many data elements.

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Service authorization. Individual member limits are tracked and accumulated using service authorizations where the benefit plan indicates a service authorization is required. Benefit limits and utilization review (UR) edits are configurable to be set to bypass if there is an approved service authorization. The online web pages for paid claims display the authorized units or dollars.

Utilization review (UR). UR editing supports both limits and contraindicated editing across the in-process and historical claim. The UR editing capability dynamically accumulates the service unit or amount details to be compared to the edit criteria. An exception posts to the claim if a service limit is met or exceeded and identifies services on previously paid claims that are contraindicated to the services on the in-process claim. Figure 4.2.10-28 illustrates the types of UR criteria available and the relationships between the criteria.

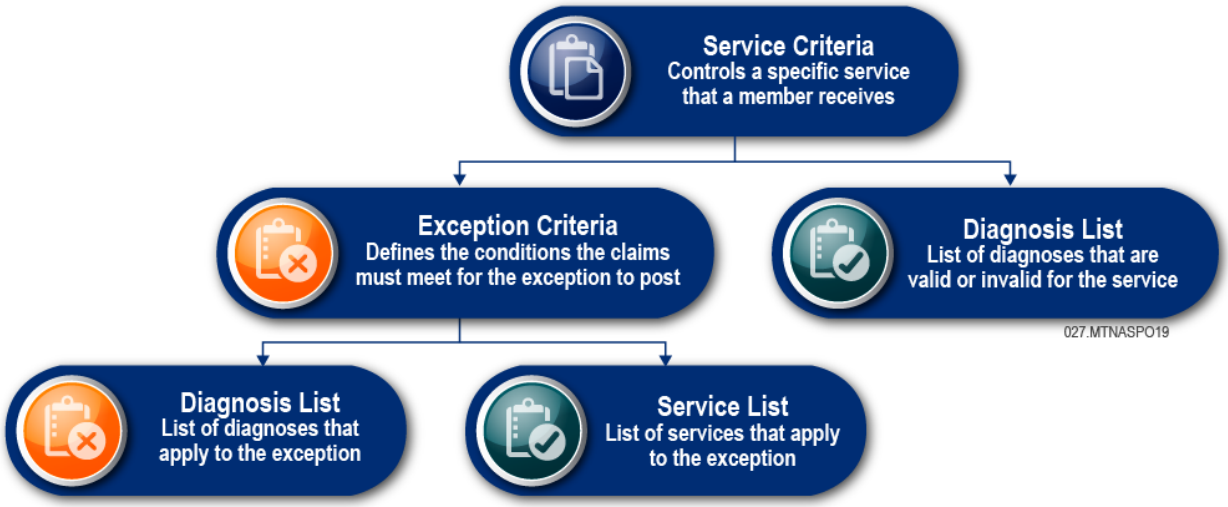

Figure 4.2.10-28. UR Criteria
CMdS-Claims applies UR criteria according to pre-defined relationships and rules.

Detailed explanations of the UR criteria include:

- **Service Criteria.** Controls a specific service that a member receives (for example, an office visit). The user can enter service criteria rules for revenue codes and procedure codes including related procedures that should not be paid on the same day for the same member. The service criteria rules allow the user to restrict diagnosis codes and to specify which UR criteria exceptions apply to the service.
- **Exception Criteria.** Defines the rules in-process claims and paid claims must meet for an exception. The user can enter exception criteria as a diagnosis list or a service list.
- **Diagnosis and Service Lists.** The diagnosis list and service list support the UR criteria by allowing the user to specify multiple codes or a list of codes in a parameter as opposed to a single range of codes.

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- **Limit.** Enforces guidelines on the maximum dollar amount or number of services that a member can receive in a specified period for a service. The limit parameter contains the limit number and description, the associated exception code, effective and termination dates, bypass if authorized indicator, time period, and limit data, including same or different indicators related to limit processing. Also, included are diagnosis data, procedure/revenue range data, category of service, places of service, tooth numbers, and procedure modifiers to include or exclude in the limit.
- **Contraindication.** Detects inconsistencies between two different services rendered to a member over a specified time period. For example, it is contraindicated for a provider to fill a tooth after a provider removed the same tooth. Contraindications support negative audit relationships, for example, the user can set up a contraindicated rule that says not to pay for the DME repair unless a claim was paid for the purchase of the DME.

We perform once-in-a-lifetime and other frequency edits using either UR or benefit limits. The procedure table indicates if the service can only be performed once-in-a-lifetime for a member. During review of the member's previously paid claims, if CMdS-Claims finds a claim with the same service as the in-process claim and it is flagged as a once-in-a-lifetime service, an exception posts to the claim. Figure 4.2.10-29 through Figure 4.2.10-31 illustrate the web pages available to support these edits.

Figure 4.2.10-29. UR Edit Medical Criteria Web Page
Authorized users can enter, modify, and view rules related to the medical criteria.

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Figure 4.2.10-30. Medical Limit Parameter Web Page
Authorized users can enter, modify, and view the medical limits.

Figure 4.2.10-31. Medical Limit Include/Exclude Web Page
Authorized users can enter, modify, and view the inclusion/exclusion criteria for medical limits.

EPA61
The Contractor's solution shall, in the absence of required information (i.e. missing attachment) and after multiple adjudication cycles over a timeframe defined by Agency, auto-deny the edit and process the claim.

Our design supports the ability to suspend claims during the initial adjudication for missing information such as attachments, member eligibility updates, or provider information as required. We create edit pairs to support this where the initial edit is configured to suspend the claim and the second edit is configured to deny the claim after a time period (defined in a system parameter) has elapsed and the information was not received. During the interim period these claims are recycled using our suspense release process to automatically re-adjudicate the claim without manual intervention.

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EPA62

The Contractor's solution shall have the ability for users to manually route suspended claims to work queues based on Agency defined business rules.

CMdS-Claims has the ability for users to manually route suspended claims to work queues using the claim correction user interface. The adjudication process assigns the claims to locations based on the exceptions posted to the claim. The exception control web page also supports overriding the default location for specific claims by document type, media source, claim type and/or specific user ID. The routing location is manually entered on the claim user interface shown in Figure 4.2.10-32.

Figure 4.2.10-32. Claim Manual Routing
CMdS-Claims allows authorized users to manually route claims to specific locations and/or user ID.

EPA63

The Contractor's solution shall have the ability to automatically route suspended claims to work queues based on Agency defined business rules.

The adjudication process assigns the claims to locations based on the exceptions posted to the claim. The exception control provides the default location queue for each exception. Based on the universe of exceptions posted to the claim, the system routes the claim to the lowest ranked location queue. We set the routing location on the exception control web page shown in Figure 4.2.10-33.

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Figure 4.2.10-33. Exception Control Location
This web page allows authorized users to assign exceptions to locations for use during suspense correction.

EPA64
The Contractor's solution shall create, maintain, store, and display a configurable crosswalk (e.g., procedure codes, diagnosis codes, benefit plans) to define valid/invalid combinations as defined by Agency.

Benefit plan coverage configuration is the first adjudication process to validate the crosswalk of the service codes to the benefit plan. We use map definitions to define the valid combinations of procedure and diagnosis codes that are covered under the benefit plan. This configuration supports exclusion logic and the ability to post exceptions if needed.

Utilization review edits specifically crosswalk the valid and invalid combinations of codes to perform the contraindicated editing for invalid combinations and the limit editing if required for valid code combinations. Utilization review is configured through online web pages.

EPA65
The Contractor's solution shall allow for a configurable edit disposition (i.e., retain all, none, or selected prior edit dispositions) on a claim adjustment (e.g., mass adjustment, individual claim adjustment) to finalized claims.

Claim adjustments (e.g., mass adjustment, individual claim adjustment) suspend, deny, or pay based on the adjustment's exceptions and their dispositions as described in our response to ID EPA12. The exception's dispositions are configurable using the exception control web pages. Our solution provides considerable flexibility in configuring dispositions using the document type (i.e., FFS, adjustment, and encounter), media type (i.e., paper, web, and electronic), and claim type. For example, the exception disposition for paper adjustments may be different than EDI adjustments. Additionally, the mass

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adjustment process has business rules and a system list that tells the system which edits to retain from the original claim.

EPA66

The Contractor's solution shall have the ability to override an auto-deny edit prior to adjudication and the ability to retain the override when a claim is adjusted, and allow for all original edits on an adjustment to be retained and overridden as defined by the Agency

Authorized users can manually override edits (force pay or deny) based upon the Agency rules established in the exception control table as shown in Figure 4.2.10-34. This feature allows an authorized user to override auto-deny an edit prior to adjudication using the exception override on the claim entry or correction user interface. CMdS-Claims sets the exception status to force paid and retains the user ID. Additionally, if the claim is adjusted, the system retains the override and allows authorized users to clear the override as required.

Figure 4.2.10-34. Exception Dispositions
The exception control table stores the dispositions of exceptions and the rules for when a person can manually force pay or deny an exception.

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EPA67
The Contractor's solution shall provide online, real-time claims processing functionality to allow authorized users to override certain edit and audit errors, the application of which must be reflected in the audit trail.

An authorized user can force pay or force deny selected exceptions based on the rules established in the exception control table. The claims are then adjudicated real-time and the results presented for verification. When edits and audits are overridden, the system retains the user ID associated with the override. The audit trail is available for viewing online.

EPA68
The Contractor's business rules engine shall be configurable for users to define alerts, notifications, and claim processing business rules.

Our CMdS-Claims product includes a highly configurable workflow tool that includes the capability to generate alerts and notifications. We provide purpose-built online web pages to solve the most complex tasks such as duplicate check, utilization review, and TPL processing. The data driven approach makes it faster and easier than ever to implement business rule changes that previously required developer intervention. Benefit plan configuration includes mapsets, which are a reusable pattern in our data rule setup that avoids the need for custom code. Mapsets extend the data configuration beyond frequently used fields; and allows for complex rules and/or logic. Our business rule engine (BRE) uses templates created from frequently used rule patterns, eliminating the need to re-create the rules.

EPA69
The Contractor's solution shall provide the ability to configure business rules to be date-specific (e.g., date added, date modified, start date, end date, and effective date) as defined by the Agency.

In CMdS-Claims our reference data and benefit plan configuration is date-specific. Our solution includes audit logging for all add, update, delete and voids that tracks the date added or modified including the user ID. Each exception is set up in the system with a start and end date. This data configuration provides the capability in many cases to end date or change business rules through the user interface in addition to reviewing the historical information.

EPA70
The Contractor's solution shall provide a complete claims audit trail to track, report, and display all actions made to a claim by the system or a user, including the date of each action and processing step.

CMdS-Claims provides a complete audit trail to track, report, and display all actions made to a claim by the system or a user. As the product processes claims, it stores the edits and audits it applies to claims during processing. Additionally, when an error is overridden or forced, the system stores the timestamp and the person's ID who overrode or forced the error. The audit trail is available for viewing online.

The location history tracks the locations assigned to the claim until it reaches a finalized status, and includes the location dates, exception codes, and user IDs. The system stores the dates associated with each action and processing step including the receipt date, entered date, adjudication date, and payment date.

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EPA71
The Contractor's solution shall maintain all data from the adjudication of each claims transactions, as defined by the Agency.

As CMdS-Claims processes claim transactions, it performs numerous calculations and algorithms to finalize the claim. The product stores every claim field and derived data elements from these calculations and algorithms with the claim record to provide transparency into how the product processed the claim. These data elements include the allowed charge, reimbursement amount, claim status, exception codes, and more. The product stores and maintains the claims in the database that includes the system-derived data elements and every field we receive with the claim, whether we received the claim through paper, EDI, or the web portal.

EPA72
The Contractor's shall suspend claims for manual review or automated reprocessing based on edits that post using configurable business rules.

The CMdS-Claims module suspends the claims with exceptions based on the exception control disposition configuration. This also indicates which exceptions can be force paid or force denied. As the suspended claims are worked in claim correction, users can re-adjudicate the claims real-time to a final status. Automated reprocessing of suspended claims is accomplished with our suspense release process. Suspense release includes automated reprocessing based on a system list of exceptions and a system list of locations codes. Claims with matching exceptions or location codes are automatically reprocessed. Authorized users can submit a suspense release request to reprocess a volume of claim matching specific criteria.

EPA73
The Contractor's solution shall provide, maintain, store, and display a configurable edit hierarchy for all claims transactions and apply the hierarchy during claims adjudication.

CMdS-Claims adjudicates claims transactions and applies a configurable edit hierarchy based on your business rules. The solution's online web pages allow authorized users to easily change many of the adjudication business rules. The web pages capture and display the data necessary to apply claim edits and complex processes such as duplicate check, history edits, TPL, benefit limits, service authorization, and more. Figure 4.2.10-35 shows the edit hierarchy performed during claims adjudication. The product identifies and tracks all edits and audits that post to claims and stores this information with the claim.

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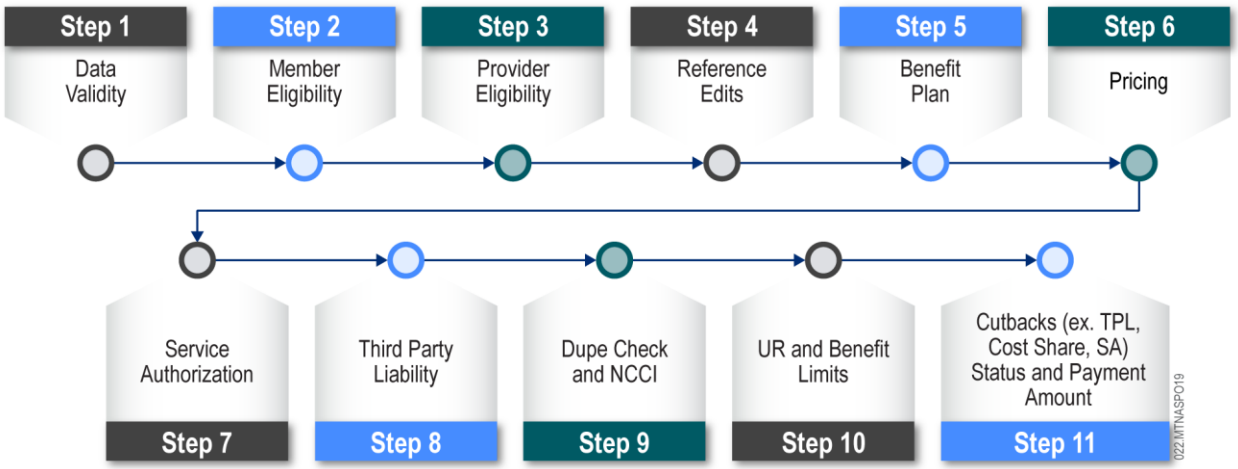

Figure 4.2.10-35. Claims Adjudication Hierarchy
CMdS-Claims has 1,700+ business rules and 1,300+ exceptions that are tailored to your programs and policies.

EPA74
The Contractor's solution shall receive, maintain, store, and display claims transactions data included in a service authorization based on configurable business rules as defined by the Agency.

CMdS-Claims service authorization details include the claim TCN and line number for every claim transaction that processes utilizing units or amounts from the service authorization. This information is displayed on the service authorization user interface. The claim data is updated and maintain as claim adjustments and voids are processed or new claims received that use the same authorization. Each individual claim or claim contains a link to the authorization that it processed with including the authorization line number. The benefit plan configuration defines the rules for services that require a service authorization using the mapset criteria.

EPA75
The Contractor's solution shall identify, maintain, store, display and report the status of all service authorization requests (e.g., approved, denied, in process) as defined by the Agency.

Service authorization requests are processed through adjudication and post exceptions based on the business rules. The exception status is configured in the authorization exception control table. The combination of exception dispositions and business rules result in the authorization status being assigned. The authorization status is maintained at the authorization header and each detail line. The values include approved, pended, denied, or voided. CMdS-Insights includes standard authorization reports based on the status to help work pended authorization and report authorization request status.

EPA76
The Contractor's solution shall support TPL cost avoidance during the claims adjudication process as defined by the Agency.

CMdS-Claims uses a data configurable TPL matrix to manage Agency-defined TPL processing rules. The TPL matrix provides the capability to associate multiple attributes with values stored in system lists to each coverage code and associated edit. During claims adjudication, CMdS-Claims evaluates other

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insurer information submitted as an EOB attachment to a paper claim or with the X12 837 other payer segment, including Medicare and private insurers, to avoid paying claims that another responsible party should pay. We capture supporting information submitted on claims including the related cause codes, accident, and emergency information to support third-party payer processing. CMdS-Claims evaluates the member's TPL policy and Medicare details in relation to the claim submission data while performing the corresponding rules to determine if cost avoidance exceptions should post to the claim.

The TPL cost avoidance and pay and chase rules govern the way in which the system applies TPL edits to claims. An example of a rule that is part of the TPL matrix is shown in Figure 4.2.10-36.

Figure 4.2.10-36. TPL Matrix Rule Configuration

The system uses rules to govern the way the system applies TPL edits to claims. In this example, if the system detects non-compliance with the rule condition, the system posts exception 6230 to the claim.

EPA77

The Contractor's solution shall have the ability to adjudicate all claims transactions against one or more service authorization limits (e.g., units, dollars, date ranges, procedures, provider) as defined by the Agency.

Our solution appropriately applies service authorization criteria during claims processing using business rules to validate the service authorization to the claim data. The rules match the claim dates of service, service codes, and provider to the authorization. If there is a mismatch, exceptions post to the claim.

If an approved service authorization is found meeting the criteria, the system applies the approved units or amounts to the claim and updates the used units or amounts on the service authorization line item. These activities include processing of original claims, adjustments, and voids that draw down (decrement) and/or add back authorized services (unit or dollar amounts).

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EPA78

The Contractor's solution shall create and maintain work queues for adjudicated claims with TPL information identified for members without active TPL for the carrier reported on the claim and automatically produce inquiries to the member and billing provider using their preferred method of communication.

The CMdS-Claims module uses the other payer from the EOB for paper claims or in the X12 837 other payer adjudication information. If the claim indicates other carrier coverage that is not present in the member's TPL information an exception is posted to the claim. We can set the exception to suspend and route the claim to a specific location for TPL review.

CMdS-Claims includes a configurable workflow tool that includes the capability to generate notifications. We can set up workflows to identify claims based on the TPL exceptions to send notifications to the provider or member inbox on the external portal. To support providers or members with communication preferences that do not include the portal inbox will require a new letter template.

EPA79

The Contractor's solution shall configure, support, and maintain all claims business rules (e.g., add, modify, or remove/retire rules) as defined by the Agency.

CMdS-Claims reference data and benefit plan configuration is date-specific. Our solution includes audit logging for adds, updates, deletes, and voids that tracks the date added or modified including the user ID. We configure each exception in the system with a start and end date. This data configuration provides the capability in many cases to end date or change business rules through the user interface in addition to reviewing the historical information. The business rules engine (BRE) allows us to add and maintain business rules and remove/retire rules or rulesets as they become obsolete.

EPA80

The Contractor's solution shall have the ability to apply claims edits based on a provider's role (e.g., rendering, attending, treating, ordering, referring, prescribing, billing, and pay to).

CMdS-Claims verifies the provider IDs submitted with the claim. It validates the provider ID against the provider role and the corresponding provider ID qualifier code (ID, role, and qualifier supplied from the claim). The qualifier code is the ID type submitted such as NPI, Medicaid ID, Tax ID, etc., and the role defines the provider role as billing, rendering, attending, ordering, referring, etc. The adjudication process has a series of business rules that validate the submitted provider information is valid for the claim dates of service and that the provider is actively enrolled.

EPA81

The Contractor's solution shall provide searchable options that are applicable to specific business rules (e.g., member, provider, benefits, reference data, claims processing, prior authorization, third party liability (TPL), financial) as defined by Agency

Our CMdS-Claims module web pages include links to key data such as member, provider, service authorization to review edits posted to the claim based on the business rules. These links provide easy access to additional information for the claims business rules. Reference data, such as the procedure and diagnosis codes, displays the description of the codes for quick reference. TPL policy information is

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accessed using the link to the member ID to view their policy information. The financial information such as fund code is assigned during adjudication and can be viewed with the claim or claim line. The fund code assignment criteria are data driven and presented in a user interface, along with access to the associated budget detail when necessary. When the user needs to perform more detailed analysis, the CMdS-Claims module provides an extensive set of search options to access the information required for specific business rules.

EPA82
The Contractor's solution shall provide an efficient claims resolution process by presenting the information necessary to work the edit in the edit work item and minimizing the number of navigation steps or the need to view multiple screens.

Authorized users can access everything directly from the CMdS-Claims claim correction user interface necessary to resolve exceptions and manually price claims. We designed the CMdS-Claims user interface to optimize the processing steps for working suspended claims and maximizing user efficiency. The user interface includes links to key information. Supporting documentation and attachments are viewed with the claim from the ECM repository. Member, provider, and service authorizations can be easily reviewed. Resolution instructions are available in the exception control user interface for each of access and increased accuracy.

EPA83
The Contractor's solution shall provide spenddown editing and accumulation processing as defined by Agency configurable business rules. Additionally, the solution shall maintain information including the dollar amount accumulated toward the spenddown amount, and information identifying all claims applied to the spenddown amount for each eligibility span period.

CMdS-Claims performs spenddown editing and calculates spenddown amounts based on the member's spenddown data. Claims or claim lines in a to-be-paid status process using the member's spenddown data that covers the claim's dates of service. If the system reduces the reimbursement amount of the claim as a result of the spenddown calculation, the system creates a base rate change with the corresponding description. Once the member's spenddown amount is fully used the claim no longer performs the cutback calculations for the assessment period. The system maintains the claim details including the dollar amount accumulated toward the spenddown amount and the TCNs applied to the spenddown amount for each assessment period. Users can view this information online from the member user interface.

EPA84
The Contractor's solution shall provide a cutback processing for services limited (e.g., pre-certification/prior authorization, dollar amount, additional ancillary services) as defined by the Agency.

If a claim is processed with a submitted amount or units greater than the amount or units remaining on the service authorization, the system cuts back the claim's quantity to the amount or units remaining. The system denies additional claims for that specific member's authorization and service, since the service authorization line item is fully used.

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EPA85
The Contractor's solution shall provide, as part of the adjustment request, the ability to record a detailed description of the reason for performing adjustments (e.g. mass adjustments, individual adjustments, history only adjustments). Additionally this description shall link to all affected claims/encounters and allow Agency staff inquiry.

Adjustments processed in the CMdS-Claim module include an adjustment reason code with a short and long description. Whether the adjustment claim is part of a mass adjustment, individual, or history only adjustment, we store the reason for the adjustment on the claim and display it in the claim correction and inquiry web pages. Claims in a mass adjustment batch include the same reason code and the entire batch is viewable based on the Julian date and batch number in the correction and inquiry web pages.

EPA86
The Contractor's solution shall provide the ability to generate adjustment notifications (e.g., mass adjustment, gross adjustment, history adjustment, individual adjustment) for user requested adjustments to the Agency user based on Agency defined configurable business rules.

Using our configurable workflow tool, we provide the ability to generate adjustment notifications (e.g., mass adjustment, gross adjustment, history adjustment, individual adjustment) to Agency users that requested the adjustment. This includes notification of completion of the adjustment request.

EPA87
The Contractor's solution shall provide the ability for the adjustment (e.g. mass adjustment, individual adjustment, history only adjustment) process to maintain claim specific recoupments as specified by Agency configurable business rules.

Our CMdS-Claims product supports specific recoupment amounts to be applied to individual or mass adjusted claims. The individual claim recoupment information is applied to the adjustment claim through the online user interface. The mass adjustment request tables support receipt of claim or claim line level recoupment amounts based on interfaces with external vendors.

EPA88
The Contractor's solution shall provide the ability to update applicable systems after data validation and processing of claims as defined by the Agency.

CMdS-Claims supports data extract of adjudicated claims using our standard APIs. We understand that claim data is critical to federal reporting and many other downstream functions and we support extracting the claim data for use in external systems.

EPA89
The Contractor's solution shall perform real-time edits (e.g., member, date of service, service/supply code) against pharmacy DME claims to prevent duplicate claim submission based on Agency defined configurable business rules.

CMdS-Claims has a service-oriented architecture (SOA) to easily integrate through application programming interfaces (APIs) with the pharmacy system. Integration with other systems is seamless because of the interoperability features of CMdS-Claims that align with MITA and support the CMS

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Seven Standards and Conditions. Through the Enterprise Service Bus (ESB), our solution performs real-time call to the pharmacy system to identify if the member on the in-process claim has any pharmacy DME claims that would be a duplicate.

The system uses a data driven configuration approach to duplicate check rules. We set up and maintain the rules through web-based user interface that provides flexibility in defining rules and can include or exclude data elements. We also use system lists for code ranges. We can choose specific fields to compare or ignore. Specific service date comparison rules support the edits. Each rule specifies the exception code to be posted if the criteria are met.

EPA90
The Contractor's solution shall reprocess suspended claims transactions based on configurable business rules by edit type as defined by the Agency (e.g., system cycle frequency, total number of days before the claim is finalized, suspense location/work queue).

The CMdS-Claims module is configurable so that some categories of suspended claims automatically recycle based on system lists (one for exceptions and one for location codes) that are used in the suspense release process. There are also exceptions which cause claims to suspend for a specified number of days. The total number of days can be set for each exception in the corresponding system parameter. After the number of days transpires, the system automatically recycles the claims through the adjudication process before reaching a final disposition.

EPA91
The Contractor's solution shall have the ability to view from the claim, the service authorization details used for adjudication, as defined by the Agency.

Once a claim that requires authorization is adjudicated and matched to a service authorization on the database, the system links the service authorization ID and line number in the claim in addition to retaining the submitted authorization ID. The claim authorization details are available when viewing the claim. The user can link to the authorization user interface directly from the claim for additional information.

EPA92
The Contractor's solution shall have the ability to view from the service authorization all (e.g., paid, denied, adjustments, suspended) claims adjudicated against the service authorization, as defined by the Agency.

CMdS-Claims maintains complete service authorization records at both the header and line detail level that include member, provider, service, and status information. A single service authorization may include multiple rendering providers, multiple services, and dates of service across a span of time. The system maintains the status, approved services, and the used units or amounts as claims are processed against the SA. The system links associated claims adjudicated using the authorization and this information displayed in our user interface.

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EPA93

The Contractor's solution shall edit medical claims against adjudicated pharmacy claims transactions from the pharmacy system to ensure that the service or product (e.g. DME) has not already been paid on a pharmacy claim using configurable business rules as defined by the Agency.

CMdS-Claims has a service-oriented architecture (SOA) to easily integrate through application programming interfaces (APIs) with the pharmacy system. Integration with other systems is seamless because of the interoperability features of CMdS-Claims that align with MITA and support the CMS Seven Standards and Conditions. Through the enterprise service bus (ESB), our solution performs real-time call to the pharmacy system to identify if the member on the in-process claim has any pharmacy DME claims that would be a duplicate.

The system uses a data driven configuration approach to duplicate check rules. We set up the rules through web-based user interface that provides flexibility in defining rules and can include or exclude data elements. We also use system lists to allow for code ranges. We can choose specific fields to compare or ignore. Specific service date comparison rules support the edits. Each rule specifies the exception code to be posted if the criteria are met.

EPA94

The Contractor's solution shall receive, store, maintain, and display Explanation of Benefit (EOB) codes, adjustment reason codes, and exception codes. Additionally the Contractor will map these codes to their respective CAQH CORE standard codes for processing X12 transactions (e.g., 837, 835.) The Contractor's solution shall support configuration for valid values for both of these code sets and support standard values for X12 837 and X12 835 files.

CMdS-Claims maintains and displays Explanation of Benefit (EOB) codes, adjustment reason codes, and exception codes in our claim exception control and text management user interfaces. We map these codes to the claim based on the exception codes and adjudications results to support reporting to the provider on the remittance advice and electronic X12 835. Our solution supports configuration for valid values and supports standard values for the X12 837 and X12 835 transactions.

We configure and store the explanation of benefits (EOB) and associate these to the claim exceptions in the claim exception control user interface. We display the EOB codes on the paper remittance advice to supply more detailed information about the adjudication results. Figure 4.2.10-37 illustrates the text management user interface to maintain the adjustment reason codes.

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Figure 4.2.10-37. Adjustment Reason Codes
The text management web page shows the adjustment reason code descriptions.

EPA95
The Contractor's solution shall have the ability to override the approved premium payment amount as defined by the Agency.

CMdS-Claims fully supports the automatic generation of capitation and premium payments. We support these payments through configurable criteria established as part of the managed care benefit plan through the online web pages. The solution allows authorized users to override the approved premium payment amount as defined by the Agency. The system-derived premium payment is stored as the base rate in the claim record. Authorized users can override the premium payment by entering a manual price in the suspended claim.

How We Calculate the Claim's Payment Amount

A series of processing steps and business rules are executed to determine the claim's payment amount. Critical data elements are stored within the claim to provide an audit trail of how the system derived the price for the claim service. As shown in Figure 4.2.10-38, these fields are available for inquiry from the claim user interface.

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Figure 4.2.10-38. Premium Payment Detail
CMdS-Claims displays details associated with claims pricing.

For each claim or claim line, the pricing functionality determines and stores the following fields:

- **Base Rate.** The basic price for the service that the solution retrieves from the reference tables times the claim units.
- **Base Rate Source.** The source where the system retrieved the Base Rate.
- **Base Rate Change.** A change to the base rate caused by special conditions on the claim such as add-ons or cutbacks to the authorized price, units and/or service limits.
- **Base Rate Change Reason.** The reason for the base rate change.
- **Allowed Amount.** The final allowed price for the service, which is either the base rate after applying base rate changes, or, when appropriate, the submitted charge.
- **Payment Amount.** The final payment (reimbursement) amount after applying any TPL, service authorization, limit or cost share cutbacks is calculated using current payment criteria and methodologies.
- **Manually Priced Amount.** This amount is entered manually on the claim with a base rate source to indicated manual pricing. A claim or service requiring manual pricing will suspend for manual review until a price is entered.
- **Billed (Original) Amount.** The amount submitted by the provider.

EPA96
The Contractor's solution shall update cost and unit balances to applicable service authorizations on a claim during the claims adjudication process.

The system applies the service authorization's approved units or amounts to claims in real time during the claims adjudication process and updates the units or amounts balance as appropriate. Activities that update the balance include processing of original claims, adjustments, and voids that draw down (decrement) and/or add back authorized services (units or dollar amount). Once a claim that requires authorization is adjudicated and matched, the amount remaining on the service authorization is reduced by either the claim's dollar amount or units, if applicable. If a claim is processed with a submitted amount or units greater than the amount or units remaining on the SA, the claim's quantity is cutback to the amount or units remaining. Subsequently, if a claim is adjusted or voided, the related SA units are adjusted to reflect that the units are now available for processing.

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4.2.11 Pricing and Payment [RFP 3.10.11, Attachment F]

REQUIREMENT: RFP Section 3.10.11, Attachment F

This section addresses claims pricing and payment requirements. The solution will accurately calculate and price using applicable reimbursement methodologies for services, including but not limited to, fee for service, percent-of-charges, Resource-Based Relative Value Scale (RBRVS), Diagnosis Related Groups (DRG), Ambulatory Payment Classification (APC), Prospective Payment System (PPS), Relative Value for Dentists (RVD), laboratory and x-ray services, and negotiated rates including encounter and capitation fees. The solution must also be flexible to meet future needs, new regulations, and innovations with the ability to model proposed changes to identify impact and risk. Additionally, the solution must manage health insurance premium payments (HIPP) and other payment processes for Medicare programs. The Offeror must describe in detail their approach to meet each of the Pricing and Payment requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The Conduent Medicaid Suite (CMdS) Claims and Financial modules offer interoperable, adaptable, flexible, and innovative technologies that support immediate goals, but also are scalable to accommodate growing and evolving programs without costly customization. Our solution allows for easy adaptation to Federal and State regulation changes as they arise. This configuration supports the claims and payment lifecycle processes including claim submission, adjudication, pricing, payment, receivables, and collections across multiple claim types and entities.

Conduent's talented claims team has extensive Montana program knowledge and overall expertise in Medicaid claims processing. This experience makes us a clear choice for working with State programs. Our team understands the complexity of running a successful claims processing operation. When the State identifies required policy/program additions or changes, Conduent works with the State to outline the impacts to technology, operations, and external stakeholders before modifying claims processing functions.

Conduent's Pricing and Payment Edge

- Technical and operations staff in place with detailed knowledge of Medicaid and operational requirements
- A truly modular, cloud hosted, modern solution designed for configurability, scalability, and adaptability
- Claims payments and payouts
- Integration with third party pricing modules
- Supports the requirements of 42 CFR 447 and adheres to HIPAA standards for all electronic transactions

We provide our responses to the specifications in Appendix F directly after each of the numbered requirements. Each response is written to demonstrate that our proposed solutions and services meet or exceed your requirements, help you meet your goals, and enable you to achieve your desired outcomes.

PP01

The Contractor's solution shall store, on the header and/or each claim line, the claims payment methodology used to adjudicate the respective header and/or claim line.

During adjudication, CMdS-Claims captures the payment methodology for each claim and stores it at the header and and/or claim line as the base rate source. The base rate source is displayed in the claims web-based user interface to provide transparency in to how we priced the claim. We maintain the valid values and descriptions for the base rate source using the solution's built-in data dictionary. Table 4.2.11-1 shows the base rate sources supported by our CMdS-Claims module.

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Table 4.2.11-1. Payment Methodology Base Rate Source

Code and Description		
AA – Authorization Priced	IF – Inpatient Flat Amount	P6 – Rate By Proc Code/Provider Type
AG – ASC Group Priced	IP – Inpatient Percent	P7 – Rate By Proc Code/Category of Service
AP – Average Wholesale Price	MC – Maximum Allowable Cost Price	P8 – Rate By Proc Code/Place of Service
BL – Base Line Price	MM – Manually Priced	PM – Partial Month
CN – Conversion	MP – Medicare Allowed Percentage Pr	PP – Procedure Priced
CR – Cohort Pricing	NA – Not Allowed	PR – Patient Responsibility
DC – Cost to Charge Ratio	NE – Non-Emergency Price	R1 – Rate by Rev/Region
DF – DRG Rehab Services	NP – Nursing Facility Priced	R2 – Rate by Rev/Provider
DS – DRG Short Stay	OC – Outpatient Cap Priced	R3 – Rate by Rev/Provider Ty
DT – DRG Transfer	OP – Outpatient Percent Priced	R4 – Rate by Rev/BP
DW – DRG Weight	P1 – Rate By Proc Code/Provider/Network/BP	RR – Revenue Priced
EP – Parameter Flat Amount	P2 – Rate By Proc Code/Benefit Plan	SC – Submitted Charge
FC – Adjustment Factor	P3 – Rate By Proc Code/Provider/Network	UC – Usual and Customary Price
HC-Proc Perc – Used G8 Fctr Cd	P4 – Rate By Proc Code/Provider Taxonomy	WP – Procedure With Percent Price
HE – Revenue Rate Encounter	P5 – Rate By Proc Code/Provider Specialty	XO – Medicare Crossover Priced
HF – Hospice Flat Amount		ZP – Zero Pay Encounter
HP – Hospice Percentage		
HR – Hospice Region		
IA – Inpatient Accommodations		
ID – DRG Inpatient Per Diem		

PP02

The Contractor's solution shall provide a configurable hierarchy of pricing and reimbursement methodologies determined by the Agency.

CMdS-Claims incorporates pricing methodologies for each type of claim and a series of rate structures to support the pricing configuration shown in Table 4.2.11-2. We configure the hierarchy of pricing and reimbursement methodologies to meet Agency requirements. The hierarchy for pricing is configured through the combination of code specific pricing information combined with the variety of rate structures supported within CMdS-Claims. This structure supports more generic pricing based on procedure code and expands into provider or benefit plan specific configuration and includes the ability to use a service authorization for member specific pricing. This robust data configuration coupled with configurable business rules provides the structure required to support the Agency’s pricing and reimbursement methodologies.

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Table 4.2.11-2. CMdS Pricing Methodologies

Pricing Methodologies	
• Factor Code Pricing for Revenue Codes and Procedure Codes • Inpatient Percent of Charge • Nursing Facility/LTC Room Rate Pricing • Inpatient Flat Rate Pricing • NDC Pricing • Anesthesia Pricing • ASC Rate for Group and Region Associated with the Procedure Code • Manual Pricing • Nursing Facility Rate Pricing • Technical/Professional Component Pricing • Rental/Purchase Pricing • Lower of Pricing	• Inpatient Per Diem Pricing • Nursing Facility/LTC Per Diem Pricing • Out of State Pricing • Nursing Facility/LTC Supplemental Pricing • Procedure or Revenue Code Percent of Charge Pricing • DRG Grouper • Medicare Crossover Pricing • Service Authorization Pricing • Outpatient Percent of Charge • DME Pricing • Wheelchair/Van Pricing • Medicare Crossover Pricing

The pricing and reimbursement methodologies configured within CMdS-Claims allows for pricing of claim types and services defined within each program's benefit plan services including Medicaid and waiver programs. The solution uses a variety of data configuration capabilities with the rate structures and service specific pricing factor codes used in the various pricing methodologies. We use configurable business rules to create base rate changes that increase or decrease the reimbursement amount. We configure the hierarchy of pricing and reimbursement methodologies to meet Agency requirements.

CMdS-Claims supports an extensive set of rate structures to align with varying claim type and program pricing methodologies. The available rate structures are shown in Figure 4.2.11-1.

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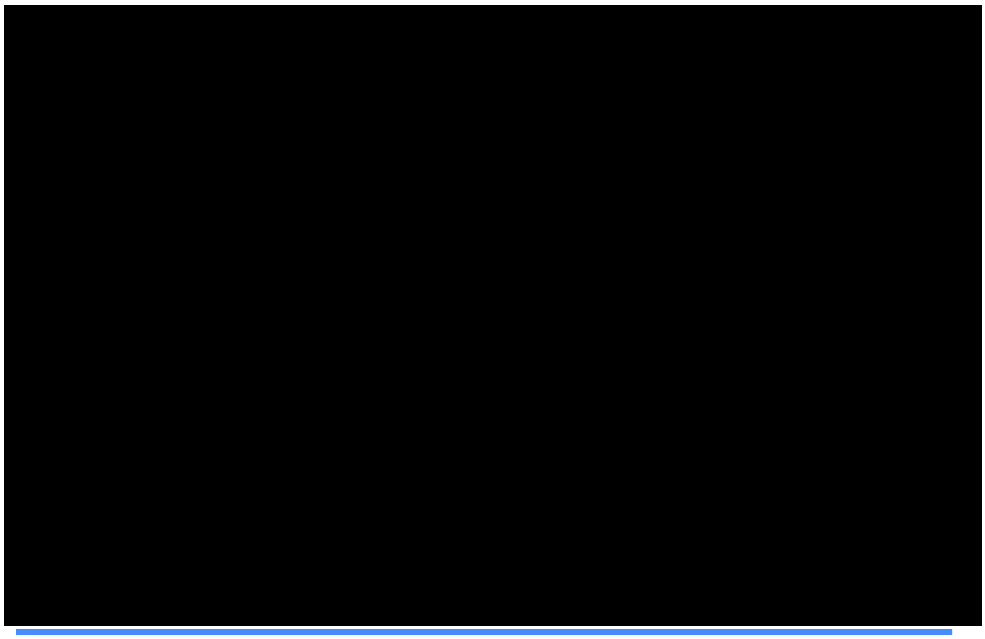

Figure 4.2.11-1. Rate Structures

Rate Structures define the type of pricing available in the CMdS-Claims module.

PP03
The Contractor's solution shall accept and process Medicare crossover claims using Medicare coinsurance and deductible amounts on the coordination of benefits segment/s using Agency configurable rules (e.g., claim type, provider type, benefit package, age, Medicare coinsurance, Medicare Deductible, Medicaid allowed, etc. with Medicaid as the payer of last resort).

CMdS-Claims processes Medicare crossover claims using the same modules as non-crossover claims. The solution assigns crossovers unique claim types to distinguish them from non-crossover claims. The solution captures the Medicare amounts by evaluating the claim adjustment reason codes and remark codes submitted on the claims or captured from the paper submission Medicare explanation of benefits (EOBs). The solution then performs crossover specific pricing rules which use the Medicaid allowed amount, Medicare paid amount, coinsurance, deductible, and any other patient responsibility amount reported on the claim to establish a reimbursement amount for the crossover.

Crossover adjudication incorporates business rules and configuration capable of responding to Medicare data present or not present on the claim if we know the member is eligible for Medicare. CMdS-Claims ensures that Medicaid is the payer of last resort using business rules to evaluate if the member has Medicare coverage, but the claim does not include the Medicare other payer information. Edits post to the claim in this situation to notify the provider to submit the claim to Medicare as the primary payer.

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PP04
The Contractor's solution shall ensure all applicable third-party payment information is captured, stored, applied, and reported based on Agency configurable business rules.

CMdS-Claims captures other payer information submitted on the claims including the third-party payment information from the 837-claim adjustment reason and remark codes and the other payer EOB. During adjudication, the business rules evaluates member TPL policy and Medicare details in relation to the claim third-party payment submission data to post exceptions if applicable. The solution uses the third-party payment amount, coinsurance, deductible, and patient responsibility amounts to reduce the Medicaid reimbursement amount. Figure 4.2.11-2 shows a claim processed with third-party payment information.

Figure 4.2.11-2. Claim Other Payer Information
Claim processed showing the payer information on the claim.

PP05
The Contractor's solution shall identify claims applicable for drug rebate processing and post appropriate claim edits in accordance with 42 USC 1396r-8 PAYMENT FOR COVERED OUTPATIENT DRUGS (e.g., Medicare crossover, physician administered drugs), store a drug rebate indicator, and transmit the required data to the appropriate system.

CMdS-Claims stores the drug rebate details with begin and end date spans. As the solution adjudications medical claims, any that require an NDC are processed through a series of claims business rules including edits validating the drug rebate indicator for the claim's date of service. Figure 4.2.11-3 shows the web page in CMdS-Claims for storing the NDC information along with the indicator of whether a drug is rebatable.

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CMdS-Claims includes data extracts for the claims that need to be sent for drug rebate processing. CMdS has a modern flexible SOA-based architecture used for interfacing with other systems via the Conduent digital hub (ESB).

Figure 4.2.11-3. NDC Code with Rebate Code
This CMdS-Claims web page shows an NDC code that is flagged as eligible for rebates.

PP06
The Contractor's solution shall reimburse providers based on Medicare's Outpatient Prospective Payment System (OPPS), based on Agency configurable business rules (e.g., Ambulatory Surgery Center, Hospital Outpatient, Comprehensive Outpatient Rehabilitation Facility (CORF)).

The Outpatient Code Editor (OCE) is a Medicare software product used in conjunction with pricing/editing outpatient hospital claims that are paid using Medicare Ambulatory Payment Classification (APC). The OCE supports Medicare coverage and payment policies. The OCE has two major functions:

- Editing claims data for errors and returning edit flags (e.g., invalid diagnoses, procedures, age, and gender)
- Assigning an APC code for each service (procedure code) covered under Medicare OPPS and returning information to be used in the Medicare Pricing program

OCE has various flags and indicators that can be used to feed pricing logic based on State policy. It returns status indicators, payment indicators, discounting factor, packaging, and composite flags. While we have previous integration experience with OCE and other MMIS systems, we will have to integrate it with CMdS-Claims during the implementation.

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PP07

The Contractor's solution shall provide a clinical claims editor (grouper) with the capability to price inpatient hospital services according to DRG methodologies defined by the Agency.

Our CMdS-Claim SOA-based architecture has successfully integrated with several third party solutions including multiple DRG groupers. To align with our real-time adjudication capability, we use real-time SOA-based API calls to the clinical claims editor (grouper) products during adjudication.

CMdS-Claims passes the required data to the DRG module which then processes the data to determine if the data maps to a valid DRG or the data falls into an ungroupable DRG. DRG assignment processing considers the claim data in Table 4.2.11-3 to determine the appropriate DRG. Once the grouper establishes a valid or ungroupable DRG, it returns a response to CMdS-Claims. Currently CMdS-Claims supports more than 50 unique exception codes for ungroupable DRGs.

Table 4.2.11-3. DRG Assignment

DRG Module Input Data	
• Principal diagnosis • Principal surgical procedure • Gender • Secondary diagnosis	• Secondary surgical procedure • Age • Present on Admission (POA) • Discharge status

PP08

The Contractor's solution shall obtain transportation documentation via interface from the Agency's Ambulance Trip Reporting System and store the documentation associated with the claim in order to fully adjudicate ambulance transportation claims.

Our CMdS-Claim SOA-based architecture accepts supporting claim documentation via API interfaces. We store transportation documentation we receive from the Ambulance Trip Reporting System in the Enterprise Content Management (ECM) solution and link it to the claim. We use the documentation to adjudicate ambulance transportation claims according to Agency policy. The documentation is accessible and viewable from the claim correction and inquiry web pages.

PP09

The Contractor's solution shall allow for configurable claim copays and/or cost-share assessments (e.g., benefit plan, age, claim type, service, provider, race, IHS utilization, nursing home residents, household limits by time period, and cost-share coordination) as defined by the Agency.

CMdS-Claims offers flexibility in configuring copays and/or or cost-share assessments. The data element combinations that define the claim or member characteristics associated to a limit are configured using mapsets. The benefit plan mapset configuration allows for bypass conditions and exclusions. We can set copay limits at the individual or household level. The limit type code includes the time period and the use of mapsets to extend the attributes available for configuration of the limit criteria. Figure 4.2.11-4 shows the benefit plan navigator web page that allows configuration of copays by benefit program.
CMdS-Claims also supports member specific cost share configuration within each applicable member enrolled benefit plan. Figure 4.2.11-5 shows a member with a HCBC enrollment and the cost share detail.

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Figure 4.2.11-4. Benefit Plan Navigator
This web page allows users to configure copay rules within each plan.

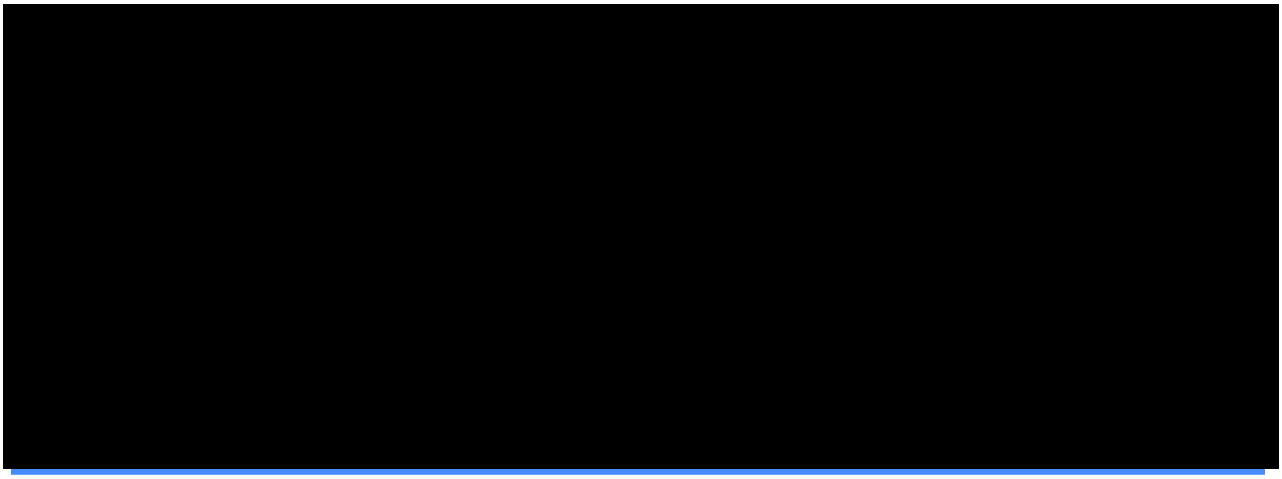

Figure 4.2.11-5. Member with Cost Share
This web page stores the member's cost share detail.

PP10
The Contractor's solution pricing process shall establish the allowed amount of the claim prior to member copay and/or cost-share amount.

CMdS-Claims derives the claim allowed amount prior to applying any member copay and/or cost share amount deductions. The allowed amount is established during the claim pricing process of adjudication. During the finalization process of adjudication claims or claim lines in a to-be-paid status will process using against the configured copay and cost share information that covers the claim dates of service. Any

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reductions to the allowed amount due to copay or cost share are tracked with the dollar amount and a description of whether the reduction was related to copay or cost share.

PP11
The Contractor's solution shall capture, store, maintain, and report deductibles, copay, and coinsurance paid by member and benefit plan and/or program type.

Our CMdS-Claims module captures member paid deductibles, copay, and coinsurance reported on the claim. Figure 4.2.11-6 shows the claim user interface that captures and stores the information.

CMdS-Claims offers flexibility to define copay, coinsurance, and deductible amounts to apply to the claim during adjudication based on the member and benefit plan. The data element combinations that define the claim or member characteristics considered for each limit are configured using mapsets. The benefit plan mapset configuration supports bypass conditions and exclusions. Figure 4.2.11-7 shows the benefit plan navigator user interface that allows configuration of copay, coinsurance, and deductibles by benefit program.

Our solution captures copay payment history for the member as it adjudicates and subsequently pays claims. Figure 4.2.11-8 shows the member copayment history, which includes copay dates, amounts, limits, associated claims, and last update date.

Figure 4.2.11-6. Claim TPL Amounts
This web page shows member deductible, coinsurance, and copay amounts.

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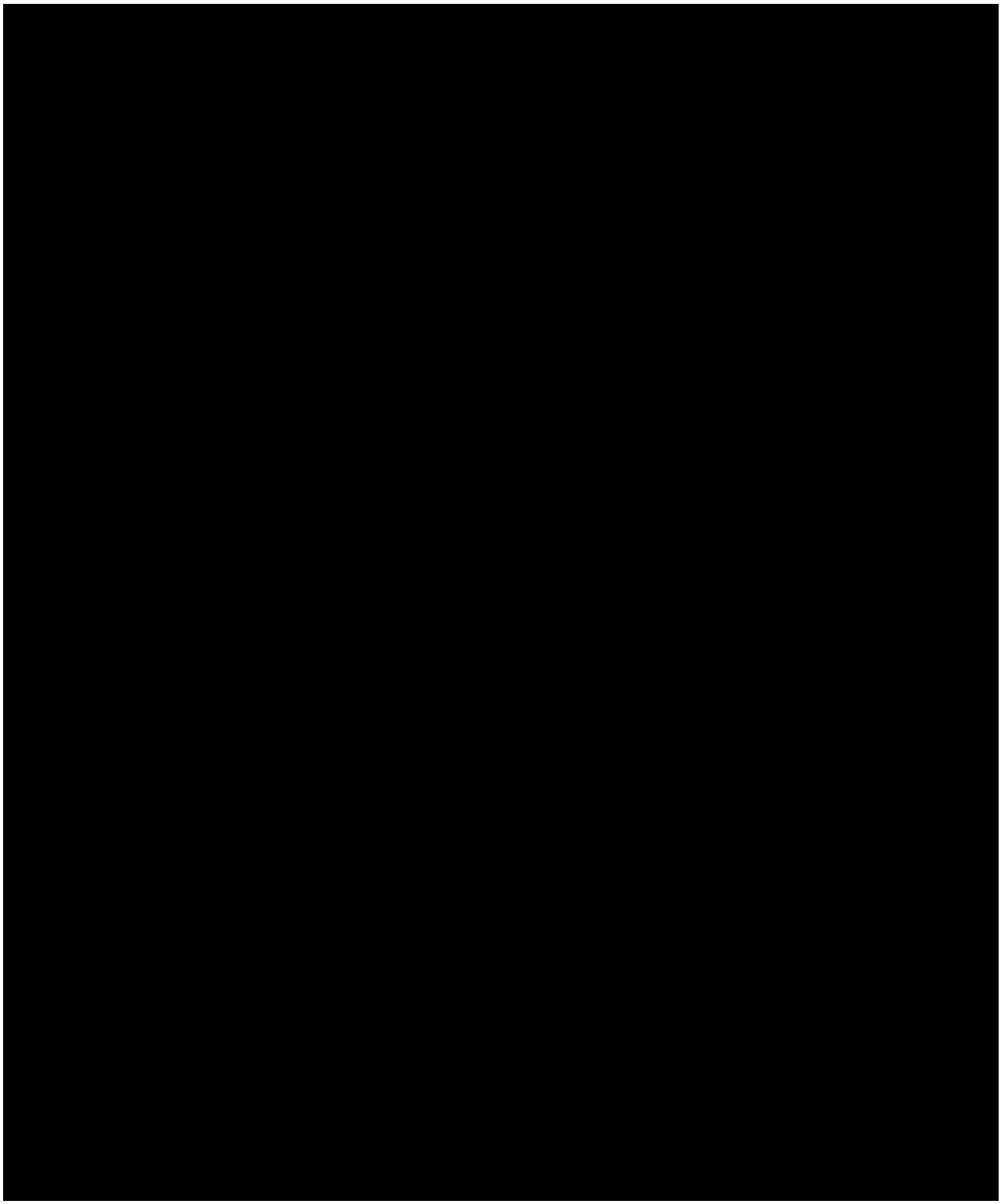

Figure 4.2.11-7. Benefit Plan Navigator

This web page allows configuration of copay, coinsurance, and deductibles by benefit program.

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Figure 4.2.11-8. Copay Payment History Web Page
CMdS-Claims displays member copayment history.

PP12
The Contractor's solution shall have the ability to capture, store, report, and apply multiple third party payments (e.g., primary, secondary, tertiary) to a single claim in the order indicated on the TPL data source.

CMdS-Claims stores and processes third-party payment information based on what it receives in the 837 other payer payment data or the paper EOB. The system supports the full 5010 data content which currently allows for a maximum of ten other payers. The sequence number designates the order of processing (primary, secondary, tertiary). During claims adjudication our solution applies the other payer paid amount, coinsurance, and deductible amounts to determine the Medicaid reimbursement. Figure 4.2.11-9 shows a claim processed with other insurance.

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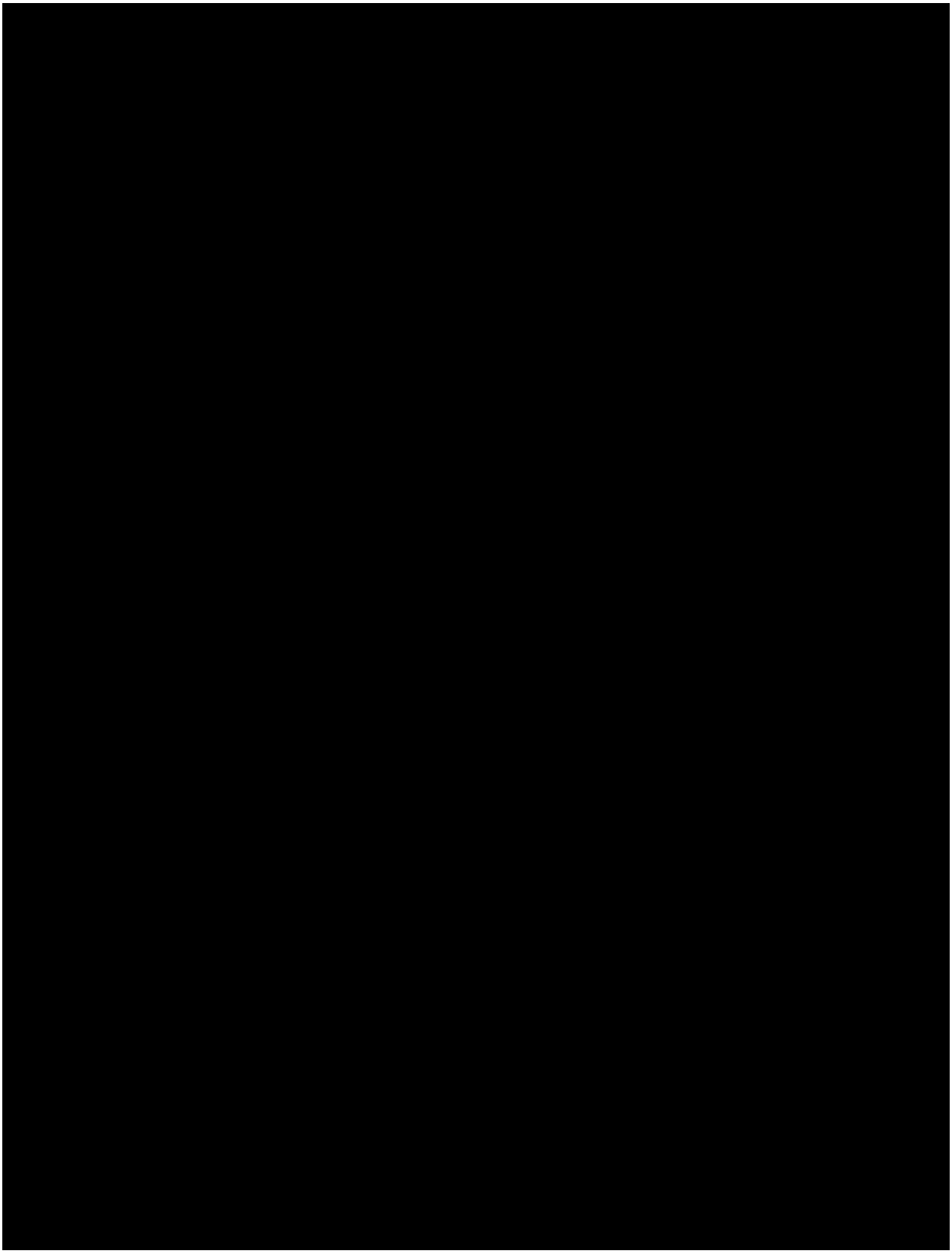

Figure 4.2.11-9. Claim Processed with Other Insurance

This web page shows a claim processed for a member with other insurance.

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PP13
The Contractor's solution shall accept member liability (e.g., Spenddown, nursing home, maximum out-of-pocket, cost-share coordination). information from relevant source(s) (e.g., eligibility, financial) and apply configurable business rules to deduct the liability from the appropriate claims.

Our CMdS-Claims SOA-based architecture supports accepting member liability information via API interfaces. CMdS-Claims adjudication calculates member liability or cost share amounts using the available member data based on the liability type. Claims or claim lines in a to-be-paid status process using the member liability data available that covers the claim dates of service. If member liability is applicable, the adjudication process creates a base rate change with a corresponding description to reduce the reimbursement amount up to the maximum remaining amount for the member.

PP14
The Contractor's solution shall track copays applied and/or credited for each assessment period.

CMdS-Claims tracks member copay information as it adjudicates claims and displays the information in the CMdS-Claims web-based user interface. If the claim is subsequently voided, the solution credits the copay amount back to the assessment period associated with the claim's dates of service. Figure 4.2.11-10 shows the member copay history.

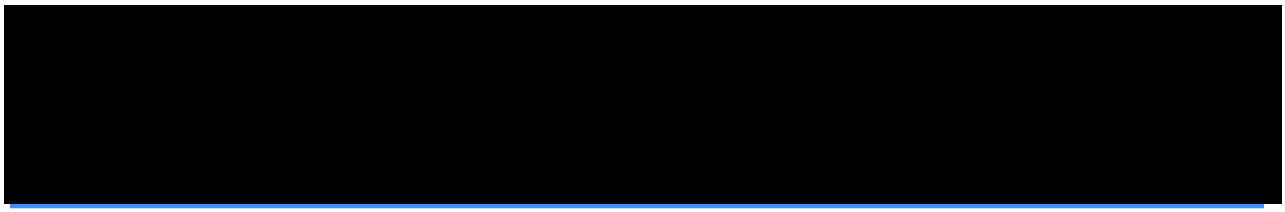

Figure 4.2.11-10. Member Copay History
CMdS-Claims displays the member's copay history.

PP15
The Contractor's solution shall notify the provider of cost sharing deducted from each claim (e.g. EOB, CARCs, RARCs, remittance advice (RAs)).

As our solution performs adjudication, it determines the appropriate codes to use to notify providers of cost sharing deductions. It stores cost sharing deductions as base rate changes and associates the appropriate CARCs, RARCs, and EOB codes. The CMdS-Claims SOA-based APIs send the finalized claims to the financial module including the base rate change information for each claim or claim line to support production of the remittance advice. This information helps providers understand the claim's deductions.

PP16
The Contractor's solution shall provide the capability to view and maintain cost share information (e.g., maximum out of pocket, cost share) and generate notification as specified by the Agency.

Users can view member cost share information from the CMdS-Claims member web page. We receive cost share information from interfaces with external sources. Additionally, authorized users can add or update the cost share information online from the CMdS-Claims member web page. CMdS-Claims updates the member's accumulating cost share amount as it adjudicates claims and applies the claims'

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cost share amounts to the accumulation. The cost share cutback amount and description appear on the applicable claims as base rate changes. We configure notifications for cost share information using our CMdS workflow tool or our letter templates. Figure 4.2.11-11 shows an example of the benefit plan copay limits and maximum out of pocket limit configuration data.

Figure 4.2.11-11. Benefit Plan Copay and Maximum OOP
CMdS-Claims web page showing copay limits and maximum out of pocket.

PP17
The contractor's solution shall track cost sharing applied and/or adjusted/voided/credited for each assessment period and create a new assessment period as defined by the Agency.

The CMdS-Claims member cost share information is stored with begin and end dates to reflect the assessment period of the data. As we receive new cost share assessment data, we end date the previous span. We add the new assessment period information and retain the historical data for audit purposes and retroactive claims processing. We maintain all history associated with a given member including any voided spans and a complete audit trail of any adjustments. When we adjudicate a claim with a cost share

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reduction, we credit back the original amount if the claim is subsequently voided or adjusted. In the case of an adjustment, we credit back the original claim amount and we apply the adjustment claim's newly calculated cost share amount if applicable. Figure 4.2.11-12 shows the member cost share void and audit information.

Figure 4.2.11-12. Member Cost Share Void and Audit Information
CMdS lets you void cost share data and maintains the audit log for all updates.

PP18
The Contractor's solution shall calculate each claim's cost share (e.g., copayments, LTC patient liability) as specified by the Agency.

Our solution calculates each claim's cost share amounts based on the member's stored information or the benefit plan configuration for the claim's dates of service. Figure 4.2.11-13 shows a member's LTC patient liability span. Figure 4.2.11-14 shows a nursing home claim that calculated an LTC patient liability cutback.

Figure 4.2.11-13. Member Nursing Facility and Patient Liability
CMdS stores the LTC patient liability with a type code and amount.

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Figure 4.2.11-14. Claim with a Patient Liability Cutback
CMdS calculates the patient liability cutback as a base rate change.

PP19
The Contractor's solution shall price claims according to pricing data and reimbursement methodologies applicable on the date(s) of service on the claim.

CMdS-Claims uses the claim's date(s) of service when pricing claims. The solution stores pricing spans, rate information, and system lists and parameters with begin and end dates. When we price claims, we use the date span that matches the claim header or line date of service, depending on the pricing methodology. Rate structures and configurable data include date spans to provide payment calculation accuracy. Figure 4.2.11-15 shows the CMdS-Claims procedure code web page with the procedure code effective dates and the pricing effective dates.

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Figure 4.2.11-15. Pricing Date Spans on Procedure
This web page shows the procedure code effective dates and pricing effective dates.

PP20
The Contractor's solution shall include configurable alerts to notify the appropriate work unit of any payment changes requiring further review or investigation (e.g. statistical variances or rapid payment changes). The Agency shall define the work unit and notification process.

CMdS-Claims uses our configurable and flexible workflow tool to send notifications and alerts. When a user initially logs into CMdS-Claims, the home page displays alerts and notifications so that users see important information and are aware of workflow tasks assigned to them. During the implementation, we work with you to configure the workflows and alerts to support the business needs outlined in the RFP.

PP21
The Contractor's solution shall reimburse providers' inpatient claims identified as client transfers based on the Agency's pricing methodology.

Transfer pricing occurs when a member is transferred from one hospital to another for a medically appropriate reason. Transfer pricing calculations include determining the DRG weight-based payment amount and the cost-to-charge ratio amount and reimbursing the lesser of the two amounts. There are variations in transfer pricing rules due to the complexity of the interaction of two inpatient claims and determining if an adjustment is necessary to the first claim processed based on the submission of the second claim. Conduent has experience with pricing inpatient transfer claims in several of our fiscal agent accounts and we work with you during implementation to align the transfer pricing configuration to your State Plan.

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PP22
The Contractor's solution shall reimburse providers short stay inpatient claims based on the Agency's pricing methodology.

Variations exist in how Medicaid programs chose to process inpatient short stay claims. Short stay pricing applies to claims with less than two covered days. The system prices these claims at the lesser of the cost-to-charge ratio (CCR) based payment and the DRG weight-based payment. Note that pricing does include the outlier calculation process. Claims excluded from short-stay pricing reimburse the DRG weight-based payment. Conduent has experience with pricing inpatient transfer claims in several of our fiscal agent accounts and we work with you during implementation to ensure the transfer pricing configuration is aligned with your State Plan. Figure 4.2.11-16 shows the DRG web page with the short stay indicator.

Figure 4.2.11-16. DRG Short Stay Exclusion
The Inpatient pricing uses the short stay exclusion indicator to bypass short stay pricing.

PP23
The Contractor's solution shall reimburse providers pro-rated eligibility inpatient claims (e.g., overlapping benefit plans, changes in benefit plan) based on the Agency's pricing methodology.

The system has flexibility to price with different exceptions for payment as it relates to changes in a member's eligibility. CMdS-Claims has a benefit plan coverage determination process which selects the appropriate benefit plan for the claim and/or claim line during claims adjudication. A member can have multiple benefit plans for the claim dates of service based on their eligibility information. Adjudication determines the benefit plan based on the benefit plan rank in the benefit plan hierarchy table, which is configurable. The process iterates the map definition associated to the benefit plan(s) to match the defined criteria to the claim attributes. This process assigns the most appropriate plan to the claim, even if the member has coverage in multiple benefit plans. Benefit plan configuration is used for both Medicaid, non-Medicaid, and other state specific programs.

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PP24
The Contractor's Solution shall have the ability to support outlier and interim billing as defined by the Agency.

Our solution supports using a grouper's functionality to obtain the DRG and price the claim within the CMdS-Claims pricing tables, including outlier payments. When a claim stay exceeds the DRG threshold, we consider an outlier payment after the exclusion of unnecessary medical services. CMdS-Claims captures and stores outlier data on the DRG record including the percentage data, cost-to-charge ratio, adjustment factor, geometric mean length of stay, and day outlier/trim point. Figure 4.2.11-17 shows the DRG data stored in the solution.

Figure 4.2.11-17. DRG Record
The solution stores detailed DRG data to price inpatient claims.

During inpatient pricing, the solution uses the claim type of bill frequency code and the patient status to evaluate the claim for an interim or final payment. If the system finds claims from history that previously paid for the same admission date, provider, and member, the system accumulates the covered days from the history claims. The accumulated covered days from the history claims are added to the covered days on the in-process claim to determine the length of stay. If the length of stay exceeds the allowed days, the solution posts an exception to the in-process claim indicating the allowed length of stay days have already been paid. Otherwise, the solution reimburses the provider based on the covered days for the in-process claim. Conduent has experience pricing inpatient transfer claims for several our fiscal agent accounts and we work with you during the implementation to ensure the transfer pricing configuration is aligned with your State Plan.

PP25
The Contractor's solution shall provide the capability for the Agency to utilize multiple criteria to price services at different rates (e.g., geographic region, benefit plan).

CMdS-Claims supports procedure/revenue code pricing (which includes RVS, Fee Schedule, manual review, pay submitted charge, or pay percent of submitted charges pricing), service authorization pricing, and manual pricing. Manual pricing overrides derived pricing, followed by service authorization pricing. If a rate exists on an approved service authorization record, the solution uses it to price the claim.

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The solution supports modifier pricing for technical and professional components using either procedure code pricing or multipliers configured for the specific service. Modifiers for rental equipment and procedure codes with up to four additional modifiers can also be configured using the procedure pricing options. The solution also supports geographic location pricing for ambulatory surgical centers and specific rates for provider ID, benefit plan network, and benefit plan.

To accommodate a variety of fee schedules and variable enhanced rates, CMdS-Claims allows alternative pricing using procedure codes or revenue codes. Table 4.2.11-4 reflects the type of procedure code or revenue code combinations supported, including benefit plan network and benefit plan.

Table 4.2.11-4. Procedure/Revenue Code Rates

Procedure Code Rates	Revenue Code Rates
• Category of Service • Place of Service • Benefit Plan ID • Provider ID/Network ID • Provider Type • Provider Specialty Type • Provider Taxonomy • Provider ID/Network ID/Benefit Plan ID	• Revenue Type/Provider Type • Revenue Type/Provider ID/Network ID/Region • Revenue Type/Benefit Plan ID • Revenue Type/Provider ID/Network

PP26
The Contractor's solution provides the capability to exempt select services or members from cost share based on Federal or State law (e.g., emergency services, preventive services, family planning services, pregnancy related services, generic drugs, immunizations, EPSDT) as defined by the Agency.

CMdS-Claims has many business rules that contain bypass conditions based on service indicators such as emergency, EPSDT, and family planning services. Additionally, the copay cost share is configured within the benefit plan using mapsets. Mapsets are re-usable patterns in our data configurable rule setup that avoids the need for custom coding. Mapsets extend configuration beyond frequently used configuration fields and allows for complex and/or logic. This configuration allows for specific include/exclude conditions based on specific services such as preventive services, pregnancy related services, generic drugs and immunizations.

PP27
The Contractor's solution shall provide the ability to create and modify rate types (e.g., rate increases/decreases, payment methodologies, beginning and end dates, date of service) based Agency defined business rules. All changes shall be effective dated and provide the user the capability to perform the changes in real time.

CMdS-Claims supports creating and modifying rate types both real-time using the web-based user interface or using bulk uploads. All rates are date specific and include historical spans that are viewable by authorized users. As new rates are established the previous rate is end dated and the new rate is entered with the associated date span. The date(s) of service from the claim are used to retrieve the appropriate rate. The payment methodology can be updated using the various pricing factor codes, rate attributes

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(such as benefit plan id and provider type) or the charge mode. The dates of service on the claim determine if the pricing calculations will use a current rate or a retroactive rate.

PP28

The Contractor's solution shall provide capability to price medical claims that include physician administered drugs, including compound drugs, as defined by the Agency.

Our solution supports pricing physician administered drugs, including compounds on both medical and institutional claims. We identify compound drugs using the prescription or linkage number submitted on the claim that indicates the multiple line items contain each ingredient. We price the administration fee procedure code and store the amount as the base rate. Then we price the NDC code and store the amount as a base rate change. We add the two amounts together to determine the allowed amount. This approach provides transparency to our pricing. In the case of compound drugs, we only price the additional ingredients in the subsequent line items. CMdS-Claims also provides configuration to reimburse a dispensing fee if applicable. Figure 4.2.11-18 shows a claim with compound drug pricing.

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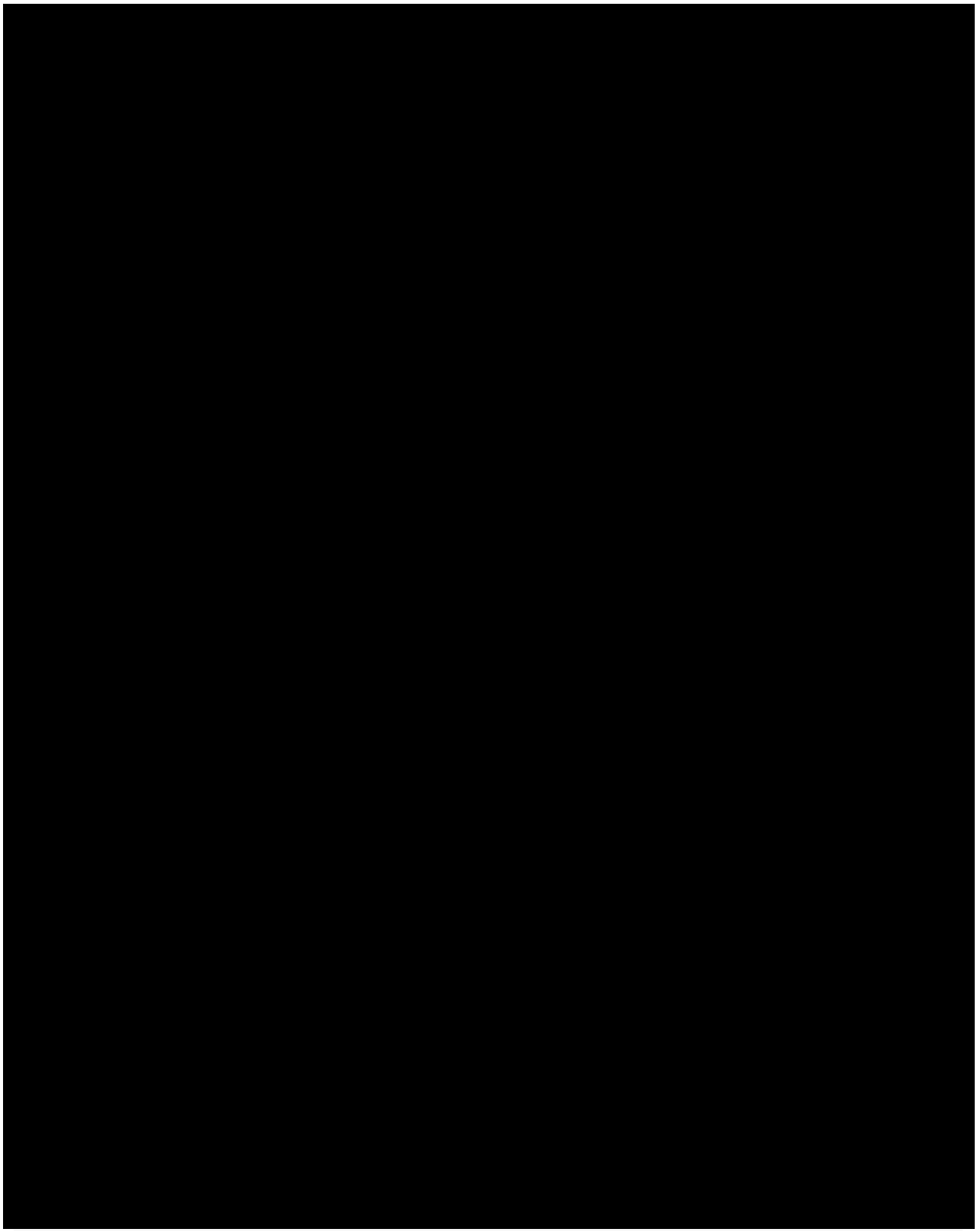

Figure 4.2.11-18. Drug Pricing
The CMdS-Claims web page showing a claim priced with a compound drug.

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PP29

The Contractor's solution shall have the ability to apply a rate cap to claim line items based on the prior authorized rate, as defined by the Agency.

Pricing of service at a rate cap on the line item occurs in CMdS-Claims when a rate exists on an approved service authorization. The base rate source on the claim indicates the claim priced from the service authorization. Figure 4.2.11-19 shows a claim that priced with the service authorization rate.

Figure 4.2.11-19. Service Authorization Priced Claim

The CMdS-Claims web page showing a claim priced from the service authorization amount approved.

PP30

The Contractor's solution shall have the ability to calculate and apply member liability at the header or line level (e.g., FPL, aid category, benefit plan, monthly out of pocket maximum allowance, or other factors) as defined by the Agency.

CMdS-Claims calculate member liability at the claim header or line level based on the liability type and business rule configuration. The solution stores the member liability calculated amount as a base rate change with an associated description. Member specific liability types such as cost share or LTC patient liability are configured and stored in the member tables. Copayment, coinsurance, deductible, and out of pocket maximum amounts are configured and stored in the benefit plan. CMdS-Claims also can calculate multiple member liability reductions at the claim header or line, if applicable.

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PP31
The Contractor's solution shall set a manual pricing indicator flag on a claim that is manually priced by a user. The solution shall capture and store the reason for the manual pricing and identify the user.

CMdS-Claims allows authorized users to manually price claims at the header or line level. We configure specific services to require manual pricing based on the pricing factor code and your policies. If the system cannot automatically price a claim or the service specifically requires manual pricing, an edit posts to the claim. This allows the claim to route to a specific location where an authorized user reviews the claim information and prices the claim in accordance with the defined procedures approved by the Agency.

To enter a manual price, the authorized user updates the base rate source to 'MM' to indicate manual pricing. Once the user enters the price, the pricing logic recognizes the base rate source and performs the required calculations to determine the allowed amount. Then, the user enters the reason for manually pricing the claim in the notes associated with the claim and force pays the manual pricing edit. The user ID is captured in the claim audit user ID for the claim and the user ID associated with the force paid edit. Figure 4.2.11-20 shows a manually priced inpatient claim.

Figure 4.2.11-20. Manually Priced Claim
The CMdS-Claims web page showing a manually priced claim.

PP32
The Contractor's solution shall provide a grouping functionality that supports header and line level grouping methodologies (e.g., APR-DRG, APC) as defined by the Agency.

Our CMdS-Claims solution is SOA-based, and we have successfully integrated several third party solutions with the claims adjudication process, including various 3M groupers. We use real-time SOA-based API calls to third party products during real-time claims adjudication. The solution prices inpatient claims at the header level using the APR-DRG grouper. The solution prices outpatient claims at the line level using the APC grouper. Figure 4.2.11-21 shows an inpatient claim priced at the header level.

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Figure 4.2.11-21. DRG Priced Claim
The CMdS-Claims web page showing a claim priced using the DRG methodology at the claim level.

PP33
The Contractor's solution shall utilize configurable data elements and business rules that support the requirements of 42 CFR 447.

CMdS-Claims prices claims using a variety of pricing methods to determine the claim reimbursement. Pricing algorithms and business rules were developed in accordance with and are consistent with the 42 CFR 447. Each pricing methodology is based on multiple configurable data elements such as claim type, benefit plan, category of service, provider type and specialty, member specific characteristics, long term care status, age range, type of service, and service authorization. The CMdS-Claims module is certified in three states including most recently in North Dakota under the latest MECT checklist. Table 4.2.11-5 below represents the Evidence for Certification submitted and reflects the pricing configuration used by the State of North Dakota.

Table 4.2.11-5. Sample Evidence for Certification

Pricing Methodology	Details
Inpatient	• The allowed amount for an Inpatient claim type is derived from the DRG code and the provider's rate record • The DRG Relative Weight is multiplied by the Point Rate on the provider record, to determine the allowed amount
Outpatient	• Rates are housed on the provider record within Rules Management • The charge mode indicates percent of charge, and the percent is used along with the submitted charge, to determine the allowed amount
Nursing Home	• Rates are housed on the provider record within Rules Management • Each member has a specific Level of Care assigned to them • This is matched with the daily rate for the given provider and used to determine the allowed amount. The rate is "per diem" • Any Patient Liability is then reduced from the allowed amount, to yield the final reimbursement amount
Inpatient Crossover	The reimbursement amount is always equal to the coinsurance plus deductible
Outpatient Crossover	The reimbursement amount is always equal to the coinsurance plus deductible
Medical	• Rates are stored within Rules Management, on the pricing section of the procedure code record • The amount from the procedure record is used to determine the claim line allowed amount • The amounts from each line are summed and applied to the header of the claim

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Pricing Methodology	Details
Professional Crossover	• Compare the Medicare paid amount to the Medicaid calculated allowed amount • If the Medicaid calculated allowed amount is greater than the Medicare paid amount, pay the difference between the Medicaid Allowed Amount and the Medicare Paid Amount, only up to the sum of the Medicare deductible and coinsurance • If the Medicare paid amount is greater than the Medicaid allowed amount, the claim pays zero and an exception is posted for explanation
Dental	• These claims are priced exactly as Medical claims, described above • Rates are stored within Rules Management, on the pricing section of the procedure code record • The amount from the procedure record is used to determine the claim line allowed amount • The amounts from each line are summed and applied to the header of the claim

PP34

The Contractor's solution shall retain pricing and reimbursement methodologies and their details (e.g., effective and end date, parameters, indicators, gender, age, units, benefit plan) and the audit history of all changes for the determined retention period as defined by the Agency.

The CMdS-Claims module stores historical pricing and reimbursement related data using begin and end dated spans. We maintain history associated with the pricing and reimbursement data, including any voided spans. An audit trail is maintained for all changes showing date of change, user/process making the change, and data element changes. users can view the audit trail online by authorized users. Figure 4.2.11-22 shows the audit information web page. We retain data based on Agency requirements.

Figure 4.2.11-22. Audit Log Details
CMdS-Claims shows audit log information online.

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PP35

The Contractor's solution shall price all claims according to benefit plans, provider contracts, and methodologies as directed by the Agency.

Our CMdS-Claims solution has robust claims processing capabilities for Medicaid and related programs that allow the flexibility to establish pricing that is linked to provider, benefit plan, and the corresponding pricing. Our rate structures support configuration of provider specific rates that are set based on provider contracts. Users can configure the provider specific rates with or without the benefit plan ID, as required. The pricing methodologies determine the most specific rate applicable to the claim based on matching the claim attributes to the configured pricing and rate data. Figure 4.2.11-23 shows procedure code, modifier and benefit plan specific rates. Figure 4.2.11-24 shows procedure code, modifier, provider and benefit plan specific rates.

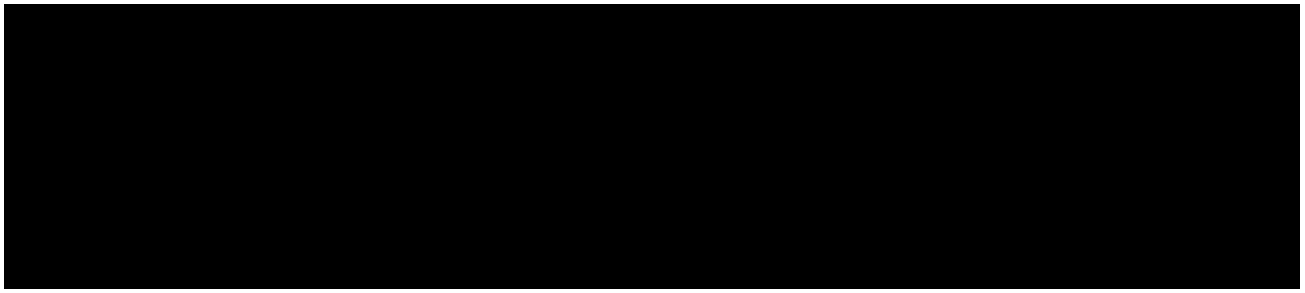

Figure 4.2.11-23. Procedure Code and Benefit Plan Rates
The CMdS-Claims procedure code, modifier and benefit plan specific rates.

Figure 4.2.11-24. Provider/Benefit Network
The CMdS-Claims procedure code, provider, and benefit plan network specific rates.

PP36

The Contractor's solution shall apply automatic payment adjustments (e.g., incentives and penalties, fixed rates, percentage of approved payments) and apply appropriate incentive pricing as defined by the Agency.

Our CMdS-Claims module provides the capability to perform add-on and cutback rules to adjust payments for incentives and penalties. These can be configured as a fixed amount or a percentage the value of which is stored in a system parameter with begin and end dates to account for changes over time. Figure 4.2.11-25 shows a system parameter with a percentage for a physician incentive add-on.

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Figure 4.2.11-25. Physician Incentive Add-on
The CMdS-Claims physician incentive parameter with a percentage.

PP37
The Contractor's solution shall provide the ability to configure payment adjustments (e.g., incentives and penalties, fixed rates, percentage, benefit plan) and schedule or automatically execute in real time the adjustment of claims as defined by the Agency.

Our CMdS-Claims can perform add-on and cutback rules to adjust payments for incentives and penalties. The configuration of the rate or percentage associated with an incentive or penalty is configured online in the system parameter. The benefit plan configuration allows hold back penalties for managed care programs. If updates to the incentives and penalties impact previously adjudicated claims, authorized users can perform adjustments online in real-time or schedule the adjustments using the mass adjustment process.

PP38
The Contractor's solution shall have the ability to price global services (e.g., bariatric surgery, surgical services, surgery, pre- and post-op, prenatal) based on a primary procedure code. Additionally, the solution should allow for pricing incremental services related to the primary procedure code (e.g., lab services, pre- or post-op to the primary service) or services and procedures deemed related and concurrent to the primary procedure code.

CMdS-Claims supports pricing of global services. Pricing identifies the primary procedure based on the highest allowed amount. We configure the related services and procedures in system lists which we can update online through the web-based user interface. The solution prices the related services based on the configured rules. These rules perform either a base rate add-on or a cutback based on configurable system parameters. In the case of multiple surgeries, the cutback logic is configured to perform the reduction using incremental cutback parameters based on the number of services. For example, the primary surgery prices at 100% of the allowed charge, the next two services with the highest allowed amount price at 50% and any remaining services price at 25%. The secondary and tertiary surgery cutbacks are configurable using system parameters that we can modify real-time.

PP39
The Contractor's solution shall apply prior authorization constraints when computing payment amounts using Agency defined criteria.

CMdS-Claims uses data driven rules to establish how a claim should process when service authorization units/amounts are met or exceeded. Our solution incorporates pricing methodologies for each type of claim and a series of rate structures to support the pricing configuration. The system applies cutback logic

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to a claim when service authorization, UR, or benefit limits are exceeded. If a rate exists on an approved service authorization, it is used to price the claim.

PP40
The Contractor's solution shall issue reimbursement to one or more payees, some of which are different than the billing provider, as defined by the Agency.

In your latest response to *Requirement PP40* on the State's Question & Answer Board, you confirmed that this requirement would be removed from the final Attachment F – Requirements Response Matrix associated with the Master Agreement for successful offerors so that it is clearly removed from the Offeror's scope. Conduent acknowledges that Offerors are not required to respond to this requirement in their proposal submission.

PP41
The Contractor's solution shall provide the ability to configure, record, and maintain the proportion of the payment (e.g., percentage, fixed amount, claim type, provider type, service) to be reimbursed to each payee as defined by the Agency.

We capture the base rate source on each claim/claim line during pricing. The values of this field relate to your examples, i.e. a percent of billed charges, fee schedule, provider type specific rates, etc. We provide a complete list of base rate sources in our response to ID PP01. Additionally, we configure base rate add-ons and cutbacks to use a percentage or a flat rate amount to calculate the change. Many base rate changes use claim type and provider type criteria.

PP42
The Contractor's solution shall perform claims processing for encounter claims, including editing, pricing, reporting, in a manner consistent with the standard fee for service claims (i.e., shadow pricing). The results shall be stored and no reimbursement to the provider will be generated.

We process encounter claims through FFS adjudication logic with a special claim type to prevent them from paying. The solution calculates the FFS reimbursement amount (shadow pricing) and stores the MCO paid amount in the other payer paid amount. These amounts are available for reporting and analytics. We bypass certain processing not applicable to encounter claims and configure the exception dispositions to pay, deny or ignore encounter claims and adjustments according to your policies. No payment is made to providers. Figure 4.2.11-26 shows an encounter claim with shadow pricing.

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Figure 4.2.11-26. Shadow Priced Encounter Claim
CMdS-Claims processes encounter claims to determine the FFS reimbursement amount.

PP43
The Contractor's solution shall, upon receipt of TPL information, automatically adjust claims with dates of service within the TPL effective dates.

CMdS-Claims processes a variety of retroactive changes to member data, including TPL coverage. We receive TPL coverage from the eligibility system and external sources including but not limited to TPL pay and chase vendors, or from provider submitted claims. Upon receipt of TPL information, we apply updates to the member data and the system automatically generates a claim mass adjustment request. The request includes the dates impacted by the retroactive change. The mass adjustment process identifies impacted claims for the member and adjusts the claims. Figure 4.2.11-27 shows how mass adjustments are created to reprocess claims for member TPL updates.

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Figure 4.2.11-27. TPL Mass Adjustment Request
CMdS-Claims performs mass adjustments when we receive updates to member TPL information.

PP44
The Contractor's solution shall create and maintain an annual maximum payout limit for providers and other Agency-designated entities providing specific services, and have the ability to cease payments once the established annual limit has been reached as defined by the Agency.

We plan to enhance CMdS-Claims to allow users to set a maximum payout limit for providers and payees that receive payment for services. The enhancement includes flexibility to establish the provider or payee identifier, begin and end dates, the annual maximum dollar amount, and the accumulation of expenditures for the period. During payment processing, the solution adds paid claims into the expenditures bucket for the payee. We fiscal pend claims if the provider's expenditures exceed the limit.

CMdS-Claims provides flexible configuration to limit payments either automatically by budget or individual payee. A budget amount is defined for a fund code and then the solution accumulates expenditures as it processes payments. Payments automatically go into a fiscal pend status once the expenditure amounts exceed the budget amount. This functionality also allows DPHHS to enforce limits such as the Medicaid Upper Payment Limit. Using the budget user interface, users can alter the budget amount or update the authorized budget amount. Once these amounts are greater than the accumulated expenditure amount, the fiscal pended claims start reprocessing in the next payment cycle.

We can also enter fiscal pend criteria to affect a specific provider or group of providers. The limits are typically based on provider type, claim type, dollar limit, benefit plan, category of service, procedure

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code. Fiscal pend also uses mapsets if additional data fields need to be configured. Figure 4.2.11-28 shows the CMdS-Claims fiscal pend configuration user interface used to configure the limits.

Figure 4.2.11-28. Fiscal Pend
CMdS-Claims fiscal pend allows configuration limits to be placed by budget or individual using a variety of criteria.

PP45
The Contractor's solution shall store the adjudicated encounter claim results (including the managed care plan's paid amount and the shadow-priced fee for service rates) applied to each encounter claim.

Encounter claims process through the FFS adjudication flow as discussed in ID PP42. The solution calculates the FFS reimbursement amount (shadow pricing) and stores the MCO paid amount in the other payer paid amount. These amounts are available for reporting and analytics.

PP46
The Contractor's solution shall provide a remittance advice file to the source that includes the adjudication results of each encounter claim, and exclude shadow pricing information.

CMdS-Claims accepts and processes X12 837 encounter claims. Encounter claims are like FFS claims with the exception that they don't result in reimbursement to providers. Encounter claims are used for analysis and reporting. During payment processing we create a remittance advice file to send to the submitter (MCO or NEMT vendor), which suppresses the shadow pricing information and includes the TCN, claims status, and exception information.

PP47
The Contractor's solution shall receive, store, and update multiple provider per diem rates based on member level of care and/or the provider's qualifications based on configurable business rules.

CMdS-Claims maintains multiple provider per diem rates based on member level of care and uses service date spans to perform pricing. The solution uses the date span that matches the claim header or line date of service, depending on the pricing methodology. Supporting rate structures and configurable data include date spans to provide accurate pricing calculations. Figure 4.2.11-29 shows the user interface for

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provider institutional rate segments with the provider information, date spans, charge mode, and level of care.

Figure 4.2.11-29. Institutional Provider Non-DRG Web Page
CMdS-Claims Institutional non-DRG web page stores reimbursement data based on type of rate structure, effective dates, level, amount, and percent.

PP48
The Contractor's solution shall place claims in suspended status for program or waiver funding limitations, and allow authorized users the ability to release claims for payment upon review.

CMdS-Claims provides flexible configuration to limit payments automatically by budget. Budget amounts are configured for fund codes which accumulate expenditures as payments process. Fund code configuration allows the solution to track and report reimbursements by specific programs or waivers. The solution automatically puts claims in a fiscal pend status once the expenditure amount exceeds the budget amount.

We can configure fiscal pend criteria by individual benefit plan or multiple benefit plans with additional criteria, such as services within the plan, using mapsets if the fund code and budget configuration is not specific enough to support program needs. By updating the fiscal pend criteria, claims can remain fiscal pended or can be released to payment.

We can configure adjudication business rules to support proactively suspending claims by benefit plan (waiver program) to allow users the ability to review and release individual claims as the limits for funding approach.

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PP49

The Contractor's solution shall, upon reaching the threshold amount for program or waiver claims, reimburse on a pro-rated basis until the expenditure allowance is reached. Once the maximum expenditure threshold is met, then pay no further claims.

CMdS-Claims includes configurable business rules to perform cutbacks to the reimbursement amount during adjudication. In the payment process we use fiscal pend configuration to prevent payments for specific programs, waivers or other groups of claims based on specific criteria to limit, delay, or hold payments. The budget configuration includes the budget allowance by fund codes (or groups of fund codes) and accumulates the expenditures towards the budget limit. During implementation we work with you to determine which approach will support the business needs for this requirement and determine if adjudication processing needs to accumulate the expenditures to support the pro-rated reimbursement.

PP50

The Contractor's solution shall receive, maintain, and store all Medicare Part A, B, and D claims payment information as specified by the Agency.

CMdS-Claims supports HIPAA 5010 transaction processing and retains information submitted on the claims or EOBs related to other payer adjudication results. We store information we receive related to Medicare payments with the claim and display it in the claim correction and inquiry user interface. We primarily receive Medicare crossover claims from the COBA trading partner but also accept crossovers electronically or on paper from providers. The solution uses Medicare payment information during claims pricing to reduce the Medicaid reimbursement appropriately based on the Medicare payments.

PP51

The Contractor's solution shall capture, store, maintain, update, display, and report all claim processing activity (e.g., adjudication status, suspended claims by status and location, claims origin, adjustments, pre-adjudication validation, payment status) as defined by the Agency.

CMdS-Claims supports the full 5010 data content and retains information submitted on the claims and other payer adjudication results reported on attached EOBs. During adjudication, the solution assigns additional internal information to the claim to support processing and reporting. We assign the media source code (e.g., web, paper, system generated), claim status at the header and line items. Claim exceptions are stored with the claim and the location history tracks suspended claims. The solution links claim adjustments and voids to the original claim and displays the adjustment history online. CMdS-Claims maintains a suite of operational claim reports and we can generate additional reports with the CMdS-Insights reporting module.

PP52

The Contractor's solution shall adjudicate crossover claims at the detailed line item or header level based on Agency configurable business rules.

Crossover claims are processed at the header or line item depending on the claim type. Inpatient crossovers process at the header. Outpatient and professional crossovers process at the line level. The solution uses separate pricing modules during crossover pricing. Crossover claims execute inpatient, outpatient, and professional pricing modules to establish a Medicaid allowed amount. The crossover pricing modules use the Medicaid allowed amount to apply Medicare pricing rules, which include using the coinsurance, deductible and Medicaid lower of logic.

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PP53
The Contractor's solution shall accurately calculate based on Agency configurable business rules, allowable reimbursement criteria for each service according to date specific rules and limitations applicable to each claim and encounter type, including service, pricing modifiers (multiple), benefit plan, category of service, and provider type/specialty in accordance with program policy established by the Agency.

CMdS-Claims pricing supports multiple pricing methodologies and rate structures to calculate the allowable reimbursement for each covered service. The reimbursement methodologies support pricing of claim types and services defined within each program's benefit plan covered services including Medicaid and waiver services. The pricing and rate structure take the claim characteristics (benefit plan, category of service, and provider type/specialty) into account.

Our reimbursement business rules support multiple methods of pricing a claim line based on the presence of modifiers. CMdS-Claim has the capability to define a procedure code plus up to four modifiers as a separate service with the corresponding pricing information. All the procedure code rate structures support additional refinement of the rates using up to four modifier codes.

All reference data is date span specific to use the appropriate data based on the claim date of service. The hierarchy uses the most specific rate applicable to price each claim and/or line. CMdS-Claims also uses external grouping software where applicable. Configuration also determines where lower of logic applies in alignment with the State Plan. Figure 4.2.11-30 shows how we configure a procedure code with four modifiers by provider type.

Figure 4.2.11-30. Rules Management
CMdS-Claims procedure code, modifier, and provider type specific rate configuration.

PP54
The Contractor's solution shall provide automated processing logic to price out-of-state claims (e.g., local rate, percent of charges, or suspend for manual pricing) based on configurable business rules defined by the Agency.

During the adjudication process the solution validates the claim's provider information to determine if the provider is actively enrolled for the claim's date of service. CMdS-Claims adjudication uses business rules to validate the provider including determining if the provider location is out-of-state. We generally configure specific out-of-state pricing based on negotiated rates with the provider on a service authorization. We configure the service authorization with the services and approved rate. When we receive a claim from the provider, the solution automatically prices the claim using the rate on the authorization. We can also configure business rules to set the out of state reimbursement based on

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provider-specific rates at the local rate or percent of charges. The claim can also suspend for manual pricing.

PP55
The Contractor's solution shall allow payment to fee-for-service providers for services rendered to members in pre-enrollment periods or other periods of transition (e.g., presumptive eligibility) based on configurable business rules defined by the Agency.

CMdS-Claims can address claims received during pre-enrollment or transition in several ways. The solution can suspend claims for member eligibility and automatically recycle them after a defined period. If your eligibility system sends the member as eligible, the member is enrolled in a benefit plan and we process claims normally. If we receive a claim with an attachment code or other indicators for presumptive eligibility, we suspend the claim and process it based on a verification of the attached presumptive eligibility application. Figure 4.2.11-31 shows presumptive eligibility stored in the solution.

Figure 4.2.11-31. Presumptive Eligibility
CMdS stores the member's presumptive eligible by begin and end dates.

PP56
The Contractor's solution shall produce and maintain state-specific companion and user guides, payer sheets, and/or fee schedule as directed by the Agency.

Our standard practice is to use portals to assists providers through self-service and educational options to provide excellent service and reduce phone calls. We are familiar with NCPDP payer sheets but not payer sheets as they relate to the scope of this contract. We look forward to discussing this with you to understand your payer sheet expectations.

Companion Guides. Conduent creates companion guides that are used in conjunction with the standard Implementation Guide. The companion guide is not considered a replacement for the Implementation Guide, but rather an additional source of information. The companion guide contains data clarifications derived from specific business rules that apply specifically to processing for the Agency. The guide also includes useful information about sending and receiving data to and from Conduent EDI Solutions.

Fee Schedules. Our CMdS-Claims external portal supports publication of the fee schedules as a resource for providers. The fee schedule information is extracted from the reference tables and formatted into a pdf document. The fee schedules are produced and published on the portal as directed by the Agency.

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PP57

The Contractor's solution shall provide pricing methodologies as defined by the Agency and compliant with 42 CFR 447 to include, but not limited to:

a) provider contracted rates
b) CPT/HCPS/CDT and modifier codes
c) fee schedule for the corresponding date
d) RBRVS claims
e) Manual pricing
f) Place of service
g) Specialty type
h) Pay by report
i) Age range
j) Category of service
k) CDT procedure code fee schedule
l) Revenue codes
m) APR-DRG (Diagnosis-Related Group)
n) APG
o) Per Diem at provider specific rates
p) Add-on pricing amounts to any pricing structures based on other claim attributes (e.g. service facility, provider type/specialty, place of service etc.)
q) Provider specific encounter rate
r) Variable percentage of billed charge
s) Variable percentage based on provider type (FQHC, RHC, IHSp)
t) PMPM with line level detail
u) Medicare's Outpatient Prospective Payment System
v) Bundled/unbundled pricing
w) Global service pricing
x) Calculation required for resource-based relative value system fee schedule for radiology, anesthesia, and general medical services
y) Tiered pricing into which a variety of services are grouped depending on the treatment type and intensity of care required
z) Invoicing pricing (e.g., plus/minus percentage, procedure code)
aa) Geographic designation
bb) Lab pricing
cc) Special pricing based on time (e.g. anesthesia)
dd) Medicare crossover claims
ee) Cost to charge percentage
ff) Maximum of inpatient charges
gg) Radiology codes with multiple components

CMdS-Claims supports the pricing methodologies listed in a) through gg) of this requirement. Our system has pricing methodologies for each type of claim and a series of rate structures to support the pricing configuration. The solution's reference data configuration allows procedure and revenue code pricing (which includes, but is not limited to RBRVS, fee schedule, manual review, pay submitted charge, pay percent of submitted charges, bundled), service authorization pricing, and manual pricing. We configure the solution to support your criteria for each service such as age, category of service, place of service,

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gender, tooth identifiers and pricing rate structures. The various structures available for pricing are covered in ID PP02. We configure the benefit plan coverage, service authorization requirements, and limits based on State requirements. We have multiple pricing modules that support payment methodologies across different types of claims such inpatient, outpatient, nursing home (LTC), medical, dental, and Medicare crossover specific logic. During implementation we work with you to configure the pricing methodologies in our CMdS-Claims product to align with your State Plan.

PP58
The contractor solution shall identify, accept, adjudicate, and store claims (e. g. medical inpatient, outpatient, crossover) submitted with procedure codes for physician administered drugs and require and capture the corresponding NDC.

CMdS-Claims supports the full 5010 data content and retains all information submitted on the claims, including the revenue, HCPCS, CPT and NDC information for all CMS-1500 and UB04 claims billed with drugs. Our solution has edits and pricing to support capturing the NDC code and quantity for use in pricing physician administered drugs. The revenue and procedure code configuration include indicators to require the procedure and NDC code for pricing. An example of a claim edit for NDC was covered in ID PP05.

PP59
The Contractor's solution shall capture, store, maintain, and send the data required to invoice manufacturers for the drug rebate including any adjustments or credits to the claim as defined by the Agency.

The CMdS-Claims adjudication process captures and stores medical claims with NDC detail and performs edits that validate if the drug is eligible for rebates. The solution produces claim extracts of paid medical claims required to invoice drug rebate vendors on a frequency defined by the Agency. We include data related to claim adjustments and credits in the claim extracts.

PP60
The Contractor's solution shall have automated pricing logic to convert time measurement units into the correct dollar value for payment (e.g., anesthesia)

Our solution offers flexible configuration to designate how the units convert for the purpose of pricing. We configure at the procedure code level, how the units are treated during pricing by selecting a variable for the unit of measurement and the pricing. Figure 4.2.11-32 shows unit of measure based on a 15-minute increment.

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Figure 4.2.11-32. Anesthesia Unit of Measure
We configure the anesthesia unit of measure from the procedure code web page.

PP61
The Contractor's solution shall allow for Payees to receive one payment and remittance advice (or ANSI X12 835) for services provided under one or more benefit plans based on configurable business rules.

The CMdS-Claims payment process selects all claims submitted for payment for a payee to issue one payment. All claims, regardless of the benefit plan are processed for a single payee and a single warrant and remittance advice is produced including all claims processed for the payee. To improve readability, the remittance advice may report different claims types using unique templates, such as professional, institutional and dental.

PP62
The Contractor's solution shall provide bidirectional navigation (drill up/drill down) between the remittance advice and the corresponding financial transaction details.

Our solution produces PDF-based remittance advices suitable for portal delivery or printing. Our electronic remittance advices are ANSI X12 835 compliant and processed by the payee's software. Using the advanced search features on the claim inquiry user interface, a user can search by remittance advice identifier, paid date, claim type and other optional criteria to drill up or down into the claims and financial

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transaction detail. The search results can be sorted as needed by the user to identify specific transactions. We look forward to discussing your requirement to further clarify your objective for this requirement.

PP63
The Contractor's solution shall automate the claw back process and Medicare accounts payable process based on configurable business rules.

Using our CMdS-Insights reporting, we produce a report based on the MMA response that allows you to validate the invoice from CMS. We have performed this task previously for our Mississippi client.

PP64
The Contractor's solution shall allow authorized users to manually create accounts payable for HIPP cases, based on configurable business rules.

CMdS-Claims generates and processes one-time disbursements and payments manually, or regular payments on a recurring schedule. Manual accounts payable transactions are created using the additional disbursement capability on the HIPP user interface. This allows for an initial policy payment prior to the regularly scheduled payments. Figure 4.2.11-33 shows the HIPP additional disbursement information.

Figure 4.2.11-33. HIPP Additional Disbursement
HIPP user interface showing the additional disbursement capability.

PP65
The Contractor's solution shall associate all Health Insurance Premium Payment Program (HIPP) accounts payables to the Member even if the Payee is not the Member.

CMdS-Claims supports HIPP payments to payees that are not the member associated with the HIPP case. We define the payee in the HIPP information user interface as shown in Figure 4.2.11-34.

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Figure 4.2.11-34. HIPP Payee
HIPP user interface showing the payee configuration.

PP66
The Contractor's solution shall have the ability to generate separate remittance advices for transactions based on which Entity is responsible for payment as defined by the Agency.

The remittance advice (RA) reports the paid and denied claims processed for a single payee in the CMdS-Claims payment cycle. If an entity is responsible for payment across multiple payee's we use our CMdS-Insights reporting solution to create an aggregated RA for all payments made to a specific tax ID regardless of payee, or we can create RAs based on each entity responsible for payment based on Agency requirements.

PP67
The Contractor's solution shall have the ability to pay prior-authorized non-emergency transportation payments in part or in total, based on configurable business rules.

CMdS-Claims supports payment of non-emergency transportation (NEMT) claims at a partial or full amount based on an approved service authorization. Service authorizations are approved with the number of authorized units or an authorized amount to cap the reimbursement. Additionally, we can configure a specific per unit rate. To support a reduction in the payment amount claims adjudication supports the configuration of base rate changes to cutback the payment based on a percentage or amount configured in a system parameter.

PP68
The Contractor's solution shall manage the payment processes for Medicare programs (e.g., buy-in, claw back, Part D) related to Agency Healthcare Programs as defined by the Agency.

CMdS stores Medicare Part A, B, and D coverage for the member. Using CMdS-Insights reporting, we identify Medicare payment information for members in Medicare programs (buy-in, claw back and Part D). We can also generate reports to identify members who should have payments made on their behalf. We process payouts through the CMdS-Claims payout user interface for these members. The payment information is captured and linked to both the member and the payee.

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PP69

The Contractor's solution shall generate a detailed remittance advice in electronic and/or printed report format (e.g., paid claims, denied claims, reason and remark codes, error codes, payments, voids, suspensions and payment adjustments) for each Payee and/or Provider that reflects all financial activity in a payment cycle. The remittance advice will be formatted according to Agency's defined standards and language and include CMS required information (e.g., the NPI of the physician or other professional who ordered or referred the service).

We produce the RA as an electronic X12 835 and/or a printable PDF. The RA includes paid, denied, and suspended claims, and adjustments and financial transactions by payee for each payment cycle. The printable RA presents each claim type in its own unique configurable template. We configure these templates during implementation to support the Agency's defined standards and language. The templates already include CMS required information. The reason and remark codes and explanation of benefit (EOB) codes communicate error codes or payment reductions to the provider.

We customize the text that appears on the RA using reference web pages that define provider banner messages, EOB codes, remark codes, and adjustment reason codes. Codes are associated with each reported claim along with the claim and financial details. The RA includes a glossary at the end that shows applicable codes and descriptions. Figure 4.2.11-35 shows a sample RA glossary.

Figure 4.2.11-35. RA Glossary

The RA glossary shows the adjustment reason and remark codes along with a description of each code.

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PP70
The Contractor's solution shall update financial transactions with payment identification details (e.g., check number, warrant number, paid date, amount paid) when the information is returned from external Entity.

As part of payment processing, the solution updates each claim and financial transaction with the final status code (paid or denied), the date, and the RA identifier. We use standard APIs to process a file from an external entity that contains the warrant number (check or EFT), paid date, and paid amount. Once we receive this information and update the claims, we create the RAs and/or electronic X12 835s for providers to use in reconciling their payments to their claims.

PP71
The Contractor's solution shall allow for Health Insurance Premium Payment Program (HIPP) payments to be created for Members or non-Members (e.g., insurance carrier, employer, policy holders), based on configurable business rules.

CMdS-Claims supports payments to various entity types, such as insurance carriers, employers, policy holders, or members. The HIPP case uses the payee configuration to create payments to members or other entities.

PP72
The Contractor's solution shall capture and allow entry of additional detail in a Health Insurance Premium Payment Program (HIPP) case (e.g., policy holder name, date of birth, gender) as defined by the Agency.

CMdS-Claims captures and allows entry of the policy holder details and covered individuals for the HIPP case. Figure 4.2.11-36 shows the HIPP web page.

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Figure 4.2.11-36. HIPP Policy Holder
Users can enter policy holder and covered individual details for the HIPP.

PP73
The Contractor's solution shall receive, and allow for entry or end date of the details (e.g., diagnosis, age, gender, cost, percentage) needed to do a cost effectiveness evaluation for the Health Insurance Premium Payment Program (HIPP) as defined by the Agency.

The HIPP cost benefit worksheet available on the user interface is used to store cost effectiveness calculation data for a HIPP case. In addition to the current premium, administrative and other costs are factored into the cost-effective calculation. The worksheet is populated with the historical Medicaid costs calculated by averaging Medicaid paid claims from the prior 12 months for individuals with the same age grouping, gender, category of eligibility, and category of service. These costs are stored and used when performing the cost-effective determination. Additional relevant information can be captured in the notes to support the calculation assessment process. Figure 4.2.11-37 shows the Cost Benefit Worksheet user interface.

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Figure 4.2.11-37. Cost Benefit Worksheet
The Cost Benefit Worksheet allow for a cost effectiveness determination of a HIPP case.

PP74
The Contractor's solution shall automatically perform the cost-effectiveness calculation using information (e.g. claims history) for a redetermination and update information (e.g., premium amount) on the case for the Health Insurance Premium Payment Program (HIPP) as defined by the Agency.

The HIPP case cost benefit worksheet user interface is used during the redetermination. The user enters new information and then selects the calculate option to determine the revised cost effectiveness. Historical Medicaid costs are calculated by averaging Medicaid paid claims from the prior 12 months for individuals with the same age grouping, gender, category of eligibility, and category of service. These costs are stored and used when performing the cost-effective determination.

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PP75

The Contractor's solution shall have the ability to automatically create a new HIPP case and allow for users to manually enter one as defined by the Agency.

CMdS-Claims provides a user interface to enter a new HIPP case. HIPP cases are not currently created automatically in CMdS-Claims, but based on receipt of a file from an external source that identifies members with health insurance availability from an employer we could automatically create the HIPP case. We look forward to discussing this further during implementation. Figure 4.2.11-38 shows the HIPP user interface to create a new HIPP case.

Figure 4.2.11-38. Add HIPP Case
HIPP user interface to add a HIPP case.

PP76

The Contractor's solution shall automatically assign unique case numbers on new Health Insurance Premium Payment Program (HIPP) cases as defined by the Agency.

CMdS-Claims automatically assigns a unique HIPP case number when new HIPP cases are created. Figure 4.2.11-39 shows assigned HIPP case numbers.

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Figure 4.2.11-39. HIPP Case Number
HIPP case showing a unique case number for each applicant.

PP77
The Contractor's solution shall receive, store, maintain, display, and update detail information related to the member's third-party insurance policy (e.g. number, type, status) as defined by the Agency.

Our solution accepts policy data from outside entities and allows for direct entry and maintenance through the policy web pages. Figure 4.2.11-40 shows the user interface to add TPL policy information.

Figure 4.2.11-40. Add TPL Policy
The TPL policy user interface to add other insurance policies for a member.

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PP78
The Contractor's solution shall have the capability to associate a Group Policy Provider with a current Health Insurance Premium Payment Program (HIPP) case automatically and by user as defined by the Agency.

The HIPP case identifies the associated insurance and group policy provider. This information displays on the user interface as the insurance carrier. Figure 4.2.11-41 shows the carrier information stored in the HIPP policy.

Figure 4.2.11-41. HIPP Group Policy Carrier
This screen displays the insurance carrier linked to the HIPP case and policy.

PP79
The Contractor's solution shall allow users to trigger a recalculation of the cost-effectiveness for the Health Insurance Premium Payment Program (HIPP) Program as defined by the Agency.

We recalculate the cost-effectiveness of HIPP cases using the cost benefit workbook HIPP user interface. The calculate option recalculates the cost effectiveness. Any changes can be applied using the cost benefit workbook and will be applied to the recalculation.

PP80
The Contractor's solution shall have the ability to automatically recalculate the cost-effectiveness for a HIPP case when a field used in the calculation is changed as defined by the Agency.

When there is an update to a field used in the cost effectiveness calculations the cost benefit workbook for the HIPP case is updated with the new information. The calculate option will recalculate the cost effectiveness of the case.

PP82
The Contractor's solution shall have the ability to automatically check non-emergency transportation transactions against medical claims before reimbursing, based on configurable business rules.

Our ability to check non-emergency transportation transaction against medical claims occurs through our duplicate check functionality in CMdS-Claims. Using the duplicate check web page and claim exceptions,

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we set variables such as the procedure codes billable for transportation services to compare against incoming medical claims or claims in history, along with other variables such as same, different, or overlapping dates of service. The duplicate check configuration also supports bypass configuration to allow the non-emergency transportation claims to pay if the configured criteria matches the claim. Figure 4.2.11-42 shows the duplicate check web page used to create duplicate check criteria.

Figure 4.2.11-42. Duplicate Check Web Page

This web page allows configuration of criteria for evaluation against historical and incoming claims.

PP83

The Contractor's solution shall allow for HIPP cases to have household members who are not enrolled in the HIPP program as defined by the Agency.

HIPP cases store household members who are not enrolled in the HIPP program but are covered by the policy in the covered individual section of the policy associated with the HIPP case. Figure 4.2.11-43 shows the policy holder details including the covered individuals.

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Figure 4.2.11-43. HIPP Policy Holder and Covered Individuals
HIPP case policy holder and covered individuals user interface.

PP84
The Contractor's solution shall perform a reconciliation of the federal invoices for Medicare State Phase-Down contributions (also referred to as Claw back) and Medicare Buy-in payments against our member data. Invoices are corrected based on the reconciliation and submitted to Medicare as defined by the Agency.

We help you validate invoices related to Medicare programs (Buy-in and Claw back process) using the CMdS-Insights reporting module. We configure our reporting solution to execute the same business rules CMS uses to create invoices. Our solution produces a report that supports validation at a glance that not only verifies that the federal invoices are accurate, but also that your data is accurate.

PP85
The Contractor's solution shall receive, store, maintain, and display Payee (e.g. HIPP) information (e.g., tax, banking, address, contact, preferred payment method) for each Payee as defined by the Agency.

CMdS-Claims provides the capability to define financial entity payees that are non-providers. We create financial entities for people or organizations the Agency needs to send authorized payments. The financial payee configuration includes the tax, address, contact, and payment method details to support processing and tracking of payments. We can also include notes. Figure 4.2.11-44 shows the user interface to add, maintain and view payee information.

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Figure 4.2.11-44. Add Financial Entity
We can add financial entities online to support payment to non-provider payees.

PP86
The Contractor's solution shall have the ability to pay a non-Member for expenses incurred for a Member (e.g., in state or out of state transportation, HIPP) and associate the payment with the Member's record as defined by the Agency.

CMdS-Claims provides the flexibility to pay entities other than providers, such as non-members, for expenditures that may not directly result from a claim submission. Through the payout web page, we can create payouts to reimburse non-member expenses. We identify the reason for the payment using a drop-down list that is configurable per Agency requirements. Figure 4.2.11-45 shows the payout web page with a non-member selected as the payee type with "O-Other".

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Figure 4.2.11-45. Non-Member Payout
Our solution offers flexibility to create payments to non-members and identify the reason for the payment.

PP87
The Contractor's solution shall provide notes capability for all financial types (e.g., Health Insurance Premium Program (HIPP), Eligibility). The notes capability must include standard fields (e.g., date, category) and text fields as defined by the Agency.

CMdS-Claims online web pages include a notes capability where users can enter relevant information for financial types. We capture the note text with the user ID, date the note was added, and note type. We support an unlimited number of notes and each note can capture up to 4,000 characters. The solution displays all historical notes for reference. This capability exists across the user interfaces within the CMdS-Claims module. Figure 4.2.11-46 shows a CMdS-Financial web page with the relevant information captured with the notes, along with routing and attachment functionality.

Figure 4.2.11-46. Notes
CMdS web pages allow users to enter notes which are captured and displayed on the pages.

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PP88

The Contractor's solution shall process, track and report financial transactions related to Lump Sum payments (e.g., DSH, GME) and alert Agency staff and Payee via their preferred notification method as defined by the Agency.

The CMdS-Claims module provides a customizable system list that allows the configuration of various reasons for generating financial payouts including program specific lump sum payouts. Manual payouts and payouts received from an external entity can also be tracked and reported. CMdS-Claims maintains a suite of operational payment and financial reports and additional reports can be generated with CMdS-Insights reporting tool. Figure 4.2.11-47 shows a payout with a reason code for a lump sum payment.

Figure 4.2.11-47. Lump Sum Payout

We use this payout web page to add a lump sum payment financial transaction.

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PP89

The Contractor's solution shall capture, store, and maintain current and historical participant criteria (e.g., effective dates, income, family size, etc.) to calculate and apply participant cost-sharing, including premiums and co-pays, for particular benefits based on federal and/or Agency specific criteria.

Our solution maintains all current and historical member information including begin and end dated participant cost share information. The criteria such as income, family size, etc. that is sent from the eligibility system or other external entity is stored for the member.

CMdS-Claims adjudication will perform cutbacks during processing based on business rules configured if the member cost share assessment dates cover the claim dates of service and the cost share amount has not yet been reached. The benefit plan configuration will indicate if copayments, coinsurance or deductibles need to be calculated for the claim or claim line and if applicable the corresponding base rate changes to reflect the cost share amount will be created.

PP90

The Contractor's solution will generate payments and remittance advice daily (or at an interval defined by the agency).

The CMdS-Claims payment cycle generates payments and remittance advices. The cycle currently runs weekly. We run the payment cycle more frequently, including daily, per Agency requirements. Once the payment cycle completes and produces the corresponding check and EFT files, processing waits for the check and EFT details from the financial institution to generate the remittance advices and X12 835 files. With this information providers can match their check or EFT transaction to the specific claims and financial transactions reported on the remittance advice. We work with you to define the payment and remittance advice schedule during implementation.

4.2.12 Benefit and Reference Data Management [RFP 3.10.12, Attachment F]

REQUIREMENT: RFP Section 3.10.12, Attachment F

This section addresses requirements related to benefit and reference data management. The solution will have the capability to configure, store and manage benefit plans and support a variety of pricing methodologies, and provider contracts with the flexibility to support multiple payers and financial management processes. In support of claims adjudication, this solution will also process against service authorizations, third party insurance liability, and calculate member liabilities including cost share and cost share coordination between multiple payers. The solution will provide and maintain configurable reference data to support complex business rules utilized for claim adjudication. The Offeror must describe in detail their approach to meet each of the Benefit and Reference Data Management requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The Benefit and Reference Data Management function provides a flexible way to maintain the repository of supporting data required for claims processing, pricing, and adjudication.

CMdS-Claims provides the capability to configure, store, and manage benefit plans and supports a variety of pricing methodologies, provider contracts, payers, and financial management processes. The solution stores data in database tables and processes updates according to Agency directives. Update transactions are edited to ensure that the information is accurate and error-free. Following the processing of interface files, audit trail and error reports are reviewed to verify that the database tables were updated properly.

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CMdS-Claims Benefit and Reference Data Management

- Built upon proven Medicaid data model
- Supports complex data-driven rules
- Full audit logging and online help
- Already meets MECT requirements

The solution's benefit package structure allows us to easily configure benefit plans according to State policy. The solution supports benefit plan configurations for Medicaid, waiver, and non-Medicaid programs. Members can have multiple benefit plans based on their eligibility. The solution ranks benefit plans to provide the proper sequence for processing. We designed the solution to allow each benefit plan to share rates with other plans or have distinct plan prices. To avoid excess configuration, during implementation we analyze the plans and determine which plans should share rate configurations. On an ongoing basis, we load approved new rates with effective dates and end dates to support processing of both new and historical claims.

We support flexible options for updating rates and choose an appropriate option depending on the circumstances of the rate update request. We use spreadsheets for initial or bulk rate updates. Authorized users can view and update rates online from the web pages. We collect audit information for rate additions, changes or deletions, and we support the entry of notes.

Storing Benefit and Reference Information. We analyzed your RFP requirements to determine the types of information our services should support. Table 4.2.12-1 shows the benefit and reference information we expect to store in CMdS-Claims based on the RFP.

Table 4.2.12-1. CMdS-Claims Benefit and Reference Information

Benefit and Reference Information	Description
Benefit Plans	Configuration of coverage, service authorization requirements, plan limits, co-insurance, co-pay, deductible, out of pocket, , member enrollment criteria, provider network
Codes	All code sets applicable to HIPAA transactions, such as Diagnosis, DRG, ICD surgical procedure, procedure and revenue, NDC
Rates	Support for pricing methodologies common to Medicaid and non-Medicaid programs
Managed Care Cohort Rates	Support for cohort rates for many different types of managed care programs
Member	Receive member eligibility and enrollment, assignment to benefit plan, and ID card issuance
TPL Matrix	Subrogation, cost avoidance, and pay and chase
Remittance/EOB	Configurable templates, RARC/CARC support
NCCI Edits	Avoid improper payments with MUE and PTP edits

Integrating Quality Assurance. We are proactive in monitoring benefit and reference data. We bring quality assurance approaches proven to minimize and mitigate errors. Our QA processes are designed to identify and correct errors early, so they do not impact claims processing. We put appropriate controls in place for both manual and bulk updates. For manually entered reference data, our standard process requires a second validation at 100% by a second person. For changes that include more than 300 codes, we validate twice—100% validation on the first pass and 33% validation on the second pass. If we

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identify changes, our team works together to make the changes and the appropriate supervisor validates and documents the correction and the conversation.

While bulk updates from spreadsheets generally are more reliable than manual updates, we validate that the data was correctly loaded. During implementation, we work with you to determine a statistically valid sample size to minimize the risk of undetected errors.

Advanced Reporting Capabilities. CMdS-Insights provides dashboard and reporting capabilities. We provide a standard library of reports, including visualization ready reporting for dashboard views. We use the reporting capabilities of our solution to perform our duties under the contract and to respond to your requests with visual and tabular reports. During implementation, we will share with you our library of existing reports to allow you to validate you have the information needed to perform your work and to oversee our contract. We tailor the reports we provide where a different view of benefit and reference data is needed. You can zero in on the information you need from on-demand reports by using the included user prompts and filtering as seen in Figure 4.2-12-1.

Figure 4.2.12-1. CMdS-Insights On-Demand Criteria Selection
When using our on-demand library of reports, you can filter the results using prompts.

Online Help Manual. CMdS-Claims includes detailed help functionality. A full online manual is accessible through online web pages and context-sensitive help is available throughout the solution. The technical capabilities of the online help include an index, the ability to search, a print option, and the ability to organize a collection of favorite help items. Not only do we provide descriptive help, but we also include process-oriented step-by-step instructions. Each help item is linked to related tasks and reference materials. We update the manual to reflect changes from each SaaS delivery of a product update.

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BRDM01
The Contractor's solution shall store, maintain, and utilize a list of all NCCI edits with effective and end dates, including identifying additions, changes, and deletions of codes and NCCI edits as defined by the Agency.

The April 2016 OIG report "Inconsistencies in State Implementation of Correct Coding Edits May Allow Improper Medicaid Payments" said:

> ***Of the 49 States that implemented the NCCI edits into their claims processing systems, 47 did not use all of the NCCI edits correctly. These States reported practices that were inconsistent with the NCCI program requirements and/or incorrectly processed one or more test claims. Only two States – Indiana and Montana – reported following all of the NCCI program requirements that we reviewed and demonstrated correct use of the NCCI edits by correctly processing all applicable test claims.***

We're extremely proud of what we've jointly accomplished while working with you, and what has subsequently been achieved with NCCI. Not only are we processing correctly (as validated by OIG), but we also are avoiding improper payments to the tune of $82 million of submitted charges in the most recent Montana state fiscal year.

CMdS-Claims continues our tradition of avoiding improper payments by correctly incorporating the Medicare correct coding initiative using National Correct Coding Initiative (NCCI) editing during claims adjudication. NCCI edits are comprised of Procedure-to-Procedure (PTP) pair edits designed to prevent improper payment. Medically Unlikely Edits (MUE)'s limit the number of times a procedure can be billed in a given time period. When the quantity billed on the claim line exceeds the MUE limit, the line item will be denied, enforcing the payment limitations.

Units of Service Exceed Medically Unlikely Edit (MUE). The NCCI MUE edits a unit of service that indicates whether the units billed on a claim line for a procedure code exceed the maximum value set by CMS. As a result, the claim line is denied. Characteristics of each MUE edit include the following:

1. MUE is a unit of service edit for each procedure code that applies to services performed by the same provider/supplier for the same member and date of service
2. MUE is a claim line edit, not an entire claim edit
3. MUE is not a date of service edit and does not apply to the sum of the units for a code with the same date of service
4. Exclusions (i.e. any combination of claim type, provider type, procedure code ranges, provider numbers, etc.) can be denied

Payment Denied Because Service Not Payable with Another Service on the Same Data of Service. The NCCI PTP contra edits apply to services by the same provider to same member on same date of service. There are two NCCI procedure to procedure tables to include edits for professional, ambulatory surgical center (ASC) services and outpatient hospital services (including emergency department, observation and hospital laboratory services). The two NCCI contra edits or code pair tables consist of

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procedure to procedure code pairs. These code pairs or edits are separated into a column 1 code and a column 2 code. Characteristics of each PTP edit include the following:

1. When a code pair relationship exists on a current day claim or between a current day claim and a history claim, deny the claim line that contains the column 2 code
2. If the column 2 code is found on a history claim, the history claim is automatically adjusted so it is denied
3. Claims with dates of service prior to the NCCI effective date (a system parameter) are skipped
4. Claims with non-covered edits already posted (a system list) are skipped
5. Exclusions (i.e. any combination of claim type, provider type, procedure code ranges, provider numbers, etc.) can be denied

We produce the NCCI cost savings report with CMdS-Insights and discuss this further in our response to ID BRDM21.

BRDM02
For all historical and current code sets, the Contractor's solution shall receive, store, and maintain the crosswalk of effective and end dated code set relationships by date of service (e.g., Healthcare Common Procedure Coding System (HCPCS), Resource Based Relative Value Scale (RBRVS), All Patient Refined Diagnosis Related Grouping (APR-DRG), Outpatient Prospective Payment System (OPPS) including procedure and APC records, Medicare Severity Diagnosis Related Groups (MS-DRGs), Current Procedural Terminology (CPT), International Statistical Classification of Diseases and Related Health Problems Version 10 (ICD-10-CM (diagnosis) and ICD-10-PCS (procedure)), Diagnostic and Statistical Manual of Mental Disorders (DSM–5), Current Dental Terminology (CDT), Provider Preventable Conditions, modifiers, revenue codes, agency-specific code sets, National Council for Prescription Drug Programs, (NCPDP), National Drug Codes (NDC), Berenson-Eggers Type of Service (BETOS), and MDC (Major Diagnostic Categories)) as defined by the Agency.

CMdS-Claims provides code set management that is secure and efficient from a business and system processing perspective. The solution features online web pages that support online inquiry and update that is supplemented by multiple automated batch interface updates. Updates, batch and online, require approval by the Agency. In addition, online updates require proper security authority. We store code sets in database tables for efficiency and easy access to the information. For historical and current code sets, the solution receives, stores, and maintains the crosswalk of effective and end dated code set relationships by date of service, as defined by the Agency.

Online Updates. The solution uses validation rules to verify online entered data complies with standards and policies, including verification that entered data follows the national standard format for the data such as HCPCS, CPT, and ADA standards. The web pages include drop-down lists that display values for the user to select to prevent errors when entering data.

Batch Interface Updates. The solution validates interface files to verify accuracy prior to loading the updates to the database tables. For example, the annual ICD-10 diagnosis code interface has rules to verify code format, dates, no date overlaps or gaps, required fields are present, and that codes and indicators are valid. If records do not meet the validity requirements, the solution writes the records to an error table and a report is produced so our team can address the issues. By doing these validations, we provide accurate data for claims processing.

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Creating, Storing, and Maintaining Code Sets. As part of implementation, we bring our recommendations for deploying code sets, that we have used successfully in other projects, and work with you to adjust as needed for Agency policies. When code set updates are released, we formulate recommendations and include them in our impact analysis. The database tables maintain code sets with date spans allowing for different configurations during different timespans. When CMdS-Claims adjudicates claims it compares those spans to the claim's dates of service. Table 4.2-12-2 lists codes and classifications and describes how we use them to process claims.

Table 4.2.12-2. Code Set Types

Type	Description	Code Sets
Procedure Codes	Procedure codes identify the services performed by providers. CMdS-Claims uses industry standard procedure code sets for validating services that providers bill on claims. Procedure data includes a variety of information that restrict the procedures in accordance with Agency policy. For example, procedures may be limited to specific service dates, member age and gender, modifiers, and provider types and specialties. The number of services may be capped by units or dollars.	• Healthcare Common Procedure Coding System (HCPCS) • Current Procedural Terminology (CPT) • Current Dental Terminology (CDT) • Resource Based Relative Value Scale (RBRVS) • Outpatient Prospective Payment System (OPPS) including procedure and APC records • Berenson-Eggers Type of Service (BETOS) – CMS stopped publishing this as of 01/27/2016 • ICD-10-PCS • Agency-specific code sets
Modifier Codes	Providers use modifiers when billing professional claims to further describe and qualify procedures billed on the claim, to provide additional detail about the service that was rendered. During claims adjudication, CMdS-Claims uses the modifier and its pricing data to support claims pricing.	Modifier Codes
Diagnosis Codes	Diagnosis codes are used by providers or healthcare facilities to identify medical conditions. The diagnosis code database tables store industry standard ICD-10-CM diagnosis code information. The solution accesses the tables during claims processing to validate that the claim's diagnosis codes conform to the Agency rules configured in the tables. For example, diagnosis may be restricted by service dates, and member age and gender.	• International Statistical Classification of Diseases and Related Health Problems Version 10 (ICD-10-CM • Diagnostic and Statistical Manual of Mental Disorders (DSM–5) • Provider Preventable Conditions
Revenue Codes	Revenue codes identify hospital and long-term care services. The revenue code database tables contain industry standard revenue code information maintained by the National Uniform Billing Committee (NUBC). The solution accesses this information during institutional claims processing to validate that the claim's revenue codes conform to Agency rules configured in the tables.	Revenue Codes
Diagnosis Related Groups (DRG)	We store DRG codes for reimbursing hospitals for each case in a given category based on the principal diagnosis, surgical procedure used, age of patient, and expected length of stay in the hospital.	• All Patient Refined Diagnosis Related Grouping (APR-DRG) • Medicare Severity Diagnosis Related Groups (MS-DRGs) • Major Diagnostic Categories (MDC)

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Type	Description	Code Sets
NDC Codes	The NDC code set identifies the vendor (manufacturer), product and package size of drugs and biologics recognized by the federal drug administration (FDA). CMdS-Claim uses First Databank's National Drug Data File Plus (NDDF+) to populate the drug database with basic drug and pricing information. Drug codes are billed on medical claims and pharmacy claims processed by the pharmacy benefit manager (PBM) vendor.	• National Drug Codes (NDC) • National Council for Prescription Drug Programs (NCPDP)

Figures 4.2.12-2 through 4.2.12-9 provides screen samples that show the solution's well-organized web pages for each code set type that allow configuration of the code sets according to Agency policy. The solution uses the configuration settings during claims processing for benefit plan assignment, editing, and pricing so that we process claims and encounters accurately and according to your policies.

Figure 4.2.12-2. Procedure Code
Authorized users can view and update procedure data within CMdS-Claims.

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Figure 4.2.12-3. Modifier Code

Modifier valid values are maintained in a system list and valid values for easy configuration online.

Figure 4.2.12-4. Procedure Rate Indicators

Attached to procedure codes are pricing segments.

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Figure 4.2.12-5. Diagnosis Code
Diagnosis codes are reported on claims and are used during claims adjudication editing and processing.

Figure 4.2.12-6. Diagnosis Codes and Indicators
This user interface is used to view and update the diagnosis code details.

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Figure 4.2.12-7. Revenue Code
CMdS-Claims support viewing and maintaining revenue code information.

Figure 4.2.12-8. DRG Code
Authorized users can view, add, delete, and change DRG detail information.

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Figure 4.2.12-9. NDC
CMdS-Claims stores detailed each NDCs including the drug classification and pricing spans.

BRDM03
The Contractor's solution shall capture, store, maintain, and display a crosswalk of provider characteristics (e.g., type, specialty, taxonomies, accreditations, and certifications) against all code sets using Agency defined configurable business rules.

CMdS-Claims supports the capture, storage, maintenance, and display of provider characteristics related to code sets. The solution uses include/exclude configurable rules that indicate the provider restrictions for code sets. For procedure codes, we have provider include/exclude rules for provider type, specialty, and taxonomy as shown in Figure 4.2-12-10. For revenue codes, we have include/exclude rules for provider type and specialty as shown in Figure 4.2-12-11.

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Figure 4.2.12-10. Procedure Code Provider Include/Exclude Rules

This screen allows authorized users to configure the provider type, specialty, and taxonomy codes included or excluded for the procedure code.

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Figure 4.2.12-11. Revenue Code Provider Include/Exclude Rules
This screen allows authorized users to configure the provider type and specialty codes include/exclude criteria for the revenue code.

Benefit Plan Support. The restrictions discussed can also be part of benefit plan specific reference data configuration. By using mapsets, we can extend these restrictions to use other data from our provider data model with complex logic, all with data configuration.

Certification Status and Accreditations. CMdS-Claims has configurable edits for required provider characteristics, such as licensure. We edit CLIA data using a series of business rules applied to the CLIA interfaces and for any updates made using the online web pages. Claims adjudication has a series of business rules shown in Table 4.2-12-3 to post exceptions to claims if the data does not match between the claim, procedure, and provider information.

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Table 4.2.12-3. CLIA Edits in CMdS-Claims

Exception	Business Rules
Provider CLIA Number not on File	• The procedure code on the claim is a lab procedure code and the provider billing for services does not have a CLIA number on file. • The procedure code on the claim is a lab procedure code and the provider rendering the services does not have a CLIA number on file. For Professional Claims.
Billing Provider / CLIA Lab Class Conflict	The procedure certification type on the reference database does not match the billing provider certification type on the provider database for the line item dates of service on the claim.

BRDM04

The Contractor shall have the capability to create, maintain and manage multiple eligibility group valid values as defined by the Agency.

Our CMdS modules include a built-in data dictionary that allows you to view table structures and define valid values across the solution. You can display tables, columns, and column characteristics. We also support re-use of column characteristics, such as linking related fields i.e. how we handle different iterations of provider type for each provider role (billing, rendering, etc.). Each field has a code, a short description and a long description. We store valid values in tables we can transfer to decision support systems.

We use the category of eligibility to define specific eligibility groups. It is supported by the valid values in our data dictionary as shown in Figure 4.2-12-12 and configuration of system lists and benefit plans where appropriate. Using the editing capabilities of the data dictionary web pages, we support the ability to create, maintain, and manage all Agency defined valid values.

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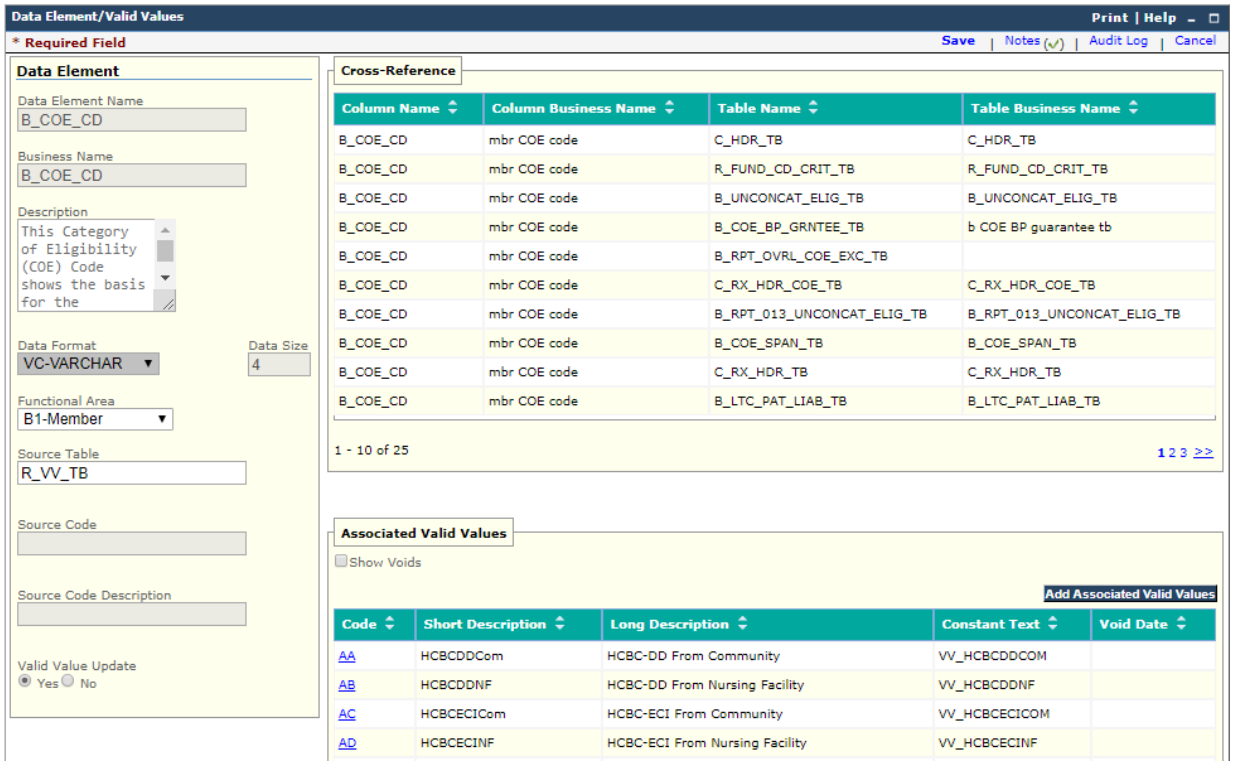

Figure 4.2.12-12. Eligibility Groups

This screen allows authorized users to view and maintain eligibility groups.

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BRDM05

The Contractor's solution shall store and maintain reference files for all reimbursement methodologies as defined by the Agency to include but not limited to the following: (e.g.,
a) provider contracted rates
b) CPT/HCPS/CDT and modifier codes
c) fee schedule for the corresponding date
d) RBRVS claims
e) Manual pricing
f) Place of service
g) Specialty type
h) Pay by report
i) Age range
j) Category of service
k) CDT procedure code fee schedule
l) Revenue codes
m) APR-DRG (Diagnosis-Related Group)
n) APG
o) Per Diem at provider specific rates
p) Add-on pricing amounts to any pricing structures based on other claim attributes (e.g. service facility, provider type/specialty, place of service etc.)
q) Provider specific encounter rate
r) Variable percentage of billed charge
s) Variable percentage based on provider type (FQHC, RHC, IHSp)
t) PMPM with line level detail
u) Medicare's Outpatient Prospective Payment System
v) Bundled/unbundled pricing
w) Global service pricing
x) Calculation required for resource-based relative value system fee schedule for radiology, anesthesia, and general medical services
y) Tiered pricing into which a variety of services are grouped depending on the treatment type and intensity of care required
z) Invoicing pricing (e.g., plus/minus percentage, procedure code)
aa) Geographic designation
bb) Lab pricing
cc) Special pricing based on time (e.g. anesthesia)
dd) Medicare crossover claims
ee) Cost to charge percentage
ff) Maximum of inpatient charges)
gg) Radiology codes with multiple components

CMdS-Claims supports multiple pricing methodologies and rate structures to derive the allowed amount for each covered service. Several of our rate structures can also be customized to a benefit plan or set of plans. There are configurable business rules that further support either increases or decreases through base rate changes for specific scenarios. The pricing and rate structure take the claim characteristics (claim type, services, and place of service) in addition to provider and member specific criteria into account. A hierarchy ensures that the most specific rate applicable is used to price each claim and/or line.

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CMdS-Claims also utilizes external grouping software where applicable. Configuration determines where lower of logic should be applied in alignment with the State plan.

The CMdS-Claims solution prices a claim at the header or line level based on the claim type and pricing methodology. The pricing method is saved as an indicator on the claim/encounter and specifies if the pricing method resulted in header or line level reimbursement.

Date of Service Specific Pricing. CMdS-Claims supports multiple rate structures which are all begin and end dated and include historical information. As new rates are established the previous rate is end dated and the new rate is entered with the associated date span. The dates of service from the claim or claim line are used to retrieve the appropriate rate in effect on the date the service was rendered. After the rate is established the system follows the applicable pricing methodology to complete the pricing. The dates of service on the claim determine if the pricing calculations will use a current rate or a retroactive rate.

Configurable Rate Structures. CMdS-Claims supports an extensive set of rate structures to align to the varying claim type and program pricing methodologies. While our solution supports other specific screens for Managed Care rates, otherwise your listed methodologies are configured under our rules management options as seen in Figure 4.2-12-13.

Figure 4.2.12-13. Rate Structures
CMdS-Claims has rate structures used to support many types of pricing.

BRDM06
The Contractor's solution shall allow automated and manual mass assignments and updates (e.g., service authorization required, medical review required, limits, diagnosis codes) to procedure code(s)/modifier(s) applied to benefit plans as defined by the Agency.

We complete mass updates based on your instructions to reference data (i.e. via spreadsheet or standard interfaces) by applying updates to CMdS-Claims tables. We can also grant access to authorized users to perform manual updates through our web pages. When we apply updates the audit information reflects

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either the user or request number the update was associated with. We can also recycle claims after the update has been performed to immediately affect in-process claims.

BRDM07
The Contractor's solution shall provide configurable business rules to allow carve out benefits and procedures (e.g., services allowed to be billed outside of a Managed Care Health plan as fee for service transactions) to benefit plans as defined by the Agency.

CMdS-Claims supports the concurrent enrollment of a member in multiple benefit plans. This feature is used to support carve outs from managed care plans (by enrolling a member in a benefit plan that supports the managed care plan), and then using a separate benefit plan that represents the carved out services. Claims adjudication determines which benefit plan the claim/encounter belongs to which drives all the pricing and exception processing. The carveout services will be processed through adjudication as FFS claims under that second plan. All other services will process under the first benefit plan for Managed Care, and any submitted FFS claims will deny. An example of this process is in Figure 4.2-12-14.

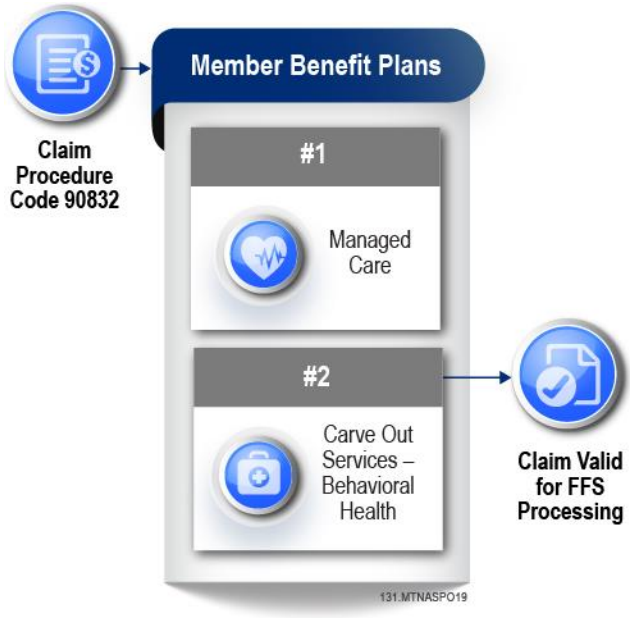

Figure 4.2.12-14. Managed Care Carve Out Processing
As we process claims/encounters, we match them to a benefit plan. For a member in managed care, they can have additional benefit plans assigned to the member for the carved out services.

BRDM08
The Contractor's solution shall accept, maintain, and display eligibility and enrollment data (e.g., managed care, TPL, waiver, care programs, primary care provider, Medicare, personal resource, spend-down, buy-in) received via an interface as defined by the Agency.

Our CMdS-Claims module accepts member eligibility and enrollment in a common eligibility interface (CEI) format that we either accept directly (in our format) or translate to, using our digital hub should the system integrator require an alternate format. We accept member data both real-time and in flat files, from as many sources as is required by the project, and on any required frequency.

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Validation, Editing, and Loading. When processing incoming enrollment, we may encounter members not previously known. When this occurs, we generate a new system identifier for the member as part of loading their data to the system. The data must pass a sophisticated series of edits before it is added to the system. These edits are implemented by applying a series of business rules at various points of the process. The types of errors identified in this process are indicated in Table 4.2-12-4.

Table 4.2.12-4. Enrollment Processing Edits

Error Type	Description
Validation	Basic validation errors • An example is invalid date • Real-time transactions lessen these types of errors due to the schema validations common to XML structures
Data Relationship	Inconsistent data either within the incoming enrollment or between the enrollment data and member enrollment information in the database
Overlap	Invalid overlap between eligibility and other date spans
Data Match Errors	Suspected errors based on data matching • These are not applied but are reported • An example is enrollment data that is covered by an existing span but has minor differences not expected

When the system detects enrollment errors, it logs them in a report table and loads them to a suspense table. The report table is used to generate monitoring alerts and is captured on scheduled reports for appropriate staff to review. A sample report is shown in Figure 4.2.12-15.

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Figure 4.2.12-15. Enrollment Processing Exception Detail Report Layout

We capture enrollment processing errors in a reporting table that is used for both event/alert processing and to formally capture errors in a scheduled report saved to the EDMS for oversight and audits.

Supported Member information. This CEI format accounts for a variety of data elements including but not limited to demographic, aid categories, long term care, TPL, and managed care data. We use transaction types to identify the different category of data. A list of supported transaction types is in Table 4.2.12-5.

Table 4.2.12-5. Common Eligibility Interface Transaction Types

Transaction	Description
Case Information	Case and assistance group information
Member Demographic	Member demographic information and pregnancy
Authorized Representative	Case head and authorized representative (alt payee) name and demographic
Address	Common interface used for all address types and entities
Phone Numbers	Common interface used for all phone numbers
Email Address	Common interface used for all email addresses
Disability	Disability spans
Eligibility (COE)	Eligibility, special eligibility, waivers, pending eligibility, alien eligibility
Spenddown	Spenddown spans and amounts
ID Card Requests	For requesting replacement ID cards
Nursing Facility	Nursing facility spans, including LTC and SNF
Patient Liability	Patient liability spans, including LTC, SNF, and cost share
Medicare Eligibility	Medicare eligibility spans for Part A, B, and D

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Transaction	Description
Merge/Unmerge	Requests to merge or unmerge ID's
Confidential Codes	Confidentiality codes with start date and end date

Displaying Member information. Within the CMdS-Claims module web pages, an authorized user will have the capability to view and/or maintain member data. CMdS has multiple member display screens to optimize the efficiency of users:

- Quick View for responding to eligibility inquiries – demographic, eligibility, benefit plan and confidentiality
- Member Summary for researching how a claim was processed – all member-related information

The member summary screen is comprehensive and displays all data related to a member excluding claim/EPSDT/service authorization detail. In Table 4.2.12-6 we share the types of information displayed as well as some of the member-related enrollment data features of the solution. As member information changes, the changes are retained as historical information on our screens.

Table 4.2.12-6. Member Summary Information

Grouping	Includes/Features
Member	Demographic information such as member ID, DOB, gender and SSN
Case Address	Contains the member's residential and mailing address
Case Phone	Contains the member's phone number (home/cell/work)
Member Representative	Case head, legal guardian, conservator, protective payee, power of attorney, foster care, minor child or authorized representative
Confidentiality Code	Represents members that may be in protective custody or the juvenile system and require additional state defined verification before giving out information
Tobacco	Information on the member's tobacco usage
Eligibility Spans	• Member's aid category/category of eligibility - represents types of coverage/programs • Spans may overlap based on state rules • Any spenddown data associated will be displayed below the specific span
Presumptive Eligibility Spans	Yes or no indicator of the member's presumptive eligibility status
Newly/Not Newly Spans	Yes or no indicator whether the member is newly eligible to Medicaid because of Medicaid Expansion
Special Eligibility Spans	Member's eligibility for special waiver programs such as home health or community-based programs
Cost Sharing Liability	Member's cost share responsibilities for their special waiver programs
Disease Management	Asthma, diabetes, heart failure, kidney disease, COPD, etc.
Care Coordination	Type of care (no, low, medium, or high risk) the member requires
Benefit Plan Enrollment	Assigned benefit plans
Care Management Enrollment	Assignments to MCO's
Care Management Status	Exempt, voluntary, mandatory

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Grouping	Includes/Features
Community Engagement	Community engagement responsibility if it is required to maintain their eligibility
Premium Assistance Program	Calendar year impacted, PAP benefit plan, evaluation date
Capitation Payment History	Capitation payments that have been made on behalf of the member
Kick Payments History	Kick payments made on behalf of the member
Nursing Facility Spans	Includes skilled nursing, rehabilitation and LTC facilities
Patient Liability Spans	Member patient liability responsibility for their Medicaid or LTC coverage.
Nursing Facility Acuity Code	Member's acuity setting and acuity weight for their nursing facility
Review Spans	Includes lock-in and lock-out information
TPL/Medicare Spans	Member other coverage – private insurance or Medicare
Medicare Beneficiary Identifications (MBI) History	Member's Medicare Beneficiary Identification (MBI) history

All the member web pages provide easy navigation to maintenance screens and other functional areas via either the member detail links or quick links on each screen. The summary screen includes an additional information section which indicates other data available in the system for the member such as claims and service authorizations.

BRDM09
The Contractor's solution shall provide configurable benefit and service restriction (e.g., third party liability, lock-in or lock-out, managed care, benefit plan, limits) responses in response to an eligibility inquiry made through a service or a web portal based on Agency defined configurable business rules.

CMdS provides access to member eligibility, benefit plan and limits, services and service restrictions that are compliant with HIPAA transaction standards and Operating Rules. This includes X12 270/271 transactions in both real-time and batch, web services transactions facilitated by the Conduent Digital Hub and our external provider portal. Once a provider or other trading partner has initiated an eligibility inquiry, we'll respond back with available eligibility information for the date of service entered.

Our responses, both through HIPAA transactions and the portal, provide information on the configured benefit and service restrictions. Our response includes the same information regardless of the communication method. An example of the documentation we provide to trading partners can be found in Figure 4.2.12-16.

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Figure 4.2.12-16. Other Payer Companion Guide Information
We provide eligibility documentation to trading partners on specific services and other coverage for the member.

Eligibility Inquiry on Portal. Authorized providers can perform eligibility inquiries on the external portal. Our default security protocol requires that the user must enter these 3 following data elements: member ID, date of birth, and name (last and first). Our response includes the confirmation number, member demographics, eligibility status, covered services, and cost sharing in a format suitable for printing.

HIPAA and Operating Rules Compliant Eligibility and Benefit Inquiry (270) and Response (271). Our EDI Gateway processes all the required HIPAA transactions for the project including the ANSI X12 270/271 eligibility inquiry and response. We meet the related Operating Rules requirements to provide real-time responses with a patient's financial information (cost sharing), coverage information for specific payment types, other coverage, and secure access over the Internet. Each 270 transaction is tracked and recorded. Any inquiries resulting in a positive eligibility response is issued a guarantee number that is stored by provider, member, date of service and inquiry date.

BRDM10
The Contractor's solution shall update, store, maintain, and display indicators for benefit plans (e.g., procedure include/exclude indicators, modifiers, clinical or utilization and special needs status) as defined by the Agency.

Benefit plans are designed to define the covered services available to members enrolled in each plan and the providers that are authorized to render those services. The benefit plan structure in CMdS-Claims includes configuration of the covered services, authorization requirements, and benefit service limitations using mapsets. Each benefit plan includes the associated provider networks used to identify the

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appropriate providers authorized for the plan. Member eligibility, special needs and demographic information is included in the member control mapsets that define the rules for member enrollment into a benefit plan.

Reference data management is utilized for service specific configuration (e.g., procedure, diagnosis, revenue codes) include/exclude criteria such as claim type, provider information, and modifiers. There are specific codes and indicators with begin and end dated spans to support the claims adjudication business rules. The indicators are used to validate if the claim has the appropriate supporting information such as modifiers, attachments and diagnosis codes. Other indicators specify clinical information including if the service is for an office visit surgery, emergency or sterilization.

BRDM11
The Contractor's solution shall create, maintain, and update reference tables with varying federal financial participation rates (e.g., procedure or combinations of procedures, modifier or combinations of modifiers, diagnoses, category of service, benefit plan, waivers, provider type, provider specialty, member demographics) as defined by the Agency.

Conduent has extensive experience in supporting multiple health care programs with different funding sources and proven ability to allocate payments to the correct funding source. The CMdS-Claims solution supports all the items listed in this requirement. The solution maintains comprehensive business rules that support time-spans, fund codes, budget data, and other reference data needed for your fund code processing. CMdS-Claims has easily configurable business rules accessible from the solution's web pages.

Fund Codes. Fund codes are the basic building blocks within CMdS-Claims to track expenditures to funding sources. The solution applies business rules during claims adjudication to assign fund codes using data elements from the claim (i.e. category of service), member (i.e. category of eligibility), and provider (i.e. provider type). The solution assigns fund codes at the header or at the line based on the pricing method. Figure 4.2.12-17 shows the fund code configurability in the fund code assignment criteria web page.

Figure 4.2.12-17. Fund Code Assignment Criteria
Fund Codes track expenditures and sources in CMdS-Claims and are fully configurable.

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The page is optimized to include frequently used fields. The solution includes mapset functionality to extend the assignment logic. Mapsets are a powerful online tool to configure complex requirements with a wide variety of data model attributes using a combination of 'include/exclude' and 'and/or' logic. Systems that are less advanced than CMdS lack this capability and end up relying on custom programming.

BRDM12
The Contractor's solution shall store, maintain, and display date sensitive parameters (e.g., effective date, beginning and end date, change date) for each occurrence of all reference data (e.g., benefit plan, procedure, reimbursement methodology) as defined by the Agency.

Each reference code includes begin and end dated spans that correspond to the dates supplied by the source that manages the code set (i.e. CMS). When codes are initially configured, all of the spans have begin dates that match the effective date for the code. Subsequent changes result in the addition of spans that indicate the effective dates for the updated configuration. Over time, the spans reflect the history of changes for the code. Claim adjudication selects the span that is in effect for the date of service on the claim. When a code is discontinued, the end date for the code and all its associated spans are set to the date the code was terminated.

Benefit plans have begin and end dates that are determined by the State. All the benefit plan configuration items (coverage, network, cost sharing, limits, SA, cohort) are dated. These dates indicate the effective dates for the configuration and reflect the historical changes to the plan.

BRDM13
The Contractor's solution shall have the ability to maintain and cross reference multiple Member identifiers and aliases.

CMdS-Claims supports the linking of an unlimited number of alphanumeric identifiers (IDs) and aliases to a single member record using the same internal system identifier that connects all data for the same member.

Member Alternate IDs. Each identifier is assigned a type (i.e. Medicaid number, social security number). These types are configured using the built-in data dictionary in our CMdS module which allows you to create, edit, and remove valid values through web pages. Also using our online web pages, you can search and view the member record based on any of the associated identifiers. The identifiers for each member record can be viewed and maintained by authorized users on the member web pages as seen in Figure 4.2.12-18.

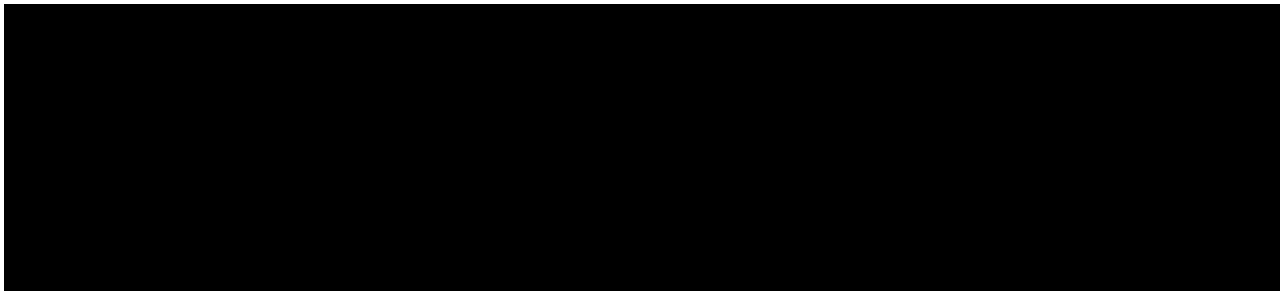

Figure 4.2.12-18. Member Alternate IDs
Our member component tracks other ID numbers with configurable ID types.

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Member Aliases. All prior names received for a member can be found in our under previous information as seen in Figure 4.2.12-19. When a new name is received, we copy the current version of the name that is on the member detail to the previous name history and then update the member detail with the new name.

Figure 4.2.12-19. Member Previous Information
CMdS previous information web page stores prior member information including prior names and aliases.

BRDM14
The Contractor's solution shall produce and distribute replacement state healthcare program member identification cards in an-Agency defined timeframe.

The Conduent team provides both initial and replacement member identification cards (as required and clarified in the State's Question & Answer Board, *Member Identification Cards*, using CPS Cards (CPS), a nine-year partner of Conduent and a subcontractor on this project, to produce and mail member identification (ID) cards in an Agency defined timeframe. CPS has an outstanding 21-year track record of providing comprehensive production and fulfillment services to produce personalized ID cards, letters, and kits for health insurance providers in all markets. Here are the capabilities CPS will be providing for the project:

- Thermal, Inkjet and / or emboss two sides and encode magstripe with client specific data on paper to PVC cards
- Personalize 8.5" X 11" (and 14") letter (2 side option) then match card and letter, attach card to letter fold insert into envelope and mail
- Custom-built Quality Management System (QMS) utilizes a camera-verification system that provides a 100% guaranteed card-to-carrier match every time
- Scalable – One to many, ongoing fulfillment of many types

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- Flexible – Standard up to four cards of variable personalization (20, 24, and 30 mil) per carrier to integrated sheet cards on letter and digital on demand options
- Ability to provide additional inserts

Timely Mailing of Member ID Cards. We normally expect to distribute member ID cards through the mail, which constrains the schedule according to the mailing schedule and delivery performance of the US Postal Service. To validate production and distribution deadlines are completed according to project requirements, we include a tracer card in each job that mails back to Conduent. We have experience with the most aggressive schedule under those constraints—to initiate the mailing within one (1) business day. Here is the typical sequence of events we perform:

- CMdS-Claims identifies the member ID cards to be produced, including the grouping of cards to be included on a single carrier
- Conduent's Digital Hub transmits card data to CPS Cards by midnight – a deadline monitored by Conduent and CPS Cards
- CPS Cards performs quality checks and provides balancing information
- CPS Cards performs production activities
- Conduent performs quality assurance activities to validate balancing
- CPS Cards sends out cards in the current day's mail

Tracking Member ID Cards. CMdS-Claims keeps track of the status of each ID card issued. Each card is active, inactive, pending, or deleted. An active card can be replaced or deactivated, in which case our solution captures the deactivation date and reason. Pending card requests can be deleted. While cards are typically requested automatically based on enrollment information, we also provide the ability to issue cards through our user interface as seen in Figure 4.2.12-20.

Figure 4.2.12-20. Manual Issue of ID Card
Our solution provides the ability for you to issue new or replacement cards through the user interface.

Returned Member ID Cards. We work with you during implementation to determine how you would like us to handle any returned mail. Some typical considerations or decisions that need to be made related to the return mail processing include:

- Notification to the agency that provided the address to determine if there is another alternative address
- Delivery of card(s) to the correct address
- Disposition/destruction of undeliverable cards

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BRDM15

The Contractor's solution shall produce and distribute state healthcare program member identification cards and associated materials as defined by the Agency.

In the State's Question & Answer Board, *Member Identification Cards*, you confirmed that we are required to distribute both initial identification (ID) cards followed by ongoing replacement. As an experienced fiscal agent, eligibility, and enrollment firm we have extensive experience with these activities.

Providing Proofs of ID Cards and Associated Materials. All ID cards and associated materials always have your approval prior to mailing. In response to the State's Question & Answer Board, *Attachment F, BRDM15, Associated Materials*, you defined associated materials as, but not limited to, supplemental member information (e.g., how to locate a service provider, customer care contacts, FAQ's, member handbook) to assist members with accessing services and understanding the benefits under their assigned benefit plan, as defined by the Agency. So that you can validate that all materials meet your expectations, we provide detailed proofs prior to production. This includes the front and back of the ID cards, inserts, associated materials, and the envelope. An example can be seen in Figure 4.2.12-21.

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Figure 4.2.12-21. Providing ID Card Proofs

We share proofs for your approval for ID cards (front and back), card insert, enclosed letters, and the envelope so that you know exactly what your members will receive.

BRDM16

The Contractor's solution shall allow categories of service to be defined by parameters based on Agency-defined configurable business rules including:

a. Grouping various combinations of individual and ranges of codes into categories of service, including ICD diagnoses and procedures, HCPCS, procedure modifiers, revenue codes, bill types, places of service, Provider taxonomy or specialty;

b. Allow one or more categories of service to be assigned to a benefit plan as either included or excluded for the benefit plan;

c. Allow sub-groupings and individual or ranges of codes within a category of service to be included or excluded.

The category of service is assigned to the claim or claim line in CMdS-Claims during adjudication using data driven configurable business rules. The assignment criteria are updated and viewed using the category of service assignment user interface. The attributes available include the service codes, provider information and claim details. The assignment criteria can be extended by defining additional fields from the claim in the additional criteria section.

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Once the category of service is assigned to the claim the value can be used in further processing to include or exclude specific claims (or claim lines) from specific benefit plans, procedure codes and is used in many of the fund codes assignment rules.

An example of the category of service configuration is available in our web pages as seen in Figure 4.2.12-22.

Figure 4.2.12-22. Category of Service Determination
Category of service determination is viewed and maintained in the online web page.

BRDM17
The Contractor's solution shall allow configurable service limitations and parameters (e.g., specifying limitations, including units, dollars, occurrences, and per day maximums to categories of service and specific sub-grouping(s) and individual or ranges of codes within a category of service or benefit plan, specifying cost sharing parameters such as copay, coinsurance, and deductible, by unit, occurrence, day, length of stay, or other parameters as defined by the Agency.

CMdS-Claims benefit plans define covered and non-covered services, copayments, and exclusions and limitations for a unique plan. When processing claims, the solution uses the combination of member and provider eligibility, service authorization information, and the benefit plan(s) assigned to the member to determine coverage, member limitations, procedure/service limits, and other information.

Benefit plan service limits are defined by units or dollars per day, month, calendar or fiscal year, and/or lifetime. Configuration of services subject to limits is flexible and is defined by codes, ranges of codes, and category of service. Utilization review configuration is also used to define service limits by units, dollars, or visits per day, week, month, quarter, calendar or fiscal year, or lifetime. A UR limit configuration can apply to a selected plan(s) or to all plans. Deductible, copay, and coinsurance are configurable parameters in benefit plans. With this information, the solution calculates the member's copay, coinsurance, and deductible if applicable to reduce the reimbursement amount. The copayment

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functionality includes start and end dates that are configured to reset the member's copay processing annually.

These adjustments to the reimbursement amount are reported on the provider's remittance advice with adjustment group and reason codes. A sample Utilization Review screen can be seen in Figure 4.2.12-23.

Figure 4.2.12-23. Utilization Review Criteria

We support limit configuration utilization review so that you can rapidly react to policy changes.

BRDM18

The Contractor's solution shall provide a free-form text narrative at the Benefit Plan level as defined by the Agency.

CMdS-Claims supports filterable, unlimited, free-form notes at the benefit plan level that display the user, date, and time that notes were entered. The system maintains notes indefinitely in date/time reverse chronological order and identifies the user who entered the notes. Users may sort the notes by user ID, usage type, or note text. Users can access notes by clicking on the notes option in the right-hand corner of the web page's action bar. Figure 4.2.12-24 displays sample notes data stored in CMdS-Claims.

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Figure 4.2.12-24. CMdS-Claims Notes Feature
Our notes capability supports the unlimited storage of text.

BRDM19
The Contractor shall create, store, and maintain trauma indicators, including effective and end dates, ICD external cause codes, or other indicators used for identifying potential TPL cases as defined by the Agency.

CMdS-Claims identifies potential trauma claims by evaluating if the diagnosis codes, include external cause codes accident/trauma indicator is set in the reference data. The indicators on the diagnosis code are begin and end date spanned. The related cause codes and occurrence codes on the claim are also evaluated during claims adjudication based on the business rules to identify claims need to be researched further for third party liability.

BRDM20
The Contractor solution shall store, maintain, and utilize all Claim Adjustment Reason Codes (CARC) and Remittance Advice Remark Codes (RARC) as provided and updated by a third party.

The CAQH CORE standards govern the nationally mandated CARC, CAGC, and RARC HIPAA code sets and valid combinations that we include in the provider's electronic 835 remittance advice. CMdS-Claims conforms to CAQH CORE standards to convey details about a claim adjustment or denial in a predictable and consistent format.

- **CARC.** Identifies why a claim was not paid at submitted charges. The description for adjustment reason code 4 is: the procedure code is inconsistent with the modifier used or a required modifier is missing.
- **CAGC.** Categorizes the associated CARC based on financial liability. The description for code PR is: patient responsibility.
- **RARC.** Provides supplemental information about the adjudication of claims or services. The description for RARC M20 is: Missing/incomplete/invalid HCPCS.

As required by the State's answer to Question & Answer Board, *Attachment F, ID BRDM20*, Conduent maintains a subscription with Washington Publishing Company or other Agency-approved entities to receive automatic email notifications of updates to the code sets based on the release schedule, which is normally January 1, March 1, July 1, and November 1 of each year. We use this information to load our reference database tables and display the valid codes online.

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Impact Analysis. As updates are released, our SME's review the impact and opportunities presented by the changes. We'll formulate recommendations for updates for your review and approval.

Making Updates. The Claim Adjustment Reason Codes (CARC) and Remittance Advice Remark Codes (RARC) are configured using their codes and descriptions and associated to each exception code using our user interface as seen in Figure 4.2.12-25. These codes and descriptions are fully configurable through our solution's web pages. From the Claim Exception Control screen, you can associate these codes with an edit.

Figure 4.2.12-25. Claim Exception Configuration
We link each claim exception code to CARCs and RARCs.

BRDM21
The Contractor solution shall provide an National Correct Coding Initiative (NCCI) cost savings summary report according to CMS specifications.

Using CMdS-Insights, we produce the NCCI cost savings summary report. We run the report on a quarterly schedule. Our report runs in accordance with the guidance provided by CMS in their February 13, 2018 memo:

- Run on a quarterly basis
- Defines time periods based on the date of claim submission
- Savings based on expected payments rather than submitted charges
- Duplicate claims denials should not be included
- Beneficiaries in PCCM type HMO's are included

Our report is based on the CMS template and can be seen in Figure 4.2.12-26.

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Figure 4.2.12-26. NCCI Savings Report

We produce reports that identify the savings attributable to NCCI edits. We identify the savings by applicable type of claim, total savings for the reporting period, and report savings over time.

BRDM22

The Contractor's solution shall provide the ability to create, view, maintain and track and list configurable covered services that may be included within benefit plans per as defined by the Agency.

CMdS-Claims has a benefit plan coverage determination process which selects the appropriate benefit plan for the claim and/or claim line during claims adjudication. A member can have multiple benefit plans for the claim dates of service based on their eligibility information. Adjudication determines the benefit plan based on the benefit plan rank in the benefit plan hierarchy table which is configurable. The process iterates through the map definition associated to the benefit plan(s) to match the defined criteria to the claim attributes. This process assigns the most appropriate plan to the claim even if the member has coverage in multiple benefit plans.

Benefit plans represent State policy in a configurable format. Fee for service benefit plans define criteria to enroll members into a benefit plan and the providers that are authorized to provide the services covered under the plan. The benefit plans also define the covered services, non-covered services (if applicable), and service authorization requirements. Specific limits and co-payments can be configured into the benefit plan.

Benefit plan configuration is not for only Medicaid, but State waivers programs and non-Medicaid are all supported, and the corresponding claims adjudication processing rules ensure the appropriate program and benefit plan are assigned. You can see an overview of benefit plan features and their interaction with other data in Figure 4.2.12-27.

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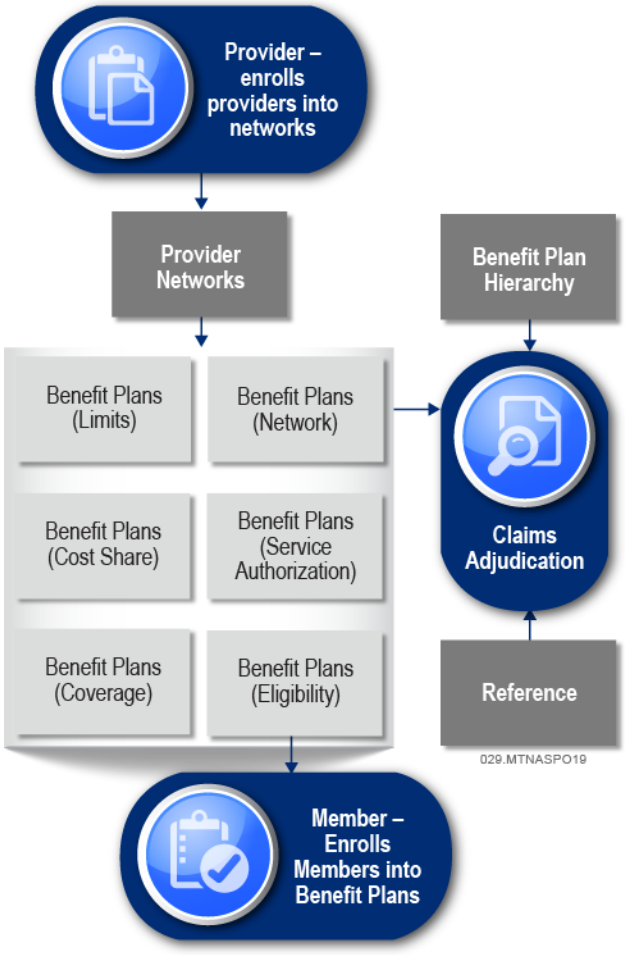

Figure 4.2.12-27. Benefit Plans Features and Interactions

CMdS-Claims has a benefit plan coverage determination process which selects the appropriate benefit plan for the claim and/or claim line during claims adjudication.

Within benefit plan configuration, we include powerful configuration options that support both the variety of requirements that public health benefit plans must support as well as their complexity. In Table 4.2.12-7 we explain some of the features and configuration options of benefit plans in our solution.

Table 4.2.12-7. Benefit Plan Configuration Options

Configuration Group	Description/Features
Eligibility	• Member eligibility criteria is defined in a mapset to determine which benefit plan(s) to assign to each member – Examples of eligibility criteria include category of eligibility code, gender, and age
Coverage	• Services that are covered or excluded from coverage are defined in a mapset • Claim adjudication uses the benefit plan hierarchy to determine the sequence in which to evaluate coverage for a member enrolled in multiple benefit plans • If a service on a claim is not defined in the coverage mapsets for a benefit plan, claim adjudication then processes the coverage mapsets for the next plan in the hierarchy • If none of the member's benefit plans covers the service, it is denied

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Configuration Group	Description/Features
Service Authorization	• Services that require authorization are defined for each benefit plan and configured in a mapset • Parameter can be set to require the service authorization on the claim or to allow adjudication to search for an associated authorization for the service
Cost Share	• Annual deductibles, coinsurance, copayments, and out of pocket maximums can be configured for each benefit plan • Criteria used to apply cost sharing is defined in a mapset
Network	• A network is a grouping of providers within CMdS that is used to link providers to the services that they are authorized to deliver • Networks are created and maintained using the network function in Rules Management • Provider enrollment or maintenance is used to associate a provider with the applicable network(s) • At least one network is associated with each benefit plan using the Benefit Plan user interface • Claims adjudication business rules prevent payment of a service to a provider that is not enrolled in a network linked to the benefit plan selected for the service
Limits	• Service limits can be defined for each benefit plan in either dollars or units per day, month, fiscal year, calendar year, or lifetime • The criteria for a limit are configured in a mapset • A parameter can be set to bypass a limit if an applicable service authorization exists

Managed Care Fully Supported. CMdS-Claims supports FFS and managed care benefit plans. The managed care benefit plan configuration defines the services covered by the managed care plan along with the identification of any carveout services. Carveout services will be processed through adjudication as FFS claims. The mapset definitions and ranking allow the customization of services to ensure carved out services are paid as FFS to the provider and any services covered by the managed care plan are denied on an FFS claim submission. The exceptions to deny services covered by the managed care plan are configured within the benefit plan and the messages are customized to provide clear direction to the provider as to which MCO should be billed.

BRDM23

The Contractor's solution shall receive and store initial and updated member eligibility code(s) and aid category and assign the member eligibility code to the corresponding benefit plan including multiple and overlapping plans, as defined by the Agency.

As we discussed earlier in response to ID BRDM08, CMdS-Claims processes member information in the Common Eligibility Interface (CEI) format. If the sender does not support that specific format, we translate to it (CEI) as part of processing. We support both real-time and batch transmissions of eligibility. As part of loading or updating a member into CMdS, we receive and store the provided data fields, including the member eligibility code(s) and the aid category. They system determines and stores the benefit plan(s) to be assigned to the member based on the configuration of the benefit plans (aid category, member eligibility code, and numerous other criteria). Multiple and overlapping benefit plans can be assigned to a member.

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Benefit Plan Assignment. For a real-time batch interface and eligibility changes made via the user interface, the system determines the benefit plan assignment immediately if received as a batch we load in one batch job and run a second job to assign the benefit plans to everyone processed in the batch. Where project requirements include supporting manual entry of enrollment, we also process an immediate assignment for any enrollments entered or updated manually on our web pages. In addition, we run a nightly batch job (after midnight) to recalculate the assigned benefit plan(s) where impacted by date dependent calculations, such as a member aging out of a plan. You can see a member with benefit plans assigned in Figure 4.2.12-28.

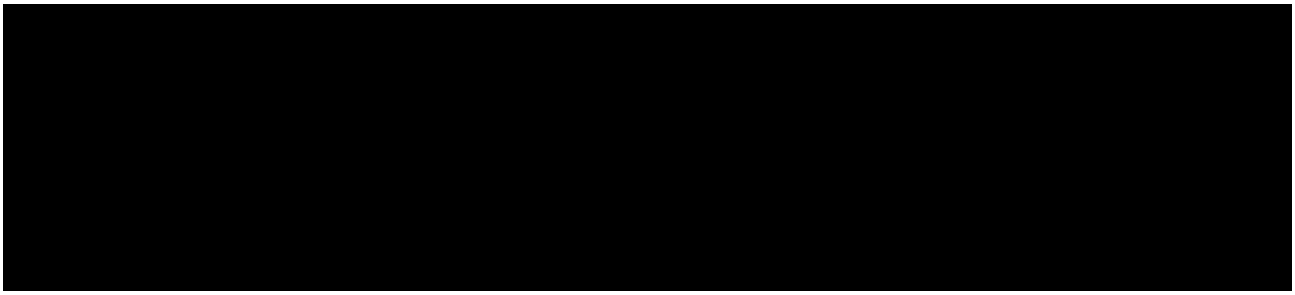

Figure 4.2.12-28. Member Benefit Plan Assignments
Our user interface displays the benefit plan assignment history for each member.

BRDM24
The Contractor's solution shall provide member lock-in based on configurable business rules (e.g., benefit plans, category of service, diagnosis, and procedure codes as defined by the agency.

CMdS-Claims provides the capability to configure rules using the online web pages to lock a member in or out of receiving medical, dental, or pharmacy services with an individual or group of providers. CMdS-Claims also allows a member to be put on review if fraud or abuse is suspect on the part of the member.

In either case, the members limited to a specific provider or group can be further restricted to specific services using the data elements specified in a configurable mapset. Mapsets are a powerful online tool to configure complex requirements with a wide variety of data model attributes using a combination of 'include/exclude' and 'and/or' logic. Usage of mapsets reduces the need for custom programming and we support all the criteria provided as examples in the requirement.

When a claim is received for an eligible member who is locked-in, the provider on the claim must match the provider on the lock-in span for the member. If the member has services restricted the services on the claims must also match. If not, an edit posts to the claim and the claim suspends or denies according to policy. Exceptions are configured for emergency services based on defined exception criteria.

BRDM25
The contractor's solution shall receive and store initial and updated member eligibility data and process these transactions in real-time.

CMdS-Claims can receive member eligibility data transactions real-time. CMdS has a common eligibility interface (CEI) format that can be used to send the transactions. These CEI transaction are grouped by data type and each requires the member identifier. The transactions are broken down so the external source would only need to send the specific data that is changing. However, the system is built to take an

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existing format and convert it to the CEI prior to processing. An example real-time process flow used for a project in production is in Figure 4.2.12-29.

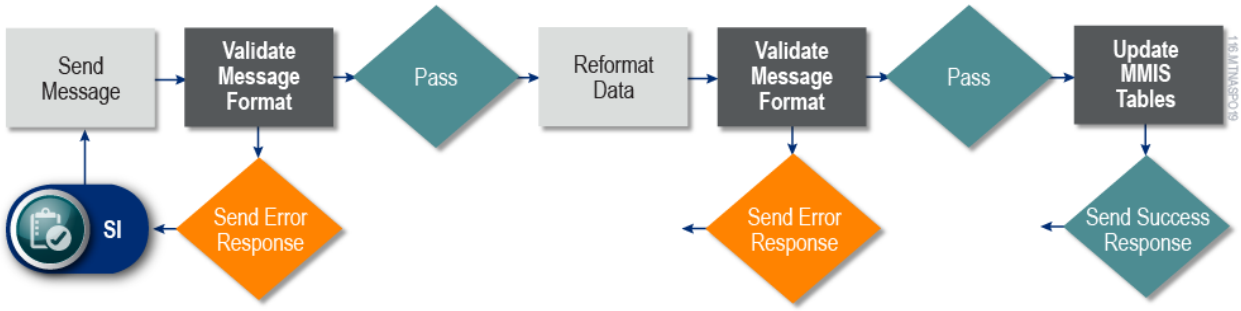

Figure 4.2.12-29. Real-time Enrollment Processing
CMdS-Claims supports real-time processing for member information and performs multiple layers of validation during processing.

At a minimum, new members require a demographic, case, and eligibility transaction. The demographic transaction would contain member name, date of birth, social security number, race, and gender. There are additional data elements that can be sent on this transaction, but this is the minimum required. The case transaction would contain the case number, address, phone, email, and income information. As indicated, there are other potential data elements that could also be sent on this transaction. The eligibility transaction requires the aid category, begin and end dates and case number.

Changing existing data for a member will only require the transaction that is changing. For example, when end dating an eligibility span, the source only needs to send the eligibility transaction with the member ID, aid category, begin and new end date. If changing the name, only the demographic transaction is needed.

BRDM26
The contractor shall monitor current and future releases of all National and Federal code sets and reimbursement methodologies and coordinate the adoption and implementation as defined by the Agency.

Code set updates affect Conduent across all our government healthcare clients. We have corporate resources including subscriptions such as with Washington Publishing Company (WPC), and expert staff that regularly consult with our clients on reimbursement projects. We specifically monitor and track updates and distribute communications across Conduent so that we can address the impacts of code set updates with all our Medicaid and healthcare contracts. Figure 4.2.12-30 shows a sample communication from Conduent's Payment Method Development (PMD) team.

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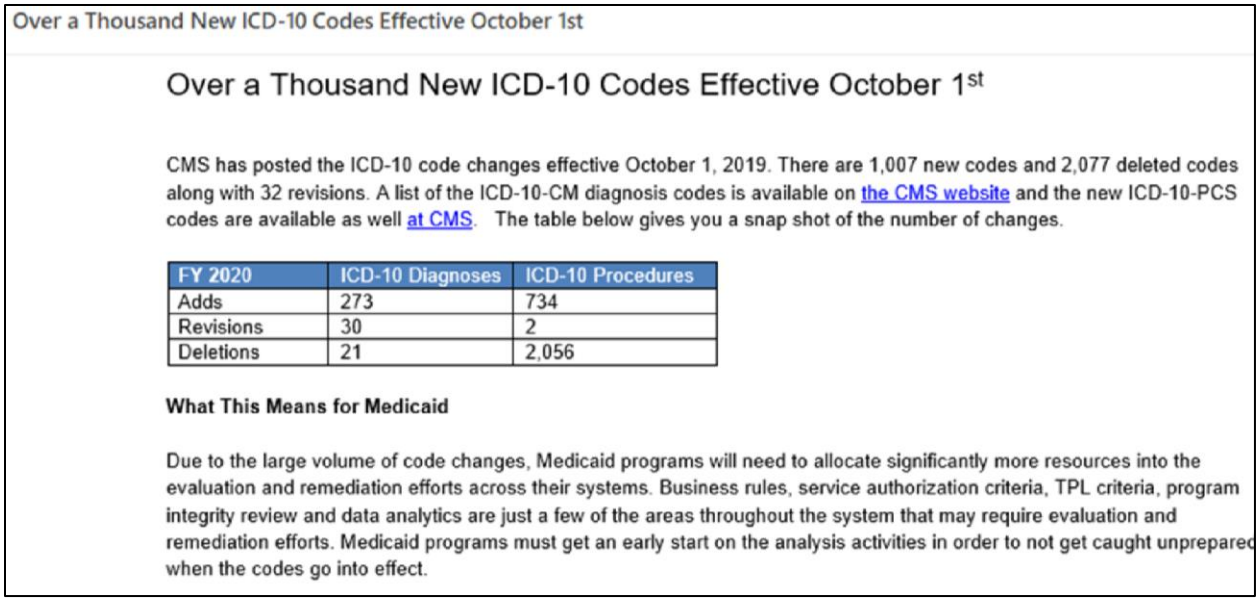
Over a Thousand New ICD-10 Codes Effective October 1st

Over a Thousand New ICD-10 Codes Effective October 1st

CMS has posted the ICD-10 code changes effective October 1, 2019. There are 1,007 new codes and 2,077 deleted codes along with 32 revisions. A list of the ICD-10-CM diagnosis codes is available on the CMS website and the new ICD-10-PCS codes are available as well at CMS. The table below gives you a snap shot of the number of changes.

FY 2020	ICD-10 Diagnoses	ICD-10 Procedures
Adds	273	734
Revisions	30	2
Deletions	21	2,056

What This Means for Medicaid

Due to the large volume of code changes, Medicaid programs will need to allocate significantly more resources into the evaluation and remediation efforts across their systems. Business rules, service authorization criteria, TPL criteria, program integrity review and data analytics are just a few of the areas throughout the system that may require evaluation and remediation efforts. Medicaid programs must get an early start on the analysis activities in order to not get caught unprepared when the codes go into effect.

Figure 4.2.12-30. Announcement of National Coding Changes
Conduent experts monitor and analyze publications and communicate to affected audiences across Conduent's public sector.

At the local level we also have controls in place to perform timely benefits and reference updates. We set reminders and monitor websites where new code sets are released. We also attend CMS webcast trainings on new programs and innovative ideas.

As updates occur, we reach out to you to confirm interest and/or receive approval and ensure that formal requests are submitted to initiate updates to the CMdS benefit plan and reference data. We download updated code sets. We conduct analysis to identify added, revised, and deleted codes to determine where recommended updates need to occur. We analyze the impact of changes to reimbursement methodologies and we present recommendations on the changes that need to occur.

CMS Update Schedules. In addition to our subscriptions, here are some examples of the schedules and types of CMS updates we monitor as applicable to the project:

- Codes
  - January 1st – HCPCS/CPT codes (annual release)
  - Quarterly – HCPCS codes
  - October 1st – ICD-10-CM and ICD-10-PCS codes (annual release)
- Fee Schedules
  - Medicare Physician Fee Schedule (annual and quarterly release)

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BRDM27
The Contractor's solution shall provide the capability to clone specific data elements within a benefit plan (e.g., spans, service criteria, parameters) as defined by the Agency.

CMdS-Claims includes multiple configuration structures that support re-use including:

- System Lists – multiple ranges of values effective for specified date ranges
- Mapsets – re-usable pattern in our data configurable rule setup
  - Supports ranges of values, lists of values, or single value
  - Extends configuration beyond frequently used fields
  - Allows for complex and/or and include/exclude logic

We use these in building benefit plans to reduce maintenance and they allow specific data elements to be leveraged in other benefit plans. For example many times waiver programs will require a service authorization for all of the covered services. The same mapset can be utilized in both the coverage and service authorization configuration.

BRDM28
The Contractor's solution shall store and maintain reimbursement criteria for each service according to date specific rules and limitations applicable to each claim and encounter type (e.g., service, pricing modifiers (multiple), multiple surgeries, cutbacks, benefit plan, category of service, and provider type/specialty) as defined by the Agency.

Our CMdS-Claims module has the capability of storing the code set, rate structures and supporting data configuration capabilities to price claims using a variety of reimbursement methodologies. All reference spans have begin and end dates and corresponding business rules to ensure accurate maintenance of this information. Procedure, diagnosis and revenue codes include the age limits, codes and indicators and include/exclude configuration to enforce limits on the reimbursement where appropriate. Table 4.2.12-8 describes the reference data structures used to support the reimbursement criteria.

Table 4.2.12-8. Reference Data Structures

Reimbursement Criteria	Where/How We Configure
Services	Procedure, diagnosis, ICD surgical procedures and revenue codes
Pricing Modifiers	• All procedure configuration supports up to 4 pricing modifiers. • Includes the procedure code, the procedure-based rates, and procedure code plus modifiers in system lists
Multiple Surgeries	System lists and system parameters hold the identified services and percentage of the cutback calculations
Cutbacks	System parameters hold percentage values or dollar amounts for the cutback calculations
Benefit Plan	Procedure, revenue, and provider specific rates can also include benefit plans to support more specific rate detail
Category of Service	• Procedure code include/exclude configuration to limit the valid category of service codes. • Procedure/modifier plus category of service specific rate configuration

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Reimbursement Criteria	Where/How We Configure
Provider Type / Specialty	• Procedure code include/exclude configuration to limit the valid provider type or specialty codes • Procedure/modifier plus provider type specific rate configuration • Procedure/modifier plus provider specialty specific rate configuration • Revenue code include/exclude configuration to limit the valid provider type or specialty codes • Revenue code plus provider type specific rate configuration

BRDM29

The Contractor's solution shall store, maintain and update reference data (e.g., edit and audit processing rules and parameters, specification of the hierarchy of edits and audits, procedures that allow pay-and-chase, supporting documentation) as defined by the Agency.

So far, we've told you about many of the other benefit plan and reference data capabilities of CMdS-Claims including how we handle configuration of code sets, reimbursement methodologies, and benefit plans. Here we'll share with you some of the edit related capabilities and configuration options that are purpose-built to solve the claim processing and editing needs of your programs.

Requesting Reference Changes. During implementation, we will discuss categories of future system change requests with you. We expect, for example, there to be a 'quick change' request process available for many of the file maintenance activities supported in the CMdS-Claims reference data, where many configuration-driven special processing requests are made safely and without delay.

Edit and Audit Processing Rules and Parameters. CMdS-Claims has over 1,300 claim adjudication edits and maintains a configurable exception control table that defines each claim exception, the location that should work the exception, the HIPAA adjustment reason and remark codes, EOB codes to further explain the purpose of the exception to the provider, and how the claim should be dispositioned (suspend, pay, or deny). Dispositions are configured based on the document type (FFS claims, FFS adjustments, encounter claims, or encounter adjustments), media sources, and claim type.

Our claim exception configuration provides the configuration options to control when an exception is applicable. Locations can be defined for the client and Conduent team to make sure the appropriate resources are reviewing each claim and can determine the best course of action in accordance with policy. Exceptions post based on business rules and validation edits. There are areas in the system in which claim exceptions can be defined as a configurable part of processing such as service limits (i.e. if a limit is met, then post an exception) or coverage requirements (i.e., post an exception if a claim is billed for a member's whose service is covered by a managed care plan).

Hierarchy of Edits and Audits. Figure 4.2.12-31 gives an overview of the order in which we recommend processing edits. We work with you during implementation to finalize edit dependency logic, whereby downstream edits will not post if an upstream exception posts. Once suspended claim resolution occurs and the claim moves into a to-be-paid or to-be-denied status, all remaining exception codes are

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saved on the claim. For edits, and classes of edits appropriate to re-order, we include online ranking that can be configured through the solution's web pages.

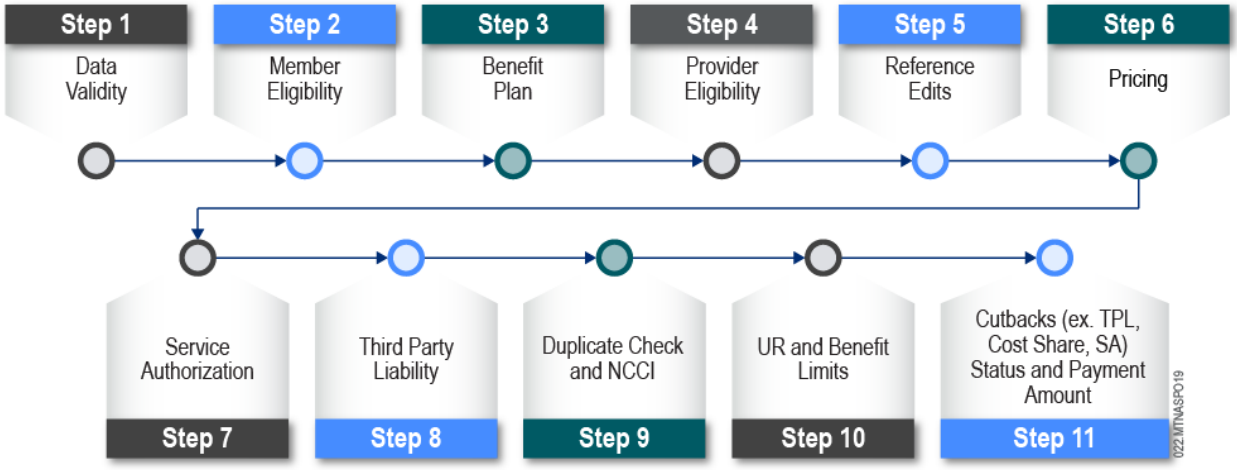

Figure 4.2.12-31. Sequence of Edit Processing

This is our recommended sequence for edit processing. We work with you during implementation to finalize edit dependency logic, whereby downstream edits will not post if an upstream exception posts.

Supporting Documentation. We enforce requirements for supporting documentation using automatic exceptions in claims adjudication. This can include the verification of EOB's for TPL or Medicare claims or requirements for consent forms for abortion/sterilization claims. We support an attachment required option on services (i.e. procedure code configuration).

TPL Matrix. CMdS-Claims uses a TPL Matrix to manage third-payer processing rules. During claims adjudication, CMdS-Claims evaluates other insurer information submitted as an EOB attachment to a paper claim or with the X12 837 other payer segment, including Medicare and private insurers, to avoid paying claims that should be paid by another responsible party. When a member has an active TPL policy a customizable exception matrix is utilized to determine how TPL exceptions are set. Pay and chase and cost avoidance exception rules are defined within the TPL matrix.

Each unique mapset defines a series of configurable, evaluation criteria such as diagnosis code, member age and claim type, which are maintained in system lists. State and federal rules can be defined in the matrix so that if a service requires a third party be billed first and it is not, then an exception is posted. Exceptions will post if all conditions are true in the ruleset. For example, a pay and chase preventive pediatric exception can be defined with a unique mapset ID and set of rules to set the exception when the rules for the exception are met. Pay and chase paid claims are identified for recovery and invoiced back to the carrier for payment.

Duplicate Check. Identifies exact, suspect, and possible duplicates based on configurable criteria. This configuration criteria provides transparency to the duplicate check criteria rules and the ability to update the rules based on code set updates and policy changes. CMdS-Claims captures data driven configurable duplicate check criteria via the online web pages allowing for quicker turnaround time to making changes available in production. Prior systems required hard-coded changes to implement new rules. Duplicate check processing requires the establishment of criteria for the in-process claim to be used while evaluating the universe of history claims. The configuration criteria supports cross claim form and cross

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claim type criteria including the capability to indicate if the history claim should be adjusted. The exception codes that post to the claim are included in the configuration criteria. The configuration also supports defining conditions, where appropriate, for that combination of claim characteristics to bypass duplicate edits. Figure 4.2.12-32 shows a screen shot of a duplicate check criteria.

Figure 4.2.12-32. Duplicate Check Criteria Configuration
CMdS-Claims brings transparency to how your duplicate check policy is implemented through web-based configuration.

Benefit Plan Limits. Benefit plan limits are part of the benefit plan configuration. The benefit plan allows configuration of either unit or dollar amount limits with varying frequency (e.g., daily, monthly, annually, or lifetime). The accumulated claim activity is displayed in the member's online web page and reported to providers using the X12 271 eligibility inquiry response. The data element combinations that define the claim or member characteristics that should be considered for each limit are configured using mapsets. The benefit plan limit configuration also allows for bypass conditions and exclusions, if required and are be part of the mapset detail. The exceptions that will post to the claim are configured in the limit definition and can include both met and exceeded exceptions. An example of the configuration capabilities can be seen in Figure 4.2.12-33.

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Figure 4.2.12-33. Benefit Plan Limit Configuration
Service limits are implemented in CMdS-Claims using benefit plan configuration.

Utilization Review (UR). UR editing supports both limits and contraindicated editing across the in-process and historical claims. The UR editing capability dynamically accumulates the service unit or amount details to be compared to the configured edit criteria. An exception posts to the claim if a service limit has been met or exceeded and will identify services on previously paid claims that are contraindicated to the services on the in-process claim. One of our UR configuration screens can be seen in Figure 4.2.12-34.

Figure 4.2.12-34. Utilization Review Configuration
CMdS UR configuration web page showing data elements available to trigger contraindicated editing against the in-process and history claims.

Service Authorization. Individual member limits are tracked and accumulated using service authorizations where the benefit plan configuration indicates a service authorization is required. Additionally, if allowed per State policy, benefit limits and UR edits can be configured to bypass if there

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is an approved service authorization. Paid claims that utilize the authorized units or dollars can be viewed using the online web pages.

In addition to our robust claim exception control configuration capabilities, we've shared with you the many options and capabilities CMdS-Claims provides to create data driven business rule configurations. These data configurations provide the ability to define and redefine claim edits as needed. Benefit plan edits and the use of mapsets provide a flexible foundation for re-usability. Duplicate check, TPL matrix, service limits, utilization review, and service authorization configuration are other examples of data configuration that can be re-used or modeled to provide efficiency in creating edits across programs.

BRDM30
The Contractor's solution shall contain the functionality to increase or decrease reimbursement for a service based on a historical previously paid claim(s) as defined by the Agency

CMdS-Claims supports cross-comparison with other related claims, whether in-process or historical. We do this in appropriate situations where business rules identify the criteria for considering other claims. NCCI, utilization review, benefit limit editing and multiple surgery claims are common examples of this. These processes have the ability to reduce the reimbursed units or dollars which are reflected as base rate changes or post exceptions which will result in a denial due to the reimbursement previously made on a historical claim. Not only do we affect the current claim, but we also create automatic adjustment requests for history claims where that is the appropriate action.

BRDM31
The Contractor's solution shall provide the capability to clone a claim in a test environment to modify specific data fields (e.g., reimbursement methodology, procedure code) and adjudicate the claim.

CMdS-Claims archives the submitted data of processed claims regardless of media type (web, paper, EDI, etc.). This allows us to import into an environment where it can be worked and modified like any other pre-adjudication claim. When transporting claims between environments, we take the PHI restrictions of the test environment into account. We load claims into an environment for processing through adjudication.

BRDM32
The Contractor's solution shall automatically update Insurance plan information on individual records when the carrier plan is changed as defined by the Agency.

CMdS-Claims has a data model with an intelligent design that makes updates of insurance plan information on individual records unnecessary as a separate step. Insurance plan information is stored separately as a carrier record yet linked to the individual records. If you update the insurance plan information subsequently every individual record is automatically linked to the update. When processing insurance information that comes from an external source over an interface, we have a carrier matching process that executes business rules to link new individual records to an existing carrier plan record.

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BRDM33

The Contractor's solution shall generate a configurable Explanation of Benefits (EOB) for each member or a selected group of members based on configurable criteria defined by the Agency.

Our CMdS solution has the capability to generate and distribute targeted and random Explanation of Benefit (EOB) statements that are customizable to project requirements. The EOB random generator is customizable to adjust the formula for the number of letters generated to support program integrity activities. Also, an authorized user can generate a targeted EOMB for a specific member. Typically, we'll configure EOB statements within the financial function or use inbound interfaces so that delivered services from other sources (i.e. pharmacy) can be included. A sample EOB is shown in Figure 4.2.12-35.

January 1, 2020

XXXXX, XXXXXXXX
XXXX Main Street
Atlanta, GA XXXXX

THIS IS NOT A BILL

Verification Form

State of XXXXXXXXXXX

If you have not received or have concerns about the services listed below, please enter your comments below and return this form within 15 days. Thank you for helping us stop fraud and improve services.

The following services were paid for XXXXXXXXXX / ID XXXXXX.

Provider Name	Service Date	Description of Service	Amount Paid	Claim Number
Dr John Smith	12/1/2019	Non-Emergency Transportation	$25.99	202012010000001

Your comments and concerns.

_____

_____

Please return this form to the address below.

Department of Human Services
SURS Unit — Dept 12345
100 Roswell Road
Suite 700
Atlanta, GA 30350
Questions can be directed to Customer Service at 1-800-123-1234

Signature: _____ Date: _____

000261960

OPR-PAY-L001

Figure 4.2.12-35. Sample Explanation of Benefits (EOB)

We generate EOBs for member distribution, including targeted and random populations. EOBs are based on templates configured to the needs of the project.

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Multiple Communication Channels. We can deliver EOBs through the message center of our portal for online access by the member or their authorized representative. We present the EOB online as a print ready image (PDF) so that members have a consistent viewing experience regardless of communication channel. Our print ready images are available for mailing, including targeted and random populations to support program integrity federal requirements.

Configuring EOB Presentation. We generate EOBs using defined templates and configuration. EOB letters and service descriptions provided on an EOB can be customized to meet project requirements. We take adjudicated claims and interpret the exception and adjustment reason codes applied to the claim to report appropriate messages on the EOB. We support online configuration for maintaining messages and EOB service descriptions. To protect member privacy, we have configurable system lists that can be used to exclude procedure and revenue codes from appearing on the EOB. We also automatically prevent clutter inappropriate for an EOB such as history-only adjustments.

4.2.13 Claims Data and Reporting [RFP 3.10.13, Attachment F]

REQUIREMENT: RFP Section 3.10.13, Attachment F

This section addresses requirements related to collecting, maintaining, and reporting claims data. The Contractor's solution shall provide an established library of standardized operational reports. The solution will include sophisticated configurable automated and ad-hoc reporting functionality based on current and historical medical and non-medical transaction data including claims (paid, pending, and denied), rate updates, and provider payment. These reports and analyses will be used to inform State and Federal reporting and support the information requirements necessary for the evaluation, comparison, and management of claims. The Offeror must describe in detail their approach to meet each of the Claims Data and Reporting requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

CMdS-Insights is configurable and highly-scalable with the ability to add new reports, as well as to adapt existing reports based on required metrics. Users can generate reports on demand, schedule automated reports, or define ad hoc reports without changing code.

The State of Montana, as everywhere else across the nation, has an ever-expanding need to offer its communities better, more versatile and more cost-effective healthcare options. A vital factor in achieving this goal is a quality reporting solution that can help in assessing how Montana's healthcare services are being used today, identify opportunities for improvement, and develop answers for the future.

Wealth of Data for Reporting

- Pulls from a deep and extensive well of claims and related data
- Connects users to the right level of reporting
- Provides all necessary data for mandated federal and State reporting, including data for T-MSIS, CMS-64, and Program Integrity

The Conduent Medicaid Suite (CMdS)-Insights module comes packaged with a proven and powerful data storage and reporting solution that leverages a commercially available suite of reporting and business intelligence tools. We provide a stable and mature platform to the Claims Processing and Management Services project. You can rely on our ability to collect and maintain claims data used to produce the many standard and ad hoc reports needed for managing your claims processing.

Broad spectrum of reporting functionality. Our enterprise data warehouse (EDW) stores claims data for various claim types, including fee-for-service and encounter claims. CMdS-Insights provides a comprehensive and predefined library of 500+ standard CMdS Medicaid Management Information System (MMIS) reports to support claims operational processing and statistical analyses. Our robust, configurable, real-time reporting capabilities allow users to generate reports on demand, to schedule

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reports for automatic generation, and to define ad hoc reports without changing code. Our solution's wealth of reporting functionality tracks and summarizes claims processing activity, including manual and electronic data interchange (EDI) activity. CMdS stores and reports on current and historical data; medical and non-medical transactions; paid, pending, and denied claims; as well as rate updates and provider payments. CMdS-Insights also produces cumulative reports over time to support forecasting activities.

We provide a solution that is designed to meet Medicaid and MITA goals. We offer an effective solution that helps you meet your State and Federal reporting needs and assists you in evaluating and comparing data so that you can better manage your claims processing outcomes. Our highly scalable reporting capability includes functionality to add new reports, as well as to adapt existing reports based on required metrics. Regardless of the format, file type, or delivery frequency, our proven solution has satisfied the needs of Medicaid accounts nationwide.

Data exchange technology. Our CMdS data exchange technology also provides adaptability for changing business needs with a native service-oriented architecture (SOA) and openness to emerging commercial off-the-shelf (COTS) technologies. CMdS provides functionality for sharing and reporting on claims and financial data, as well as ancillary data provided by managed care organizations (MCOs), providers, carriers, and other entities, in a secure manner. Each CMdS component shares data with the other CMdS modules, the State, and external entities through the Conduent Digital Hub, our internal enterprise service bus (ESB). Our Digital Hub is the gateway to and complies with the standards required for Montana's Program for Automating and Transforming Healthcare (MPATH) Integration Platform.

Analysis of reporting requirements. We have looked at your claims data and reporting requirements to understand what capabilities you are looking to include in your overall enterprise solution. Based on this analysis and our understanding of your detailed RFP, we are confident of our ability to provide the services, technology, and staff to meet these reporting requirements. Figure 4.2.13-1 highlights some of the key reporting features that we provide to meet your requirements.

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Figure 4.2.13-1. Highlights of Claims Data and Reporting Requirements
Our robust solution addresses your extensive claims data and reporting needs.

CDR01
The Contractor's solution shall track, maintain, store, and report data from all claims transaction types (e.g., fee for service, encounter) as defined by the Agency.

Our CMdS product includes a database that stores and reports on claims data for various claim types (professional, dental, institutional and financial transactions), including fee-for-service and encounter claims. For encounter claims, this includes storing data on a regularly scheduled basis to produce such reports as the Encounter Claims Adjudication Report. We store and report on current and historical data; medical and non-medical transactions; paid, pending, and denied claims; as well as rate updates and provider payments.

CMdS-Claims uses this stored data to track and maintain claim and adjustment submissions from receipt through adjudication, whether the process starts with a paper document mailed to and uploaded at one of our facilities, batch X12 submission to our EDI gateway, or direct data entry through our web portal. The Analysis of Daily Claim Receipts by Media Source and Claim Type Report is an example of a report we produce based on claims transaction types.

In CMdS-Claims, the adjudication process updates each claim with the date and time the claim was received and adjudicated; it also sets a status for continued processing. CMdS-Insights uses this claims data to generate reports, such as counts of claims entered and processed by claim type and status.

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CDR02

The contractor's solution shall have the capability to capture, track, store, maintain and report the status of all claims related grievances and appeals from receipt to determination, as defined by the Agency (e.g., number of grievances/appeals received, resolved, rejected, escalated, and timeframe of resolution) as defined by the Agency.

CMdS-Claims provides a CMS-compliant grievances and appeals process that is specific to claims. Our product includes the ability to capture, track, store, maintain, and report the status of claims-related grievances and appeals from receipt to final determination. We are meticulous in maintaining each record's data and status information, results of research, and communications, which we then use for reporting, escalated reviews, and follow-up.

The accumulation of information in CMdS-Claims fully supports the statistical and operational reporting requirements needed for the grievances and appeals process. All claims data related to a grievance or appeal is available for inquiry and analysis online. This information becomes the foundation of the required monthly reports that we produce.

CMdS-Insights supports both standard and ad hoc reporting of grievances/appeals. Our solution reports on grievance/appeal counts by type, including received/filed, escalated, upheld, reversed, rejected, and resolved, as well as the average length of time to resolution. This automated collection of related data streamlines the gathering of information for fair hearings and provides the ability to display all grievances and appeals for any specified provider.

CDR03

The Contractor's solution shall create, maintain, and store payment reports as defined by the Agency (i.e., Per member per month, NET or other capitation payments)

Our CMdS solution generates reports for fee-for-service (FFS), primary care case management (PCCM), per member per month, NET, and capitation payments, such as the Capitation Payments Report. All reports are retained in the ECM for inquiry and retrieval online. CMdS-Insights provides prepackaged reports on capitated payments by members or groups that can be enhanced or configured to meet the Agency's needs.

Examples of capitation information reported include reports of capitation payment with flexibility .to sort/filter for various categories (for example, by eligibility group or rate cell)

During claims adjudication and payment processing, various reports are available to reconcile claim counts by claim types:

- Each day, the CMdS-Claims adjudication process updates each claim with the date and time the claim was received and adjudicated; it also sets a status for continued processing. The system generates daily reports of counts of claims received and processed by claim type and status.
- Prior to the payment cycle, CMdS-Insights generates a weekly adjudication report for the claims entered and adjudicated that week, which our team reviews for accuracy and completeness. Claims adjudication and claims prepayment reports are used to verify that all claims expected to be processed are processed in the payment cycle. Each sub-component includes logic to verify that the number of claims being processed remains consistent and no data is left unprocessed.

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- Post-payment processing reports, which our team uses to confirm cycle integrity, show the claims processed as well as checks and electronic funds transfers (EFTs) generated, accounts receivable (ARs) generated, recoupments, and payouts. This weekly payment process is shown in Figure 4.2.13-2.

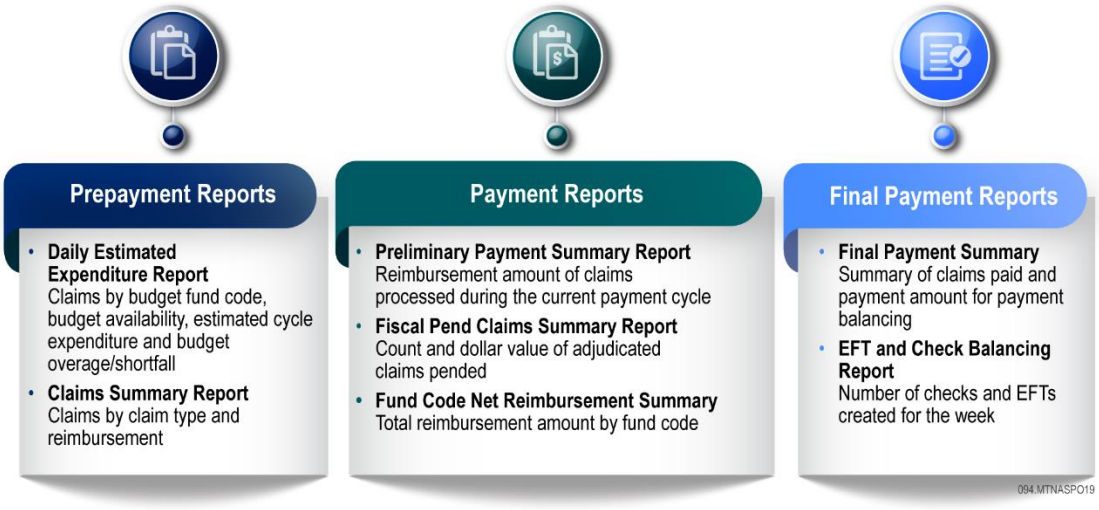

Figure 4.2.13-2. Sample Payment Cycle Balancing and Control Reports
Reports from CMdS-Insights help track claims counts and expenditures throughout the adjudication and payment processes.

CDR04
The Contractor's solution shall identify, track, audit and report managed care transactions (e.g., service data, payments) for all healthcare programs, as defined by the Agency.

CMdS-Insights includes standard reports of managed care transactions including capitation payments and encounter claims across for multiple managed care programs. Capitation payments are also included in the standard adjudication and payment processing reports. Examples of built-in CMdS-Insights reports for managed care programs include:

- Capitation Claims with Date of Death
- Capitation Payments Report
- Encounter Claims Exceptions Report
- Encounter Claims Data Quality Report

The CMdS-Insights ad hoc functionality allows users to completely define their scope and direction of the query on any available data.

CDR05
The Contractor's solution shall store, maintain, track, display and report all claims processing activity throughout the adjudication process (e.g., backlog, suspended claims by status and location, manual entry, adjustments) as defined by the Agency.

Our CMdS solution reports on all claims processing activity from the time a claim enters the database and throughout the adjudication and payment process. This includes claims that are voided or adjusted.

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Examples of the activities that we capture include the method of receipt (manual entry, OCR, EDI, web), adjudication status, suspended claims by location, adjustments, and payment status. Our data model supports the full 5010 837 data content so all data submitted with the claim and the attributes added during the adjudication and payment processing is available for reporting.

A few examples of the available daily claims reports that are built into CMdS-Insights include:

- Operational Claims Suspense Analysis Report
- Suspended Claims by Provider Report
- Adjustment Activity Report

CDR07
The Contractor's solution shall identify, track and report claims flagged for investigation due to suspect or confirmed third-party liability discrepancies as defined by the Agency.

During claims adjudication, CMdS-Claims evaluates other insurer information submitted as an EOB attachment to a paper claim or with the X12 837 other payer segment, including Medicare and private insurers, to avoid paying claims that another responsible party should pay. CMdS-Claims evaluates the member's TPL policy and Medicare details in relation to the claim submission data while performing the corresponding rules to determine if exceptions should post to the claim. If the claim indicates other insurance and we do not have the corresponding member TPL policy information, exceptions are posted to the claim. CMdS-Insights produces claims adjudication reports based on the specific edits posted during claims adjudication including the TPL edits, which can be used for follow-up investigations.

CDR08
The Contractor's solution shall maintain and report on all service authorization activity (e.g., requests, determinations, responses and utilization), as defined by the Agency.

CMdS-Claims maintains and reports on all service authorization activity. Our solution stores complete service authorization records at both the header and line detail level, including member, provider, service, and status information. Regardless of method of receipt, authorizations are maintained in the database and used for claims processing and corresponding reports.

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As the following list illustrates, our operational reports for service authorization address a variety business needs:

- Service Authorizations Not Used Within Four Months of the Line Item Begin Date
- Service Authorization Service Code Utilization by Provider
- Service Authorization Service Code Utilization by Member
- Service Authorization Pended over 10 Days
- Service Authorization Processing Benchmark
- Service Authorization Requesting Independent Clinical Review or Appeal
- Service Authorization Lagging
- Service Authorization Unused Dollars
- Frequency of Requested and Authorized Service Codes
- Service Authorization Utilization by Member
- Service Authorization and Eligibility Discrepancies
- Service Authorization Utilization by Provider
- Service Authorization Cost Avoidance
- Service Authorization Inventory Summary
- Service Authorization Internal User Productivity
- Service Authorization Member Eligibility Gap
- Service Authorization Suspect Duplicates
- Service Authorization Weekly Report by Status
- Service Authorization Over-Utilization Report

CDR09
The Contractor's solution shall maintain, track, and report claims data (e.g., prompt payment of clean claims, claims inventory) to support compliance with 42 CFR 447.45

Claims processing and payment information is stored in the CMdS database and is available for reporting and analysis. CMdS provides the functionality to use this stored data to analyze and report on how well we meet the standards defined in 42 CFR 447.45. For example, the Age of Claims Processed to Final Report can identify clean claims whose payments are delayed more than 30 days.

The following are just a few of the requirements defined in the 42 CFR 447.45 standards:

- Support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, members, and the public
- Document and report on the time lapse of claims payments, flagging or otherwise noting clean claims (error free) that are delayed over 30 days
- Providers to submit claims no later than 12 months from date of service
- Agency to pay 90% of clean claims within 30 days of date of receipt
- Agency to pay 99% of all clean claims within 90 days of the date of receipt
- Agency to pay all other claims within 12 months of the date of receipt with certain exceptions, such as claims from providers that are under fraud investigation

CDR10
The Contractor's solution shall maintain, track, provide audit history, and report all financial transactions between Entities and the Agency (e.g., payments, takebacks, receivables, credit balance, claims), as defined by the Agency

CMdS processes financial transactions (for example, payouts, receivables, and credit balances) from other entities, as directed by the Agency. We receive these transactions from the system integrator through

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Conduent's Digital Hub. We store these transactions in our database. They provide the audit history and are available for reporting. Our solution includes the Accounts Receivable Detail by Financial Entity Report and the Credit Balance Detail Report.

CDR11
The Contractor's solution shall track, maintain, and report recoveries for the federal share of overpayments to support compliance with 42 CFR 433.320 as defined by the Agency.

By assigning the appropriate financial reason to a receivable financial transaction, we can isolate and report on recoveries for the federal share of overpayments to support compliance with 42 CFR 433.320. We assign fund codes to all financial transactions, which track the FFP associated with the funds. Using an existing report listing receivables, we can filter to just this reason code to isolate a receivable report on this type of recovery.

CDR12
The Contractor's solution shall track, store, and maintain, and report all user activity (e.g., access history, claims editing, provider updates, benefit plan changes, rate and fee schedule changes) as defined by the Agency.

CMdS provides an audit trail process that tracks and maintains all added, updated or deleted data for each user or system process, including the audit log history. The audit information can be viewed through the web-based user interface.

Examples of the audit log reports include:

- Enterprise General Audit Report
- Enterprise Event Report – Inquiry

CDR13
The Contractor's solution shall identify, track, store, and report detailed information supporting history-only recoveries and payments as defined by the Agency.

Conduent provides a solution that supports history only adjustments of claims to support recoveries and payments. These claim adjustments include a specific adjustment reason code to identify that the adjustment was due to a recovery. CMdS-Insights includes reports specific to adjustment processing including any history only adjustments.

CDR14
The Contractor's solution shall identify, track, audit, and report inter and intra-governmental payments and receivables (e.g., Qualified Rate Adjustments (QRA's) and Upper Payment Limits (UPLs)) as defined by the Agency.

For gross payments that are not submitted as claims, our solution uses a payout financial transaction to request the payment. Like claims, payouts can be associated with fund codes and budgets so that payments are linked to accounting codes and map correctly for federal reporting. We set up financial reasons for payments like QRA's/UPL's so that a specific reason can be attached to identify the payment for reporting. Once approved, users can look up these payments on the claims inquiry search screen or CMdS-Insights can be used to report payments.

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CDR15

The Contractor's solution shall have the ability for authorized users to run pre-defined and ad hoc queries on claims data within the solution for reporting, as defined by the Agency.

CMdS-Insights gives authorized users easy access to claims and other data relevant to their needs and in an environment that seamlessly supports both predefined and ad hoc reporting. Our solution provides a library of 500+ predefined reports and includes full ad hoc query and reporting access to the CMdS database.

All users, from novice to expert, can quickly find and execute reports through the convenient user interface. Advanced users can explore the extensive analytic capabilities of the ad hoc query environment. CMdS includes extensive reporting and analytics capabilities, providing real-time database access supported by a data dictionary and schema information. Figure 4.2.13-3 shows sample dashboard graphics and a high-level list of available report categories. By selecting a category, the user gains access to a detailed list of reports.

Figure 4.2.13-3. CMdS Operational Reports

Users can select a category on this reporting dashboard to access a variety of pre-built reports.

Authorized users can configure a report to run on a scheduled basis or when requested by the user (that is, on demand). Reports that are run on demand typically allow the user to specify the report's parameters, such as a date range, authorization type, specific provider, or specific member. Reports generated from CMdS-Insights are stored in our enterprise content management (ECM) solution.

CDR16

The Contractor shall analyze and report on proposed reference file changes (e.g. Benefit Plan, provider rate changes, taxonomy updates, category of service updates) as defined by the Agency.

Our team monitors industry releases of reference information so that we can implement needed changes in a timely manner. Our staff follows documented procedures and policies whenever updates are performed to this critical data. Conduent applies updates to reference data (for example, HCPCS codes and ICD-10 codes) using automated batch interfaces and online updates, on a mutually agreed upon schedule. We update and maintain system reference information, including ICD-10 codes, CPT and

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HCPCS codes, and rate changes. We produce reports with batch updates that document the number of records updated, added, and deleted.

Rate changes are made online by date span, so that claims can be adjudicated with the correct rate, based upon dates of service. Benefit plans are entered and maintained online by authorized staff. They include covered services; service authorization requirements; copays, deductibles and service limits; rate cohorts for managed care plans; and demographic or other member specific coverage requirements.

At the local level, we also have controls in place to perform timely reference updates. We set reminders and monitor websites where new code sets are released. As this happens, we reach out to you to have you log an official request for us to start preparing updates. We download the updated code sets. We conduct analysis to identify added, revised, and deleted codes to determine where recommended updates need to occur in CMdS-Claims. We present recommendations to the Agency on the changes that need to occur. Conduent will make updates based on approved changes through our existing change management process.

After validation from our team, the proposed updates to benefit plans, rates, or code sets, as well as an impact analysis, are prepared for the Agency using our standard change management processes. Once we receive the Agency's approval, we configure and test the updates in a test environment prior to promoting to the production environment.

As part of our analysis process, Conduent provides test environments and resources to fulfill the Agency's requirements including:

- We conduct testing of approved system configuration changes, corrections, or enhancements or before implementation. In accordance with our "modified V model" approach, we test any reference changes by applying the full range of test levels and readiness review to make sure the changes have been fully tested before being implemented. For changes that only needed system configuration, we adapt and expedite the testing life cycle to accommodate and validate the level of change made.
- We allow the Agency's resources and contractors designated by the Agency to create and edit appropriate data to support testing efforts, including provider, member, and reference data.
- Reports are generated of the results of these testing efforts, so that the Agency can evaluate the impact of the changes and approve implementation in the production environment.

CDR17
The Contractor's solution shall produce premium collection reports, per Agency defined criteria.

Our recommendation would be to capture a premium payment as a receipt with a configured financial reason specific to that type of payment. We have several receivable related reports and could use them as a basis for new premium collection reports by filtering on the financial reason. We look forward to discussing this premium collection reporting requirement to better understand the scope of reporting needed.

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CDR18

The Contractor's solution shall monitor, track, and report on claims processing quality standards (e.g. percentage of claims resolved, keying error rate, etc.) as defined by the Agency

Conduent continually strives to provide accurate claims processing, editing, and payments. With that goal in mind, our CMdS solution monitors, tracks, and reports on claims processing quality standards, such as keying error rates and claims data quality. Using CMdS-Insights we provide claims resolution reports that support quality activities. Our Conduent Digital Mailroom solution for paper claims produces reports of keying error rate. Examples of some of our reports to track claim resolution and suspense reasons include:

- Claims Processed for Payment by Provider – Daily
- Age of Claims Processed to Final Status
- Inventory Trend Analysis
- Claim Suspense by Current Location Report

CDR19

The Contractor's solution shall track, store, and report claims paid based on configurable business rule (e.g. using a percent of billed charges with maximum allowable amounts for procedures, provider types, and participant demographics) per Agency defined criteria.

CMdS-Claims is built to track, store, and process claims based on configurable business rules. Our solution provides a defined set of rules, which are applied for certain business conditions. Exceptions are configured using business rules and become part of the claims paid record. During the adjudication processes, these business rules are applied to set exception (or edit) codes or indicators on the claim, which help the Agency identify the specific business scenarios. For example, a trauma indicator on a claim would imply possible TPL or edit codes might be assigned to indicate the claim is a possible duplicate.

Using our reporting data model, we can quickly produce claims reports in CMdS-Insights. You can obtain reports either from our library of over 500 existing reports, or from new reports that we create related to the scope of this project.

CDR20

The Contractor's solution shall create, update, store, and maintain required and supplemental information to identify and group all claims transactions and non-claim transactions for completion of specified federal and state report (e.g. CMS-64, CMS-416 report,) per Agency defined criteria.

CMdS-Claims was designed to store every field we receive with the claim, whether we received the claim through paper, EDI, or the web portal. Our solution fully supports all federal requirements including the data required for T-MSIS, federal and state reporting. Claims adjudication has multiple processes that are supported by data driven business rules including category of service assignment. Our core edits which comprise of configurable business rules ensure the accuracy of the claims prior to payment and support the MECT editing requirements. Adjudication populates all claims regardless of input media with the submission date, entry date, and adjudication date. Payment process adds the payment data to the claims and financial transactions including payment date and share allocations required for federal and state reporting. The data added during adjudication and payment, such as claim type, category of service, fund code, and the share allocations is used to identify and group claims and financial transactions.

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CDR21
The Contractor's solution shall have the ability to generate a scheduled payment report on all Health Insurance Premium Payments (HIPP), as defined by the Agency.

CMdS-Insights can generate scheduled payment reports on all Health Insurance Premium Payments (HIPP) as defined by the Agency. Our reporting solution allows our team to capture and track specialty payments (payouts), including payouts made using either a manual check or automated payment cycle. The financial transactions for HIPP payments include a financial reason code that is used to identify these types of payments.

CMdS-Insights provides a library of standard operational reports. Examples of scheduled HIPP reports that Conduent provides include the following:

- HIPP Activity Report (monthly)
- HIPP Activity & Summary Report (monthly)
- HIPP Payment Report by Member ID (monthly)
- HIPP Premium Payment Report by Applicant Category of Eligibility (monthly)
- HIPP Variance Report (annually)

CDR22
The Contractor's Solution shall provide the capability to create, store, maintain CMS invoices and financial transaction summary reports, as defined by the Agency.

We provide the capability to create, store, and maintain CMS invoices and financial transaction summary reports, which we store in our ECM solution. We understand that we need to be prepared to help with the Clawback and Buy-in invoice creation, and we look forward to understanding any other CMS invoice creation scenarios within the scope of this requirement.

CDR23
The contractor's solution shall accept, store, and maintain current and historical provider data, per Agency defined criteria.

The Agency's provider module vendor is responsible for provider enrollment/disenrollment. In contrast, we are responsible for the payment-specific provider data. CMdS-Claims accepts and uses updated provider data from the provider module. We have an established inbound interface for provider data to receive current and historical provider names, addresses, licenses, email addresses, NPIs, enrollment/disenrollment dates, etc. Conduent's CMdS solution can accept and maintain group practice and other organizations and roles, (billing provider and rendering provider), and can link providers.

CDR24
The contractor's solution shall have the ability to maintain and store current and historical batch execution reports (e.g., claims, TPL, eligibility, PA, COBA), per Agency defined criteria.

We maintain and store current and historical batch execution reports in our ECM solution per Agency defined criteria. Historical reports are loaded during the implementation, and new reports continue to be sent on an ongoing basis during the operations period.

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CDR25
The Contractor's solution shall provide a configurable report for all current and future approved HIPAA ASC X12 transactions from covered entities (e.g., health plans, health care clearinghouses, billing companies, trading partners, and health care providers) as defined by the Agency.

Our EDI gateway solution provides a library of reports relevant to current ASC X12 standards and the transactions used by the project. Our CMdS products are updated to support future approved HIPAA ASC X12 transactions as they become available based on our product roadmap. A few examples of these reports include:

- EDI Eligibility Transaction (X12N 270-271) Report
- EDI Inbound Transaction Report
- EDI Claim Type Summary Report
- EDI Inquiry Summary by Submitter Report

A complete tracking and reporting component allows the EDI gateway to identify each file, record statistics for each file, and report file status at any point in time. Improvements include the ability to interpret results, handle failures, and accurately generate performance measures. Figure 4.2.13-4 provides a high-level view of the transaction life cycle and the flow of outbound and inbound transactions.

Figure 4.2.13-4. Transaction Life Cycle
TIBCO Foresight Transaction Insight provides visibility and control over the entire transaction life cycle.

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CDR26

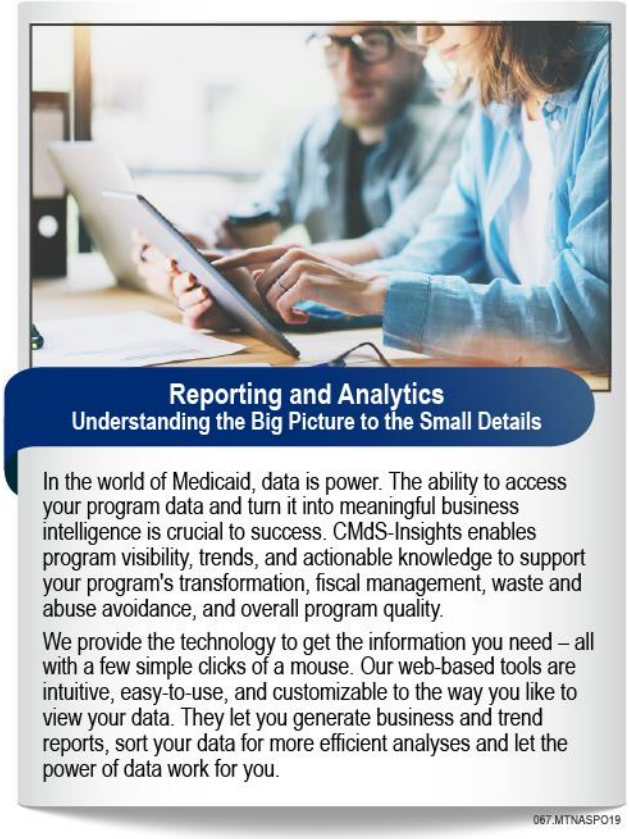
The Contractor's Ad hoc reporting solution shall have the ability to distribute weekly and monthly summarized databases views per Agency requirements.

CMdS supports summarization of data and the output into loadable formats such as CSV. Depending on the use case, we also may extract data from the database into flat files. With either method, we can deliver data through the Conduent Digital Hub to designated vendor, the Agency, or other designated 3rd parties on a weekly or monthly basis per Agency requirements.

CDR27

The Contractor's solution shall provide the capability to execute advanced reporting and analytics (e.g., aggregation of data, data modeling, forecasting) using all claims data to generate ad hoc reports as defined by the Agency.

CMdS-Insights has the capability to use claims data from the CMdS database to produce advanced reporting and qualitative analytics in the form of ad hoc reports. The CMdS-Insights module is built on an industry-standard product. The platform flexibility allows users to make quick changes to support the program's evolving administrative, fiscal, and clinical analysis and reporting needs. When designing ad hoc queries or performing specific analytics tasks, the user defines all parameters using intuitive, visual input functions. Both novice and power users will find CMdS reporting as intuitive as web browsing.



Using the web-based query interface, users can create real-time ad hoc reports combining lists and tables with pie, bar, line, and other types of charts. Report metadata generates automatically, and the user can add or remove data from the query using basic drag-and-drop and pull-down menu functionality. Users can save and re-use queries, executing them when needed.

To generate results based on different parameters, users can specify values, such as provider ID, member ID, or claim type before running the report. A user can schedule saved reports, whether from the user's personal library or from the general report library, to run on a regular basis, with the results reported directly to the requesting user.

For the power users of the system, advanced capabilities include:

- Custom SQL queries to produce complex reports
- Consolidation of data from multiple ad hoc reports into a single report
- Hyperlinks to drill down to more detailed information

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- Cascading prompts, which present a succession of user input requests to refine the parameters of saved reports
- Conditional formatting options

The functionality available in CMdS-Insights provides extensive reporting and analytics capabilities, real-time database access, data dictionary, and schema information.

CDR29
The Contractor's solution shall have the ability to generate, store, and maintain reports on claim expenditures, as defined by the Agency (e.g. COS, Aid Category and claim type).

CMdS-Insights and CMdS-Claims provide the ability to generate, store, and maintain reports on claim expenditures. Our solution delivers detailed reports on budget and fund code expenditures by various types of claim, such as category of service, aid category, benefit plan, and claim type. We store these reports in our ECM solution. Expenditure reports generated by CMdS-Insights include the following:

- Estimated Expenditures – Week-to-Date Summary
- Estimated Expenditures – Week-to-Date Summary by Payee
- State Fiscal Year to Date Expenditures vs. Prior Year Comparison (Summary)
- State Fiscal Year to Date Expenditures vs. Prior Year Comparison (Detail)

In addition, CMdS-Claims maintains budget information in user interfaces, including fund code, fund source, and fiscal budget amount. CMdS-Insights generates reports on a scheduled basis to provide information on payment activities, budget availability, and expenditures. To generate results based on various parameters, users can specify values, such as provider ID, member ID, or claim type, before running the report. A user can schedule saved reports, whether from the user's personal library or from the general report library, to run on a regular basis, with the results reported directly to the requesting user. Expenditure reports related to budgets include:

- State Fiscal Year to Date Expenditures vs. Adjusted Authorized Budget (Summary)
- State Fiscal Year to Date Expenditures vs. Adjusted Authorized Budget (Detail)

CDR30
The Contractor's solution shall have the ability to configure, track, maintain, store, and report claim and encounter lag (i.e., date of service to date of payment report measure), as defined by the Agency.

The CMdS-Insights allows us to configure, track, maintain, store, and report on claim and encounter lags (for example, the time lag between a claim's service date and its corresponding payment date, or the time lag between the service data and the receipt of the encounter). Conduent's solution provides reports that capture and generate required statistics and service level agreements, including encounter lags.

CDR31
The Contractor's solution shall collect, store, and maintain the data necessary for HEDIS reporting as required by CMS.

Based on your amended requirement, we understand that we must collect, store, and maintain the data necessary for HEDIS reporting as required by CMS. Our claim capture process includes capturing the full

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5010 data content. We also collect data from our own processing and other modules. All your data we collect and store is available to the entity performing your HEDIS reporting.

CDR32
The Contractor's solution shall have the ability to generate reports on a schedule as defined by the Agency.

Any report generated in CMdS-Insights can be configured to run on a scheduled basis. This includes standard reports, on demand reports, and ad hoc reports. We use Airflow to schedule pre-determined report jobs.

CDR33
The Contractor's solution shall have the ability to modify system generated (i.e. canned reports) reports as defined by the Agency.

Our system generated reports are primarily produced by CMdS-Insights, powered by a web-based COTS solution. Reports are stored in a folder structure in CMdS-Insights and are available for copying to a personal library for modification by the Agency.

CDR34
The Contractor's solution shall have the ability to send and receive reports from external entities, as defined by the Agency.

CMdS-Insights can produce reports in several formats, but we typically use PDF for distribution to the ECM or other parties. Regardless of format, we can deliver reports to another party using the Conduent Digital Hub. We can also receive reports in the same way and route them to the ECM or other locations based on Agency direction.

CDR35
The Contractor's solution shall provide workflow access, assignments, routing of applicable reports and execution for all essential aspects of the business processes (e.g., service authorization, managed care, provider screening, client communications), as defined by the Agency.

Our workflow tool supports grouping work within CMdS modules into queues. Users can see the work available in each queue including their current assignments as shown in Figure 4.2.13-5. We can configure queues according to the Agency's policies and desired work groupings, including based on page levels for account receivables.

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Figure 4.2.13-5. Workflow Status at a Glance
The splash page provides users with a summary of current events and information. The queues are displayed under Workflows.

CDR36
The Contractor's solution shall have the ability to select which data elements appear on provider reporting or remittance advices (e.g. claims exceptions codes that are information only or are set to pay), as defined by the Agency.

The CMdS-Claims module has screens that allow an authorized user to customize the text that appears on a provider's remittance advice for EOMB Codes, EOB codes, remark codes, and adjustment reason codes to improve readability. Codes that are associated with each claim are reported along with the claim's details. At the end of each remittance advice, a key shows the code and the user-configured description.

The CMdS-Claims module generates remittance advices using defined templates and configuration. Templates are designed for each claim type based on Agency's specifications so that each claim type (for example, medical, inpatient, or dental) is presented in its own unique format within the remittance advice.

A remittance advice is produced by a COTS-based layout tool that allows a user configuring the remittance advice template to be able to see the layout as it is edited. The remittance advice is easily customized to meet the business needs of the Agency. The remittance advice template allows additional sections and data elements to be added to the standard layout. This provides the capability to report additional claim detail or to add a new summary section if needed. The reported claim data is retrieved directly from the CMdS-Claims module data tables. This provides greater accuracy and ease of customization.

Finally, the CMdS-Claims module can print customized provider notices to appear on all remittance advices or on selected remittance advices based on provider type, provider specialty, or provider

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taxonomy. The wording can be as simple as a holiday message or as detailed as needed. There is no limit to the size of the notice. The output is a PDF.

CDR37
The Contractor shall support TPL requests from the Agency related to tracking and reporting cost avoidance dollars.

CMdS-Insights provides the authorized Agency users access to the data needed to generate reports to track cost avoidance of claims payment due to coverage by private insurance, Medicare, and other third-party liability (TPL) resources, or based on other criteria specified by the Agency. Our CMdS-Insights library includes reports designed for TPL reporting requirements, such as our Third Party Liability Collections and Cost Avoidance Report.

CDR38
The Contractor's solution shall allow for users to generate notifications/alerts in addition to the scheduled notifications/alerts based on configurable business rules.

Our workflow solution as previously described in ID CDR35, is also used to generate notifications and alerts using configurable business rules. In addition to alerting, work can be organized into queues with assignments.

CDR39
The Contractor's solution shall provide automatic and ad hoc reporting related to the day to day activities of the HIPP program (e.g., Active Case List Report, Counts by Health Conditions Report, Payment History by Month Report, Referral Summary Report, Cost Effectiveness Report, Cost Effectiveness Evaluation Report, Housecleaning Status Report, Review Date Report, All Status Report, County Status Report) as defined by the Agency.

CMdS-Insights can generate both scheduled and ad hoc reports on the day-to-day activities of the HIPP program. Our solution provides a robust library of standard operational reports, which are categorized and intuitively organized in an online library by functional area and usage. A user can schedule saved reports, whether from the user's personal library or from the general report library, to run on a regular basis, with the results reported directly to the requesting user. Plus, we can add other HIPP reports as needed and based on the Agency's requirements. Examples of HIPP reports that our CMdS-Insights library provides include the following:

- HIPP Activity Report
- HIPP Activity & Summary Report
- HIPP Premium Payment Report by Applicant Category of Eligibility
- HIPP Payment Report by Member ID
- HIPP Case Detail Report

When designing ad hoc queries or performing specific analytics tasks, the user defines all parameters using intuitive, visual input functions. Both novice and power users find CMdS reporting as intuitive as web browsing. Using the web-based query interface, users can create real-time ad hoc reports combining lists and tables with pie, bar, line, and other types of charts. Report metadata generates automatically, and

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the user can add or remove data from the query using basic drag-and-drop and pull-down menu functionality. Users can save and re-use queries, executing them when needed.

CDR40
The Contractor's solution shall allow for more than one template for remittance advices based on configurable business rules.

Our solution supports different remittance advice templates for different types of transactions including professional, dental, institutional, and financial transactions. We also support templates based on program. Based on data rules we include appropriate messages in the generated remittance advice print images.

CDR41
The Contractor's solution shall produce, store, and transmit an image of each remittance advice as defined by the Agency.

Our CMdS solution offers all the features needed to produce, store, and transmit images of the remittance advices. CMdS-Claims, built on industry standard technology, maintains and uses Agency-approved templates to generate remittance advices as PDFs and stores them in our ECM solution. Our solution transmits the PDF output through the MPATH Integration Platform using Conduent's Digital Hub to the appropriate destination such as our ECM solution, the external portal, or an external entity such as a print vendor.

CDR42
The Contractor's solution shall allow authorized users to modify report templates (e.g., Remittance Advice) as defined by the Agency.

Template styles can differ based on the Agency's specifications. We work with you to make sure report and remittance advice templates meet the Agency's defined requirements. Authorized users can modify report templates, including modifications to remittance advices. Our CMdS solution allows users to add additional sections and data elements to a template's standard layout, such as additional claim detail or a new summary section.

Modifying Remittance Advices. The CMdS-Claims module generates remittance advices using defined templates and configuration. CMdS allows users to present each different claim type in its own unique format within a remittance advice. The CMdS-Claims module has screens where an authorized user can customize the text that appears on a remittance advice.

CDR43
The Contractor's solution shall support and maintain a current and history of remittance advices that are searchable and viewable for authorized users, per Agency defined criteria.

Conduent's solution supports and maintains current and historical remittance advices that are searchable and viewable by authorized users. Each version of a remittance advice is generated as a PDF and stored in our ECM solution. Authorized users can search for a specific remittance advice in the ECM. Providers can view their remittance advices on the provider portal.

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CDR44
The Contractor's solution shall have the ability to produce the Payments for Sterilization and Hysterectomies report as specified by Agency.

CMdS-Claims maintains procedure codes with special indicators, including sterilization and hysterectomies. In addition, our solution tracks certain procedures, such as sterilizations, that generally require prior authorization. This information either is reported on standard payment-related reports in CMdS-Insights or as ad hoc reports, depending on the Agency's needs. Also, our federal reporting includes reports for sterilizations and hysterectomies.

CDR45
The Contractor's solution shall have the ability to produce the Inpatient Sterilization Claims (Excluding C-Sections) report as specified by Agency.

Our solution tracks certain procedures, such as sterilizations, that generally require prior authorization. This information is available in CMdS-Insights for ad hoc queries, depending on the Agency's needs. Producing a report on Inpatient Sterilization Claims (Excluding C-Sections) is a simple process of building the report as specified by the Agency; that is, based on procedure codes and with data from CMdS modules. Also, our federal reporting includes reports for sterilizations and hysterectomies.

CDR46
The Contractor's solution shall have the ability to produce the Abortion Listing report as specified by Agency.

CMdS-Claims maintains procedure codes with indicators, including abortion. Producing an Abortion Listing report is a simple process of building the report as specified by the Agency; that is, based on procedure codes and with data from CMdS. Also, our federal reporting solution includes the abortion listing report.

CDR47
The Contractor's solution shall have the ability to transmit data directly to other entities (e.g. actuaries) as defined by the Agency.

Our solution's architecture supports data exchange in a variety of formats. This can be a real-time data interface (using an API) or an ETL batch process, both of which are transmitted to Agency defined external entities by way of the MPATH Integration Platform through Conduent's Digital Hub, as shown in Figure 4.2.13-6. However, the determination of the mode of exchange (real-time or batch) needs to consider the volume and the frequency of the data to be transmitted. Our CMdS solution provides a standard data exchange or output for the data processed. There is a standard and custom claim output, financial transaction extract, which is consumed by the external systems through our Digital Hub. The canonical data model published in the Digital Hub allows for easy integration with other parts of the project to the MPATH Integration Platform through the Digital Hub.

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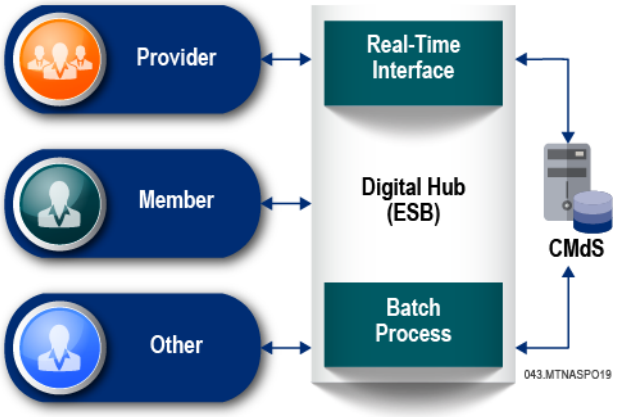

Figure 4.2.13-6. Conduent's Digital Hub is Our Internal ESB
Each CMdS component shares data with the other CMdS modules, the Agency, and external entities through the Conduent Digital Hub, our internal ESB.

CDR48
The Contractor's solution shall receive and store claims processing and payment information by service category or provider type to analyze timely processing of provider claims according to requirements (standards) in 42 CFR 447.45.

Conduent provides proven, accurate, and timely claims adjudication and payment services. Our CMdS solution incorporates a single data repository that receives and stores claims processing and payment information gathered from various sources. This data is available, by service category or provider type, for authorized users to analyze and report on the timely processing of provider claims. For example, the Age of Claims Processed to Final Report can identify clean claims whose payments are delayed more than 30 days.

This analysis is based on the standards defined in 42 CFR 447.45, which includes requirements to:

- Require providers to submit claims no later than 12 months from date of service
- Pay 90% of clean claims within 30 days of date of receipt
- Pay 995% of all clean claims within 90 days of the date of receipt
- Pay all other claims within 12 months of the date of receipt with certain exceptions

CDR49
The Contractor's solution shall maintain reporting services that are backward compatible, and the reports functionality is preserved over major or minor releases or the contractor will provide migration support to move reports forward.

Conduent's CMdS-Insights is designed with backward compatibility in mind and we intend to continue supporting that functionality with each major and minor release of our solution. Based on a COTS product that maintains its data content in a relational database, each new release of the software preserves backwards compatibility by automatically converting reports to the format of the new version. As part of our responsibilities, we confirm reports convert appropriately and continue to execute successfully before applying an upgrade to a production environment.

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CDR50
The Contractor's solution shall support payment reimbursement methodology research, analysis and development by providing expenditure data through service codes including but not limited to:
-healthcare common procedure coding system (HCPCS), current version
-international classification of diseases (ICD), clinical modifier, current version
-national drug code (NDC), current version

CMdS-Insights and CMdS-Claims provide the ability to generate, store, and maintain reports on claim expenditures. Our solution delivers detailed reports on budget and fund code expenditures by various types of claim, such as category of service, aid category, benefit plan, and claim type. We store these reports in our ECM solution. Expenditure reports generated by CMdS-Insights include the following:

- Estimated Expenditures – Week-to-Date Summary
- Estimated Expenditures – Week-to-Date Summary by Payee
- State Fiscal Year to Date Expenditures vs. Prior Year Comparison (Summary)
- State Fiscal Year to Date Expenditures vs. Prior Year Comparison (Detail)

In addition, CMdS-Claims maintains budget information in user interfaces, including fund code, fund source, and fiscal budget amount. CMdS-Insights generates reports on a scheduled basis to provide information on payment activities, budget availability, and expenditures. To generate results based on various parameters, users can specify values, such as provider ID, member ID, or claim type, before running the report. A user can schedule saved reports, whether from the user's personal library or from the general report library, to run on a regular basis, with the results reported directly to the requesting user. Expenditure reports related to budgets include:

- State Fiscal Year to Date Expenditures vs. Adjusted Authorized Budget (Summary)
- State Fiscal Year to Date Expenditures vs. Adjusted Authorized Budget (Detail)

The CMdS-Insights functionality allows us to adapt existing reports where we can add the service code details to support analysis of expenditures or through ad hoc reports which allow users to completely define their scope and direction of the query on any available data.

CDR51
The Contractor shall develop a repayment schedule for the payee in coordination with the Agency in circumstances where there are insufficient claims or payee funds to satisfy recoveries within 75 days upon detection of an overpayment.

In coordination with the Agency, CMdS has the capability to develop a repayment schedule for a payee in circumstances where there are insufficient claims or payee funds to satisfy recoveries within 75 days upon detection of an overpayment. Our accounts receivable capabilities within CMdS support payment schedules that can be configured on a receivable to control the rate of recoupment or prompt the provider to send regular payments. The receivable status drives automatic correspondence generation and is displayed on the user interface. In Table 4.2.13-1, we provide a full list of the repayment options our solution supports.

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Table 4.2.13-1. Receivable Recoupment Options

Recoupment Type	How it Works
Percentage Amount	Recoup a % of the outstanding balance every payment cycle
Dollar Amount	Limit recoupment up to a dollar amount per payment cycle
Schedule Payments	Used to do one of the following: • Recoup normally • Delay recoupment until an agreed upon date • Recoup a defined % weekly
No Recoupment	No recoupment occurs, that is, the claims payment process does not include that accounts receivable for processing

CDR52
The Contractor shall recover all overpayments within 30 calendar days from detection of an overpayment.

Our Conduent team makes every effort to ensure that we process and pay the State's healthcare claims accurately. However, miscalculations may occur, whether caused by an error on a claim or in production that can result in an overpayment to a payee, such as to a provider or other entity. When an error occurs, we use a receivable financial transaction to initiate a recovery.

Our functionality and processes are designed to support recovery within 30 calendar days of having discovered an overpayment. When we detect that more has been paid on a claim than is owed, we issue an accounts receivable and schedule its repayment to complete within 30 calendar days. In most cases, during those 30 days, either the provider reimburses the overpayment in full or Conduent applies the overpayment to the provider's unpaid claims in CMdS-Claims. Some of the steps we take to recover within 30 days include:

- Mailing a state-approved payment demand letter, which provides instructions on how reimbursement of the overpayment works and what is required of the provider to correct the overpayment
- Transferring a credit balance from one provider to another provider that uses the same tax identification number
- Continuing to perform follow-up with the provider until the credit balance is resolved

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4.2.14 System Administration and Operations [RFP 3.10.14, Attachment F]

REQUIREMENT: RFP Section 3.10.14, Attachment F

This section addresses requirements related to the overall operations of the claims solution. The solution will act as the Electronic Data Interchange (EDI) gateway to process all inbound and outbound HIPAA mandated X12 compliant transactions and Trading Partner management.

In addition, the solution must provide a self-service portal with enhanced web-based capabilities to support the following:

- on-line real-time transactions processing and direct data entry for claims
- claim status inquiry
- batch upload, download, view and print HIPAA transactions
- submission and retrieval of documents
- secure messaging
- help-desk functions.

The System Administration and Operations section also includes requirements for change management including the creation of tickets and tracking of requests through implementation. The offeror must describe how the solution will be continuously maintained, enhanced, and modified to ensure compliance with new Federal and State regulations and mandates, healthcare delivery models, and to support interoperability with all other data sharing entities. The Offeror must describe in detail their approach to meet each of the System Administration and Operations requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

In this section, we address requirements related to the overall administration and operations of the claims solution. Our solutions to address these requirements include:

- Dashboards capabilities with CMdS-Insights
- EDI processing with Conduent EDI gateway
- Portal access through the CMdS-Claims external portal
- Change Management with Azure DevOps

In the following pages we share information about these solutions and respond to your requirements about other overall operations requirements.

SAO01
The Contractor shall establish and maintain an automated reconciliation of all electronic claims received and provide a dashboard with daily aggregate summary and the ability to drill down by specific trading partner, billing provider, transaction type (e.g., 837I, 837P, 837D, encounter) and search capabilities using all available data elements to validate all transactions received are processed according to Agency defined business rules.

We perform reconciliation, searching, and visualization using the combined capabilities of our EDI gateway, CMdS-Claims, and CMdS-Insights.

EDI Gateway Data Access. Our Conduent EDI gateway uses the COTS product ACTT^{NOW} to track all X12 files submitted, view the data, and link to related files such as 997s and 824s. All submitters are eligible to enroll to use this product. You can see the product's web-based user interface in Figure 4.2.14-1.

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Figure 4.2.14-1. EDI Management with ACTT^{NOW}
ACTT^{NOW} provides the EDI processing statistics we use as the data foundation for our dashboard.

Automatic Reconciliation of EDI Claims. The EDI/HIPAA gateway tracks the claims through the full transaction lifecycle including submission, routing, clean translation, validation, and adjudication while generating standard acknowledgements at the appropriate stages. To control balancing, a trace numbering system assigns a unique trace number to each claim received and then delivers the number to CMdS-Claims. As the system processes claims, it generates confirmation records to reflect accepted and rejected claims.

Dashboard with CMdS-Insights. The CMdS-Insights module is built on an industry-standard business intelligence product and includes dashboard capabilities. Figure 4.2.14-2 shows sample dashboard graphics and a high-level list of available report categories. We feed data from ACTT^{NOW} into CMdS-Insights to meet your dashboard requirement. During implementation, we work with you to finalize the dashboard visualizations to fulfill this requirement.

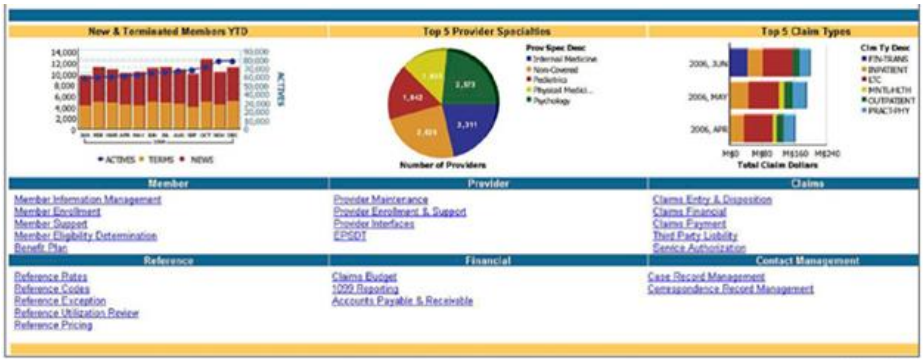

Figure 4.2.14-2. Dashboards with CMdS-Insights-unmark this PC
Our solution supports the creation of dynamic reports, dashboards, and other visualizations with drill-down capability.

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SAO02

The Contractor shall provide staff to develop, organize, lead, and conduct training and education activities (e.g., provider and Agency staff training) as defined by the Agency.

Our training program focuses on analyzing learner needs and outlining performance objectives upfront for each stakeholder group (State staff, project staff, operations staff, providers, etc.), user group, and job function. Conduent works closely with the Agency to incorporate these findings in a training schedule that addresses the training needs for the project.

Our instructional designers begin by conducting a comprehensive training needs assessment, drawing from program policies and procedures to develop a Training Plan specific to requirements, job needs, and skills development needs. Through the assessment process, they design training modules with specific objectives for each user audience. Our training team works with leadership and the State to identify and develop the training materials required for delivering effective initial and ongoing training. As we continue to work through the ADDIE (Analyze, Design, Develop, Implement, and Evaluate) process, our trainers schedule and implement meaningful training sessions that focus on the end user, transferring the knowledge necessary to educate, empower, and inform. An overview of the process can be found in Figure 4.2.14-3.

Figure 4.2.14-3. Training Flow Diagram

We develop and adapt our training strategies to deliver effective training that is targeted toward the needs and concerns of both State and other stakeholder staff.

Based on your training requirements in Proposal Section 4.2.2.7, Training, we staff experienced instructional designers and trainers to carry out necessary training activities. You can read about our staffing, including training responsibilities and staff, in Proposal Section 4.2.5, Key Personnel and Resources.

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SAO03

The Contractor's solution shall provide flexible publishing capabilities (e.g., formatting and stylistic consistency, allow control of format, font, graphics, layout, and page design, allow creation of master pages and style sheets to automate and structure documents, utilize industry standard tools to assure proper spelling, punctuation, grammar, capitalization, and checks for technical compliance with printing industry standards before publication) as defined by the Agency.

Conduent uses Adobe InDesign to meet publishing requirements. InDesign is the market leading desktop publishing and typesetting software application from Adobe Systems and exceeds your requirements. Using InDesign, we can create manuals, flyers, and posters.

Our publications team uses industry leading solutions to produce documents for distribution. With their vast knowledge of the solutions and expertise, they are capable of efficiently providing deliverables. We have well-established formatting standards for writing and publishing pamphlets, as well as common correspondence. With proofreading an important part of the process, we take the time to make sure the documents are both grammatically correct and properly formatted. We set up document style guides and provide them to the Agency for all publications.

SAO04

The Contractor shall provide flexible publishing capabilities for multi-chapter publications and large technical documents (e.g., generate and insert footnotes and endnotes, generate table of contents, generate indices, include appendices, manage chapter files, manage centralized style sheets, manage tabular material, import tables from various data sources into controlled table structures) as defined by the Agency.

For less graphical publishing tasks, we use Microsoft Word, an industry standard and market leading word processor that meets your requirements for multi-chapter publications and large technical documents. Using Word makes document sharing easy as the format is widely supported. Word also can produce PDF documents. Word provides templates as seen in Figure 4.2.14-4 to accelerate the development of documents.

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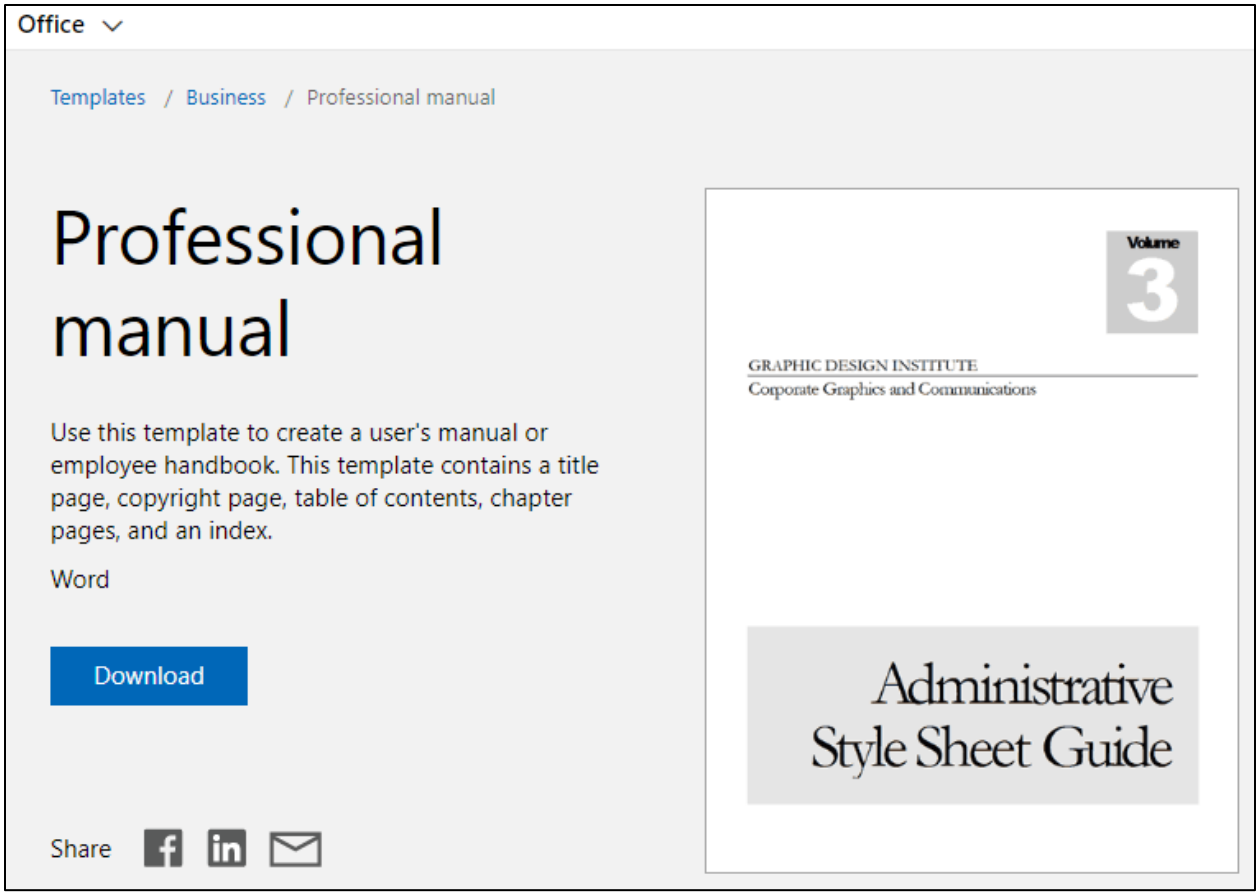

Figure 4.2.14-4. Word Template for Professional Manual
Microsoft Word supports templates that accelerate the development of documents. One of the templates available is for a professional manual.

SAO05
The Contractor shall provide flexible publishing capabilities to allow for control over all typographical characteristics (e.g., leading and kerning) and support for full color output as defined by the Agency

Both Adobe InDesign and Microsoft Word support several typographical customizations, including controlling the line spacing (leading), character spacing (kerning), and spacing in a block of text (tracking). They also both support full color output.

Our Quality Management System templates abide by a single set of Word styles to promote consistency of look and feel, increase speed of publication development, and improve readability.

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SAO06
The Contractor's solution shall provide a ticket (e.g., customer service request, state task request) dashboard to include, but not limited to: request, design, analysis of change (e.g., level of effort, schedule, resources), ticket type (e.g., Enhancements, Deficiencies, Maintenance, Research, Configuration and Mass Adjustments), test, implement, and approval and provide a detailed and viewable status of all ticket requests (including linking related tickets) from receipt through approval as defined by the Agency.

We use Microsoft Azure DevOps for ticket management. Azure DevOps, formerly known as Microsoft Visual Studio Team Foundation Server, supports requirements management, project management for agile development, change management, and release management for the project. Azure DevOps tracks "work items" with configurable attributes that allow us to support and report on all required fields for tickets. DevOps also supports the creation of a dashboard; an example of which can be found in Figure 4.2.14-5.

Figure 4.2.14-5. Dashboard Examples from Azure DevOps
Azure DevOps supports dashboards, charts, widgets, and in-context reports to share information about the status of tasks and tickets. This is a dashboard example.

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SAO07

The Contractor shall create and maintain a communication inventory (e.g., letter, email templates) with necessary information (e.g., content, stakeholders) to communicate specific events (e.g., system or staff change) and develop appropriate communication and notifications for stakeholders as defined by the Agency.

As communications might be generated automatically from our solutions or manually by a user who needs to use an email template, we recommend tracking the communication inventory in a Microsoft SharePoint list (equivalent to an online spreadsheet) or a Microsoft Office document. During implementation, we work with you to determine the format and location of the communication inventory. Conduent will identify and document the location/source and purpose of all communications to initially populate the inventory. During the contract, we keep the inventory up to date.

SAO08

The Contractor's solution shall provide for the creation and processing of online surveys, store indexed survey results (e.g., survey number, date, topic, response date) and provide the results and supporting data of online surveys to authorized users as defined by the Agency.

Our cloud-based survey tool supports the preparation, transmission, and processing of surveys. The resulting data and survey results are stored in a way that allows for analytic and detail reporting. Surveys can be used for providers, members, or any other authorized users as defined by the Agency. The surveys can be modeled so that the questions apply directly to the recipient and provide them with the access to rate the services they have received. We use these surveys to evaluate and modify existing processes to make them more satisfactory to the users. We provide results of online surveys to the Agency as directed.

SAO09

The Contractor shall supply staff to meet all service level agreements and perform all claims processing functions (e.g., claims supervisor, claims processing staff, quality assurance staff, publication staff, training staff) as defined by the Agency.

We propose our staffing model and plans based on available information that meet these requirements. Due to our long partnership with Montana, we have access to a large pool of Conduent staff who have experience with your program and with similar programs across the country. Our approach to providing enough staff includes:

- Understanding the scope of the RFP including SLAs
- Identifying internal resources and partners with capabilities to meet project requirements
- Estimating the work types and effort
- Developing job categories and staffing estimates
- Testing and confirming our staffing plan against our project work plan

We have established a strong understanding of the project scope and goals. We used our team's collective experience about your program, conducted a thorough review of the RFP, developed questions, and carefully considered your answers. For more information about our staffing plans, please see Proposal Section 4.2.5, Key Personnel and Resources.

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SAO10
The Contractor shall supply staff to analyze, develop, configure, and maintain all claims pricing and payment methodologies (e.g., claims processing updates, payment methodology updates, Federal and State policy guideline changes, ad hoc impact analysis, changes with third party tools) as defined by the Agency.

Our SMEs analyze the impact of updates to pricing methodologies and code sets such as ADA, HCPCS, revenue, and CPT as changes occur. We also address relationships between different types of codes, rates, and impacts to edits/audits. We research the impacts of Federal and State policy guideline changes, including changes in laws, regulations, or sub-regulatory guidance. We also have a Payment Method Development team that distributes internal and external communications clarifying regulatory changes. Based on our expertise of our solutions and our national exposure, we configure and maintain CMdS-Claims to price claims according to Agency requirements.

SAO11
The Contractor must receive approval from the Agency to make any changes to the system (e.g., applications, programs, procedures, specifications, parameters, disposition codes, definitions or objectives.) In the event that an emergency system change is required to continue normal system operations and the Contractor is unable to obtain Agency approval for the change, the Contractor must notify the Agency as soon as the change is made and the system returns to normal operations using the communication process as defined by the Agency.

We work with you to formalize the protocol for notifying you when changes are ready for your review. System changes are tracked in Azure DevOps, and the tool comes pre-built with several data elements for tracking and implementing system changes, including at a minimum:

- Intended purpose of change
- Origin of the request
- Anticipated implementation date
- Expected impacts to design, development, and publications
- Recommended internal and external communications
- Ability to attach or link to design specifications and other artifacts

In addition to seeking your approval prior to implementing any change, we notify you upon the completion of specific types of changes according to your preferences. Our typical process is to promptly notify you through a memorandum documenting the change or a change of status in the change tracking system.

Emergency Changes. Whenever possible, the change management process affecting the system is forwarded to the state prior to any changes. However, in the case of an emergency, we notify the State as quickly as possible after the implementation takes place.

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SAO13
The Contractor must support the Agency during all audits and reviews conducted by CMS, authorized agencies and contractors, and/or by the State over the life of the contract, to include but not limited to: assisting the Agency and the auditing entity in sample selections, documentation and data gathering, and responding to questions as defined by the Agency.

We have extensive experience with project-specific external audits and on-site inspections. We operate with transparency and provide access to records related to our performance of the contract. Once we receive notice of an audit or inspection, we proceed as follows:

- Meet to gather key information such as the subject of the audit and information we need to provide
- Appoint a lead for our participation
- Retrieve and provide the information required
- Continue participation to provide further information and assistance as needed
- Join State staff in meeting auditors or authorized representatives to help present information and answer questions
- Capture, track, and complete action items assigned
- Provide or put in place State-approved corrective action plan(s)

SAO14
The Contractor shall provide and maintain a telecommunications link and associated hardware (e.g., VPN, site to site connection) between the claims solution and all associated systems and subsystems.

Conduent typically uses encrypted VPN-based connections to provide communication links. We will provide the link and any required hardware that connects our solution to other systems.

SAO15
The Contractor's solution shall proactively monitor claims processing statistics (e.g., denial rates, denial reasons, claim suspense reasons and resolution) and identify and provide necessary training to mitigate continued claim denials as defined the Agency.

Using our dashboards and claims reports, we proactively monitor for opportunities to assist providers. Negative trends, such as increasing denial rates or suspended claims, may represent a provider that needs assistance because they have new staff or are struggling to adjust to policy changes. By identifying providers to contact, assist, and train, we reduce our own future workload to process claims or take phone calls.

SAO16
The Contractor's solution shall maintain claims history available for adjustments and inquiry for a duration as defined by the Agency; and all "once in a lifetime" claims.

CMdS defines a retention period that is stored as part of each claim, whether an original claim, a replacement claim, an adjustment, or a void, and regardless of whether the claim denied or paid. This is a configurable set of values through our online data dictionary. We include a retention code that includes an option for once in a lifetime claims. This is a configurable set of values through our online data dictionary. We maintain retention code configuration based on Agency direction.

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SAO17
The Contractor's solution shall create, store, and return a unique identification number (e.g., internal control number) for all claims transactions as defined by the Agency.

CMdS-Claims processing assigns unique, non-duplicative, 17-digit transaction control numbers (TCNs) to claims, PMPM capitations, etc. This number is carried on the transaction from receipt all the way to storage for inquiry and reporting. The TCN provides critical data such as the Julian date received, batch number, transaction type, and method of receipt (media source). The unique identifier stays with the claim and all its attachments and supporting communications. No two claims have the same number.

The TCN provides critical data such as the Julian date received and method of receipt (media source). Figure 4.2.14-6 shows the structure of the TCN within CMdS-Claims.

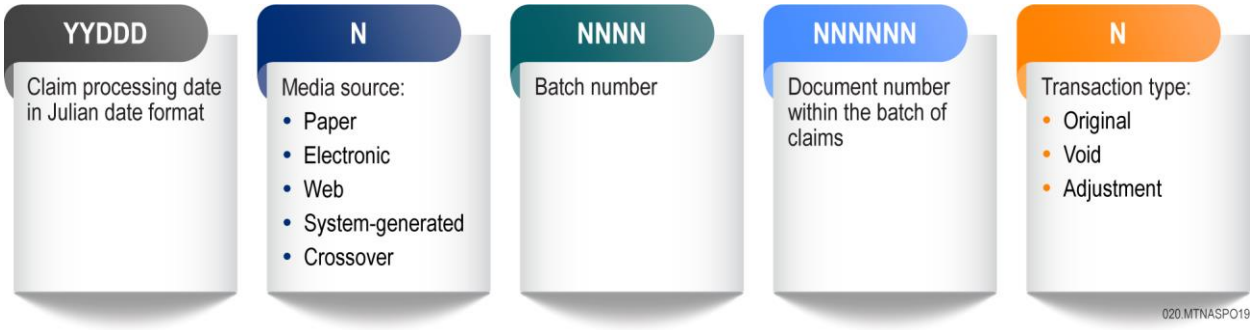

Figure 4.2.14-6. TCN Structure
The CMdS-Claims TCN structure yields a unique 17-digit number.

SAO18
The Contractor's solution shall have the ability to create, maintain, and produce regularly-scheduled and ad-hoc publications (both print and electronic) of multilingual documents as defined by the Agency.

Our publications tool, Adobe InDesign, supports the publication of multilingual documents. Language is a character attribute in InDesign, not a global setting. This feature allows InDesign to support publications that include multiple languages in the same publication. We work with the Agency to gain approval on all multilingual documents.

SAO19
The Contractor shall provide translator and integrated mapping software (e.g., flexible mapping functionality supporting all required formats and transactions, allowing for structure and information to be extracted directly from database tables, providing the ability to receive, assemble, validate, encrypt, respond, and transport batches of data to and from covered entities and other trading partners; accept, code, decode, balance, and transmit all current and future HIPAA healthcare transactions (e.g., 837, 835, 270, 271, 276, 277 (including unsolicited), 278, 820, 834, 997,999, 991, 824, TA-1) and providing support for automatically re-submitting the transaction when a transmission error occurs) as defined by the Agency.

Conduent's EDI solution currently processes all HIPAA-compliant standard electronic transactions. Our CMdS products are updated to support future approved HIPAA ASC X12 transactions as they become available based on our product roadmap. We have partnered with others to build a solution that

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specializes in trading partner management, adherence to HIPAA X12 transaction standards, and payer of front-end translation services. We assign all entities that transmit claims a unique submitter number and require each entity to submit/receive their transactions using HIPAA-compliant X12 transactions. Additionally, we require all entities to pass transaction testing to verify adherence to 45 CFR Part 162. Our solution supports all your required transactions. Our portal allows for resubmitting transactions when a transmission error occurs.

Conduent EDI solutions are approved to start their Electronic Healthcare Network Accreditation Commission (EHNAC) HNAP-EHN accreditations' 7th consecutive term effective March 23rd, 2019 through March 22nd, 2021. EHNAC is an industry-recognized compliance organization offering accreditations to a wide array of industries as well as being a newly minted HITRUST assessor. In the healthcare space, and specifically geared towards healthcare clearinghouses, the accreditation focuses on HIPAA and HITECH regulation as well as best practices for information and physical security. To receive full accreditation with EHNAC, an organization is subject to all the required criteria for HITRUST, as this organization has aligned their criteria with industry best practices with heavy narrative responses on seven executive summaries and 147 individual criteria, which can contain as many as 30 sub-questions along with proof of compliance.

In addition to a self-assessment, EHNAC assessors tour our operational sites as well as data centers for presentations and inspections for best practices. EHNAC publishes a list of credentialed organizations on their website. This level of dedication to third party evaluation is an example of Conduent's commitment to security and privacy of your data.

SAO20

The Contractor's solution shall provide predictive modeling capability for the management of quality and cost-effectiveness of healthcare services, as defined by the Agency.

Conduent's experience in public healthcare analytics includes predictive, statistical, financial, and comparative analysis. Our approach includes a blend of quantitative and qualitative methods and techniques, and our solutions provide the capability and flexibility to analyze and manipulate data and most importantly understand the health status, utilization, quality, financial performance, and outcomes of your population.

For example, if there is low primary care provider (PCP) coverage in an area, we could expect to see an increase in the usage of the local ER for non-emergent services. Another example would be that if there are no OB-GYN specialists in a given area, we could expect to see not only an increase in the ER usage, but also unacceptable outcomes due to limited prenatal coverage.

Our focus is to support policy changes that result in cost savings for the State and better health outcomes. By participating in analytics and predictive modeling projects, we can provide insights that lead to changes that support those better outcomes.

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SAO21

The Contractor shall develop and maintain a configurable summary dashboard for ticket requests with the ability to drill-down to detailed information to include, but not limited to: ticket type, identifier, prioritization, description, related notes or comments, request date, requester, start date, assigned resource(s), estimated completion date, estimated hours, hours worked to date, documentation impact and status, testing reports and status, agency approval, implementation date, post implementation updates as defined by the Agency.

We use Azure DevOps for ticket management. Azure DevOps supports requirements management, project management for agile development, task assignment, and test management for the project. DevOps tracks "work items" with configurable attributes that allows us to support all required fields for tickets, including description, priority, estimated hours, hours worked to date, impact to design, impact to development, impact to publications, related test cases and defects, as well as approval records. We provided an example of an Azure DevOps dashboard in our response to ID SAO06.

SAO22

The Contractor's solution shall serve as the EDI broker/gateway to create, edit, receive, and respond (e.g., real-time, SFTP, batch file upload), translate, and process X12, standardized transactions and current and future HIPAA standard transactions as defined the Agency.

Conduent's single and multi-tenant platforms were conceived and executed to support and maintain a wide array of ANSI X12 5010 transactions including, but not limited to the referenced 270/271 and 837D transaction types. Using COTS products connected by our ESB, our tools include a complete X12 library of transaction maps and schemas allowing our technologists to implement the full suite of transaction types (270/271, 276/277, 834, 820, 835, 837I/P/D, etc.) for various transaction sets such as 4010, 5010, and 6020 through configuration rather than custom coding.

Our robust platforms have the inherent ability to process in real-time and batch over various channels including, but not limited to, HTTPS, SFTP, AS2, AS3, S-FTP (FTPS), VAN/FTP, SOAP/MIME, and more as required for standard channels. At present, our single and multi-tenant platforms within our EDI vertical perform extraction, translation, and loading on over 500 million healthcare transactions annually for real-time, and batch submission across over 40 thousand active trading partners. A diagram of typical EDI processing is shown in Figure 4.2.14-7.

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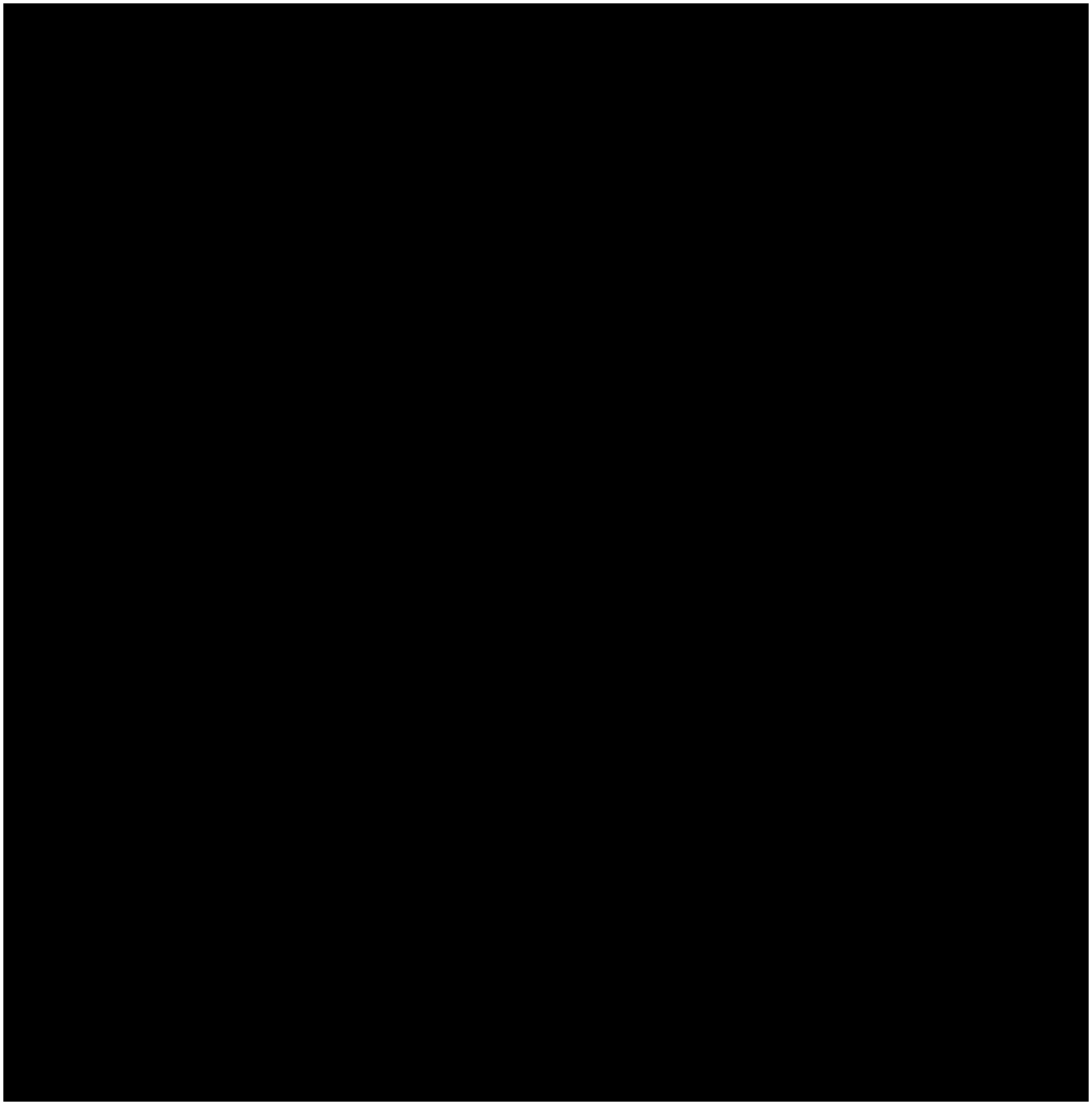

Figure 4.2.14-7. EDI Processing
Our EDI Gateway processes transactions and returns to the trading partner information about the processing outcome using standard transaction responses.

SAO23
The Contractor shall provide a secure web portal with the ability for members to receive REOMB and respond, as defined by the Agency.

Self-service functionality is available to members once they complete an initial sign-in and acquire their Member ID and PIN. After the member enters his or her Member ID and PIN to authenticate, the system

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takes the member to the secure member home page. Recipient explanation of medical benefits (REOMBs) are delivered to the member's message center. The member can receive an REOMB and respond.

SAO24
The Contractor shall receive, track, monitor, and respond (e.g., using Agency approved template, free-form) to inquiries through a secure portal inbox, as defined by the Agency.

Authorized users can submit inquiries from the CMdS-Claims external portal. These inquiries are received by our secure message center. The message center is tracked and monitored through bidirectional integration with the customer relationship management (CRM) system. All inquiry responses utilize approved templates and provide freeform text where necessary, resulting in timely and quality responses.

SAO25
The Contractor's secure web portal shall allow external users inquiry of member information (e.g., eligibility, demographic, detailed description of covered benefits and utilization information, service authorization requirements, copayment and out-of-pocket accumulation) as defined by the Agency.

The CMdS-Claims external portal allows authorized providers to inquire on a member's eligibility. The data content of the eligibility request and response is consistent with the data content of the X12 270/271 eligibility inquiry and response transactions. This ensures that providers receive the same member information regardless of how the request is initiated. The provider enters the required member information and the date(s) of service related to the inquiry.

The eligibility response notifies the provider if the member is eligible for that date of service and provides the following information:

- Member demographic information
- Eligibility and benefit plan enrollment details
- Managed Care enrollment information
- Patient responsibility details (copayments, coinsurance, and deductibles)
- Covered services

SAO26
The Contractor shall provide a secure web portal with the ability to view, retrieve, download and print remittance advice (e.g., x12 835, PDF) as defined by the Agency.

The self-service capabilities of the CMdS-Claims external portal allow providers to quickly and easily access critical information such as their remittance advice. Through the CMdS-Claims external portal, authorized providers have access to download a PDF of their remittance advice from their provider message center. They can view, retrieve, download, and print the PDF as needed. Providers that receive an X12 835 electronic remittance advice and are registered as a trading partner on the external portal have access to the EDI file retrieval mailbox.

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SAO27
The Contractor provide a web portal with the capability to receive, store, maintain (e.g., version history) and upload documents, as defined by the Agency.

The CMdS-Claims external portal supports publishing documents (typically in a PDF format) that providers, trading partners, and members can use to provide information about the programs the Agency supports. The portal has quick links, FAQs, and announcement links to make information easy to locate. Documents published on the external web portal are maintained and stored with version history and uploaded to the portal when approved by the Agency.

SAO28
The Contractor's solution shall provide a web portal with the ability for a secondary navigation scheme (e.g., breadcrumb trail) for navigation on the web portal as defined by the Agency.

Conduent understands the importance of designing website navigation and incorporating usability concepts to enhance the user experience; we have incorporated these practices into the design of our CMdS-Claims product. Breadcrumb-style optional navigation elements not only support the main menu but also reveal the hierarchy and show the path to current section of the website. Conduent incorporates breadcrumb style navigation on the web pages for users to find their way around and provide an alternate way to navigate around the website. This is an effective visual aid that indicates the location of the user within website's hierarchy.

SAO29
The Contractor's solution shall provide operational support and maintenance of the web portal to include a dashboard detailing usage statistics (e.g., user count, transactions, uploads, downloads, secure messages) as defined by the Agency.

Our CMdS-Claims product creates usage statistics by tracking the user's login details and the transactions performed by each individual user. Conduent's application performance management (APM) dashboard is configured for selected web pages to show various transaction statistics required by the Agency. Audit tracking functionality is available in our solution to track user interactions within the web site and statistical data requirements.

For operational support and maintenance, we will be using our APM tool's monitoring capabilities to proactively manage website transactions and downtime. This tool sends notifications to actively engage our operational support team to address potential issues. The monitoring dashboard displays overall transactional performance and system uptime/downtime statistics.

SAO30
The Contractor's solution shall provide a web portal with comprehensive functionality (e.g., contacting the Agency or a payee, view summary and detail information, remittance advices, warrant summaries, complete and submit an EDI trading partner application, frequently asked questions) as defined by the Agency.

Authorized providers can use the CMdS-Claims external portal to view their remittance advice as discussed in ID Number SAO26. The web portal also has claim status inquiry and payment inquiry functions so providers have access to view summary and detail information related to their submitted

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claims and reimbursement information. Providers can submit a trading partner application using the web portal, and once approved, they can upload their X12 files and retrieve any outbound files such as their electronic remittance advice (X12 835). The web portal has contact information and links to frequently asked questions to provider further assistance as needed.

SAO31
The Contractor's solution shall manage and maintain EDI transaction sets and permissions (e.g., eligibility inquiry and response only, 837 Dental submission and response only) for covered entities and/or trading partners as defined by the Agency.

Conduent's single and multi-tenant platforms were conceived and executed to support and maintain a wide array of ANSI X12 5010 transactions including the referenced 270/271 and 837D transaction types. Our platform comprises COTS products connected by an ESB. Our translation tools include a complete X12 library of transaction maps and schema use configuration to support all typical transaction types (270/271, 276/277, 834, 820, 835, 837I/P/D, etc.) for various transaction sets such as 4010, 5010, and 6020. We use implementation guides and schemas for transaction sets/types/schema from the Washington Publishing Company. As code sets are updated, we receive quarterly notification that updates are available and can be downloaded for consumption.

Trading Partner Permissions. During trading partner onboarding, there are three documents that need to be completed, as seen in Table 4.2.14-1. After approved, we import the trading partner, generate unique credentials, and send a welcome letter. We require transaction testing prior to production access. All submitted transactions will be validated against the trading partner profile and unapproved transactions are rejected.

Table 4.2.14-1. Trading Partner Enrollment Documents

Document	Purpose/Description
Trading Partner Application	Contains all identity information including credentials, contact and location information, what transaction types they are requesting, details on software to be used for transaction processing
Trading Partner Agreement	Roles and responsibilities for both Conduent and applicant
Business Associate Agreement	Additional expectations between organizations based on HIPAA/HITECH compliance language

SAO32
The Contractor shall create, maintain (e.g., current and historical versions) Agency-specific EDI companion guides in a format and timeframe defined by the Agency. All EDI companion guides must have the required Agency and/or federal approval.

Conduent creates companion guides to be used in conjunction with the standard Implementation Guide. The companion guide should not be considered a replacement for the Implementation Guide; rather, it should be used as an additional source of information. The companion guide contains data clarifications derived from business rules that apply specifically to processing for the Agency. The guide also includes useful information about sending and receiving data to and from Conduent EDI Solutions.

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SAO33
The Contractor shall provide a web portal with the ability to post and archive user specific or non-specific announcements or alerts (e.g., member, provider, specific benefit plan, and user role) that are displayed at user sign-on or at a frequency defined by the Agency. Users should be required to acknowledge the announcement so that it is not repeatedly displayed at subsequent sign-on, as defined by the Agency.

CMdS-Claims utilizes our highly configurable and flexible workflow tool to send notifications and alerts. When a user initially logs into CMdS-Claims, the home page displays the alerts and notifications so that each user is aware of any activities assigned to them based on the configured workflows along with important notifications. The user is required to acknowledge the notification or announcement if they do not want to see it displayed again the next time they log in.

SAO34
The Contractor shall provide an interactive web portal with smart links to Agency, Federal, provider, and member resources and information (e.g., provider manuals, instructions, bulletins, program descriptions and updates, fee schedules, eligibility criteria, forms, member guides, certifying agencies, SSA, public health care and nutritional programs) for viewing, downloading, and printing as defined by the Agency.

The CMdS-Claims external portal supports publishing documents that providers, trading partner and members can view, download, and print (e.g., provider manuals and fee schedules). The portal has quick links, FAQs, and announcement links to make information easy to locate. The external portal can also support smart links to redirect the provider or member to an external site. Figure 4.2.14-8 shows the quick links available to the public on the CMdS-Claims external portal. Figure 4.2.14-9 shows the quick links for authorized providers once they have logged into the CMdS-Claims external portal.

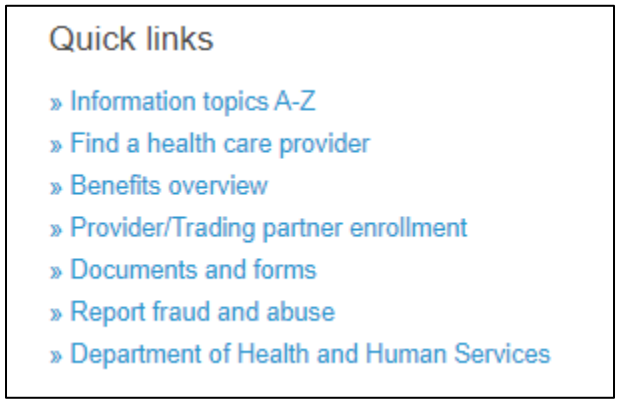

Figure 4.2.14-8. Quick Links
CMdS-Claims external portal public quick links.

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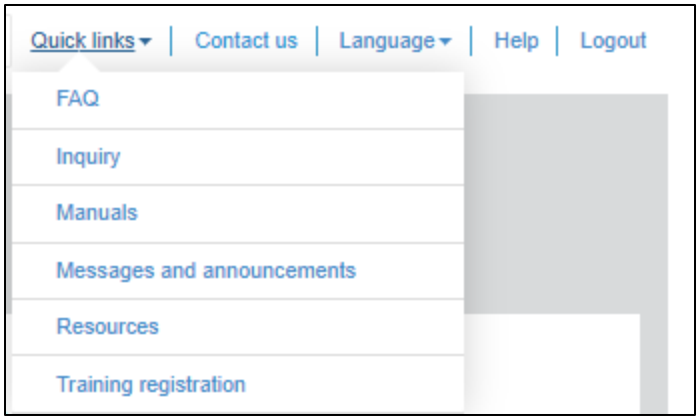

Figure 4.2.14-9. Quick Links
CMdS-Claims quick links available to registered users.

SAO35
The Contractor shall establish and maintain a reconciliation process for all paper claims and attachments received and provide a dashboard with daily aggregate summary and the ability to drill down by specific billing provider, claim type (e.g., professional, institutional, dental, nursing home) and search capabilities using all available data elements to validate all claims and attachments received are processed according to Agency defined business rules.

Control of paper claims begins as soon as the paper enters our mailroom. Our Digital Mailroom assigns a Transaction Control Number (TCN) to each paper claim as part of scanning, indexing, and image storage. Upon receipt we capture, number, and maintain in the document repository an electronic image and format of each hardcopy document. Paper claim documents become part of a batch that we can monitor through the batch control function, which indicates the status of batches in the system, prevents the entry of duplicate batches, and provides a balancing control count for claims entered into the system.

CMdS-Claims automatically reconciles the number of claims in the batch to the number specified on the batch control record. Management staff reviews reports daily to confirm timely entry of batches and to balance and account for every claim in a batch. A batch remains on the Batch Status Aging Report until the system reconciles the claim count and batch count.

The CMdS-Insights module is built on an industry-standard business intelligence product and includes drill down, summary, search, and visualization capabilities. Using the library of reports and our visualization capabilities, we include visualized data on the dashboard to support management of paper claims. You can read more about our dashboard capabilities in our response to ID SAO43.

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SAO36

The Contractor shall identify, procure, and maintain licenses for all reference data (e.g., payment methodologies, claims editing, translator(s)) and electronic copies (e.g., implementation guides, reimbursement methodologies, National Correct Coding Initiative policy manual) necessary to support the acceptance, editing, pricing, adjudication, and payment of healthcare and non-healthcare claims for use by all modules as defined by the Agency. These licenses must allow the reference data to be shared with other modules (e.g., care management, EDW, provider services, TPL, customer care, fraud waste and abuse) to support the administration of the Agency healthcare programs.

We maintain current licensing for all data required under our scope of work with appropriate provisions to share reference data with other modules.

SAO37

The Contractor's Electronic Data Interchange solution shall provide the ability to support the exchange of EDI transactions with multiple distinct segregated testing environments with the full functionality of the production environment (including transaction processing, editing, validation, and reporting). The EDI solution will have the capability to create, update, and maintain X12 transactions (i.e. 834, 837, 270/271) as part of targeted testing scenario groups to support comprehensive system wide regression testing across all claim types, eligibility groups, and provider types as defined by the Agency. Following the execution of each EDI regression test group, Contractor will perform automated reconciliation between the test outcomes and the expected outcomes. Whenever possible, EDI regression tests should utilize real production transactions and outcomes for EDI regression tests.

Conduent EDI Solutions supports multiple connectivity protocols as well as interoperability with a variety of third-party connectivity and middleware products. We support EDI and non-EDI data transmissions between healthcare stakeholders in a safe, efficient manner. Our services include providing transaction validation, transaction response, and any-to-any translation services. Our solution is fully 5010-compliant, and within the Medicaid space, was the very first solution to reach the ACA Section 1104 Phase I mandate. Our required configurable ports are built to suit the business needs of our clients.

Our EDI solution provides connectivity for the flow of PHI data among providers, facilities, claims payment agencies, State offices, clearinghouses, and various other data trading partners that exchange data with various Medicaid Management Information Systems and Commercial Insurers. Further, it is designed to support the future exchange of data flow through its service-oriented architecture (SOA) and use of commercial off-the-shelf (COTS) data transformation and data validation sub-components.

Our complete end-to-end solution with enterprise class tracking and transaction logging uses the TIBCO Foresight Instream Product suite to support our SOA. We have combined complex systems into manageable workflows with TIBCO BusinessWorks and Business Events components, creating an Enterprise Service Bus (ESB) for all EDI processing. With the ESB, we manage how the transactions interact and flow through our systems through configuration rather than coding.

The TIBCO Transaction Insight works with other components including the robust COTS Informatica B2B Data Transformation (DT) and EDIFECS XEngine for clean translation and validation while providing visibility and control over the entire transaction lifecycle. The TIBCO Foresight platform integrates Informatica B2B DT to manage each step in the data receipt, transformation, and delivery process. Informatica B2B DT serves as the translator tool for mapping either to a common format, such as

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X12N, or to a proprietary format for use within another application. Tightly integrated with Informatica is the EDIFECS XEngine tool, a compliance check module that includes data validation and compliance reporting. Built into this process is a complete tracking and reporting component that allows the system to identify each file, record statistics for each file, and report file status at any point in time. Such components' improvements include effectively interpreting results, handling failures, and accurately generating performance measures.

Whether it is a single or multi-tenant environment, Conduent EDI Gateway solutions all have dedicated User Acceptance Testing (UAT) and Systems Integration Testing (SIT) as standard component environment in all implementations.

Conduent EDI uses IBM Rational testing software for manual testing. For automated testing, Conduent uses Selenium products, leveraging page object model with data driven framework. Selenium provides test specific language to write tests in multiple current programming languages against most modern web browsers and platforms.

Orchestrating Workflows to Allow Easy Configuration for Client Requirements. Integration is a critical component of our SOA. TIBCO's ActiveMatrix BusinessWorks and Business Events enables us to leverage existing legacy systems as services, build new services within TIBCO, and orchestrate/assemble them into more flexible applications. Through effective integration and building reusable services, we can quickly and efficiently develop the workflows to support the payer clients' business requirements, testing needs, and transaction implementations. With our ESB, we have moved away from a file drop model to a workflow model. Files enter their queue with associated workflows, which align with MITA's standardized trigger, predecessor, and successor event components. Created with Business Events, the workflows are based on business needs and support complex situations such as processing file "A" when file "B" and file "C" have been successfully processed.

SAO38

The Contractor shall establish and operate a mailroom for the intake of physical correspondence (e.g., scanning, batching claims, claims and attachments, faxes, adjustments and/or voids, medical records, appeals and grievances, letters, documents, surveys, returned mail) and processing and mailing of outbound physical correspondence (e.g., claims that fail prescreening, letters, documents, surveys, handbooks, mass mailings) including producing mailing labels.

In order to fulfill the terms of this contract, we establish a fully operational mailroom to handle the variety of correspondence received daily. We provide the mailroom with the necessary equipment (faxes, scanners, computers, printers, etc.) to process mail in a timely and efficient manner. Outbound mail is be handled by the local mailroom; while larger mailings can be handled by one of our solution centers. The mailroom staff sorts correspondence quickly and efficiently to maintain a smooth flow of data to the various units throughout the building(s). We distribute returned mail to the appropriate personnel to research why the mail was undeliverable.

Outbound correspondence such as mass mailings, ID cards, evidence of coverage, etc. are handled by either one of our large print and mail facilities, or our mailroom. Both provide prompt turnaround on services to meet the needs of our members and meet the requirements of the contract.

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SAO39
The Contractor shall provide a courier to pick up and drop off mail at the Agency designated USPS facility including delivering provider correspondence, administrative mail, and other non-claims mail to the appropriate functional areas (e.g., Agency staff).

A member of our mailroom staff serves as the courier and transports mail to and from the designated USPS facility. Received mail is promptly distributed to Conduent and Agency staff for handling.

SAO40
The Contractor's solution shall test all current and future HIPAA transaction processing according to guidelines developed by the Strategic National Implementation Process as defined by the Agency (e.g., compliance testing; application, operations, and interface testing; business to business testing).

EDI Gateway Solution adheres to guidelines of the EDIFECS library standards. This means that the Integrity and Syntax validations are performed along with SNIP (Workgroup for Electronic Data Interchange Strategic National Implementation Process) level validations. EDI validates all transactions with SNIP levels 1 and 2.

Table 4.2.14-2. SNIP Level Edits

Level	Description
Level 1	Checks for valid segments, segment order, element attributes, numeric values in numeric data elements, validation of X12 syntax, and compliance with X12 semantic rules
Level 2	• Checks for limits on repeat counts, used and not used qualifiers, elements, and segments • Checks for HIPAA required or intra-segment situational data elements, on-medical code sets as laid out in the implementation guide, values and codes noted in the implementation guide (by means of an X12 code list or table), and HL parent-child relationships

EDIFECS maintains code sets and sends updates to vendors and users as soon as they are available. Once the EDI Gateway receives the updated code sets in a file, it performs the update during maintenance windows.

SNIP levels 1 and 2 exceptions identified by EDI validation are reported using the X12 999 functional acknowledgement transaction set. A positive 999 shows that the transaction is compliant or accepted and will be sent to MMIS. A negative 999 shows the transaction is non-compliant or rejected and will not be sent to the MMIS. When EDI validation rejects a transaction, the rejection information is posted to the submitting trading partner's mailbox. The 999 contains details to assist the trading partner in diagnosing the error so the transaction can be corrected and resubmitted. The EDI process also posts a user-friendly validation audit report to the trading partner's mailbox. Within a large file, only the non-compliant claims are rejected.

Having multiple Medicaid states operating in single and multi-tenant platforms within our EDI vertical, most of our accounts implement SNIP levels 1 and 2. However, EDI possesses the ability to validate transactions up to SNIP level 7 upon demand. With each additional level of SNIP enabled, there is often a temporary adjustment period of higher rejections as the submitter community adapts to the heightened requirements.

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SAO41
The Contractor's shall create materials at a reading level and for a culturally diverse population in a language or format (e.g., Braille, large-fonts, recordings) preferred by the intended recipient (e.g., member, provider) as defined by the Agency.,

We create documentation at a reading level that is appropriate for our clients. Due to the many diverse populations, we need to discuss with DPHHS which languages and specialized formats (such as Braille and large font) must be published in our documentation. This is to include initial mailings, letters, brochures and any other correspondence deemed necessary by the Agency. The required formats are also be used as appropriate to the population being served.

SAO42
The Contractor shall not require travel by Agency staff outside of the primary project location to support contract activities, as defined by the Agency.

Conduent will not require travel by Agency staff outside of the primary project location to support contract activities.

SAO43
The Contractor's solution shall provide a configurable dashboard to display transaction activity (e.g., average processing time and transaction volume) as defined by the Agency.

The CMdS-Insights module is built on an industry-standard business intelligence product. The platform flexibility allows users to make quick changes to support the program's evolving administrative and fiscal reporting needs. When designing ad hoc queries or performing specific analytics tasks, the user defines all parameters using intuitive, visual input functions. Both novice and power users will find CMdS reporting as intuitive as web browsing.

Figure 4.2.14-10 shows sample dashboard graphics and a high-level list of available report categories. By selecting a category, the user gains access to a detailed list of reports. Several of these reports allow users to enter parameters – such as date ranges, member program, living arrangement code, or level of care—in order to present exactly the desired view of the data. During the implementation, we work with you to identify reports from our report library for visualization on the dashboard.

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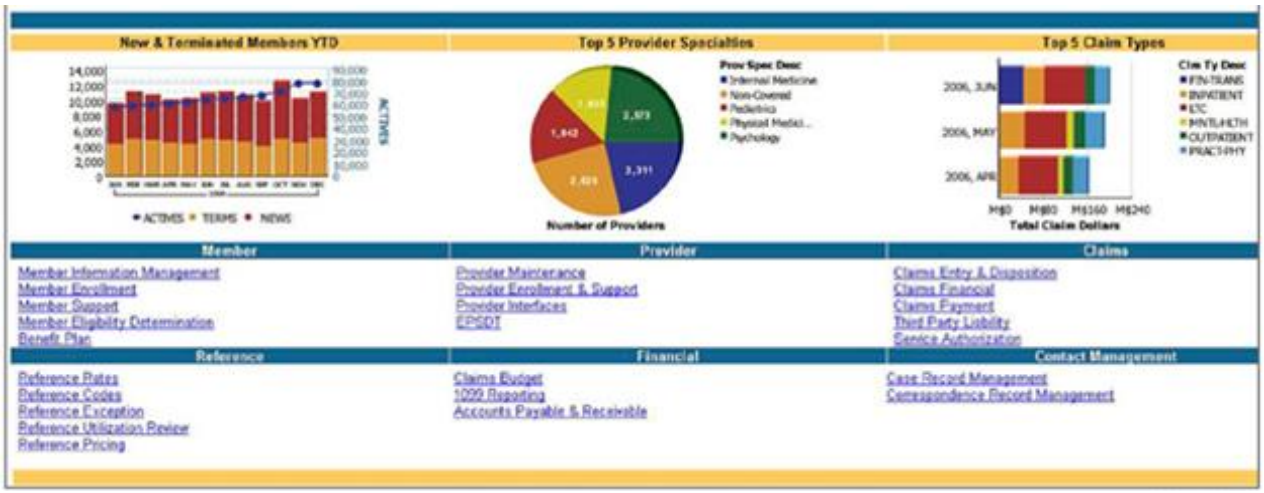

Figure 4.2.14-10. Dashboards with CMdS-Insights
Our solution supports the creation of dynamic reports, dashboards, and other visualizations with drill-down capability.

SAO44
The Contractor shall create and maintain the comprehensive conceptual, physical, and logical data model for all data throughout the life of the contract as defined by the Agency.

Over decades of healthcare processing for public health programs, we have defined and enhanced our data model. The different views of the data model are maintained throughout the project and used for their appropriate purpose. For example, the conceptual data model is good for discussion about how to store new types of information, while the physical data model conveys how the structures are implemented in a database.

- **Conceptual Data Model.** Our CMdS conceptual data model is the most abstract form of data model level to create a common vocabulary for all our business stakeholders as shown in Figure 4.2.14-11. We base our conceptual business model on MITA business areas. This helps our logical schema and physical schema to use the same foundation and when it comes data sharing and harmony in a modular ecosystem this becomes a facilitator.
- **Logical Data Model.** CMdS logical data models help to define the detailed structure of the data elements in the system and the relationships between data elements. We have created CMdS logical models in UML class notation and maintain them to stay current.
- **Physical Data Model.** Our DBAs maintain the CMdS physical data model to visually represent the structure of CMdS data as implemented by a relational database schema. In addition to providing a visual abstraction of the database structure, this data model also helps our DBAs to automatically derive the database schema from the model using data modeling tool. We maintain rich meta-data for our physical data model and its close mapping to aspects of the database schema, such as database tables, columns, primary keys, and foreign keys.

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Figure 4.2.14-11. CMdS Conceptual Data Model
CMdS Conceptual Data Model helps align to MITA business architecture as a founding principle for underlying logical schema

SAO45
The Contractor shall allow the state to purchase software licenses and software maintenance directly, if determined to be in the best interest of the Agency, for use within the solution as defined by the Agency.

Conduent understands the State may choose to purchase software licenses and software maintenance directly, if determined to be in the best interest of the Agency. We will use the purchased licenses within our solution as defined by the Agency.

SAO46
The Contractor's solution shall only utilize production data for testing with approval as defined by the Agency.

Our standard practice during testing is to use deidentified data. Should there be a need to use production data, we make a request and—if approved—only then copy production data to a designated test environment.

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SAO47
The Contactor's solution shall have the capability for use of the Web Portal to report fraud, waste, and abuse as defined by the Agency.

Our web portal has a link that provides stakeholders access to the necessary information for reporting on fraud, waste, and abuse. The link supports publishing an instruction manual and providing contact information. Figure 4.2.14-12 shows the quick links include the option to report fraud and abuse.

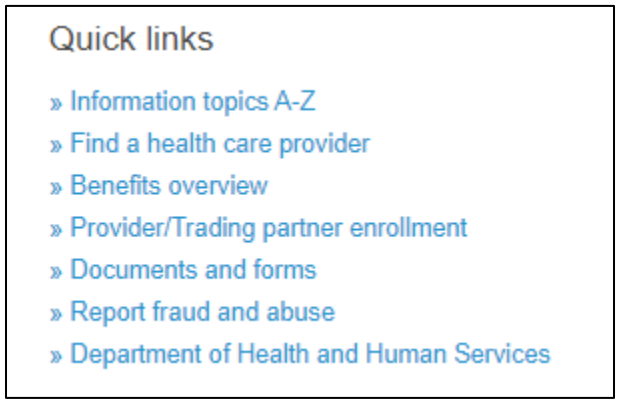

Figure 4.2.14-12. Quick Link to Report Fraud and Abuse
Our CMdS-Claims web portal supports reporting fraud, waste, and abuse.

SAO48
The contractor's solution shall have the ability for members to manage their account using a Web Portal (e.g., verify eligibility (request a replacement Medicaid ID card), view claims information, and file complaints) as defined by the Agency.

Our CMdS-Claims external portal supports member self-service activities and the ability for members to manage their account. Once a member has requested log in credentials, they can use the external portal to verify their eligibility, request a replacement Medicaid ID card, and view claim information. In addition, members have access to frequently asked questions and other reference materials published on the portal.

SAO49
The Contractor shall supply staff to analyze, develop, and configure payment methodologies and coordinate with Agency staff during rule and policy changes as defined by the Agency.

Our SMEs are knowledgeable about the capabilities of CMdS-Claims to support many payment methodologies. They work with you to formulate rule and policy changes; sharing their expertise and making recommendations. Our SMEs also analyze regulatory changes to payment methods to identify and share with you the impact on our solution.

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SAO50
The Contractor's solution shall provide a web portal with the ability to upload forms and supplemental claim documents (e.g., primary payer EOB, medical records, contractor published documents, requests for information) and automatically associate the file to the claim or member record, as defined by the Agency.

The CMdS-Claims external portal supports submission of claims attachments and supporting documentation. Figure 4.2.14-13 shows the web page for submission of attachments. Additional self-service support for providers includes the ability to upload forms and documents in response to requests for additional information. The documentation is indexed to the claim or member record and stored in EDMS.

Figure 4.2.14-13. Attachment Upload
This screen is where a user uploads attachments on the external portal.

Additional self-service support for providers includes the ability to upload participant attachments, forms, and documents in response to requests for additional information.

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SAO51
The Contractor's solution shall process the following transactions: 837I Healthcare Claim: Institutional 837P Healthcare Claim: Professional 837D Healthcare Claim: Dental 835 Healthcare Claim Payment/Remittance Advice 270 Eligibility, Coverage, or Benefit Inquiry 271 Eligibility, Coverage, or Benefit Information 276 Healthcare Claim Status Request 277 Healthcare Claim Status Response 278 Healthcare Services Review – Request and Response 820 Premium Payment 834 Benefit Enrollment and Maintenance 997 Acknowledgement 824 Application Advice.

Conduent's EDI solution currently processes all these HIPAA-compliant standard electronic transactions today. We assign all entities that transmit claims a unique submitter number and require each entity to submit/receive their transactions using HIPAA-compliant X12 transactions. Additionally, we require all entities to pass transaction testing to ensure adherence to 45 CFR Part 162. Our solution supports all your required transactions.

SAO52
The Contractor's solution shall accept, screen, date-stamp, assign unique control numbers, and store hard copy all claim forms and attachments.

Upon receipt of hard copy claims with or without attachments, we use workflows within the Conduent Digital Mailroom to scan all associated pages together and associate them with a unique Document Control Number (DCN). For claims, our solution assigns a Transaction Control Number (TCN). These identifiers uniquely identify documents.

SAO54
The Contractor's hosting environment for all module components shall be compliant with Statement on Standards for Attestation Engagements (SSAE-18) SOC 2 Type 2 and has Federal Risk and Authorization Management Program (FedRAMP) Certification, FedRAMP Risk Assessment that indicates compliance, or has a documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation. If the Contractor proposes either a multi-tenant solution or a public cloud, hybrid cloud (Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS)), or community cloud environment, the vendor must ensure that the environment is either FedRAMP certified or that the shared resources are only accessible by HIPAA-covered entities as defined in 45 CFR 160.103.

Our infrastructure is primarily being provided by our public cloud hosting provider and has a FedRAMP certification and risk assessment. Other infrastructure meets your requirements for a documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation. We meet your requirement to be compliant with a SSAE-18 SOC 2 Type 2 in accordance with our scope of work.

SAO55
In the event the Contractor is unable to continue meeting the requirements for the approved hosting model or if the Contractor desires to transition to different hosting model that is compliant with the requirements of the contract, the Contractor must: 1) provide the state with the opportunity to verify compliance of the new hosting environment with the contract requirements in advance of transition, 2) ensure that there is no additional cost to the state for the new hosting model, and 3) ensure that there is no disruption of service to end users as a result of the transition.

Should the need occur to change hosting models, we agree to adhere to the requirements ID SAO55.

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SAO56
The Contractor's solution shall receive, store, create, and maintain an indicator and effective dates of an enrolled provider's participation in state specific programs (e.g., health home, primary care enhanced rate) as defined by the Agency.

CMdS-Claims captures date-specific provider enrollment information. The provider enrollment information can be created and maintained using the CMdS-Claims user interface or updated via an interface using our standard API to process a file from the Systems Integration Services contractor. Provider enrollment in state-specific programs is maintained in the network enrollment, which is associated to a benefit plan. An individual provider can be associated with multiple overlapping networks if they are eligible to render services in multiple benefit plans. Figure 4.2.14-14 shows the provider enrollment and network enrollment in the CMdS-Claims user interface.

Figure 4.2.14-14. Provider Enrollment
This user interface displays the provider enrollment and network enrollment for a state-specific program.

SAO58
The Contractor's solution must evaluate criteria defined by the agency (e.g. provider participation flags for specified programs) to adjudicate claims and established pricing.

CMdS-Claims has configuration options and reusable patterns to meet many agency requirements with a configuration change. For example, we can handle provider participation flags for specified programs in our benefit plan configuration. We link providers to the services they are authorized to deliver and tie appropriate rates to the benefit plan.

SAO59
The Contractor's solution shall validate that the member is assigned to the provider and has active eligibility for the period prior to payment.

Should the State mandate primary care physician (PCP), managed care, or member lock-in processing, CMdS validates the member's eligibility is valid for the claim dates of service and ensures the member is enrolled or assigned to the provider's plan. Member enrollment processing assigns each member to an appropriate benefit plan based on member criteria, such as age, gender, address and/or category of eligibility. When the member is assigned to a managed care or PCP benefit plan, or assigned to a lock-in, provider limits may be placed on the provider who can submit for the member. For the claim to pay the provider the member must enrolled in the same benefit plan and eligibility and enrollment dates must coincide.

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SAO64
The Contractor's claims processing environment will be sized to process up to 200 concurrent transactions per second.

Based on the State's Question & Answer Board response to *Attachment F, SAO64*, we understand that the transactions include any type of transaction required to meet our scope of work. Using the scaling capabilities of our cloud-based infrastructure and architecture, CMdS-Claims processes transactions on variable-sized infrastructure based on expected load and required service levels. Based on the State's Question & Answer Board second response to *Attachment F, SAO64*; we have considered our experience, industry knowledge, and our understanding of volumes to determine our approach. Our scaling capability allows us to size our processing environment to support up to 200 concurrent transactions per second without wasted excess capacity.

SAO65
The Contractor shall provide tools for comprehensive performance monitoring and reporting via a dashboard, for SLAs related to the claims processing and management services scope of work and performance of the claim solution.

CMdS-Insights is our solution to provide performance monitoring, reporting, and dashboarding for SLAs and performance metrics. A significant benefit of dashboard reporting is the ability to combine key performance indicators with historical trends. The dashboard contains cascading scorecards that build metrics from disparate or cross-functional data sources, including relational databases, business intelligence sources, Microsoft Excel, flat files, and user-entered values. Our solution supports access to real-time data sources and enables users to easily change report timeframes, sort sequences, formats, and presentation features.

SAO66
The Contractor must provide a secure communication mechanism that can be accessed by multiple vendors based on user role as defined by the Agency.

We provide a number of mechanisms to support secure communications in our contracts. Including TLS-based email communications, firewalls, secure VPN's, and secure FTP (SFTP) transfers, our approach supports both security and collaboration with other vendors.

SAO67
To support exchange of data with the MMIS requested by other entities, the contractor shall establish network connections with other MMIS vendors or State trading partners as determined necessary by the State and shall host related hardware and software components to support secure network connectivity at a reasonable cost that is paid by the other MMIS vendors or trading partners and shall establish Interconnection Security Agreements that document interface characteristics, security requirements, and the nature of the information communicated over the connection

With this RFP you have encouraged the use of cloud-based technology wherever advantageous. Public cloud providers encourage the use of encrypted VPN-based connections to avoid the clutter and complexity of physical network infrastructure. We believe it is generally not necessary to install dedicated network equipment such as vendor-owned routers due to low latency, high bandwidth provided by

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available communication channels. Conduent can satisfy and host such requests on a case-by-case basis with appropriate contractual and operational justification.

Regardless of communication method, we work with the other vendor and the Agency complete all required documentation. We're familiar with filling out Interconnection Security Agreements (ISA) using templates, such as the one CMS provides on their website. At a high level, this agreement covers the business rationale, the data to be exchanged, controls in place, the details of the connection, and contact personnel.

SAO69
Contractor shall ensure that individuals occupying Key Personnel positions shall, at a minimum, provide services between 8:00 a.m. and 5:00 p.m. local time Monday through Friday unless a resource-specific alternative schedule is approved by the Agency.

We understand and comply with your expectation that Key Personnel must be available during your normal business hours of 8:00 a.m. to 5:00 p.m. local time, Monday through Friday, unless otherwise approved by the Agency.

SAO70
The Contractor's solution shall allow authorized users to search and view Claims Based Medical History.

The CMdS-Claims inquiry user interfaces provide a powerful tool for authorized users to research and inquire into processed claims. The claims inquiry user interfaces provide multiple search options to access the claim data based on user roles and the associated data access needs. As shown in Figure 4.2.14-15, our product's claims inquiry basic and advanced search options range from TCN, provider ID, and member ID, to other advanced options such as procedure and/or diagnosis codes. The advanced search provides additional data filtering capabilities so users can refine their criteria, yielding the most efficient results.

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Figure 4.2.14-15. Claims Inquiry Advanced Selection Web Page
This screen allows users to enter claims inquiry selection criteria in a provider- or member-centric view.

SAO71
The Contractor's solution shall include a self-service tool for providers to directly and efficiently enter claims.

Our CMdS-Claim external web portal offers providers the ability to directly enter claims and receive a real-time confirmation with the adjudication results. The CMdS-Claims external web portal was designed to support providers in submitting their electronic claims in an easy, efficient, and accurate manner.

The external portal has the following additional capabilities to support efficient claims submissions:

- **Save claims.** The provider can save the claim prior to submission and come back later without losing any of the data entered.
- **Edit/delete saved claims.** This allows the provider to complete the claim data entry and submit. If the saved claim data is no longer needed, they can simply delete the saved claim.
- **Create a claim from a template.** This supports submitted claims based on previously created template data.
- **Create a claim from a previously processed claim.** This allows for quick submission of claim adjustments, voids, or claims with very similar data.

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- **View submitted claims.** Submitted claims can be viewed to ensure all billing is complete (e.g., roster billing or validation of all daily submissions).
- **Create a template.** Templates are used to reduce the keying on individual claims. Providers can create templates with common data entered so it will prepopulate when they create the claim from the template. This supports roster billing and billing of routine services such as a dental cleaning.
- **Copy a template.** The ability to copy templates saves keying and reduces the chance of error. For example, the billing provider details can all be copied from one template to another, then only the member- or service-specific details need to be entered.
- **View/edit/delete templates.** Allows providers to update and maintain their templates to support their billing needs.

SAO72
The Contractor's online self-service claims entry tool shall accommodate and accept all claim types including Professional, Institutional, Dental, Encounter claims, Adjustments, Roster billing, claim corrections, and the ability to void and replace claims.

Our CMdS-Claim external web portal supports the full 5010 837 data content, but the layout is grouped by commonly-used fields in a manner that guides the provider through the entry process. There are claim type specific layouts for professional, dental, and institutional claims along with FQHC/RHC providers submitting encounter claim services. Providers can submit adjustments and corrections as well as void previous claims submissions.

Additional features on the portal include template capabilities that allow the providers to create custom templates to support their routine billing requirements. Templates can be maintained and configured to each provider's individual needs to support roster billing templates and can be configured for each member and any additional data that doesn't change from month to month. The provider can then utilize the template to create a claim, add the dates of service and specific monthly billing data, and submit the claim for processing. There is not a limit to the number of templates, and the provider can name each template with a descriptive title that makes it easy to recall which template to select when billing their claims.

SAO73
The Contractor's online self-service claims entry tool shall include a validation feature that performs real-time front end editing prior to claim submission, not allowing submission of claims that fail the front end edits. Edits will include, but are not limited to, active provider enrollment, member eligibility, valid revenue codes, procedure codes, and diagnosis codes. Front end edit(s) shall be displayed to the user for review and correction. The validation feature will not display pricing information.

When it comes to superb customer service, providers need self-service features that allow them to easily complete claim submissions. Our CMdS-Claims external portal provides comprehensive capabilities to perform a variety of tasks online and in real-time. Claim adjustments, voids, and resubmission of denied claims are supported using either the direct entry pages for individual claims or batch X12 submission.

Our CMdS-Claim external web portal offers providers the ability to directly enter claims and receive a real-time confirmation with the adjudication results. The external portal supports the full 5010 837 data content, but the layout is grouped by commonly used fields in a manner that guides the provider through

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the entry process. As providers enter the claim data, the system performs validation in real time, highlighting any missing required fields, noting improper formats (e.g., alpha characters in a numeric field), and posing questions throughout the page to assist with accurate submissions the first time. Providers can correct the errors as they complete the claim entry.

Our product performs the validations for provider and member eligibility and code set validations during the real-time adjudication processing. This gives the provider accurate and consistent information using the same configuration and business rules. The confirmation page clearly identifies any exceptions posted to the claim, and the provider can quickly make any necessary changes or corrections.

SAO74
The Contractor's online self-service claims entry tool shall allow an authenticated user to upload an attachment to associate with a specific claim or multiple claims.

The CMdS-Claims external portal allows authenticated providers to upload claims attachments and supporting documentation. The provider specifies the TCNs the attachment should be linked to, and this information is used to index the attachment in EDMS. Additional self-service support for providers includes the ability to upload participant attachments, forms, and documents in response to requests for additional information.

SAO75
The Contractor's online self-service claims entry tool shall instruct users to include a claim confirmation number on any paper attachment when users indicate that an attachment is being mailed or faxed in order to allow for efficient association between a claim and an attachment.

In addition to allowing upload of attachments during claims submission on the CMdS-Claims external portal, providers can elect to send the supporting documents via mail or fax. The system presents a confirmation page to the provider after their claim has completed real-time adjudication. The page instructs the provider to print and attach the confirmation page when sending additional documentation. The confirmation page also has the mailing address and fax numbers for easy reference.

SAO76
The Contractor's online self-service claims entry tool shall allow users to indicate paper attachments will be mailed and/or faxed.

The CMdS-Claims external portal claim submission allows providers to indicate the type of attachment and delivery method. When the provider elects to send the attachment information in the mail or fax the confirmation page includes the ability to print the confirmation page and includes the mailing address and fax number for easy reference. Figure 4.2.14-16 shows the attachment data entered on the claim, including the delivery method.

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Figure 4.2.14-16. Attachment Type and Delivery Method
On the external portal, the provider indicates the claim has attachments and specifies how the attachments will be delivered.

SAO77
The Contractor's online self-service claims entry tool shall provide a tracking or control number to the user upon successful completion of the transaction.

Claims entered by the provider on the CMdS-Claims external portal are adjudicated real-time after submission. The provider receives a confirmation page that includes the TCN of the claim along with the claim status. This confirmation page can be printed for the provider's records.

SAO78
The Contractor's online self-service claims entry tool shall provide a configurable auto populate feature for appropriate fields for each claim type (e.g., provider information, submission date, member associated information).

Our CMdS-Claims product self-service claim entry tools include template capabilities that allow the providers to create custom templates to support their routine billing requirements. Templates can be maintained and configured to support each provider's individual needs. Providers can pre-populate relevant data that will assist them in efficient and accurate claim submission. The provider can then utilize the template to create a claim, add the dates of service and specific monthly billing data, and submit the claim for processing. There is no limit to the number of templates, and the provider can name each template with a descriptive title that makes it easy to know which template to select when billing their claims. This approach gives the provider the control of which data is pre-populated from the template and best supports their claim submission needs.

SAO79
The Contractor's online self-service claims entry tool shall include a claim template feature that allows users to create a template to be stored and used in the online claims entry tool.

As discussed in ID Number SAO78, our CMdS-Claims product self-service claim entry tools include template capabilities that allow the providers to create custom templates to support their routine billing requirements. Templates can be maintained and configured to support each provider's individual needs.

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The provider can then utilize the template to create a claim and submit the claim for processing. There is no limit to the number of templates, and the provider can name each template with a descriptive name that makes it easy to know which template to select when billing their claims.

SAO80
The Contractor's solution shall provide search capabilities for users entering data in the online claims entry tool. The search tool will include provider information and provider associated service authorization information.

Our CMdS-Claims external portal allows authorized providers to utilize the claim status inquiry web page to search for their claims and review the current status. Providers can also search their saved claims that have not yet been submitted, search their templates, and search their payment information on the payment inquiry page. Providers also have access to search for their service authorizations to check the status of the authorization and validate the remaining units or amounts.

SAO81
The Contractor's online self-service claims entry tool shall convert all entered claims into an X12 837 format.

Our CMdS-Claim external web portal offers providers the ability to directly enter claims and receive a real-time confirmation with the adjudication results. The external portal supports the full 5010 837 data content. In order to provide real-time adjudication results to the provider, the external portal does not translate the output into an X12 format but uses the CMdS-Claims standard data object format to efficiently integrate with claims processing.

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4.2.15 Service Authorizations [RFP 3.10.15, Attachment F]

REQUIREMENT: RFP Section 3.10.15, Attachment F

This section addresses authorization requirements. The Claims Processing and Management Services solution needs to include functionality for both service authorizations and referrals. This functionality will be used by state staff, case managers, providers, and contractors. This functionality must be configurable to meet the needs of diverse programs (e.g., physical and behavioral health). Service authorizations are used to allow for specific services, track utilization, and monitor outcomes. The Claims Processing and Management solution will also create, update, and send referrals from primary care providers to other providers (e.g., specialty providers), as well as, from state staff to contractors. The Offeror must describe in detail their approach to meet each of the Service Authorization requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Our solution supports adjudication of service authorizations and referrals to support approvals, workflows, and automatic notice generation.

The Conduent Medicaid Suite (CMdS)-Claims module receives, enters, stores, updates, and processes service authorizations and referrals for professional, dental, and institutional claims and assists DPHHS and other state programs in managing Medicaid and state-specific waiver programs. The module requires service authorizations and referrals according to State policies.

Our module is flexible, scalable, and reliable. It processes a wide range of requests and appropriately applies service authorization business rules. A significant benefit of our system is the wide variety of data-driven configurable rules used during the claims adjudication process to post authorization exceptions to claims based on your policies.

Enhanced Functionality for Service Authorizations

- Web-based user interface
- X12 278 and external web portal
- Service authorization adjudication to support real-time approvals
- Configurable notices with electronic delivery

AUTH02
The Contractor's solutions shall provide the ability for authorized users (e.g., state staff, case managers, contractors) to enter, store, update, and view service authorizations.

CMdS-Claims includes a web-based user interface that allows authorized users to view service authorizations and referrals. Like the X12 278, our user interface supports entry of both service authorizations and referrals and generally labels them as 'Service Authorization.' Assigned users with appropriate roles can also create service authorizations and update existing authorizations.

Entering and Storing a Service Authorization. Authorized users can enter service authorizations or referrals using the internal user interface. The user interface provides header and line-item detail for the authorization, and the user can validate the authorization and perform real-time adjudication. The top portion of the service authorization web page is shown in Figure 4.2.15-1. Once the user enters data, the user can adjudicate the authorization.

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Figure 4.2.15-1. Service Authorization Entry
Users can enter and store service authorizations from this web page.

Viewing and Updating Service Authorizations. Users can view or update a service authorization by entering the service authorization ID or searching by provider, member, location code, authorization type, or user ID. Users can update pended authorizations based on their exceptions to process the authorizations to an approved or denied status. Approved authorizations use business rules to restrict what data users can update.

AUTH03
The Contractor's solution shall track and update service authorizations based on information received from external sources (e.g., claims data, service authorization updates from UR vendor).

CMdS-Claims processes service authorization updates from external sources. External interfaces for service authorization requests or updates may process as real-time web services or through file-based interfaces, using our standard APIs, such as X12 278 transactions or proprietary layouts. CMdS-Claims validates service authorization updates from external entities according to interface business rules and applies the updates to the database. Our solution captures audit information about the update to create a record of what was changed when, including before and after values.

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AUTH20
The Contractor's solution shall have the ability to receive, process, and send electronic health care service review, request for review, and response transactions required by 45 CFR Part 162, to include pharmacy drug referral certification and authorization; dental, professional and institutional referral certification and authorization (ASC X12N 278).

In your response to the State's Question & Answer Board, A*ttachment F - Requirements Response Matrix,* you confirmed that pharmacy drug referral and certification is included in this requirement. Today, under a separate contract, Conduent provides our SmartPA solution to process pharmacy drug referral certifications and authorizations under the NCPDP D.0 transaction. According to 45 CFR Part 162, the ASC X12N 278 transaction is not the federally regulated standard for pharmacy drug referral certification and authorization processing. We look forward to discussing this requirement with you to understand your expectations for processing.

AUTH04
The Contractor's solution shall include all standard X12 data elements associated with service authorization requests and responses (e.g., member, provider, code sets, dates of service).

CMdS supports transmissions in the ASC X12 278 request and response format with all standard data content of the transaction. We process 278 requests through the Conduent EDI gateway. Each individual request is automatically edited, and after passing the validations, the authorization is adjudicated and stored in the service authorization database. X12 278 requests that fail validations will be rejected and returned to the provider through a 278 response.

AUTH05
The Contractor's solution shall have the capability to receive and or enter a retroactive service authorization(s) based on configurable business rules.

Occasionally state policies or business needs dictate the necessity to enter service authorizations after the providers have delivered services to members, due to medical need or other circumstances. CMdS supports retroactive receipt and entry of service authorization requests. Once the requests are received, entered, and approved, the claims for the retroactive service date can use the approved units or dollar amounts. We configure the business rules for these types of situations based on your policy.

AUTH07
The Contractor's solution shall include processing logic when creating or updating service authorizations (e.g., procedure code not appropriate for gender of member, procedure cannot be billed by the provider type, duplicate service authorization request, invalid data) and route exceptions to the appropriate work queue.

Service authorization routing is configurable and based on the locations of the exceptions posted to the service authorization during adjudication. Configuration includes the media type and location. The adjudication process validates the member, provider, and service information and that the authorization request is not a duplicate. Additionally, interface-specific (278 or proprietary format) and user-interface validations check for invalid data. An example of configured location queues is shown in Figure 4.2.15-2.

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Figure 4.2.15-2. Service Authorization Location Definition
Users with appropriate access can define locations that are used to identify the work queues for authorizations.

Some examples of the edits supported by CMdS-Claims are presented in Figure 4.2.15-3.

Figure 4.2.15-3. Service Authorization Exceptions
CMdS-Claims supports various types of service authorization edits.

AUTH08
The Contractor's solution shall provide the capability to automatically authorize services by various configurable data elements (e.g., procedure codes, diagnosis codes, provider types, date ranges, dollar amounts, units).

Our CMdS-Claims product authorizes services during the adjudication process. We configure appropriate business rules that are based on the date range, service codes (procedure code/modifiers, revenue code, or diagnosis), and provider details that represent exceptions to the service authorization, if applicable. Authorized users then review the adjudication results to determine if the authorization request should be approved. If approved, we enter the authorized unit or dollar amounts, and the authorization is now available for claims to process.

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Figure 4.2.15-4 displays instances in which approved units and a specific rate amount apply when the service code is equal to V2799. The dropdown under service type displays the ability to configure the service authorization using procedure/modifier codes, revenue codes, and diagnosis with single values or a list.

Figure 4.2.15-4. Service Authorization Configurable Data Elements
CMdS-Claims captures configurable data elements to process service authorizations.

AUTH09
The Contractor's solution shall have the ability to capture and maintain the requested service authorization details (e.g., units, dollars, begin and end dates) and the approved authorization details (e.g., units, dollars, begin and end dates) on the authorization record and notify (e.g., web portal, fax, phone, letters, X12 278) the requestor of the decision.

CMdS-Claims captures the service authorization data content to process X12 278 HIPAA transactions. The service authorization user interface displays the requested dates, units, and dollar amounts separate from the approved authorization details. The service authorization header is shown Figure 4.2.15-5, and the line is shown Figure 4.2.15-6.

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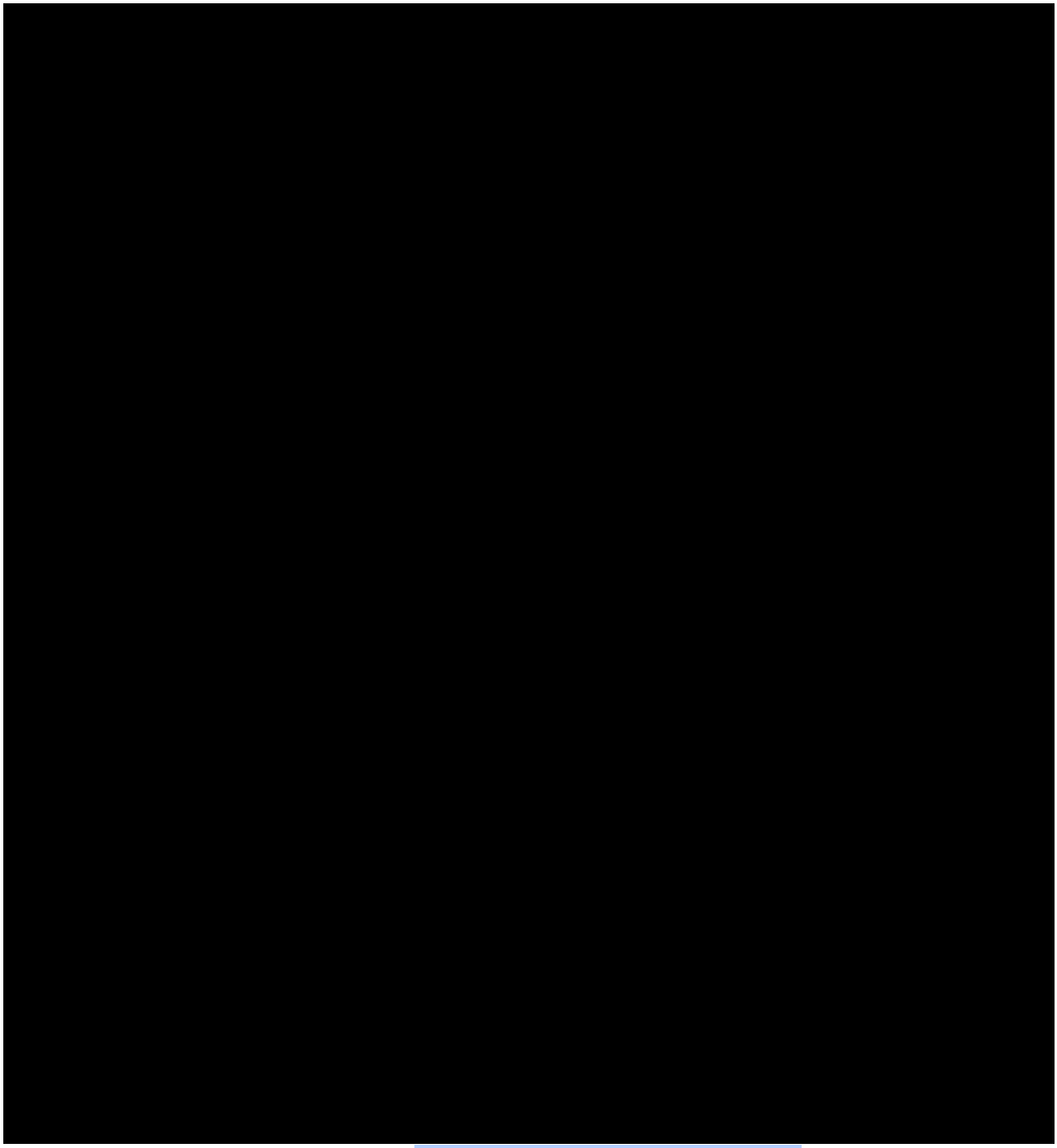

Figure 4.2.15-5. Service Authorization Entry – Header

This web page shows service authorization header information.

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Figure 4.2.15-6. Service Authorization Entry – Line
The line item information includes the detail for the service requested, including requested and approved units, dollar amounts, begin and end dates.

Service Authorization Notifications. Upon completion of processing a service authorization or referral, we produce letters automatically for delivery using the preferred communication channel. Providers submitting X12 278 authorization requests receive standard response transactions and notification concerning status determinations through their preferred channel. Our external portal supports self-service status checks, regardless of the method of submission, by allowing the provider to query authorization status at any time. The status is retrieved real-time from CMdS-Claims.

AUTH10
The Contractor's solution shall provide the ability to update service authorizations (e.g., extend or limit effective dates, update authorized limits) based on configurable business rules while maintaining a history of the changes to the record.

We have different options for updating service authorizations based on the source and type of update. We support these updates through the user interface, bulk data updates, and interfaces. The configurable business rules performed during adjudication validate the updates. The solution tracks updates through audit logging, which includes the before and after data and the user ID (or system process), date, and time. Authorized users can view the audit log information directly from the user interface.

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AUTH11

The Contractor's solution shall have the ability to automatically generate approval and denial notices/communication to requesting and assigned providers, case managers, and members based on their communication preference for service authorizations based on configurable business rules.

CMdS-Claims produces notification to providers, case managers, and authorized users when the service authorization is approved, denied, or updated. Service authorization notifications are delivered to the providers and members secure inboxes on the external portal based on communication preferences. We maintain electronic copies of the notifications in the enterprise content management (ECM) solution and provide a link from the service authorization to view the associated notification.

The service authorization letter itself is configurable, allowing users to send alternate letters based on authorization type or authorization status. As shown in Figure 4.2.15-7 the letter may include selectable letter comments and/or free-format additional letter text. Other people, such as case managers and authorized users, may also receive a copy of the letter if entered in the additional addressee section of the service authorization user interface. Enclosures are also configurable. For example, denied or partially denied authorizations may include the member rights to a fair hearing enclosure if the letter is delivered to the member.

Figure 4.2.15-7. Automated Authorization Letters
We can generate automated service authorization letters that can be sent through multiple communication channels.

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AUTH12

The Contractor's solution shall allow for flexible and configurable service authorizations (e.g., required fields, edits, service authorization types, business rules) to support a variety of programs, benefit plans, and claim types. The solution shall assign a unique number to service authorizations.

CMdS-Claims supports service authorizations for Medicaid and State specific waiver programs, benefit plans, and professional, dental and institutional claims. We also support accepting and storing pharmacy service authorizations, although these are not adjudicated based on our standard APIs. Authorization processing is performed using a variety of data configuration and business rules. Some of the configuration items in service authorizations include:

- Pricing overrides for member specific rates
- Edit configuration for service authorization adjudication
- Locations to hold service authorizations awaiting work or a response
- Benefit plan specific service authorizations
- Business rules validating member eligibility
- Business rules validating provider eligibility
- Authorization and referral letters

Unique Identifiers for Service Authorizations. CMdS-Claims supports importing an external authorization identifier and assignment of unique authorization IDs. When we are the source of truth for authorization IDs, we assign them as shown in Figure 4.2.15-8.

Figure 4.2.15-8. Unique Service Authorization
CMdS-Claims assigns a unique ID to every service authorization.

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AUTH15
The Contractor's solution shall have the capability to perform mass updates to service authorization records (e.g., change a provider ID number, procedure code) with pending or approved but unutilized services that may initiate workflow for updates that require review and approval.

Our CMdS-Claims product supports mass updates to service authorizations to ensure providers can get their claims processed and members receive the care they need. Our CMdS workflow tool is used to configure notifications and routing for review and approval. The workflow rules look for pending or approved service authorizations with unused services based on the authorization's approved and used units or amounts. Once the rules detect unused services, the solution sends an alert to the appropriate work queue for review and approval.

AUTH16
The Contractor's solution shall have the capability to put requested service authorizations in a pending status if any information is invalid, missing or needs to be approved by another entity based on configurable business rules.

CMdS-Claims adjudicates service authorizations based on configurable business rules. When the data on a service authorization triggers an edit based on a business rule, the exception control determines the resulting authorization status. The edits identify invalid or missing data. The solution uses the exceptions' location work queues to route the authorization to the appropriate user or entity for approval. Prior to approving a service authorization, all exceptions must be resolved. Exceptions are worked based on the resolution instructions which can be accessed online through a link to the authorization exception control user interface.

AUTH01
The Contractor's solution shall have the ability to track services received against services approved based on service authorizations and/or claims.

The CMdS-Claims adjudication process updates the service authorization used and remaining units or amounts when a claim status is to-be-paid. If a claim is processed with submitted units or an amount greater than what is remaining on the service authorization, the reimbursed units or amount on the claim is cutback to the amount remaining. A base rate change is applied to the claim indicating why the reduction occurred. When the approved amounts and/or units are exhausted, subsequent claims for that specific member and service deny, unless override criteria is configured within the benefit plan or utilization review criteria.

The service authorization units (approved, used, and remaining) or amount fields are shown in Figure 4.2.15-9. The solution updates these fields in real time as each claim is adjudicated to a to-be-paid status. The authorization shows the history of claims that processed against it as shown in Figure 4.2.15-10.

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Figure 4.2.15-9. Claim Line Detail for Authorized Services
Unit and amount fields are updated in real time as claims process against the approved units or approved amount fields for the authorization line.

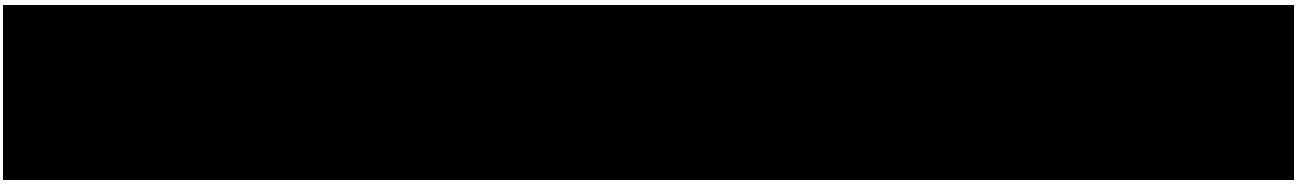

Figure 4.2.15-10. Service Authorization – Claim Activity
The solution displays the TCNs of the claims that use the authorization. Users can view the claim details by clicking on the TCN.

AUTH06
The Contractor's solution shall include configurable referral functionality to include creating, updating and sending referrals from primary care providers to other providers (e.g., specialty providers) to allow for claims payment. The solution shall assign a unique number for each referral.

CMdS-Claims produces notification to providers, case managers, and authorized users when the referral is approved, denied, or updated. Referral notifications are delivered to provider and member secure inboxes on the external portal. We maintain electronic copies of the notifications in ECM and provide a link from the referral to view the associated notification. The referral letter itself is configurable, allowing users to send alternate letters based on referral type or status. Additional people, such as case managers and authorized users, may receive a copy of the letter if entered in the additional addressee section of the user interface.

Unique Identifiers for Referrals. We use the same number sequence for authorizations and referrals. We describe the unique IDs in response to ID AUTH12.

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AUTH13
The Contractor's solution shall have the capability to filter and view service authorizations (service authorization detail list) based on configurable filters (e.g., provider, procedure code, diagnosis code) and allow mass updates from the service authorization detail list.

Our user interface includes the service authorization search capability shown in Figure 4.2.15-11 which allows the user to select the tab that best matches the user's search criteria. Then the user enters the appropriate criteria.

Figure 4.2.15-11. Searching for Service Authorizations
CMdS-Claims provides a search web page that includes tabs tailored to the type of search.

For example, the user selects the provider tab if the user wants to view a provider's requests that match a procedure code. Figure 4.2.15-12 shows the provider tab where the user enters the provider and the service code (procedure code). The solution returns the search results allowing the user to sort the results, refine the search criteria, or select an authorization to view in detail.

Figure 4.2.15-12. Searching for Service Authorizations by Provider ID
The provider search allows you to search for authorizations belonging to a provider and enter additional search criteria to filter your results even further.

CMdS-Claims supports mass updates to service authorizations in batch and we can use the search criteria from the user interface to identify the authorizations that need updating. Our product does not currently support mass updates directly from the user interface. During the implementation we work with you to better understand this requirement.

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AUTH14
The Contractor's solution shall have the capability to perform mass updates of referrals (e.g., member changes PCP, PCP who are retiring, service code changes) that may initiate workflow for updates that require review and approval.

Our CMdS-Claims product supports mass updates to referrals to ensure members receive the care they need. These updates include PCP updates and service code changes. We use the CMdS workflow tool to configure notifications and routing for review and approval of these updates.

AUTH18
The Contractor's solution shall have the capability for authorized users to send requests via workflow or their preferred method of communication (e.g., inbox, fax, mail) for additional information related to service authorization requests.

When users need additional information to process a service authorization or referral request, CMdS-Claims allows the user to request an automated letter seeking additional information as shown in Figure 4.2.15-13. The letters and responses section in the user interface maintains a record of letters and responses and a link to view the details. Today, we can send letters automatically to the portal inbox or through the mail. We also support the immediate generation of a letter as a PDF that we can send through fax or secure email.

Figure 4.2.15-13. Automated Authorization Letters
Users can generate automated service authorization letters that can be sent through multiple communication channels.

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AUTH22
The Contractor's solution shall provide the ability to allow approved services (e.g. private duty nursing) on one service authorization to be used by multiple providers during overlapping dates of service based on configurable business rules.

CMdS-Claims maintains complete data for service authorizations at both the header and line detail level, including member, provider, service, and status information. A single authorization may be submitted for a member with multiple service providers, multiple services, and dates of service (overlapping or not). This is a standard feature of our line-level authorization processing.

AUTH23
The Contractor's solution shall provide and maintain the capability to create, edit and void services authorized and to extend or limit the effective dates of the authorization. The solution shall maintain the original and the change data in the service authorization record.

CMdS allows entry and maintenance of the details of an authorization, including authorized services and effective dates approved by the authorized user. All changes to authorization data are captured by our audit capabilities.

Making Changes to Service Authorizations. CMdS allows voiding of services approved on a service authorization, if no claims have been processed against those lines. Users may change approved units and amounts on the authorization; however, decreases to the units and amounts of approved services cannot decrease below the units and amounts already used by claims. Users can also extend or shorten the time period approved for the service, but if shortened, it cannot be prior to any claim service date already processed against the authorization.

Tracking Data Changes. CMdS-Claims maintains an audit trail of all changes to the authorization which is available for online viewing from the user interface. Audit tracking is at the field level and includes the user ID of the person who made the change, a timestamp, and before and after images.

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4.2.16 Option A: Financial [RFP 3.10.16]

REQUIREMENT: RFP Section 3.10.16

In addition to the Core scope of the Claims Processing and Management Services module, states may procure additional components and services for activities not categorized in Sections 3.10.1 through 3.10.15. Option A: Financial includes requirements to support Agency-wide integrated financial services to support accounts payable, accounts receivable, and general ledger functions that is compliant with Generally Accepted Accounting Principles (GAAP) and facilitates Federal and State financial reporting.

Powered by CMdS-Financial, our solution supports the shared funding model that pays for the Agency's public health programs and delivers the advanced processing of payments and recoupments the Agency is seeking.

Making payments is increasingly a core function of providing healthcare access, as states drive innovation in healthcare using capitated payments, accountable care, and value-based payments. States want to integrate disparate and manual financial reporting to improve accuracy, increase transparency, and ensure precise control over payments. CMS has indicated that states should define modules based on the business processes that require support. Financial services, as a specific offering, is a key trend among Medicaid programs, as evidenced by the recent modular strategies of New Mexico, Pennsylvania, and Virginia.

Conduent's financial services proposed for Option A build upon our CMdS-Financial product to effectively manage financial transactions, with a focus on fine-tuned control of expenditures and recoupments. We designed our solution to support the specific financial and accounting needs of the shared funding model that pays for the Agency's public health programs.

We provide you with the details of our solution for Option A – Financial in two proposal sections:

- 4.2.16.1 Fiscal Management
- 4.2.16.2 Financial Reporting

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4.2.16.1 Fiscal Management [RFP 3.10.16.1, Attachment F]

REQUIREMENT: RFP Section 3.10.16.1, Attachment F

This section outlines the requirements necessary to meet overall fiscal management business processes. The solution will allow data required for financial business processes to be entered manually, received from other sources, or automatically generated based on a configurable business rules engine. Data received from other systems will be translated into consistent financial account coding to report back to the state's financial system. The transactions are translated into summary level data and detailed data. Financial information (e.g., FMAP, fund code) is assigned to each healthcare claim and financial transaction at the line and header level. Accounts payable and receivable will be associated with an entity with flexibility in payment schedules. Adjustments will be generated to change financial information assigned to a healthcare or financial claim as appropriate. These adjustments generate corrected financial information without requiring the claims be re-adjudicated. If the Offeror chooses to include these services in their proposal the Offeror must describe in detail their approach to meet each of the Option A Financial Management requirements in Attachment F – Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

CMdS-Financial tracks your funding sources and gives you configurable control over your expenditures and recoupments.

Conduent uses our financial module, CMdS-Financial, to provide you with your advanced capability requests under Option A. We've thoroughly reviewed your fiscal management requirements and believe the capabilities of our solution are a strong match.

Advanced Fiscal Control

- Make selective payments
- Budgets enforced automatically
- Recoupment schedules and limits
- Configurable workflow for prioritization and approvals

Budgets. You can configure budget information for each program using our web-based user interface. Our budget structure supports the co-existence of Title XIX, waiver programs, and other Agency programs. To limit payments by budget, a budget amount is set up for a fund code, which accumulates expenditures as payments are processed.

Fiscal Pend. CMdS-Financial includes configurable rules in the fiscal pend user interface to identify criteria to limit, delay, or hold payments. When the payment cycle runs, our solution will hold, or release claims based on entered criteria. Claims pended one week will be processed again the next week and released for payment based on the fiscal pend criteria. Data related to fiscal pend activity is available through the CMdS-Insights module. The automated fiscal pending of claims due to expenditures exceeding the budget amount usually occurs closer to year-end, when available funds are exhausted. Increasing the available budget will allow the fiscal pended claims to be processed.

Financial Transaction Types. CMdS-Financial performs processes transactions using three financial transaction types—receivables, payouts, and receipts. A receivable represents money owed to a program managed by the Agency. A payout represents a request for the Agency to issue a payment or track a payment that happened. And a receipt represents funds received by the Agency. An overview of common reasons that can be used with these transaction types can be found in Table 4.2.16.1-1.

Table 4.2.16.1-1. Major Financial Transaction Types and Reasons

Receivable	Payout	Receipt
Receivable Cost Settlement	Payout-Cost Settlement	Receipt Cost Settlement
Receivable Provider Recovery	Payout-Gross level	Receipt Provider Over Payment
Advance Payment Receivable	Check Replacement	Receipt Prov TPL Health Insurance
Receivable Legal Settlement	Payout HIPP	Failed EFT or Check Replacement
IRS Lien	Excess Provider Refund	Stale-dated Check

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Workflows and Operational Status. Our workflow tool shown in Figure 4.2.16.1-1 supports grouping work within CMdS modules into queues. We provide a visual and statistical view of the work that has been completed – and the work to be performed. Users can see the work available in each queue including their current assignments.

Figure 4.2.16.1-1. Workflow Status at a Glance
The splash page provides the user with a summary of current events and information. The queues can be seen under the "Workflows" grouping.

The following pages provide our responses to your Fiscal Management requirements.

FSCM08
The Contractor's solution shall have the ability to calculate incentive payments based on different criteria (e.g., patient volume, re-admission rate) for different state healthcare programs based on configurable business rules.

We recognize that the payment of incentives is an important component of a value-based payment methodology that holds providers financially accountable for both the cost and quality of care. Using our CMdS-Insights capability within our claims solution, we can calculate and create gross payments to providers in our CMdS-Financial module based on structured analysis and calculations from claims activity or other accumulated data. Using tools and skilled analysis, we deliver a solution that calculates incentive payments for providers based on their ability to meet your specific criteria for patient volume, readmission rate, or other applicable standards.

Calculating Incentives Using Configurable Criteria. To calculate incentive payments using structured business rules, we use the reporting capabilities of our CMdS-Insights solution. CMdS-Insights has access

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to our full data model of both the online database and our reporting schema. This allows access to data that is appropriately structured and time sensitive for the required task. Using filters and calculations, we can configure non-actuarial computations based on your business rules for each type of incentive payment. Our solution supports the output of data into several formats including Microsoft Excel, which supports both simple and advanced financial analysis, as well as the bulk loading of payments into CMdS-Financial.

Paying Incentives using Financial Transactions. Incentive transactions are processed as a type of financial transaction and labeled as a *payout* in our solution. Payouts can either be entered by an authorized user or loaded in bulk from a spreadsheet. Each payout transaction requires an approval using our web-based user interface, entered by a user with a separate level of authority from the authority level of the user who created the payout transaction. For bulk transactions such as incentive payments, we can either load the transaction pre-approved or route the transactions as required to the person(s) responsible for approving payments.

Tracking Funding Sources for Incentive Payments. We use financial reason codes throughout CMdS-Financial to link financial transactions to funding sources, budgets, FMAP rates, and accounting codes. Each payout transaction created for an incentive payment includes the appropriate financial reason code(s) required to meet both your accounting and federal reporting requirements.

FSCM09
The Contractor's solution shall allow for one or more accounts receivable balances to be adjusted based on collections/recoupment as defined by the Agency.

Two other types of financial transactions available in CMdS-Financial are *receivables* and *receipts* and these transactions are used together to process collections and recoupments. Receivables represent money owed to an Agency program by a provider, member, or other entity. Receipts represent a payment being made to the Agency program or a payment reversal such as returned check. Receivables may also be satisfied by new payment activity, subject to configurable restrictions on each receivable. We show an overview of collections/recoupment activity in CMdS in Figure 4.2.16.1-2.

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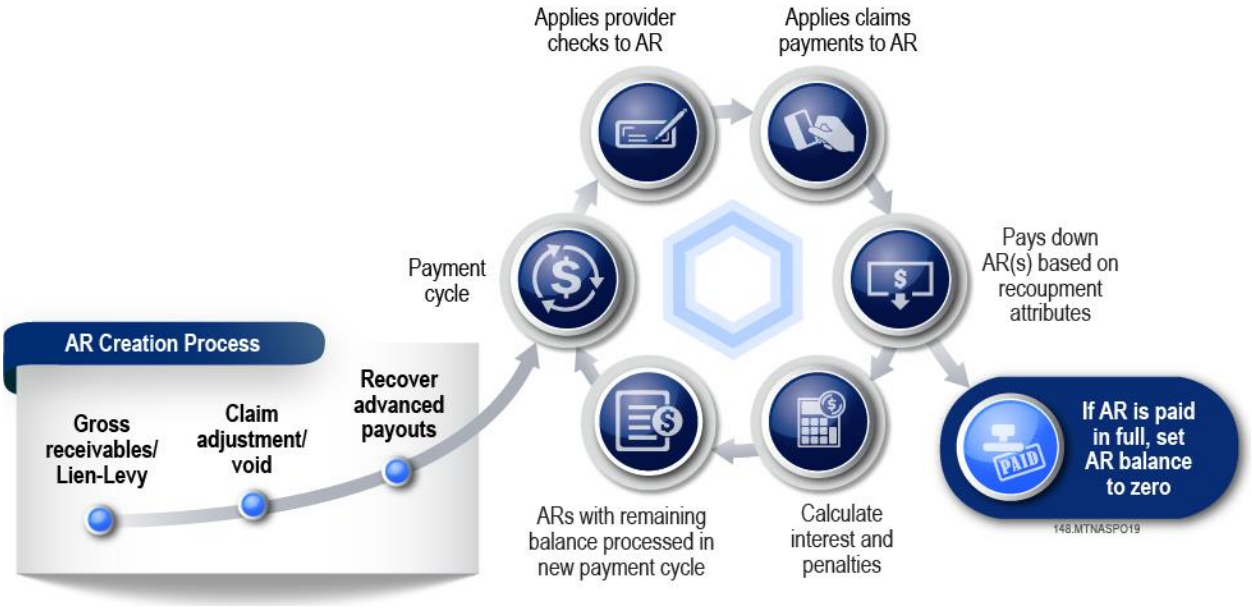

Figure 4.2.16.1-2. Recoupment in CMdS-Financial

CMdS-Financial supports the creation of receivables as a type of financial transaction to support recoupment activities. Receivables are satisfied by received payments and/or offsetting claims activity or payouts. Payments are applied according to business rules, including configurable options per receivable that limit recoupment activity.

Adjusting Receivable Balances. Adjusting a receivable based on payment received is a real-time activity in CMdS-Financial performed through our web-based user interface. All payments received are first recorded as a type of financial transaction called a *receipt*. The receipt is associated with the provider or other entity that made the payment. If the entity does not currently exist, an entry can be immediately created and later updated. You can see an example of a receipt being entered on the Financial Receipt user interface in Figure 4.2.16.1-3.

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Figure 4.2.16.1-3. Financial Receipt User Interface
When funds are received you enter a financial receipt transaction in CMdS-Financial. Each receipt is associated with the entity that made the payment.

Once the receipt representing the payment or collection has been created, the user can apply the payment to receivables immediately. The Financial Receipt user interface shows all the outstanding receivables for the payee. The user applies the receipt against a selected receivable and enters an amount less than or equal to both the receivable outstanding balance and the amount of the receipt as shown in Figure 4.2.16.1-4. This process is real-time, and the system shows both the receivable outstanding balance and the receipt unapplied balance reduction immediately. The user can then apply any remaining funds on the receipt to additional receivables or refund any remaining balance. The receipt includes a transaction history that identifies all the financial activity generated.

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Figure 4.2.16.1-4. Applying Financial Receipts to Receivables

Once a receipt has been created, the user can apply the funds to one or more receivables. The process is real-time and shows both the receipt and receivable balances reduce as funds are applied.

FSCM10

The Contractor's solution shall have the ability to automatically generate payment transactions from financial transactions, financial processes, and interfaces as defined by the Agency.

CMdS-Financial supports financial cycles as a core function that produce payments based on the accumulation of claim and financial transactions, including payouts and receivables. We support payments to providers, members, and other financial entities such as vendors. In addition to including these transactions in the normal flow of regularly scheduled financial cycles, our solution also supports expedited payment cycles that prioritize critical payments.

Entering Financial Transactions to Create Payments. In order to create payments for providers, members, or other financial entities, our solution uses a type of financial transaction we refer to as a *payout*. In addition to being created by financial processes and interfaces, payouts can be entered through our web-based user-interfaces. You enter the following to create a payout:

- Payee and related information
- Amount of the requested payment
- Time period the payment is associated with
- Category of service
- Accounting information that associates the payment to the funding sources for state accounting and federal reporting
- Notes that explain the purpose of the payment
- Attachments that represent additional information including any correspondence and backup detail

An example of a payout entered on the Financial Payout user interface can be seen in Figure 4.2.16.1-5.

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Figure 4.2.16.1-5. Financial Payout User Interface
CMdS-Financial supports the creation of a financial transaction type called payouts to request payments to providers, members, or other financial entities. Here is the screen used to enter payout financial transactions.

Financial Processes Create Payments. Our solution supports the bulk creation of payments to providers or other entities, similar to the provider incentives process already discussed. Other common types of payments we support include UPL/DSH payments, and the capitation and PMPM creation processes supported by our claims solution. Payments can be created with varying degrees of automation, including fully automated, depending on the calculation and review processes involved.

Interfaces for Receiving Financial Transactions. CMdS-Financial has existing inbound interfaces to receive medical/dental claims, pharmacy claims, and financial payouts. We enforce data validation by running data received via interfaces through content business rules.

FSCM11
The Contractor's solution shall assign or receive, store, maintain, and display separate accounting codes for accounts receivable and for the corresponding interest owed, based on configurable business rules.

CMdS-Financial supports a uniform approach to accounting codes across all types of financial transactions, including receivables. We use *reason codes* and *fund codes* to identify both the purpose of a transaction and any associated funding source. Reason codes and fund codes are added, configured, and maintained on our web-based user interface.

Currently, we have a single fund code associated with each receivable that allocates both the recoupment and the interest to a single accounting code. The fund code stored with the receivable is assigned in the user interface or financial process or may be received through an interface. The fund code is both maintained and displayed on the Financial Receivable web-based user interface. During the

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implementation, we will enhance our solution to support assigning/receiving, storing, maintaining, and displaying a separate accounting code for the interest on each receivable.

FSCM12
The Contractor's solution shall support automatic and manual processes to remove balances on prepaid debit cards, based on configurable business rules.

Based on the State's Question & Answer Board response to *Attachment F, FSCM12*, we understand that Contractors are not expected to issue debit cards but depending on the participating State's financial system an interface may be required with a third-party system or vendor. Conduent is a leader in the government financial space with extensive experience issuing debit cards and processing transactions for child support, EBT, and other programs. During the implementation, we gather more specific processing and interface requirements that may be needed, and work with you to determine the best way to support this requirement within our solution.

FSCM13
The Contractor's solution shall allow for adjustments to automatically update an account receivable using configurable business rules.

CMdS-Financial will automatically satisfy an account receivable during a financial cycle, if the payment activity of the provider or financial entity results in a net payment. The financial cycle process will automatically create receipts and apply them to adjust account receivable balances based on priority and configurable business rules.

Our solution provides several options to configure recoupment processing. We can set the recoupment method to deduct a percentage of the remaining account receivable balance amount or a percentage of the claim payment, or we can establish a specific dollar amount to be deducted from payments and applied to the account receivable balance. Our solution supports variations in payment frequency, as weekly, bi-weekly, monthly, or every payment cycle. We can also specify the date that recoupment begins, providing flexibility to delay the recoupment start date, as needed. A full list of available options is in Table 4.2.16.1-2.

Table 4.2.16.1-2. Receivable Recoupment Options

Recoupment Type	How It Works
Percentage Amount	Recoup a percentage of the outstanding balance every financial cycle
Dollar Amount	Limit recoupment up to a dollar amount per financial cycle
Schedule Payments	Used to do one of the following: • Recoup normally • Delay recoupment until agreed upon date • Recoup a defined percentage each financial cycle
No Recoupment	No recoupment occurs

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FSCM14

The Contractor's solution shall automatically create accounts receivable based on other financial transactions (e.g., claim adjustments, cost settlements, unsolicited refunds, advances, gross adjustment payouts) using configurable business rules.

CMdS-Financial automatically creates account receivable financial transactions as part of the financial cycle when a payee's reimbursement amount is negative. This is a normal occurrence when a payee has negative activity (claim voids or adjustments where the claim pays less than previously reimbursed) not fully offset by positive activities. Existing receivables may also reduce a payment, but not below zero. If a receivable is created from transactions that represent multiple funding sources, a separate receivable will be automatically created and configured for each funding source.

FSCM15

The Contractor's solution shall allow for authorized users to manually create accounts receivable and the associated details based on configurable business rules.

You can create a receivable in CMdS-Financial using our web-based user interface. The receivable represents funds that the payee owes to the Agency, or another entity for which the Agency is collecting. Once manually created, the receivable can be satisfied by applying funds from a receipt either through the user interface (such as a check was received) or through normal positive payment activity in the next financial cycle. Configured receivables include both configurable reasons and funding sources that represent why the receivable was created and link to the appropriate accounting codes. You can also configure the receivable to be on hold, have a delayed start, or to recoup less than the full amount each financial cycle. Notes and attachments can be used to provide further information about the requested recoupment. An example of an entered receivable is shown in Figure 4.2.16.1-6.

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Figure 4.2.16.1-6. Financial Receivable User Interface

Users can manually create financial receivable transactions in CMdS-Financial through the web-based user interface. Each receivable is associated with a reason, the related funding source, and the degree to which recoupment activity to satisfy the receivable should be on hold, delayed, or performed over time.

FSCM16

The Contractor's solution shall include the ability to exempt a receivable, or interest, from being used in the offset process, based on configurable business rules.

You can configure a receivable through the Financial Receivable screen to set the AR Recoupment Type to "No Recoupment." A receivable amount, including any interest amount, with the status of "No Recoupment" will not be considered for the application of net payments during the financial cycle.

FSCM17

The Contractor's solution shall automatically update the accounts receivable status and details (e.g., date of update comments, financial coding) for payments received and link any supporting documentation, based on configurable business rules.

CMdS-Financial tracks payments received as *financial receipt* transactions. From the Financial Receipt screen on our web-based user interface, you can choose the receivables to apply the funds toward until the funds are exhausted, or all receivables are satisfied. The receipt will be automatically updated in real-time to the appropriate funding source/coding and amounts based on the funding source/coding from each receivable. Our solution supports notes and attachments for each configuration item, including receivables and receipts.

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FSCM18
The Contractor's solution shall have the ability to have different authorization and approval processes (e.g., single person approval or multiple person approval) for different financial transactions (e.g., update Payee information, journals, Health Insurance Premium Program (HIPP) payments) based on configurable business rules.

CMdS-Financial supports role-based access within our web-based user interface. Our recommended best practice is to configure groups representing logical collections of roles. We then assign users to those groups. With this capability, we can support requests for separate security profiles, and help mitigate the risk of fraud or waste associated with user access through strict access protocols. Through this capability, we can separate authority and restrict access; for example, a user cannot issue a payment to a payee they created or updated. Our solution also supports a multi-user approval for payout transactions where one user enters the payout and then a user with a separate security profile provides approval. Unapproved payouts will not be considered by the financial cycle.

FSCM19
The Contractor's solution shall provide financial audit controls meeting generally accepted accounting principles (GAAP) for governmental proprietary funds.

Our financial procedures are defined and documented in a detailed procedure manual. We routinely review all procedures, ensuring users have access to the most current information available. Our procedures are aligned with GAAP for government proprietary funds and include internal controls that support the following:

- Receipt and handling of payments received in the mailroom and/or lockbox
- Processing financial transactions, payments, and refunds in our solution, as well as procedures for resolving errors and issues
- Financial file scheduling and interface file production, including balancing payment cycle files
- Bank reconciliation activities
- Submitting payment files to Agency payment systems or the financial institution
- Maintaining correct fund code, budget, and other accounting information by fund source and fiscal year
- Coordinating activities with state financial units and all vendors responsible for handling finances on behalf of the State
- Maintaining bank accounts, including zero-balance bank accounts
- Supporting stakeholders when documentation or assistance is needed with financial processes or information

Financial services are controlled by strict processes due to the sensitivity of management of state and federal funds. We enforce separation of duties based upon issuance and receipt of financial data. Our internal QA staff monitors and audits functions of the financial services unit to confirm we follow our approved processes. We take immediate action to define the best course of action to correct issues we identify. We send appropriate notifications and develop a corrective action plan. Actions include employee performance coaching, additional training, and, if necessary, modifications to procedures or documentation.

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In addition to our formal QA and audit processes, our leadership staff monitor the day-to-day performance of the team, including adhering to service level agreements, reviewing relevant dashboards and reports supporting controls, and coaching support staff as they perform their job functions.

FSCM20
The Contractor's solution shall allow for limiting payment amount based on single or multiple factors (e.g., total dollar amount, timeframe, date) per configurable business rules. These rules can be overridden, or the payments released without changing the factors, by authorized user.

CMdS-Financial supports very powerful and configurable criteria for controlling payments based on funding source and other criteria. Our solution includes a capability called a *fiscal pend*, a function that limits the transactions considered during the payment cycle. Based on user entered fiscal pend dates, the fiscal pend criteria can span multiple payment cycles if required. This process can connect funding sources to a budget, and thereby limit payments based on budget limits.

Configurable Budgets. CMdS-Financial allows authorized users to configure budget information for each program using the web-based user interface as presented in Figure 4.2.16.1-7. Our budget structure supports the co-existence of Title XIX, waiver programs, and other Agency programs. To limit payments by budget, a budget amount is set up for a fund code, which accumulates expenditures as payments are processed.

Figure 4.2.16.1-7. Budget Data User Interface
Our solution tracks the budget amounts and effective dates, fund codes, funding sources, and share allocation percentages.

During the payment cycle, CMdS-Financial calculates the share allocations and updates the budget expenditures and the claim FMAP. When expenditures exceed the budgeted amount, our solution suspends payments until the Agency authorizes additional funding.

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FSCM21
The Contractor's solution shall have the ability for authorized users to adjust processing windows for specific transactions (e.g., journals, vouchers, deposits) and different year end processing (e.g. state fiscal year, federal fiscal year, calendar year) based on configurable business rules.

The CMdS-Financial solution includes configurable system parameters that establish federal and state fiscal year periods. Our solution supports configuring these parameters to create different fiscal year beginning and ending timeframes to be applied for specific processing as defined by the Agency.

The payment cycle in CMdS-Financial is parameter-driven and can be customized for specific financial cycles as needed. Our fiscal pend functionality provides the ability to include or exclude transaction types within a financial cycle based on configurable business rules.

FSCM22
The Contractor's solution shall have the ability to hold specific transactions during processing for State Fiscal Year End, Federal Fiscal Year End, and Calendar Year End using configurable business rules.

CMdS-Financial includes configurable rules in the fiscal pend user interface to identify criteria to limit, delay, or hold payments as seen in Figure 4.2.16.1-8. During the payment cycle, our solution will hold, or release claims based on entered criteria. Claims pended in a payment cycle will be processed again in the next payment cycle and released for payment based on the fiscal pend criteria. Fiscal pend processing usually occurs at year-end when limited funds may be available. Data related to fiscal pend activity is available through the CMdS-Insights module.

Figure 4.2.16.1-8. Fiscal Pend User Interface
Users can enter fiscal pend requests in CMdS-Financial through the web-based user interface. Standard fields are available for configuration which may then be extended by mapsets that allow complex and/or logic and access to a larger set of data elements.

Provider payments can be put on hold based on provider type, provider ID, claim type, billing taxonomy, procedure code, modifiers, benefit plan, category of service, cap amount, or a configurable mapset. A fiscal pend mapset provides the user flexibility to pend claims based on configurable rules. The user sets up fiscal pend criteria using begin and end dates that are used by the payment cycle. Financial transactions, such as payouts, can be put on hold as specified to meet fiscal year end processing requirements. The fiscal pend status allows claims to process but suspends the claims from payment until the fiscal pend hold is removed or expires.

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FSCM23
The Contractor's solution shall automatically setup recoupments based on payment transaction type (e.g., advance payments, manual check) per configurable business rules.

CMdS-Financial has specific financial reasons used to delineate payouts that are designated for recoupment, including advance payments. Once the payout financial transaction is approved, an offsetting receivable is automatically created that matches the payee and funding source of the payout. To delay immediate full recoupment during the same financial cycle, you must edit the receivable to set the recoupment parameters.

FSCM24
The Contractor's solution shall have the ability to manually create and schedule adjustment requests to financial transactions, based on configurable business rules.

CMdS-Financial supports the capability to perform scheduled manual updates as required for the project. We perform manual adjustments to financial transactions in CMdS-Financial using the user interface and data updates through SQL when mass updates are required. We prepare and test updates in a non-production environment, followed by using our scheduler to select a specific date and time to execute the updates in production.

FSCM25
The Contractor's solution shall receive, store, maintain, and display Federal Match Rate data.

CMdS-Financial stores the matching rates within the budget data configuration. As shown in Figure 4.2.16.1-9, the user can enter or update matching rates per time period and per funding source using our web-based user interface. Once entered, the match rate will be displayed on the budget screen. In addition to the Federal Match Rate, we also capture the state share and any applicable county or other matching fund contributions.

Figure 4.2.16.1-9. Matching Rates in Budgets
Users can enter matching rates for each funding source for each time period through the web-based user interface on the Budget screen.

FSCM26
The Contractor's solution shall automatically generate journal entries from interfaces based on configurable business rules.

When we receive journal entries from interfaces, we create financial transactions that will have a corresponding impact on the providers payment. For a credit to the journal, we will create a payout financial transaction. For a debit, we will create a receivable financial transaction. Each financial transaction will have appropriate financial reasons and funding sources attached to support state accounting and federal reporting. During the payment cycle, as journal entries are created to send to the state accounting system, we also create journal entries from any created payouts or receivables and include them in the journal.

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FSCM27
The Contractor's solution shall support a process for importing (with second-party review and approval) journal information from a standardized Microsoft Excel spreadsheet to create journal entries based on configurable business rules.

Based on our approach to creating journal entries from interfaces described in our response to ID FSCM26, we take journal information from standardized Microsoft Excel spreadsheets and create payouts and receivables from credits and debits respectively. Loading financial transactions from files is a common task we perform by transforming the data into the data elements used to store data in CMdS-Financial and inserting appropriate rows into database tables. All financial transactions are subject to the second-party review and approval processes as described in our response to ID FSCM153, page 4.2-802.

FSCM28
The Contractor's solution shall allow for processing of "one time payments" based on configurable business rules. Payees receiving one time payments will not be required to have Tax ID and a unique Payee ID will not be created for them.

CMdS-Financial does not require a tax ID to make a one-time payment. While our solution does depend on having, at a minimum, an internally generated payee identifier to create a payment, the identifier does not have to be unique for a specific one-time payment nor does the payee have to be aware of the ID.

FSCM29
The Contractor's solution shall have the ability to combine payments under one tax ID per Department or have separate payments based on configurable business rules.

Our solution supports the ability to have providers participating in multiple programs from different departments with separate funding sources. We recommend avoiding duplicate and multiple registrations of payees and our solution supports this approach. CMdS-Financial can crosswalk to multiple payee identifiers and can be configured to disallow tax ID sharing. We support a single payment per payee that has a unique tax ID, and our solution tracks the funding back to the individual department. In the event multiple payments are required per department, our solution has the capability to issue separate payments through configurable approaches. For 1099 reporting, multiple payees with the same tax ID will be reported on a single 1099.

FSCM30
The Contractor's solution shall have a method for alerting appropriate State staff when significant change occurs in daily, weekly, or other time period payments, based on configurable business rules.

CMdS-Financial utilizes our highly configurable and flexible workflow tool to send notifications and alerts. When a user initially logs into CMdS-Financial, the home page will display alerts and notifications so that each user is aware of any activities assigned to them based on the configured workflows, along with important notifications intended for all users. During the implementation, we work with you to configure the workflows and alerts to support the business needs outlined in the RFP.

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FSCM31
The Contractor's solution shall process and reconcile payments (e.g., original payment, replacements, voids) by account coding (e.g., fund code, division, speed chart, payee ID, warrants) at periodic intervals based on configurable business rules.

CMdS-Financial includes an automated balancing function to verify that transaction counts and dollar amounts remain in balance throughout the financial cycle, and that the daily adjudication totals balance with the weekly payment cycle. During the financial cycle, we link claims and other types of financial transactions (payouts and receivables) to a remittance advice number that represents the provider's payment (warrant) during the financial cycle.

During the payment cycle, we automatically reconcile the payments by funding source and time period to the appropriate budget, reconcile the totals, and update the budget expenditures. The expenditure totals are available on the budget screen.

FSCM32
The Contractor's solution shall receive, store, maintain, and display returned payment information at the Individual Payee and/or group Payee level based on configurable business rules.

Returned payments are processed and stored in CMdS-Financial as a receipt financial transaction with a financial reason code specific to a check return. You can search for returned checks on our financial search screen by selecting the reason code in the filter criteria.

FSCM33
The Contractor's solution shall have the ability to use multiple Agency lockboxes for receiving checks and follow a financially acceptable process for batching, balancing, and dispositioning the checks as defined by the Agency.

CMdS-Financial has the capability to track bank accounts used to make payments. Bank accounts are added on the add bank account screen as shown in Figure 4.2.16.1-10. We support capturing information associated to the account, including multiple lockboxes.

Figure 4.2.16.1-10. Support for Tracking Multiple Lockboxes
When entering the bank account information for the account used to disburse payments, the user can also add all the lockboxes in use.

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Our solution supports a lockbox in a similar workflow to how a physically present check would be processed. Instead of a physical check, you process based on the images provided by each lockbox financial institution. Checks received from the lockboxes are entered in CMdS-Financial as a receipt financial transaction and can be applied to receivables immediately or later. Our solution supports entering the lockbox number in the receipt as seen in Figure 4.2.16.1-11. Each time funds are applied as a receivable, the funds applied will inherit the funding and accounting information from the receivable. Images received from the lockbox service can be stored in ECM as an attachment to the receipt.

Figure 4.2.16.1-11. Entering the Lockbox Number on Financial Receipts
The Receipt screen supports the entry of a lockbox number to indicate which lockbox received the check.

FSCM34
The Contractor's solution shall have the ability to automatically validate that all Payees receiving incentive payments have met all the requirements for the incentive, based on configurable business rules.

We discussed in our response to ID FSCM08 that we use the reporting capabilities of our CMdS-Insights solution to identify payees eligible for incentive payments and to calculate those payments. By using a structured tool that performs the filtering and calculations we mitigate the risk of error. Based on specific incentive payments that you require we will produce validation reports.

FSCM35
The Contractor's solution shall provide the ability to perform both automated and manual audits of designated payment types (e.g., lump sum, incentive) and take appropriate action (e.g., reverse, no change, route) per Agency defined criteria. Manual review and disposition will occur online.

CMdS-Claims utilizes our highly configurable and flexible workflow tool to send notifications and alerts. When a user initially logs into CMdS-Financial, the home page will display the alerts and notifications so that each user is aware of any activities assigned to them based on the configured workflows, along with important general notifications. During the implementation we work with you to determine what types of payments you would want to be alerted about. Once alerted a user can review the linked transaction and

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either dismiss the alert, remove the approval so that the payout does not happen, or route the alert to another user for review.

FSCM36
The Contractor's solution shall calculate and charge simple or complex interest on unpaid or partially paid accounts receivable based on configurable business rules and allow for exceptions (e.g., waive interest, change the start date, pause interest) as defined by the Agency.

CMdS-Financial performs an interest calculation on outstanding accounts receivable balances that allows for configurable interest rates that can vary based on the age of the receivable. Our solution supports specific interest rates for receivables that have aged 30, 60, 90, or 120 plus days. We also support the application of escalating penalties for aging receivables based on the same timeframes. Interest and penalties can be turned on or off per receivable as seen in Figure 4.2.16.1-12. We default the settings in our solutions based on your policies.

Figure 4.2.16.1-12. Turning On or Off Interest on Receivables
In the configuration for each receivable you can control whether the interest and penalties are turned on.

Using the user interface an authorized user can waive interest by turning the indicator off and setting the value to $0. We do not currently pause interest or delay the start of charging interest. We will work with you during the implementation to understand the details around these requirements and enhance our solution.

FSCM37
The Contractor's solution shall support multiple accounts receivable for a Payer and have a process for prioritizing and applying receipts to outstanding balances as defined by the Agency. If the system has accounts receivable for multiple Entities, then the prioritization will be separate for each Entity.

CMdS-Financial supports the creation of multiple account receivables either manually in the user interface, through interfaces, or created in the financial cycle. Our solution includes automatic prioritization criteria to select the order in which funds from net payments are applied to receivables. This prioritization process first applies receivables that are liens/levies followed by other receivables oldest to newest. Each payee's receivables are separately prioritized. For funds being applied to a receivable by a user when a check is received, the user selects the appropriate receivable based on documentation received with the check, and applicable policies regarding receivable priorities.

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FSCM38
The Contractor's solution shall allow authorized users to override the prioritization order of accounts receivable as defined by the Agency.

While CMdS-Financial includes flexible criteria to modify default processing of receivables, our solution requires a change to fully support a user-driven prioritization of accounts receivable funds being applied automatically during the financial cycle. During the implementation, we would like to better understand your goals with this requirement and discuss the current automatic prioritization described in our response to ID FSCM37. If our current capability cannot satisfy your needs, we will discuss enhancing the prioritization capabilities.

FSCM39
The Contractor's solution shall have the ability to automatically set or change the collection status of an accounts receivable based on configurable business rules.

When processing financial cycles, CMdS-Financial will perform multiple actions on receivables controlled through configuration. Based on the hierarchy used by the system to order receivables, the financial cycle will attempt to satisfy receivables in order. Based on the recoupment type configured on the receivable, recoupment frequency, and the funds available to apply, the receivable may be skipped or only partially satisfied. The options to slow or delay recoupment are listed in Table 4.2.16.1-3.

Table 4.2.16.1-3. Receivable Recoupment Options

Recoupment Type	How It Works
Percentage Amount	Recoup a percentage of the outstanding balance every financial cycle
Dollar Amount	Limit recoupment up to a dollar amount per financial cycle
Schedule Payments	Used to do one of the following: • Recoup normally • Delay recoupment until agreed upon date • Recoup a defined percentage each financial cycle
No Recoupment	No recoupment occurs

If a receivable is subject to interest and/or penalties, amounts are automatically calculated and applied to the receivable based on configured parameters, including any configured schedule regarding the application of such interest and penalties.

FSCM40
The Contractor's solution shall provide the ability to apply received payments from a different payee (e.g. NPI, Provider ID) than is associated to the accounts receivable, based on configurable business rules.

CMdS-Financial supports applying a payment from a different payee than the owner of the receivable through the following process:

1. Log the payment as a financial receipt transaction by the payee that submitted the payment
2. Transfer the receivable from the payee that owns the receivable to the payee that submitted the payment

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3. Apply the payment from the receipt to the receivable
4. Transfer the receivable back to the original owner

If there are funds remaining on the receipt, they can then be applied to additional receivables attached to the payee that submitted the payment.

FSCM41
The Contractor's solution shall have the ability to create work queues for different aging levels (e.g., 30, 60, 90 day) for Accounts Receivable based on configurable business rules.

Our workflow tool supports grouping work within CMdS modules into queues. Users can see the work available in each queue including their current assignments as seen in Figure 4.2.16.1-13. We can configure queues according to policies and desired work groupings, including based on aging levels for account receivables.

Figure 4.2.16.1-13. Workflow Status at a Glance
The splash page provides the user with a summary of current events and information. The queues can be seen under the 'Workflows' grouping.

FSCM42
The Contractor's solution shall have the ability to provide Payees flexible payment capabilities (e.g., one time, scheduled, recurring) via the online portal as defined by the Agency.

Based on your responses to other payment-related questions, we expect to connect to another entity to process these payments. During the implementation we will enhance our portal to collect the required payment information and integrate with the other entity. Payments collected through the portal will be recorded as receipt financial transactions.

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FSCM43
The Contractor's solution shall automatically initiate or generate statements reflecting all transactions applied to an accounts receivable on a regular timeframe (e.g., weekly, monthly) as defined by the Agency. The Contractor will display the statement via the portal and submit the notice via the Payees' preferred notification method.

CMdS-Financial provides detailed receivable information on the printed remittance statements we publish to the portal. Figure 4.2.16.1-14 shows an example.

Figure 4.2.16.1-14. Receivable Detail on Portal
Our remittance statements provide details on receivables, including transaction numbers, financial reasons, dates, balances, and activity.

FSCM44
The Contractor's solution shall automatically generate alerts to specified Entities (e.g., Payees, providers) for financial activities (e.g., delinquent accounts receivable, contract utilization thresholds, accounts receivables with no activity), based on configurable business rules.

CMdS utilizes our highly configurable and flexible workflow tool to send notifications and alerts. When a user initially logs into the system, the home page displays the alerts and notifications so that each user is aware of any activities assigned to them based on the configured workflows. During the implementation, we work with you to configure the workflows and alerts to support the business needs outlined in the RFP.

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FSCM45

The Contractor's solution shall automatically initiate or generate any notices to support financial processes
(e.g., Accounts Receivable establishment notices, delinquency notices, increasing demand letters when accounts receivable are not satisfied, informational insert, hospitals for disproportionate share payment notices), based on configurable business rules. The Contractor will display the notice via the portal and submit the notice via the Payees' preferred notification method.

CMdS-Financial has an existing library of letters that are generated in the course of financial processing. As a standard practice for implementation, we'll work with you to revise the letters to be sent and the content of the letters. Our letters are generated from customizable templates that can be edited in a form that resembles the actual appearance of the letter when viewed/printed. Our standard library of letters includes:

- 1099 Letter
- Unredeemed Warrants 30 Days Overdue
- Unredeemed Warrants 60 Days Overdue
- Random EOMB Letter
- Targeted EOMB Letter
- Recoupment Notice with Appeal Rights
- Letters to Providers with Outstanding A/R - 30/60/90/120 days past dues

We generate our notices into a PDF format, which is suitable for printing and online viewing. We send the letter data to be posted on the provider portal as well as submitted according to payee communication preferences.

FSCM46

The Contractor's solution shall provide comprehensive search capabilities that allow authorized users to search within and across transaction types on a combination of fields (e.g., date range, account code, organization, subclass, employer/plan name, identification number, policy number, etc.) as defined by the Agency.

CMdS-Financial provides search screens for receipts, receivables, payouts, and financial entities. For each component, you can search by the financial control number (FCN), financial reason, various financial criteria, or by payee ID. If a single result is returned, the details for that result are displayed. Otherwise a search grid appears, and you can click on a result, sort the results or further modify their search criteria and run the search again. In addition to searching through our user interfaces, we also provide access to additional search criteria from our data model in CMdS-Insights.

FSCM47

The Contractor's solution shall allow for one payment to be applied to multiple accounts receivable for one or more Payees, based on configurable business rules (e.g. recouping federal funds first and/or applying funds by dollar amount or percentage).

Payments can be applied to multiple receivables in CMdS-Financial. A user can do this from the user interface, or our solution will do so automatically with net payments during the financial cycle. As described in our response to ID FSCM40, you can apply a payment to a receivable assigned to a different

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payee using temporary transfers of the receivable. CMdS-Financial includes automatic prioritization of receivables to favor lien/levy and then oldest receivables. You can configure receivables to put them on hold or slow/limit recoupment activities.

FSCM48
The Contractor's solution shall assign or receive, store, maintain, and display account coding information (e.g., FMAP, program code, division, speed chart, voucher type) at the header and line level for every claim and financial transaction, regardless of how the transaction was created (e.g., automatically, manually, upload from spreadsheet, interface) based on configurable business rules. The Contractor solution shall provide this information to the Agency Data Warehouse to support budget tracking and allocations, such that details can be pulled when requested.

Fund code assignment within CMdS-Financial provides the ability to associate, track, and reconcile data that relates expenditures to funding sources. Fund codes are determined at the header level or the line level, depending on payment type. During claims adjudication and financial transaction processing fund codes are applied that link to account coding information in the budget. This stamping includes all transactions, regardless of source. We provide all the transaction processing and budget data captured in our solution to the Agency Data Warehouse.

FSCM49
The Contractor's solution shall translate incoming transaction information into consistent state defined account coding based on configurable business rules. Information needed to trace back to the source system must be maintained.

CMdS-Financial uses configurable fund codes to help us manage financial transaction information, including tracking expenditures to funding sources. Our solution assigns fund codes to incoming transactions, either based on the specific interface or based on data received in interface transactions. These fund codes will link the incoming transaction with state-defined account coding as seen in Figure 4.2.16.1-15.

Figure 4.2.16.1-15. Fund Code Configuration
CMdS-Financial uses configurable fund codes to link transactions to accounting information and funding sources.

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FSCM50
The Contractor's solution shall indicate the date, time, reason and coding of any validation failure from an external Entity as defined by the Agency.

CMdS has a modern, flexible API-based architecture used for interfacing with other systems through our Digital Hub, which provides a single point of exchange for all interfaces. This process is responsible for both inbound and outbound processes. We capture all interface validation errors in an error table. We support capturing the type of error (reason), date and time, type of interface, and the error text.

FSCM51
The Contractor's solution shall allow authorized users to resubmit corrections to transactions with validation errors from an external Entity as defined by the Agency.

As a standard practice when supporting interfaces, Conduent attempts to report errors back to the source so that we can obtain a properly authorized correction. Reporting errors also serves the additional benefit of building awareness to prevent future similar reoccurrences. For batch interfaces, authorized users can re-run jobs to process corrected transactions. For real-time interfaces, the interface partner can send a correction. When dealing with time sensitive issues, or where impractical to have the data corrected and re-sent, the failed transaction can be entered using our web-based user interface.

FSCM52
The Contractor's solution shall include comprehensive edits to identify duplicate Payees and have an automatic and manual consolidation process, based on configurable business rules.

Our recommended approach is centered around prevention. We recommend simply not allowing duplicate combinations using configurable settings, such as not allowing payees with a duplicate tax ID. We can prevent other combinations of duplicate data that violate your policy. During the implementation, we look forward to discussing our options around prevention versus detection and putting in place consolidation processes where required.

FSCM53
The Contractor's solution shall allow authorized users to maintain, modify and view financial transaction types and account codes.

Financial reasons can be viewed, maintained, and modified through our online data dictionary as seen in Figure 4.2.16.1-16. These financial reasons are used throughout our standard transaction types – payouts, receipts, and receivables – to customize them to different types of financial transactions. We configure account codes through fund codes, a configurable item applied to transactions during processing.

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Figure 4.2.16.1-16. Financial Reason Codes
CMdS-Financial includes an online data dictionary that supports the definition of valid values used by our solution. Here you can see examples of financial reason valid values.

FSCM54
The Contractor's solution shall provide an accounting structure (e.g., chart of accounts, program) that is compatible with the accounting structure used by an external entity. Additionally, the solution shall translate and code outgoing transactions into standardized accounting codes using configurable business rules.

As a best practice, we recommend using your accounting codes to define our fund codes in CMdS-Financial. This approach avoids translation and allows you to see familiar information on our user interfaces and reports.

FSCM55
The Contractor's solution shall display financial side-by-side comparisons (e.g., expenditures by program, receipts) on a year to year basis for state fiscal year, calendar year, federal fiscal year, and rolling year as defined by the Agency.

In the CMdS-Financial user interface we have a claim financial inquiry that provides a summary of payments specific to a provider made over a period going back four years; however, the inquiry does not display information side-by-side or program level information. We have several budget / expenditure reports that could serve as the starting point for this effort. We look forward to discussing this with you during the implementation to determine what type of report or enhancement is appropriate to satisfy the requirement.

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FSCM56
The Contractor's solution shall include comprehensive edits (e.g. duplicate checking logic, duplicate check numbers) of financial transactions based on configurable business rules.

CMdS-Financial edits for duplicates in several ways. Each financial transaction is assigned a unique identifier to ensure duplicate entries are not made, either from the user interface or through file-based interfaces. There are edits to ensure that a check that has already been issued is not reissued as a duplicate, helping to prevent duplicate payouts. Payout transactions require review by an authorized approver, an additional security step designed to prevent duplicate payouts.

FSCM57
The Contractor's solution shall allow authorized users drill down capability to see all details linked to a specific financial transaction (e.g., claims/claim lines, per Member per month, accounts receivable) as defined by the Agency

We link financial transactions throughout CMdS-Financial to allow us to connect related transactions. Some examples include:

- Receipts are linked to the appropriate receivables
- Receivables created by the financial cycle are linked to the claims that created them and the claims that satisfy them
- Remittance advice numbers represent payments and link to the transactions included in the payment

This linking helps in both the web-based user interface, where those links are used to drill down into related records, and in CMdS-Insights reporting.

FSCM58
The Contractor's solution shall automate a balancing process at different levels (e.g., payment level, department level, financial cycle level) to ensure the total amount paid is equal to the payment for claims plus or minus any financial transactions that were applied to the payment on a scheduled basis (e.g., daily, weekly) as defined by the Agency.

CMdS-Financial is designed with balancing steps during and after every payment cycle so any accounting period interval will be in balance. The solution includes an automated balancing function to verify that transaction counts and dollar amounts remain in balance throughout the payment cycle, and that the daily adjudication processes balance with the weekly payment cycle. Our production staff are on call and ready to resolve discrepancies in transaction counts or payment amounts.

As part of the balancing process, data is associated with an original date of service as well as the current date of payment. Retrospective payment adjustments are recorded by date of service to appropriately affect service totals. The current payment date that affects only totals for the next closing cycle and does not affect prior accounting cycles. Several reports support balancing processes:

- Reconciliation Balancing
- Unredeemed Warrant
- Weekly Cumulative Voided Payment
- Deposit and Receipt Reports
- Preliminary Payment Summary Report
- Final Payment Summary Report
- Operational Final Payment Register Report

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FSCM59
The Contractor's solution shall generate a financial transaction to refund the federal share of overpayments within federal guidelines or as defined by the Agency.

Providers are obligated to report overpayments within 60 days of discovery, or they become subject to the False Claims Act. Should an unrecoverable overpayment occur, and the Agency must return federal funds, we enter a financial transaction to document the payment and assign to the proper budget and accounting codes. This data is then available for federal reporting.

FSCM60
The Contractor's solution shall include enough detail to display any offsets to the payment (e.g., each discrete accounts receivable, discrete cash receipts) on the remittance advice as defined by the Agency.

The CMdS-Financial payment cycle identifies any funds a payee owes and offsets the payee's payable funds toward the outstanding receivables. The remittance advice displays all financial transactions received and processed by CMdS-Financial for that week along with recoupments and any other related information. The Summary section displays any offsets for that week as seen in Figure 4.2.16.1-17.

Figure 4.2.16.1-17. Remittance Advice Summary
CMdS-Financial provides a clear remittance advice summary which helps the provider to understand the payments for the week.

FSCM61
The Contractor's solution shall have the ability to automate the posting of recoupments from other systems, based on configurable business rules.

To facilitate the automation of recoupment posting from other systems, CMdS-Financial has an API based architecture that allows for ready integration with other systems, and we work with you during implementation to address your specific needs about automating the posting of recoupments from other systems.

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FSCM62
The Contractor's solution shall allow for more than one accounting code to be assigned to each header or detail level of a claim, managed care or financial transaction as defined by the Agency.

The CMdS-Financial module assigns fund codes at the header or at the line, depending on the claim type being processed. A line priced claim can have different fund codes based on the data elements on the claim lines, for example claim type, category of service, member details, and provider details. We look forward to discussing the scenarios requiring more than one accounting code to come up with an approach that meets your business need.

FSCM63
The Contractor's solution shall provide an online mechanism which displays real time Aging of the accounts receivable providing both detailed (e.g., Name) and summary information as defined by the Agency.

When you search for receivable financial transactions in CMdS-Financial the results search grid includes the created date, which can be both filtered for and sorted by the age of the receivable. We also have configurable capabilities in our workflow tool to organize queues of work according to your criteria, which can include the age of the receivable.

FSCM64
The Contractor's solution shall provide an online mechanism which displays real time Accounts Receivable Collection Activity providing both detailed (e.g., Payee Type) and summary information of collection activity as defined by the Agency.

Our workflow tool provides a web-based online mechanism that displays real-time activity, including accounts receivable collection activity. Figure 4.2.16.1-18 shows an example of totals with a graph showing operational activity under the *Activity Summary* section.

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Figure 4.2.16.1-18. Workflow Status at a Glance
The splash page supports statistical counts and charts showing operational trends and totals.

FSCM65
The Contractor's solution shall have processes to suspend, terminate, withhold, or continue processing payments to Providers under investigation as defined by the Agency.

CMdS-Financial includes configurable rules in the fiscal pend user interface to identify criteria to limit, delay, or hold payments as seen in Figure 4.2.16.1-19. When the payment cycle runs, our solution will hold, or releases claims based on entered criteria. Data related to fiscal pend activity is available through the CMdS-Insights module.

Figure 4.2.16.1-19. Fiscal Pend User Interface
Users can enter fiscal pend requests in CMdS-Financial through the web-based user interface. Standard fields are available for configuration which may then be extended by mapsets that allow complex 'and/or' logic and access to a larger set of data elements.

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Provider payments can be put on hold based on provider type, provider ID, claim type, billing taxonomy, procedure code, modifiers, benefit plan, category of service, cap amount, or a configurable mapset. A fiscal pend mapset provides the user flexibility to pend claims based on configurable rules. The user sets up fiscal pend criteria using begin and end dates that are used by the payment cycle. Financial transactions, such as payouts, can be put on hold as specified. The fiscal pend status allows claims to process but suspends the claims from payment until the hold is removed or expired.

In addition to the fiscal pend process, CMdS supports editing functionality associated with placing a provider on review. This status allows claims to process but suspends the claims from payment until the hold is removed. Once removed, the system releases suspended claims for payment processing.

FSCM66
The Contractor's solution shall provide the ability to drill down to any financial transaction that has been linked to a specific program integrity transaction as defined by the Agency.

Financial transactions related to program integrity activities can be linked to assigned specific configured financial reasons. Users can drill down to financial transactions using searches through our web-based user interface, and via reporting with CMdS-Insights.

FSCM67
The Contractor's solution shall allow for the collection and maintenance of recoveries that link to the SURS recovery solution as defined by the Agency.

Whether created automatically by the voiding of claims or manually upon request, CMdS-Financial supports assigning an appropriate financial reason that labels the receivable as a SURS recovery. New financial reasons are added through configuration in our solution.

FSCM68
The Contractor's solution shall group payments as defined by the Agency (e.g., by Payee, Department) to reduce the number of transactions issued.

CMdS-Financial automatically groups all payments for the same payee, regardless of funding source. Payments can be made up from multiple sources, and our solution tracks the funds that belong to each funding source and accounting code. We look forward to discussing this requirement further during the implementation to understand more about the types of grouping required.

FSCM69
The Contractor's solution shall provide the ability to enter financial transactions in real-time as defined by the Agency.

CMdS-Financial includes a web-based user interface that fully supports the entry of all supported transaction types online, including:

- Payouts
- Receipts
- Receivables
- Fiscal pend criteria
- 1099 Correction

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All transactions entered are immediately saved and become available for viewing and searching. Transactions that involve immediate actions, such as applying funds to a receivable based on a received payment, take effect immediately.

FSCM70
The Contractor's solution shall provide the ability to copy a financial transaction (e.g., adjustment) so that users can edit selected information without having to re-enter all the information as defined by the Agency.

CMdS-Financial allows you to adjust a receivable transaction using the accounts receivable user interface. Our solution copies the original accounts receivable information when the user performs any of the adjustment actions shown in Figure 4.2.16.1-20.

Figure 4.2.16.1-20. Receivable Financial Transaction Adjustment
Our solution copies original financial transaction information to the adjustment. This capability is used for changing the amounts, writing off the receivable, etc.

We provide a similar capability for receipt financial transactions when adjusting, reversing, or returning/voiding checks as shown in Figure 4.2.16.1-21.

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Figure 4.2.16.1-21. Receipt Financial Transaction Adjustment
Our solution copies original financial transaction information to the adjustment. This capability is used for returning checks, adjustment receipt amounts, etc.

FSCM71
The Contractor's solution shall have the ability to transfer payment information to an Entity for producing payments (e.g., warrant, check, EFT, journal, prepaid debit card, EBT card) as defined by the Agency.

CMdS-Financial generates a custom interface file containing payment information for warrants, checks, EFTs, and the payment methods listed in this requirement. The warrant interface file contains information such as warrant type, payment type, payment amount, payment date, and payee ID, name, and address, all of which enable us to track the payment type and other related payment information to meet the needs of the State. The EFT file is generated in standard NACHA file format. The interface file is customizable through configurable business rules.

We send data files to the Agency and other entities as needed to facilitate payments. Whether the transmission of financial data is to a bank or to the Agency for third-party payment, we provide data interfaces that facilitate these payments.

FSCM72
The Contractor's solution shall allow multiple adjustments for each financial transaction as defined by the Agency.

While some types of financial transactions may logically stop after an adjustment (e.g., a check can only be voided once), there is no limit to the number of times you can adjust financial transactions as described in our response to ID FSCM70.

FSCM73
The Contractor's solution shall allow for the transfer of an accounts receivable when Payees go through change of ownership or other legal restructuring as defined by the Agency.

CMdS-Financial supports the transfer of an accounts receivable to another payee, including for change of ownership or other legal restructuring. Our solution creates a new financial claim transaction with a new

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FCN and TCN for the "Transfer To" entity. We can see the transfer details in history section of the original AR as shown in Figure 4.2.16.1-22.

Figure 4.2.16.1-22. Account Receivable Transfer
Enter the reason and new owner information to transfer an accounts receivable.

FSCM74
The Contractor's solution shall have the ability to manually or automatically identify, generate, and process refunds on a flexible schedule (e.g., specific day, date of the month, once a specific dollar amount has been reached) as defined by the Agency.

Our web-based user interface allows you to search for receipts for unapplied funds. Unapplied funds can be applied to an open AR or a refund can be issued. To generate the refund, you enter a payout from the receipt. The payout transaction is the request to issue the refund.

We can issue any payment through the payment cycle and can disburse refunds to payees at the Agency's direction. We can also hold refunds until a specific date or schedule using our fiscal pend capability. For payments issued outside our solution (i.e. manual check) but recorded within, the refunds can be processed at any time and are recorded with an appropriate financial reason so that our solution simply records the payment was made without issuing a second payment. For funds to be issued automatically but on a separate schedule than the regular financial cycle we can use our fiscal pend capability to limit the payment cycle to only those refunds.

We understand there may be circumstances in which you are trying to accelerate a refund, or you may wish to limit the frequency of refunds in order allow for additional scrutiny. Additionally, you may want to manage the timing of the payment of refunds based on meeting a certain dollar threshold. We have some different options to accomplish these objectives depending on the goals of the Agency. We look forward to discussing this requirement, and the options available, during the implementation.

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FSCM75
The Contractor's solution shall allow a single or group of financial transactions and related documents (e.g. statements, remittance advice, payments) to be held based on configurable business rules(e.g., member on review, provider on review, span dates).

In our response to ID FSCM65, we addressed our ability to use fiscal pend to hold payments or to place a provider/member under review to suspend payments or transactions. Currently the print-ready remittance advice would be created, but this can be made to be a configurable option if needed.

FSCM76
The Contractor's solution shall have the ability to deny, or cutback, the financial transaction (e.g. fund availability, contracted amounts) and reason will be noted on the invoice or remittance advice as defined by the Agency.

Our budget capability allows CMdS-Financial to limit expenditures according to your fund availability. Our solution will automatically fiscal pend transactions in the payment cycle to avoid exceeding the cap. We do not currently cutback payout financial transactions in this scenario, but we look forward to discussing this requirement during the implementation and determining the best approach to meet your need.

FSCM77
The Contractor's solution shall provide the ability to receive, record, and process all payments received for drug rebate in accordance with State and Federal requirements as defined by the Agency.

CMdS-Financial treats drug rebate payments just as another type of receivable financial transaction to be entered and satisfied by payments. The invoice amounts would be entered or loaded as receivables tied to the appropriate funding source, accounting codes, financial reason, and a financial entity that represents the manufacturer. As manufacturers submit payments our solution processes these as receipt financial transactions to be applied to the receivable.

FSCM78
The Contractor's solution shall ensure interfaces are initiated or accepted by a specific time of day based on configurable business rules.

We use an enterprise scheduler to control the timing of file-based interfaces processed by CMdS-Financial. We configure task execution schedules to set each process to run at the correct time. Our solution supports schedules based on recurrence or one-time activities and allows you to assign a specific time for execution.

FSCM79
The Contractor's solution shall capture journal details (e.g., journal ID, journal status, date) from the return file from another Entity as defined by the Agency.

In our experience with other state accounting systems, we do not normally receive responses to journal entries that we send, except in the event of an error. We look forward to discussing this requirement to better understand the issue and determine the best way to capture the journal details from a return file in our solution.

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FSCM80
The Contractor's solution shall allow authorized users to manually initiate or generate any financial correspondence (e.g., statements, delinquency notices). Contractor will display the notice on-screen and submit the notice via the Payees preferred notification method as defined by the Agency.

While we can manually initiate correspondence online as a feature of CMdS, we do not use this functionality within our financial module. Financial correspondence tends to be structured and scheduled, and less ad hoc compared to other types. Our solution includes the flexibility already to support different templates based on the aging of a receivable. We also dynamically populate data on notices. We look forward to discussing this requirement so that we can formulate a solution that meets your need.

FSCM81
The Contractor's solution shall have the capability to upload attachments and associate the attachments to the payee or line level on the appropriate financial transaction as defined by the Agency.

All our major financial transactions receipts, receivables, and payouts support the upload and display of attachments. Attachments related to financial entities are indexed and available in ECM.

FSCM82
The Contractor's solution shall allow authorized users to manually create and modify journal entries as defined by the Agency.

Authorized users manually create and modify journal entries in CMdS-Financial by entering financial payout or receivable transactions in the web-based user interface. As these transactions process in the payment cycle journal entries are created and transmitted to the state accounting system and send a reporting listing all journal entries to ECM. A payout will create a credit transaction journal entry while a receivable will create a debit transaction.

FSCM83
The Contractor's solution shall allow users to manually apply recoupment rules across individual claims within a group of claims as defined by the Agency.

In CMdS-Financial, when you change the recoupment rules configured for a receivable, all the individual claims in the group attached to the receivable are affected by the change.

FSCM84
The Contractor's solution shall perform real-time audit/balance of interfaces (e.g. journals) within same business unit where the lines should balance to zero by fund and provide notification if they do not balance as defined by the Agency.

As interface files are processed, CMdS-Financial includes summary level reporting to indicate the results of all transactions processed, including any transactions that failed validation. If the interface file contains transaction summary information, we can include real-time balancing to ensure the detailed records within the file as processed balance to the summary information. While processing the payment file we ensure the payment amount and payee details match and balance. During payment processing, we execute a series of balancing processes within CMdS-Financial that validate not only the transaction counts and

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amounts to the input claims and financial transactions, but that also ensure that amounts balance to zero within each step in the process to proactively identify any potential issues.

FSCM85
The Contractor's solution shall provide the ability to view detailed and consolidated history of all transactions (e.g., claims, invoices, payments, receipts, debt assessment, correspondence) applied to an account (e.g., Provider, Member, Payee). Allow the user to sort, filter, and group by transaction details (e.g., Payer, transaction type, date, status) as defined by the Agency.

CMdS-Financial provides several search options specific to different types of searches in the web-based user interface:

- Claims inquiry
- Payout search
- AR search
- Receipt search
- ECM search

Our solution allows users to specify criteria including the unique transaction number, the payee, or other attributes. If a single transaction is matched, the details of the result are immediately shown in the detail screen. If there are multiple matches, the response shows some details of each match and you can either select one of the results to display additional information or further modify the search criteria. All details on the response have sort capability in ascending or descending sequence that will group together like values. The search criteria remain visible so the request can either be adjusted, or the results further filtered with more specific criteria.

FSCM86
The Contractor's solution shall have the ability to assign unique Payee ID to each Payee who is uniquely identified by Tax ID as defined by the Agency.

CMdS-Financial assigns a unique Payee ID to each payee, which we can configure to be uniquely identified by Tax ID. We have an alternative identifiers table that allows us to link a Payee ID to other identifiers and types. This is where we store the Tax ID, and also link to state Medicaid IDs and NPI numbers. Sometimes your provider number scheme becomes our solution's unique identifier, depending on your preference.

FSCM87
The Contractor's solution shall receive, store, maintain, and display detailed information on bank accounts as defined by the Agency.

CMdS provides user interfaces for adding, maintaining and searching bank account details as seen in Figure 4.2.16.1-23. We also capture similar information for payees that are not providers.

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Figure 4.2.16.1-23. Provider Bank Account Information
Our provider screens capture and display bank account information, including the bank account and routing number.

FSCM88
The Contractor's solution shall have the capability to modify a Payee's bank account information (e.g. manually, automatically) within the system based on Agency policy using configurable business rules.

For providers, we typically expect to receive the provider information including bank account information from the provider module. We automatically process the provider information, store the data, display the information on our provider screens, and use the data in processing. Access to our user interface to view and modify data is controlled by role-based configuration. For arrangements where we are the source of truth or it is otherwise acceptable to update provider bank account information in our solution, access to authorized personnel to make updates requires a security configuration change to assign the appropriate role.

For other types of payees, our solution is more likely to be the source of truth, and we provide a user interface to add or update bank account information as seen in Figure 4.2.16.1-24.

Figure 4.2.16.1-24. Financial Entity Bank Account Information
For non-provider payees such as vendors, we support the capture of detailed information including bank account information.

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FSCM89
The Contractor's solution shall maintain effective dated payee information and link each payment to the payee information that was used at the time of payment as defined by the Agency.

All payments within CMdS-Financial are linked to the payee identifier, payment date, payment method, warrant number, remittance advice number, and payment amount in the financial warrant table. The warrant table data is one way we can link all payments to the payee as well as claims and financial data. The banking details maintain an effective date to ensure the EFT transactions are routed correctly at the time of payment and the EFT transaction details are stored in the warrant number.

FSCM90
The Contractor's solution shall have the ability for authorized users to produce or initiate payments in different formats (e.g., check, ACH, journal, prepaid debit card, EBT) retain detailed data related to the payment
(e.g., Payee identification, reason for issuance) as defined by the Agency.

In the State's Question & Answer Board response to *Attach F, FSCM90*, you indicated that Offerors are not responsible for issuing debit cards. Based on your guidance, we are assuming that we will be producing multiple interface files aligned to the type of payment. CMdS-Financial supports a warrant method to indicate the type of payment to be used for each payment. We use the warrant method to separate payments into different output files for routing to the appropriate financial institution/party that makes the payment.

The detailed data we capture in the warrant table for each payment includes:

- Payee
- Payee type
- Warrant number
- Warrant medium (i.e. EFT)
- Warrant date
- Payment amount
- RA number
- Count and amount of paid, denied, and suspended claims

We capture the reason for payment at a more granular level for financial transactions using a reason code, since an overall payment may be issued for multiple reasons.

FSCM91
The Contractor's solution shall have a process for all payments to be recorded and deposited daily, including payments from Payees who are not yet in the system, and link to an account receivable as defined by the Agency.

We designed CMdS-Financial to support quick turnarounds to log the receipt of funds as a separate activity from applying those funds against receivables. A user can enter a receipt financial transaction in the web-based user interface to record the payment. Each payment must be associated with a payee, but this can be satisfied by creating an initial payee record that can be updated later. This ease of entry of payee means paper checks can be deposited quickly.

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FSCM92
The Contractor's solution shall calculate, receive, store, maintain, and display medical expenditure transactions processed outside of the Contractor's solution (e.g. spend-down, Member premium) as defined by the Agency.

CMdS-Financial supports receiving and maintaining financial transaction details for expenditures processed outside of our solution. These transactions are stored as history only payouts with unique financial reason codes to indicate the source of the payment. Conduent's Digital Hub (Enterprise Service Bus, or ESB) and SOA-based architecture allows for ready integration with other systems to accept these transactions. The payouts can be viewed through the payout user interface and all data is available for reporting.

FSCM93
The Contractor's solution shall automatically apply claims or financial transactions to a contract total based on configurable business rules and display a running total of the contract balance as defined by the Agency.

In the State's Question & Answer Board response to *Attachment F, FSCM93*, you clarified that the Offeror's solution should apply claims payments and other financial transactions (e.g., accounts receivable, SURS recovery) against a contract balance. CMdS-Financial captures budgets by fund code, funding source, category of service, and time period. Budgets can be entered, modified as authorized, and voided. During payment processing we apply updates to the budget expenditures. You can view budget information in our web-based user interface as seen in Figure 4.2.16.1-25.

Figure 4.2.16.1-25. Budget Totals to Date
CMdS-Financial capture running totals of claims and financial transactions paid for each funding source and time period. You can see the original budget, the current modified budget, and the running total of expenditures.

FSCM94
The Contractor's solution shall be scalable to receive additional financial transactions as defined by the Agency.

Processing financial transactions is not resource intensive in our solution given the relatively small amount of exception processing required for financial transactions compared to over a thousand claims edits. We can process financial transactions in batches using spreadsheets. CMdS-Financial includes configurable financial reasons and funding sources to be able to scale to support additional types of financial transactions without development changes. These configurable items are all modified from our web-based user interfaces and have an immediate impact on processing once configured.

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FSCM95
The Contractor's solution shall receive, store, maintain, and display payment request information with a unique identifier to trace the payment back to the source as defined by the Agency.

CMdS-Financial uses remittance advice (RA) number as the key which ties payment back to source. The RA number is generated during the financial cycle and uniquely identifies the payment along with the warrant number. The claim financial user interface allows you search for payee payment history where you can locate the RA number. The claims inquiry advanced search allows you to use the RA number to identify the source transactions that were part of the payment.

FSCM96
The Contractor's solution shall receive, store, maintain, and display payment suspension, rejection, or cancellation reasons (e.g., incomplete tax information, payment below minimum threshold from the payment processing system) as defined by the Agency.

CMdS-Financial fiscal pend process supports limiting the payment amount or suspending payment through configurable features as defined in the fiscal pend user interface. Configurable rules in the fiscal pend user interface enable you to configure criteria to limit, delay, or hold payments based on fiscal pend parameters set up by user. Each configuration is assigned a unique identifier. That fiscal pend identifier is saved on the transaction during the financial cycle when used to stop the payment. You can see the link from the transaction to the fiscal pend criteria on the claims inquiry screen.

FSCM97
The Contractor's solution shall allow authorized users to work and resolve suspended payments and release them for submission as defined by the Agency.

CMdS-Financial suspends payments for several reasons and there are corresponding specific resolutions related to each type of suspense. Some examples of issues and resolutions are in Table 4.2.16.1-4.

Table 4.2.16.1-4. Fiscal Pend Reasons and Resolution

Fiscal Pend Reason	Resolution
Insufficient budget	An approved updated budget is entered through the user interface
User defined fiscal pend	User ends the fiscal pend in the user interface
Fund code not assigned	Correct fund code configuration and update impacted claims
Header reimbursement is not equal line reimbursement	Conduent's core claims support staff advise how to correct in the event of this rare occurrence and a data correction is applied in CMdS-Financial

FSCM98
The Contractor's solution shall automatically reprocess system suspended transactions based on configurable business rules.

CMdS-Financial automatically reprocesses fiscally pended claims during financial payment cycles. During each cycle, the fiscal pend process looks at all active fiscal pend criteria and pends or releases all claims (new and prior fiscal pended) based on fiscal pend criteria and dates.

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FSCM99
The Contractor's solution shall allow for a unique identifier for each transaction allowing users the ability to research and follow a transaction through the entire life cycle as defined by the Agency.

A unique Financial Control Number (FCN) is created in CMdS-Financial for every financial transaction type (receivable, payout, receipt). FCN is a 14-digit system generated number that combines creation date, financial transaction type, and batch number.

FSCM100
The Contractor's solution shall receive, store, maintain, and display summary and detail payment information (e.g., payment type, warrant number, voucher number, warrant status, date issued, date reconciled, date cashed, date cancelled, EBT status, EFT paid date, journal issued date) as defined by the Agency.

CMdS-Financial stores information from payment cycle including warrant number, payment amount, payment date, warrant status, and remittance advice (RA) number on the financial warrant table. This information as well as the remittance advice details can be viewed using the claims financial inquiry user interface. In Figure 4.2.16.1-26, we show a list of RA numbers from a search.

Figure 4.2.16.1-26. Payment Information on the Financial Inquiry Screen
You can look up RA numbers representing each payment on our web-based user interface.

Information regarding bank reconciliation of warrants, cleared payments, cancelled payments, and other financial data can be found on our bank reconciliation reports as shown in Table 4.2.16.1-5.

Table 4.2.16.1-5. Bank Reconciliation Reports

Report	Description
Warrant Resolution File Error Report	Provides a listing of all the redeemed warrants that were in error
Warrant Resolution File Update Report	Provides a listing of all the redeemed warrants that were successfully processed into the bank reconciliation process
Unredeemed Warrant report	Provides a listing of all the unredeemed warrants

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FSCM101
The Contractor's solution shall support the prenote request process to another Entity, including determining when the process is required or overridden, using configurable business rules.

CMdS-Financial allows the user to set up EFT information for a payee in the financial entity user interface. When the provider EFT status is *Prenote*, our solution triggers the prenote process.

EFT Prenote Process. CMdS-Financial sends an EFT prenote transmission to the financial institution to verify the bank routing and account numbers. We continue to issue a paper check during the EFT prenote process and prenote test record is added to EFT file with a payment amount of zero. You can correct any EFT errors resulting from the prenote and repeat the verification process for accuracy. After a defined number of days from successful transmission of the second prenote set as seen in Figure 4.2.16.1-27, the financial cycle includes payee's payment amount in Automated Clearing House (ACH) payment file that is sent to the bank.

Figure 4.2.16.1-27. System Parameter for Number of Days in Prenote Status
You can configure the number of days that a payee stays in prenote status.

The solution does not generate EFTs or checks for zero-dollar payments. If the financial institution reports a failed EFT or the payee reports a change in the bank routing or account number, we update the payee EFT data and the EFT pre-note process starts over. The system allows the user to override the pre-note details based on user's roles and responsibilities.

FSCM102
The Contractor's solution shall allow for authorized system users to enter and modify prenote information as defined by the Agency.

If the financial institution reports a failed EFT or the payee reports a change in the bank routing or account number, you can update the payee EFT data in our web-based user interface and the EFT prenote process starts over. Like all our user interfaces, security is controlled by role-based access and only authorized users can update prenote information.

FSCM103
The Contractor's solution shall allow for authorized system users to enter and modify direct deposit information, including a comment field as defined by the Agency.

Depending on the modularity vision, the provider enrollment / provider module may be the source of truth for EFT information; however, our system does have the ability to store and edit that information. Depending on the model, we set role-based access appropriately so operational staff responsible for entering EFT information have access to do so.

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For financial entities that are not providers, CMdS-Financial includes a Financial Entity screen as shown in Figure 4.2.16.1-28 where authorized users can view and update payee banking information, including direct deposit.

Figure 4.2.16.1-28. Financial Entity Screen – Bank Details
For vendors or other non-provider financial entities, our user interface supports the entry of direct deposit information.

The user interface includes an option for entering notes as seen in Figure 4.2.16.1-29.

Figure 4.2.16.1-29. Financial Entity Screen – Notes
Many CMdS screens support the entry of notes, including the financial entity screen.

FSCM104
The Contractor's solution shall have the ability to display financial transactions that have not been paid and the reason for non-payment as defined by the Agency.

Financial transactions may not have been paid due to:

- No approval
- No financial cycle has been run since approval
- A fiscal pend was applied to the payment during the financial cycle

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Financial transactions that have not been paid can be located on the financial payout screen using the approval status as search criteria. Once approved, a corresponding claim number (TCN) for the financial transaction (FCN) will be created, and any claims waiting for a financial cycle are presented on the claims inquiry screen in a status of to-be-paid. If the payout financial transaction was held during the financial cycle for a fiscal pend, the fiscal pend criteria matched will be a link on the claims inquiry when viewing the claim.

FSCM105
The Contractor's solution shall use configurable business rules to allow for Agency payments to be offset against outstanding accounts receivable or credit balances within the same department in determining the payment amount as defined by the Agency.

To apply Agency payments specifically against the same department, any payment from the Agency can be entered as a receipt in CMdS-Financial. By choosing receivables with the appropriate fund code (department), you can apply the funds from the receipt specifically to those receivables. Receivables in CMdS-Financial can be satisfied from net payment activity, which prioritizes liens/levies and then applies oldest to newest to open receivables. We look forward to additional discussion in order to better understand the different types of Agency payments to which this process may be applied.

FSCM106
The Contractor's solution shall allow for withholding partial or full payments (e.g., reduce payment by percentage or by set amount, hold payments for a specific Provider type or specialty) based on configurable business rules. The Contractor's solution shall have the ability to send withheld amounts to a designated lien holder as defined by the Agency.

We can withhold partial or full payments based on configurable criteria with our fiscal pend function. To send the funds to another party you enter a financial receivable to capture the funds, remove the fiscal pend to allow the payments to apply to the receivable, and enter an offsetting financial payment transaction with an appropriate reason code to the financial entity representing the other party.

FSCM107
The Contractor's solution shall allow for the creation of multiple categories of accounts receivable (e.g., audit, overpayments, fraud) at the claim header and detail level, per Agency defined criteria.

Through customization of financial reasons, we have the flexibility to create categories for each type of receivable, including categories such as audit, overpayment, and fraud. The financial reason code identifies the reason for collection. Table 4.2.16.1-6 illustrates examples of how financial reasons are used with receivable types to support different categories of recoupments/collections.

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Table 4.2.16.1-6. Financial Reasons

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

FSCM108
The Contractor's solution shall have a flexible payment plan solution with automatic and manual options, per Agency defined criteria (e.g., start date of payment plans, exempt or include specific ARs, base payment amount on percentage of original AR or percentage of payment) with configurable business rules.

CMdS supports flexible recoupment criteria for applying provider payments to receivables. You can modify the recoupment features, including recoupment type, schedule, and amount, which can be established as a specific dollar amount, a percentage, no recoupment and payment schedule. Payment schedule options configuration can be seen in Figure 4.2.16.1-30.

Figure 4.2.16.1-30. Payment Schedules for Recoupments
Our solution supports configuring a payment schedule for a receivable.

FSCM109
The Contractors solution shall ensure that payments received are deposited and accurately applied within a timeframe determine by the Agency.

CMdS-Financial functionality provides several features that promote and ensure the timely deposit and accurate application of payments received. For example:

- Lockbox support as a secure and timely first step of the deposit process
- Quick and accurate logging and application of the receipt to the appropriate accounts receivable
- Creation of a placeholder financial entity if a check is from an unknown payee

These activities support our ability to meet the timeframe determined by the Agency. Using CMdS-Insights we produce reports listing receipts of funds that can be date filtered and matched up to deposit activity.

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FSCM110
The Contractor's solution shall automate a balancing process to ensure the amounts of a transaction that is split between different account codes balances to the total amount of the transaction as defined by the Agency.

The payment process will fiscal pend a claim if the sum of the line fund codes amount does not match the total transaction reimbursement amount. If this occurs, the fiscal pended claim will be routed to the claims operation team for correction.

FSCM111
The Contractor's solution shall allow users to sort (e.g., date, amount, program) and filter (e.g., payee, suspension reason, date range, program, amount range) suspended payments as defined by the Agency.

Our solution supports searching for fiscal pended transactions. Options include the ability to search based on provider, member, date parameters, status, remittance advice number, fiscal pend indicator, fund code, claim type, and other information. Additional filtering is accomplished by modifying the search criteria which remains available for editing after the initial search. The search results can be sorted as needed by the user. This is all performed using the advanced tab in claims inquiry as seen in Figure 4.2.16.1-31.

Figure 4.2.16.1-31. Advanced Inquiry for Fiscal Pend Transactions
You can identify transactions that are under a fiscal pend from our user interface using configurable criteria.

FSCM112
The Contractor's solution shall have the ability to configure (e.g., add, update, remove) fields/metadata to be collected or stored for financial transactions. Any change to the fields/metadata will have effective date and end dates as defined by the Agency.

CMdS-Financial includes an online data dictionary in the web-based user interface. You can add a field through the data dictionary, and to make the field usable Conduent will:

- Apply the database change to alter the table
- Determine where the field goes on the user interface
- Include the field in any applicable processing logic

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Metadata such as valid values are maintained through the user interface and have effective beginning and end dates. Values that are not active do not appear as a drop-down option when entering or changing data but will display if existing data matches the values. Additionally, there are several code sets such as fund codes and reference data that have effective beginning and end dates.

FSCM113
The Contractor's solution shall allow authorized users to manually suspend, correct, and release financial transactions based on configurable business rules as defined by the Agency.

CMdS-Financial supports placing a receivable on hold by configuring a recoupment type. You can also use recoupment start date to release the receivable from suspension. Given access based on defined roles and responsibilities, an authorized user will be able to adjust receivables and receipts with an outstanding balance. Payouts can be put on hold by removing the approval and released by re-approving.

FSCM114
The Contractor's solution shall ensure that Payees are eligible for payment before payment is generated, based on configurable business rules which can be specific for Payee type (e.g., Provider, Member, Vendor) or benefit (e.g., non-emergency transportation) as defined by the Agency.

Our financial solution determines payee eligibility by first ensuring the payee exists as a financial entity, and that valid banking information is present to support EFT transactions. Financial transactions for members, vendors and other payee types cannot be created until the payee information is present, and the data has passed the business rule validations. The CMdS-Claims adjudication processing ensures that providers and members on the claims are eligible for the dates of service submitted, prior to the claim being sent for payment processing. Benefit plan configuration in CMdS-Claims ensures that the member is enrolled in the benefit plan and that the provider is in the corresponding benefit plan network and therefore authorized to receive payment.

FSCM115
The Contractor's solution shall provide the ability for authorized users to search all financial transactions at any stage of processing (e.g., suspended, paid) based on one or more attributes (e.g., status, date range, Payee, type, amount range) as defined by the Agency.

We support the searching for financial transactions for our three major financial transaction types – receipts, receivables, and payouts. In Table 4.2.16.1-7, we provide the search criteria available in each.

Table 4.2.16.1-7. Searching Financial Transactions – Available Criteria

Transaction	Search Criteria
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

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FSCM116
The Contractor's solution shall allow for multiple lines on a financial transaction and distinct account coding on each line as defined by the Agency.

CMdS-Financial currently supports a single accounting code on a single financial transaction. If you have a single payment that has multiple funding sources, we accomplish that today by creating multiple financial transactions. We can also do a single payout under a primary accounting code and use offsetting history-only transactions to move some of the funding to other accounting codes. We look forward to further discussions regarding this requirement and possible solutions for solving this business need.

FSCM117
The Contractor's solution shall have the ability to process recoupments using predefined methodologies (e.g., percentage hierarchy, oldest claim first, payee, provider) based on configurable business rules.

CMdS-Financial uses paid claims activity to recoup receivables from payees. During payment cycle processing, we first apply net payments to liens and levies, followed by any outstanding account receivables based on age (first in, first out). The payment cycle identifies the funds the payee owes and offsets the payee's payable funds toward the outstanding receivables. Recoupments are limited by the configured parameters of the receivable, including by percentage. To apply funds manually from the user interface, the user can override the hierarchy to apply funds according to Agency direction.

FSCM118
The Contractor's solution shall have the ability to allow for Electronic Funds Transfer (EFT) for payments received for drug rebate and provide the detail (e.g., claim detail, dispute detail, invoice detail) as needed to apply to the correct program (e.g., Medicaid, Federal, Supplemental, State Drug Program) as defined by the Agency.

Based on the State's Question & Answer Board response to *Attachment F, FSCM118*, we understand that the EFT funds will be deposited directly in the state's bank account and that we are expected to receive, process, and store supporting EFT data. Our solution supports the entry of those payments as receipts, either manually or through an interface. Based on the presence of drug rebate receivables with appropriate funding codes, the applicable receipt will connect to the appropriate funding source for accounting and federal reporting.

FSCM119
The Contractor's solution shall allow for multiple payments from multiple systems to be applied to one accounts receivable using an established hierarchy as defined by the Agency.

Considering the frequency and delivery method, we can apply payments to receivables according to your defined hierarchy. We can configure the processing schedule to apply received payments in a specific order, by running the jobs to process each payment type in an order that matches your hierarchy. If these are manually received payments, we can also apply them in the correct order. We look forward to discussing this requirement to understand which systems will be sending payments and the order in which they should be processed.

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FSCM120
The Contractor's solution shall have the ability to input data that controls the amount an Entity (e.g. payee, provider) is paid, by uploading a file (e.g., Excel, comma or pipe delimited file) or manual entry as defined by the Agency.

Using our fiscal pend and budget functions, we can hold or limit payments. While we have not previously loaded fiscal pend criteria from a file, we can develop the structure for an import file that can be used for that purpose. Budget data can be loaded in bulk for annual updates or periodic changes. We will work out the details with you during the implementation.

FSCM121
The Contractor's solution shall have the ability to manually transfer all or selected Accounts Receivable balances from one payee to another based on Agency configurable business rules.

CMdS-Financial supports the transfer of an accounts receivable to another payee, including for change of ownership or other legal restructuring. By searching for a provider in the accounts receivable screen you can identify all the receivables for a provider and determine which ones should be transferred. Our solution creates a new financial claim transaction with a new FCN and TCN for the transfer to entity. We can see the transfer details in history section of the original AR. You can see the process for transferring a selected receivable in Figure 4.2.16.1-32.

Figure 4.2.16.1-32. Account Receivable Transfer
You enter the reason and new owner information to transfer an accounts receivable.

FSCM122
The Contractor's solution shall have the ability to manually and systematically change (e.g., retroactive, prospective, current) FFP for financial programs (e.g., Medicaid, CHIP, MCHIP, Family Planning, Refugee, Breast and Cervical Cancer, Money Follows the Person) as well as other elements (e.g., State Chart of Accounts) as defined by the Agency.

CMdS-Financial allows authorized users to configure budget information for each program using the web-based user interface as seen in Figure 4.2.16.1-33. Our budget structure supports the co-existence of

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Title XIX, waiver programs, and other Agency programs. This structure also supports multiple share allocations, including FFP. To limit payments by budget, a budget amount is set up for a fund code, which accumulates expenditures as payments are processed.

Figure 4.2.16.1-33. Budget Data User Interface
Our solution tracks the budget amounts and effective dates, fund codes, funding sources, and share allocation percentages.

FSCM123
The Contractor's solution shall provide an online view of all non-claim based financial transactions that are scheduled for payment but have not been processed for payment as defined by the Agency.

Once a payment (payout) is approved, an associated claim (TCN) is created that links to the financial transaction (FCN). You can search for these transactions using our web-based user interface on the claim inquiry screen by selecting claim type of financial and a claim status of to-be-paid.

FSCM124
The Contractor's solution shall systematically reverse all related transactions when a provider payment is cancelled, stale-dated or replaced as defined by the Agency.

If there is no replacement check, our solution voids related claims as part of entering the stale-date check or other type of cancellation as a receipt. This is accomplished by automatically creating adjustment requests that are processed by the claims module.

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FSCM125
The Contractor's solution shall process cash receipts (e.g., solicited and unsolicited) from providers and update records as defined by the Agency.

A cash receipt is entered in CMdS-Financial as a financial receipt transaction, similar to any other kind of payment. In the check number field, we can document the check number as *Cash*.

FSCM126
The Contractor's solution shall allow the Agency to determine which users are authorized to determine if an accounts receivable is applied in full or in part as defined by the Agency.

CMdS-Financial supports role-based access control (RBAC) and supports configurable restrictions to financial transaction access such as the permission included in this requirement.

FSCM127
The Contractor's solution shall have the ability to send recoupment notifications to the appropriate payee, department/division and system(s) in electronic or paper format based on the recipients communication preferences and as defined by the Agency.

Recoupment information appears on the print image remittance advice and is sent to the payee based on their communication preferences. During the implementation we will work with you to understand how you want notifications routed to department/division and system(s).

FSCM128
The Contractor's solution shall provide an online history view of all transactions (e.g., payments, transfers, charges, credits) made during a user-specified time period for each payee as defined by the Agency and in accordance with generally accepted accounting procedures.

Search options include searches based on provider, member, date parameters, status, remittance advice number, fiscal pend, fund code, claim type, and other information. Additional filtering is accomplished by modifying the search criteria – which remains available for editing after clicking search. This is all performed under the advanced tab in claims inquiry as seen in Figure 4.2.16.1-34.

Figure 4.2.16.1-34. Advanced Inquiry for Transactions
We provide an online view of transaction history on the Claims Inquiry screen.
The results include non-claim transactions.

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FSCM129
The Contractor's solution shall create, store, and maintain amortization schedules for repayment of recoupments (i.e. payee overpayment) as defined by the Agency.

CMdS supports flexible criteria for applying provider payments to receivables. Since there is no guarantee that a provider will generate the amount of payment activity expected by a schedule, we've created options that properly handle such a scenario by continuing to collect based on an amount per financial cycle or a percentage of the recoupment. In addition to being able to create a payment schedule for each receivable based on configuration options, we also support putting payments on hold and delaying repayment until an agreed-upon date. In Table 4.2.16.1-8, we provide a full list of the repayment options our solution supports.

Table 4.2.16.1-8. Receivable Recoupment Options

Recoupment Type	How It Works
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

FSCM130
The Contractor's solution shall have the capability to establish an annual expenditure allowance by category
(i.e. funding type, program category) for claims according to the timeframe designated for the program or waiver as defined by the Agency.

Our solution supplies a budget setup screen for establishing authorized budget amounts by user defined timeframes. We establish budgets using data elements such as category, business unit, division, department, fund code, category of service, and other information. At the fund code level within a budget, users can set up funding sources and expenditure amounts for the user defined periods.

During claims adjudication, our solution assigns the fund code/category of service to the claim based on state-defined fund code assignment criteria. During the financial cycle we accumulate expenditures by category and fiscal pend claims when expenditures exceed the annual expenditure allowance.

FSCM131
The Contractor's solution shall have the capability to establish an annual threshold allowance for claims according to the timeframe designated for the program or waiver as defined by the Agency.

We control threshold allowances using the fund code, budget, and fiscal pend capabilities of our solution like ID FSCM131. Besides fiscal pends created by exceeding a budget, we also support flexible criteria for holding or limited payments with a user entered fiscal pend request.

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FSCM132
The Contractor's solution shall have the ability to make payments for the Electronic Health Records Incentive Programs payments as defined by the Agency.

We process Electronic Health Record (EHR) incentive payments in CMdS-Financial using payout transactions. Since EHR incentive payments should be for Medicaid providers, our solution will leverage your provider information (i.e. bank information for EFT, address information for checks) to make payments. We'll configure payouts to have a reason available to support EHR incentive payments using our online data dictionary. We can create payouts from a spreadsheet, or they can be entered as required. An example of a manually entered EHR incentive payout can be seen in Figure 4.2.16.1-35.

Figure 4.2.16.1-35. EHR Incentive Payment
Using our solution's Payout screen, you can request a financial payout using a reason that identifies the payment is for an EHR incentive payment.

FSCM133
Contractor's solution shall have the ability to track specific AR's by case number for the Office of the Inspector General as defined by the Agency.

While we have some existing fields that could be leveraged to track an external identifier on a receivable financial transaction, we believe enhancing our product to store the Office of the Inspector General case number is appropriate for this project. During the implementation we'll work with you on adding appropriate fields for this data.

FSCM134
The Contractor's solution shall recoup or apply a receipt to any Accounts Receivable balance and the receipt and recoupment should be updated with the details from one or more account receivable(s) attributes of the AR
(e.g., COS, FFP, Dept ID, Program) for which the recoupment and receipt have been applied based on Agency defined business rules.

When a payment is received for an existing receivable, we create a receipt and disposition the receipt against the receivable. Our solution assigns a fund code to every receipt, providing the detail concerning budget assignment for attributes such as department ID and FFP. This enables us to apply the funds correctly based on the characteristics of the receivable.

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FSCM135
The Contractor's solution shall receive, capture, store, maintain, display, and track various types of fees (e.g., Hospital Fees, Nursing Home Provider Fees, etc.) for providers and non-providers based on manually entered or uploaded files of fees assessed or collected, and assign a unique identifier for each fee as defined by the Agency.

Our solution can support loading records of fees received based on a defined interface format. We create receipts and receivables and link the payment to the appropriate funding sources using fund codes and an appropriate financial reason to capture the purpose. We also support manual entry of these transactions through our web-based user interface. These payments can either be linked to providers or other financial entities. Both the receipt and receivable financial transactions created by this process will have a unique identifier (FCN).

FSCM136
The Contractor's solution shall have the ability to allow Nursing home to enter patient days, generate an invoice (e.g., based on the days submitted, provider tax), track payments not received and auto generate a reminder or a notification based on the provider's chosen notification method to those who have not submitted their patient days as defined by the Agency.

We believe this requirement relates to ID FSCM164 and ID FSCM165 as part of an overall solution to collect information from providers to calculate tax assessments, calculate tax owed, invoice, and receive and apply payments.

Capturing Patient Days. On the external portal, we will create a new page to collect patient days information from nursing homes. The exact layout and data to be captured will need to be determined during the implementation.

Generating an Invoice. Using the days submitted as well as the tax information captured as part of ID FSCM164, we will create receivables as described in ID FSCM165 for each nursing home to represent the tax owed. Using our notice generation capabilities, we will implement the layout of the approved invoice format and deliver to the provider based on communication preferences.

Tracking Progress. For providers that do not enter their patient days or pay their invoices, CMdS-Financial will send reminders using the communication preferences of the provider.

FSCM137
The Contractor's solution shall allow the state to manually add interest to any outstanding fees as well as manually add, change, and delete amounts owed as defined by the Agency.

CMdS-Financial accounts receivable screen allows you to update the receivable financial transaction to add and update interest and adjust the amount owed. This access is only available to authorized users.

FSCM138
The Contractor's solution shall have the ability to identify and track payees with AR balances and the payee status (e.g., uncollectable, Demand Letter, Program Integrity review) as defined the Agency.

CMdS-Financial stores receivables in our database including the balance and status information. We also track when the receivable was collected, the calculated interest amount, the most recent type of letter sent,

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and other status information. You can see a receivable in our web-based user interface in Figure 4.2.16.1-36.

Figure 4.2.16.1-36. Financial Receivable User Interface
You can see fields that indicate balance, status, and activity information on the user interface when viewing an accounts receivable.

FSCM139
The Contractor's solution shall have the ability to apply a provider refund check to applicable claim(s) and systematically reduce the corresponding Accounts Receivables as defined by the Agency.

You enter refund checks in CMdS-Financial as a receipt financial transaction. You can select claims that the payment relates to and our solution will automatically tie the receipt to the claims and reduce the remaining funds available on the receipt. Any remaining funds can then be used to pay down any outstanding receivables the provider has.

FSCM140
The Contractor's solution shall identify and prevent claims that have had a cash receipt previously applied from being subsequently adjusted as defined by the Agency.

Payment receipts are usually applied through receipt financial transactions when the provider is requesting their claims be voided. Claims that are voided cannot be further adjusted regardless of the payment type. Adjusted claims generated by the adjustment process can be further adjusted. If there are other scenarios to be considered for this requirement, we look forward to discussing those business needs during the implementation.

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FSCM141
The Contractor's solution shall have the ability to identify and apply configurable financial reason codes to specific financial transactions as defined by the Agency.

CMdS-Financial supports the addition or modification of financial reason codes and their descriptions through configuration in our web-based user interface. We use a single master list of financial reasons for all financial transaction types with ranges designated for use by type. Sub-lists are used to assist in processing through specific business rules.

FSCM142
The Contractor's solution shall be able to refund withholding without affecting the 1099 balances using specific refund reason codes as defined by the Agency.

CMdS-Financial supports configuring the behavior of financial reasons, including whether a financial payout transaction is applied as history-only, and any impact on 1099 information. We refund withholding by issuing a payout. By selecting the appropriate configured financial reason for issuing the payment the 1099 balances of the payee will be unaffected.

FSCM143
The Contractor's solution shall allow for holding partial or full payments (e.g., reduce payment by percentage or by set amount, hold payments for a specific Provider type or specialty, provider, payee, program, or aid category) based on configurable business rules.

CMdS-Financial has multiple capabilities to support holding partial or full payments based on business rules. We can use budgets, enter a fiscal pend, or enter offsetting receivables/payouts to hold and later release funds. Depending on the specific scenario, we can recommend the best solution to meet this requirement.

FSCM144
The Contractor's solution shall calculate 1099s based on Federal Employee Identification Number (FEIN) or Social Security Number (Tax ID) and accumulate all payments to the same Tax ID on a single 1099 as defined by the Agency.

During payment processing, CMdS-Financial accumulates payment amounts by tax ID to support year-end tax processing. We track 1099 earnings and all other 1099 applicable amounts, produce 1099 statements, and report the data to the IRS annually in accordance with state and federal rules and regulations. The 1099 information is viewable through our solution's web-based user interface. As part of year-end processing, we roll up 1099s by tax ID so that multiple payees with the same tax ID receive a single 1099. CMdS-Insights contains several reports to assist in balancing and detailing amounts reported by tax ID.

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FSCM145
The Contractor's solution shall provide the capability to void stale dated checks manually and automatically at a time period defined by the Agency.

CMdS-Financial supports the voiding of stale dated checks by entering a receipt and selecting the appropriate financial reason. Often through provider outreach the delayed deposit can be addressed by either a reminder to deposit or the issuance of a replacement check. We will enhance our product during the implementation to automatically cancel checks over a certain age.

FSCM146
The Contractor's solution shall have the ability to issue an amended 1099 and retain the original 1099 as defined by the Agency.

CMdS-Financial allows authorized users to update 1099 amounts, indicate the reason, and select the date of the update. The user interface supports both updating and voiding 1099s. An update requires the user to select "Yes" to the 1099 Correction Indicator as shown in Figure 4.2.16.1-37.

Figure 4.2.16.1-37. 1099 Correction
CMdS-Financial user interface allows an authorized user to make corrections to a payee's 1099.

Once the 1099 correction has been made, we generate a corrected 1099. The corrected 1099 will be sent to the ECM and the original 1099 is retained for archive purposes. The corrected 1099 can be mailed or distributed electronically to the payee.

FSCM147
The Contractor's solution shall allow for Accounts Receivable balances to be partially adjusted as defined by the Agency.

CMdS-Financial allows you to adjust a receivable financial transaction using the accounts receivable user interface. You can adjust the current balance and interest, do a write-off, refund an overpayment, or transfer balances. Our solution copies the original AR information while you perform any of these actions as seen in Figures 4.2.16.1-38.

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Figure 4.2.16.1-38. Receivable Financial Transaction Adjustment
Our solution copies original financial transaction information to the adjustment.
This capability is used for changing the amounts, writing off the receivable, and other adjustments.

FSCM148
The Contractor's solution shall maintain, process, store, and track capitation payments on a frequency defined by the Agency.

Our solution generates capitation payments for members based on the managed care enrollment information and the benefit plan configuration. The benefit plan configuration includes the cohort rate information. Cohort rates can be assigned type codes, which include the base capitation rate, newborn and maternity kick payment, and add-on payments for behavior health services. The business rules in the capitation claim creation process define the scenarios based on each managed care program supported. The rules indicate when additional service lines should be created to support additional payments beyond the base capitation payment for specific members. An example of this would be adding a second line item to support an additional payment beyond the base rate for behavioral health.

This is configured using mapsets, which allow for multiple criteria to be defined for each cohort rate. The mapset is where the detailed data elements and criteria to map a specific capitation payment to the cohort rate amount. Once the cohort rate criteria are defined and configured, the values within each cohort easily updated as required. The rates can be easily maintained via the online Web pages.

Capitation Creation. Our solution's capitation creation process includes the use of a capitation claim table. This table include the member, the benefit plan, dates of service and managed care program information. During the pre-process as the data is inserted into the table based on the member's enrollment for the capitation month, creation of duplicate claims is avoided because the table structure prevents duplicate entries. The entries in this table are created based on the member having active enrollment during the capitation processing month. If a member has lost eligibility, an entry for that member will not be created. All claims created during the capitation creation process are sent to the adjudication engine for editing and pricing. Each capitation claim is tracked with a transaction control number (TCN) including adjustments. The capitation payments are reported on the RA and X12 820 so the MCO can track the capitation payments to their membership.

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FSCM149
The Contractor's solution shall update each recoupment (e.g., payment amount, interest accrued this period, interest accrued to date, and receivable balance) after a payment is applied to the receivable, as defined by the Agency.

CMdS-Financial reduces the balance of receivables as we apply claim payments to the receivable during the payment cycle. The remaining balance is the difference between the original amount and the amount of any claim payments that have been applied. The history section of the accounts receivable screen includes the activity against the receivable.

FSCM150
The Contractor's solution shall maintain a historical record of recoupments (e.g., original amount due, interest by period, total accrued interest, payments received, and current balance) as defined by the Agency.

The history section of the accounts receivable screen includes all recoupment activity against the receivable including receipt dispositions, and recoupments generated during the payment cycle.

FSCM151
The Contractor's solution shall create and maintain positive or negative balance of a receivable; in the event of overpayment of a recoupment, use the recoupment data (e.g., payer, recoupment number, etc.) to create a payout as defined by the Agency.

CMdS-Financial supports the creation and maintenance of positive accounts receivable and supports generating an excess/AR refund when the total of claims and receipts applied exceed the outstanding balance. In the event of an overpayment, the excess can be included as part of the payee's weekly reimbursement or applied towards any outstanding receivables. Alternatively, the user can refund the payee using the receipt user interface to issue a payout as shown in Figure 4.2.16.1-39.

Figure 4.2.16.1-39. Issuing a Refund for an Overpayment
If a receivable has a positive balance, one of the options is to refund the provider.

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FSCM152
The Contractor's solution shall have the capability to bypass the automatic update of a receivable and route to a business unit for manual review based on configurable business rules as defined by the Agency.

Automatic update of a receivable is bypassed by designating the receivable as "no recoupment" on the AR user interface. Using our workflow capabilities as described in our response to ID FSCM41, page 4.2-762, we can route receivables using configurable business rules to queues and assign them to the appropriate reviewers.

FSCM153
The Contractor's solution shall provide, maintain, and apply a configurable workflow to systematically route financial transactions for review and approval as defined by the Agency.

In CMdS-Financial the financial transaction user interfaces have a built-in approval process based on business rules. There is an approval checkbox that is restricted based on security role configuration. We typically use this enhanced security on payout transactions to require an authorized approver to review user-entered payout requests.

Today, in compliance with current state policies, any receivable automatically created during the financial cycle, or manually entered, is automatically approved. We will be making system changes to activate a similar approval mechanism for receivables. Using our workflow capabilities as described in ID FSCM41, page 4.2-762, we can configure the system to automatically route financial transactions for review and approval.

FSCM154
The Contractor's solution shall allow recoupments to be applied at the claim line item detail level as defined by the Agency.

We consider claims down to the line item detail level when applying recoupments. The totals from each line item are included in the total recoupment. Receivable financial transactions related to claims are linked and you can select the claim to see the line item detail.

FSCM155
The Contractor's solution shall support the monitoring, verification, and validation of the timeliness and accuracy of all payouts for services (e.g., regular audits by state and federal auditors, an independent auditor) as defined by the Agency.

Our oversight of financial services follows strict procedures and guidelines put in place through careful coordination with the Agency. These processes are a product of our commitment to our responsibility as the Fiscal Agent, and our awareness of the sensitive nature of state and federal funds management. These processes include separation of duties as regards issuing or receiving financial information. Safeguards include monitoring and auditing by internal QA staff to ensure our conformance to approved processes. We respond with swift action to correct any issues identified by immediately defining the best course of action, sending proper notifications, and developing a corrective action plan. Actions can include employee performance coaching, additional training, and, if necessary, modifications to procedures or documentation.

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Engaged Leadership. Our financial services leadership team provides additional support through their monitoring of day-to-day staff activities. Leadership oversight includes reviewing relevant CMdS reports for accuracy and compliance, providing coaching to support staff, and monitoring adherence to service level agreements.

Supporting Audits and Inspections. We operate with transparency and provide access to records related to our performance of the contract. We accommodate audits and on-site inspections as directed by the Agency. Once we receive notice of an audit or inspection, we proceed as follows:

- Meet to gather key information such as the subject of the audit and information we need to provide
- Appoint a lead for our participation
- Retrieve and provide the information required
- Continue participation to provide further information and assistance as needed
- Join state staff in meeting auditors or authorized representatives to help present information and answer questions
- Provide or put in place state-approved corrective action plans

FSCM156
The Contractor's solution shall withhold the federal share of payouts to Medicaid providers to recover Medicare overpayments as defined by the Agency.

Our solution supports a recovery of Medicare overpayments by entering the recovery information as a lien. Specific financial reasons can be configured in our online data dictionary to track the type of recovery for accounting and federal reporting purposes. The lien can be configured in line with our types of receivables with flexible criteria as seen in Table 4.2.16.1-9 to collect less than the full amount normally due from the provider during the payment cycle.

Table 4.2.16.1-9. Receivable Recoupment Options

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Based on Agency direction, the appropriate parameters can be selected when creating a lien for the provider as seen in Figure 4.2.16.1-40.

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Figure 4.2.16.1-40. Add Lien to recover Medicare Overpayment
CMdS-Financial supports Medicare overpayment recoveries as liens, a type of receivable.

FSCM157
The Contractor's solution shall process replacements for lost or stolen warrants and update records with new warrant information as defined by the Agency.

A lost or stolen check is a serious issue that needs immediate attention with the financial institution. This response is limited to your requirement to address handling these issues within our solution. In the State's Question & Answer Board response to *Attachment F, FSCM157,* you indicated that for the purposes of this requirement:

- A warrant and a check are considered synonymous
- Scenarios could include incorrect mailing address or incorrect receipt of a specific check or warrant
- Offeror is not expected to reissue an 835 or remittance advice but will update applicable financial records with new warrant information once issued

Voiding and Replacing Lost/Stolen Checks. When a check is being cancelled at the financial institution, the check should also be voided in the solution. You mark a check voided by entering the check information as a receipt in CMdS-Financial. By selecting the appropriate reason, a replacement check is requested. An example of a check void can be seen in Figure 4.2.16.1-41. The warrant table will be updated with the new check number, which will be associated with the remittance advice number.

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Figure 4.2.16.1-41. Replacing a Warrant

You replace warrants on the Financial Recipient screen by selecting the correct payee and check number and using the appropriate financial reason to generate a check replacement.

FSCM158

The Contractor's solution shall create accounting extract files in a format that is suitable for upload to a third-party accounting system as defined by the Agency.

CMdS-Financial includes an outbound journal file-based interface we typically use to send journal entries to a state accounting system. We output journal entries that represent paid claims and financial transactions to a file, which is delivered to the third-party accounting system as defined by the Agency.

FSCM159

The Contractor's solution shall store enough accounting transaction detail to ensure that accounting transactions for each drug rebate program administered under the contract can be uniquely identified and maintained separately as defined by the Agency.

CMdS-Financial ties funding sources to accounting codes in our budget and fund code configuration. To track multiple drug rebate programs separately, a fund code is created for each rebate program. The invoices for each rebate program are loaded as receivables tied to the appropriate fund code.

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FSCM160
The Contractor's solution shall automatically post monies recouped to the principal and interest lines of a receivable as defined by the Agency.

CMdS-Financial currently tracks interest as a separate value on the receivable and does not reduce the interest specifically when monies are applied. We look forward to discussing with you the way you would like payments applied to principal versus interest so that we can make an enhancement to support your requirement.

FSCM161
The Contractor's solution shall accept, store, and maintain text notes associated with each recoupment as defined by the Agency.

CMdS-Financial supports an unlimited number of free-form notes and attachments that can be viewed, sorted, filtered, and reported on. Notes are associated with all the key financial screens – including recoupment related screens like receivables and receipts. All notes display the user, date, and time notes were entered. The system maintains notes indefinitely in date/time reverse chronological order and identifies the user who entered the notes. Users may sort the notes by user ID, usage type, or note text. An example of notes that have been added to a receipt can be seen in Figure 4.2.16.1-42.

Figure 4.2.16.1-42. Text Notes for Recoupments
Each of our major configuration items in CMdS-Financial support notes and attachments. Here you see an example of a note added for a receivable. A receivable represents a recoupment request.

Notes are maintained along with the associated system data so ad hoc queries of the note text can search for character strings to select notes for reporting. The solution also includes a global notes query function which allows authorized users to enter an entity ID, such as provider ID, and view the notes for that entity entered over time.

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FSCM162
The Contractor's solution shall have the ability to produce accurate annual 1099 forms in accordance with IRS specifications for all providers, vendors, and payees that reflect all payments and adjustments made (e.g. claims, adjustments, voids, and any other financial transactions) as defined by the Agency.

In accordance with IRS regulations, CMdS-Financial generates 1099's for all for-profit entities where the calculated 1099 amounts for the year are greater than the IRS defined threshold. To create transparency throughout the year and to promote accurate 1099 processing, our solution accumulates provider payment amounts by tax ID as part of each financial cycle. 1099 Totals for the current year and prior years are available on the claim financial summary user interface.

Including Appropriate Payments on 1099. CMdS-Financial provides configurability to include/exclude claims and financial transactions based on financial reason codes, lists of procedure codes, and other configurable values for services either exempt from taxes or separately taxed.

Producing 1099 Forms for Non-Providers. For financial entities that are not providers (e.g., vendors, payees) we do not currently maintain running 1099 totals or produce 1099's automatically. We are currently working on a product enhancement that we will deliver to support this capability.

Creation of 1099 Forms. Our solution creates individual 1099's for each financial entity receiving payments that meets the criteria to receive a 1099 in PDF format suitable for the ECM and placement on the portal. We may produce additional formats, such as XML, for the vendor printing and mailing the 1099's. We index 1099's, including any corrected 1099's, in the ECM for searching and viewing. As part of year end activities, a review of current IRS publications for that tax year is done to identify any potential changes needed to our 1099 template.

Reports Supporting 1099 Processing. CMdS-Financial includes the reports found in Table 4.2.16.1-10 to support 1099 activities. Based on the scope of our 1099 activities for a project, we use CMdS-Insights to create additional reports as needed.

Table 4.2.16.1-10. 1099 Report Library

Report Name	What is Included
[redacted]	[redacted]
[redacted]	[redacted]

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Support for IRS Interfaces. CMdS-Financial generates an electronic data file in the IRS format suitable for transmission to their Filing Information Returns Electronically (FIRE) system. We also support processing the IRS "B" Notice responses for any incorrect tax identification numbers to create appropriate notices and to place impacted entities receiving payments on backup withholding as required by IRS regulations.

FSCM163
The Contractor's solution shall create an account receivable, or account payable for differences in percent of billed charges paid and maximum allowable amounts resulting from a cost settlement reconciliation on a timeframe as defined by the Agency.

CMdS-Financial handles gross cost settlements by creating payouts for money due to the provider and receivables for money owed the Agency. Since Medicaid cost settlement payments as described would be for existing providers, our solution will leverage your provider information (i.e. bank information for EFT, address information for checks) to make payments. We configure payouts and receivables to have a reason available to support cost settlements using our online data dictionary.

We can create these financial transactions from spreadsheets, or they can be entered through the user interface as required. The upload process includes standard business rules for data integrity. Our solution supports the creation of notes and attachments for documentation purposes. An example of a manually entered cost settlement payout can be seen in Figure 4.2.16.1-43.

Figure 4.2.16.1-43. Requesting a Cost Settlement Payout
For a cost settlement where funds are due to the provider, the information is entered as a payout financial transaction. The user selects the appropriate cost settlement related financial reason.

FSCM164
The Contractor's solution shall receive, update, and store provider tax assessment amounts (e.g., Facility Reimbursement Allowance, Nursing Facility Reimbursement Allowance) as determined by the agency, by criteria (e.g., provider number, processing date, calendar year, and/or fiscal year) as defined by the Agency.

We will enhance our solution to support capturing this data by creating a new user interface and storing the provider tax assessment amounts. We look forward to discussing this with you during the implementation so that our design meets your business requirements. In these discussions, we can determine the appropriateness of storing the bed days collected in ID FSCM136 on this same screen. In line with our data and user interface standards in CMdS, we will consider creation, update, voiding, and searching of collected data.

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FSCM165
The Contractor's solution shall allow updates to provider assessment amounts and/or allocation of the amounts to the Accounts Receivable using an automated and manual process as defined by the Agency.

Using our standard receivable capabilities and based on direction from the Agency, these assessments can be satisfied by the receipt of a payment or claims activity where providers have a net positive payment. During the implementation, we work with the Agency to better understand this requirement and what methods should be used to recover funds automatically and/or manually.

FSCM166
The Contractor's solution shall have the capability to maintain a history of refunds displayed that is searchable and filterable as defined by the Agency.

Refund payments issued are created as payout financial transactions and can be searched for from the financial payout web-based user interface. You can also see the linked payout when viewing the receipt financial transaction. A complete history of all receipt activity including funds applied to receivables and the payout of any refunds are linked and viewed from the receipt.

FSCM167
The Contractor's solution shall provide the capability to receive and process payments or have the ability to receive payments in different formats (e.g., check, ACH, cash, credit/debit card, e-check) as defined by the Agency.

We will have to enhance our external portal to collect the information needed to process payments online and disclose fees. Most Medicaid programs receive money through checks or money orders due to the sensitivity about payment methods that involve fees. Based on the State's Question & Answer Board response to *Attachment F, IF FSCM167*, we understand 1) we are responsible for the handling of payment information and processing payments and 2) we must present the fees to the entity attempting to make a payment and give them an opportunity cancel prior to processing the payment. Conduent is a major player in the government financial space, and we have public sector experience with all the payment types listed in this requirement.

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4.2.16.2 Financial Reporting [RFP 3.10.16.2, Attachment F]

REQUIREMENT: RFP Section 3.10.16.2, Attachment F

This section outlines the requirements necessary to meet financial reporting requirements. The solution must have the capability for a user to view all financial transactions related to one payee, drill down to the details (e.g., remittance advice, accounts receivable, recoupments, recoveries, etc.), and create configurable reports. Information will be captured and shared for required state and federal processes. If the Offeror chooses to include these services in their proposal the Offeror must describe in detail their approach to meet each of the Option A Financial Reporting requirements in Attachment F, Requirements Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

The Medicaid financial reporting you need—when and how you need it.

The Conduent Medicaid Suite (CMdS) Financial solution stores and manages all financial transactions and their related information and makes this data accessible to other modules and for state and federal processes through Conduent's Digital Hub (Enterprise Service Bus, or ESB) and an SOA-based architecture that allows for ready integration with other systems.

CMdS-Financial Reporting

- User friendly interfaces for adding viewing, updating and extracting financial data
- Comprehensive data model stores all financial data needed for reporting
- Extensive out-of-the box reports designed to meet Medicaid reporting requirements
- Ad hoc reporting tool for viewing and developing specific reports

The CMdS-Financial data model draws upon the knowledge Conduent has gained through decades of experience supporting public healthcare programs. The data elements are classified as submitted data (submitted when entities are created, e.g., claim data, payee information) and evaluated data (identified during processing, e.g., fund code, account receivable balance, claim pricing, and other information). All financial data records are assigned a unique data key. The system stores additional data elements on the financial tables that allow all CMdS components to access the financial data.

The system generates reports and extracts based on any of the elements available in the data model, applying criteria defined by the State or other modular systems interacting with the CMdS product. Financial transaction details are viewable both through user interfaces and reports. As part of the financial cycle, reports run both during and at the end of the payment cycle. These reports can also be requested independently.

Controlling Displayed Fields and Criteria (i.e., the WHERE clause). Our reports are available in a report library in CMdS-Insights and can be copied and modified to provide different views of financial data if needed. You can zero in on the information you need from our on-demand reports by using the included user prompts and filtering, as shown in Figure 4.2.16.2-1. This filtering generates a WHERE clause within the SQL behind the scenes.

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Figure 4.2.16.2-1. CMdS-Insights On-Demand Criteria Selection
When using our on-demand library of reports, you can filter the results using prompts.

In the following pages, we respond to your detailed financial reporting requirements.

FS01
The Contractor's solution shall allow for collection of individual accounts receivable to be suspended but still reported and generate notices/invoices based on configurable business rules.

Money that a provider or other entity owes the State is maintained as *accounts receivables* (AR). The financial entity is expected to pay down the receivable balance until such balance reaches zero. During the payment cycle, CMdS-Financial automatically deducts the receivable amount from the payee's payment for claims processed in that payment cycle based on recoupment type and frequency. Recoupment type and frequency are configurable. Every AR is assigned a fund code.

Receivables are created manually in the AR user interface, or they are system generated based on the payment process. Our solution automatically generates and assigns a unique financial control number (FCN) for each receivable created. ARs can be viewed or updated in AR user interfaces. CMdS-Financial maintains an audit trail of all recoupment and collection activities.

Suspending a Recoupment. CMdS-Financial provides the capability to control the recoupment method and the frequency of the payee's payment to reduce the balance. We maintain the recoupment parameters in financial entity user interface. Table 4.2.16.2-1 shows the recoupment types. One of the options is no recoupment, in which case the claims payment process does not include that AR for recoupment processing.

Table 4.2.16.2-1. Receivable Recoupment Options

Recoupment Type	How it Works
[redacted]	[redacted]
[redacted]	[redacted]

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Recoupment Type	How it Works
[redacted]	[redacted]
[redacted]	[redacted]

Suspended Recoupment Reporting. ARs that are set to no recoupment are reported on the Suspended A/R Balance Report, as are ARs with an appeal indicator or bankruptcy indicator as shown in Figure 4.2.16.2-2. This reportshows lists accounts receivable that have a start date greater than 30 days from the report date. The report provides recoupment status by payee type, payee ID, financial reason code, financial control number, recoupment start date, and the outstanding balance of the AR.

Figure 4.2.16.2-2. Suspended A/R Balance Report
This report provides information on ARs established, but collection activity has been suspended.

Recoupment Notices/Invoices. CMdS-Financial comes with a library of financial related letter templates suitable for delivery on the portal or printing. We will work with you to customize these templates for this project. Our templates, letter content, and sending frequency are all configurable. Our standard is to send outstanding AR letters to payees who have ARs that are 30, 60, 90, and 120 days past due.

The letters notify the payee of their options to address the outstanding AR, which will reflect your AR policies, but typically include options such as:

- Submit a payment for the total amount due as identified in the letter
- Contact Conduent to set up a payment plan for a minimum monthly amount
- For inactive payees, to transfer the AR to an active, associated Medicaid account

As part of payment processing, an RA is created per payee. The RA contains all claim data and financial data, including claim adjustments, claim voids, accounts receivable, recoupments, withholdings, payouts, and a section that summarizes all activity for the payment period. Suspended ARs are included on the RA

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until resolved. While we do not send recoupment letters if the payee is on a payment schedule, today we do continue to send recoupment letters for suspended recoupments. We look forward to discussing your requirement regarding the configuration for recoupment letters with suspended recoupments, so that we can make any necessary enhancements.

FS02
The Contractor's solution shall produce payment cycle reports, such as the Claims Payment Summary Report, per a schedule that is configurable (e.g., first business day after the payment cycle).

CMdS-Insights provides dashboard and reporting capabilities for all CMdS modules. We provide a standard library of reports, including visualization-ready reporting for dashboard views. For financial reporting, we provide information needed to manage payment cycle details, including reporting that summarizes the reimbursement amounts of claims processed during the current payment cycle, and reporting that summarizes claims paid and the associated payment amounts after each payment processing cycle.

Configurable Scheduling. While we try to maximize the use of both on demand reporting that supports prompts and filters, we run and save scheduled financial reports in the project document management solution (ECM solution) as a standard practice. Our schedule is completely configurable, but we recommend running financial reports at the first available opportunity to maximize the window for financial control and quality assurance activities.

Our Preliminary Payment Summary Report shown in Figure 4.2.16.2-3 provides summary reimbursement information for claims processed during the current payment cycle. The report separately summarizes payment claims, history-only claims, and includes a combined summary of all claims with both history-only and payment claims by claim type.

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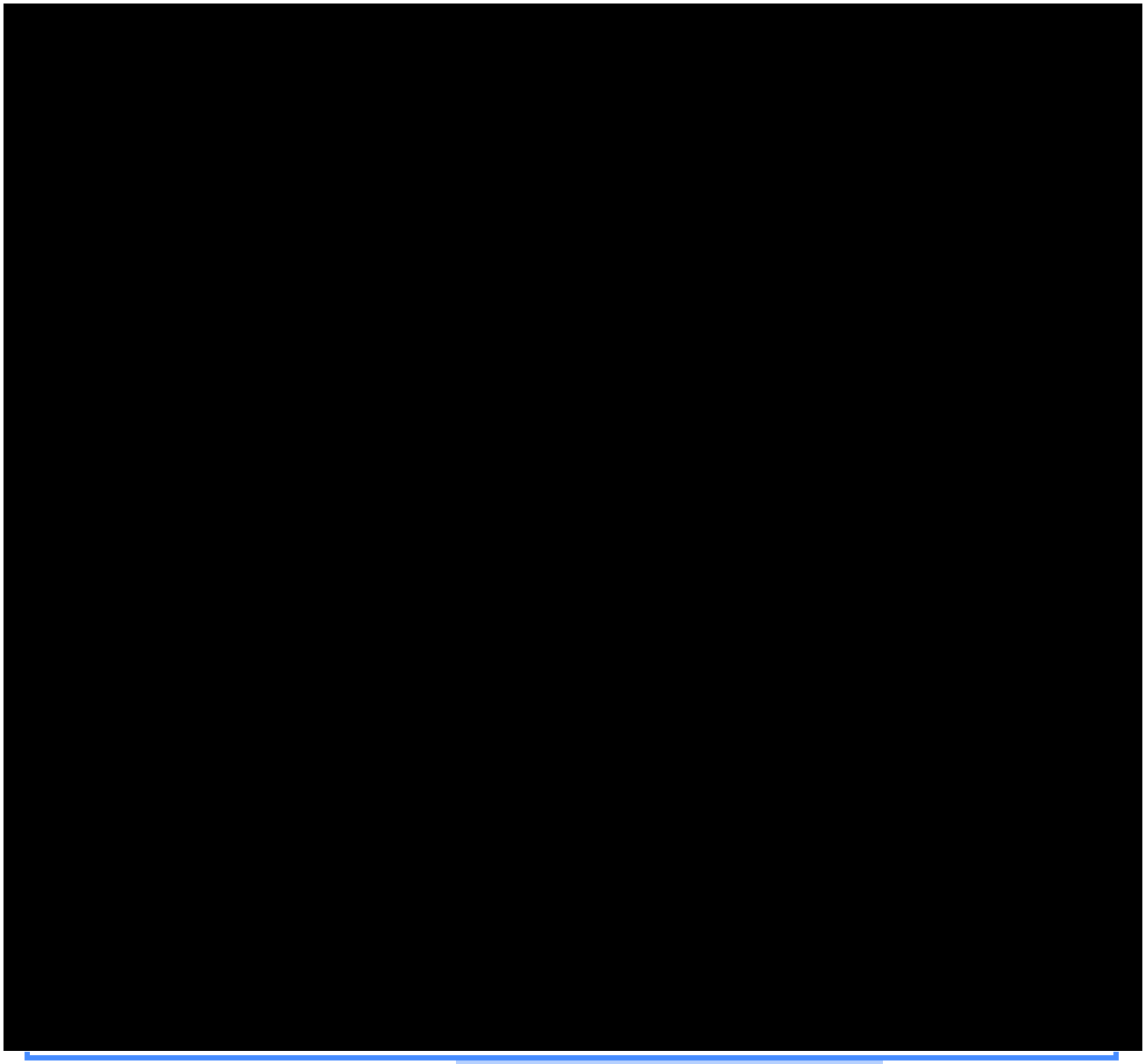

Figure 4.2.16.2-3. Preliminary Payment Summary Report

This report provides a preview/summary of claims to be paid in the current financial cycle that can be used for forecasting or for identifying items that need to be suspended from payment.

FS03

The Contractor's solution shall provide payment reports per Payee and summarized per Payee type (e.g., Provider, Member, Vendor) as defined by the Agency

We provide an existing report from our library, the Operational Medicaid Register Report, to meet this requirement. This report:

- Indicates payees which were issued payments in the financial cycle
- Includes the check or EFT number, Payee ID and name, and statistical details for claims paid, denied, and suspended
- Summarizes by provider type, financial entity type (e.g., member, provider, vendor)

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Figure 4.2.16.2-4 shows the layout of the report.

Figure 4.2.16.2-4. Operational Medicaid Register Report
This report provides a summary view of the number of claims paid, denied, suspended by provider to include the average payment per claim.

FS04
The Contractor's solution shall display and provide a monthly report showing the amount of federal funds that are owed on accounts receivable as defined by the Agency.

We tie receivables to fund codes and budgets which track FMAP rates. We have all the information in CMdS-Financial needed to calculate the amount of federal funds owned on any receivable. During implementation, we will work with you to understand your specific requirements and create a report that meets this need.

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FS05

The Contractor's solution shall display, and provide a report, with summary and detail information for accounts receivable balances by category as defined by the Agency.

We provide an existing report from our library, the Accounts Receivable Detail by Reason Code Report, to meet this requirement. The financial reason serves as our category for financial transaction types, indicating the category for the receivable. This report:

- Lists the outstanding accounts receivable grouped by financial reason
- Includes the financial transaction number (FCN), the most recent date funds were recovered, who owes the receivable, the original balance, current balance, cumulative amount applied, date applied and fund code
- Summarizes outstanding ARs by financial reason

Figure 4.2.16.2-5 shows the layout of the report.

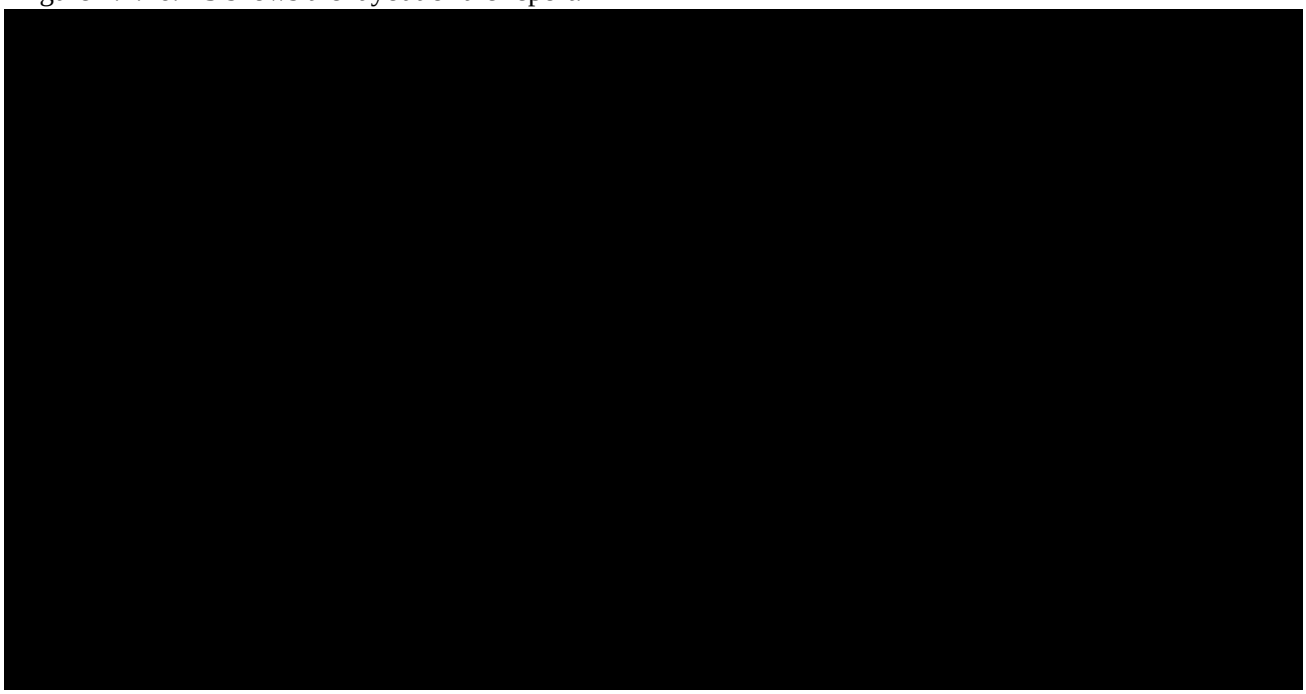

Figure 4.2.16.2-5. Accounts Receivable Detail by Reason Code Report
This report provides details on established receivables based on the current status of the receivable.

FS06

The Contractor's solution shall provide reports of cash receipts as defined by the Agency.

CMdS-Financial produces the Daily Receipt Log Report as seen in Figure 4.2.16.2-6, which lists all receipts for a specified day grouped by financial reason. This report includes all receipts regardless of payment type. We can quickly configure a copy of the report that is filtered to include only cash receipts.

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Figure 4.2.16.2-6. Daily Receipt Log Report
This report lists the receipts created on a specified day based on reason codes.

FS07
The Contractor's solution shall include summary and detail reports for analyzing and monitoring payments per all funding sources. Detail shall include, but not be limited to, warrant number, electronic funds transfer (EFT) number, type of transaction, Provider ID, Member ID, account coding, transaction status as defined by the Agency.

CMdS-Financial reporting includes the "Operational Final Payment Register Report" as seen in Figure 4.2.16.2-7 that provides both summary and detail level payment information upon finalization of the payment cycle (including Payee ID and EFT number).

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Figure 4.2.16.2-7. Operational Final Payment Register Report
This report provides summary and details of payments made during the latest payment cycle.

CMdS-Financial supports full transaction-level reporting to meet your member/provider reporting requirements. We look forward to discussing this reporting need with you during the implementation so we can determine which report(s) from our library will meet your requirement, or the parameters for developing a new report.

FS08
The Contractor's solution shall display, and provide a report, of receivables and any financial transactions applied to each receivable.

We provide the "Accounts Receivable Detail by Payee/Payer ID Report" shown in Figure 4.2.16.2-8. This report lists each outstanding account receivable with any recoupments applied.

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Figure 4.2.16.2-8. Accounts Receivable Detail by Payee Report
This report lists outstanding accounts receivable for each payee with payment activity.

FS09
The Contractor's solution shall provide a report of Payers (e.g., Provider, Member, Vendor) receiving collection notices/letters as defined by the Agency.

CMdS-Financial tracks the last collection letter sent on each receivable as the *A/R Letter Sent* as shown in Figure 4.2.16.2-9. We can quickly configure a new report from our standard report template with CMdS-Insights that lists payees that have receivables with their letter status.

Figure 4.2.16.2-9. Financial Receivable User Interface
To the right side you can see the "A/R Letter Sent" value for this receivable is '1-LT30Days.' This indicates that the most recent collection letter sent was the 30-day letter.

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FS10
The Contractor's solution shall provide a report of Payers (e.g., Provider, Member, Vendor) referred to the Agency or other collection agent for collection as defined by the Agency.

While we do have the capability to designate whether a receivable is eligible to be assigned to collections, we do not have a pre-built report for those that have been assigned. There are multiple options within CMdS-Financial to represent receivables that have been assigned to a collection agency. Once an option is chosen during the implementation, we will create a report to meet this requirement.

FS11
The Contractor's solution shall provide a report of accounts receivable related to bankrupt or deceased Payees and closed businesses

Receivables related to bankrupt or deceased payees are typically identified and addressed as part of a bankruptcy or provider closure process flow. CMdS-Insights can be used to quickly configure a report that ties the provider status to their receivables. We will work with you during the implementation to finalize the layout of this required report.

FS12
The Contractor's solution shall provide a report for failed electronic funds transfers for various reasons (e.g. Invalid account number, ABA number) as defined by the Agency.

Failed EFTs are a very rare event. We verify bank accounts using the prenote process, and payees rarely change bank accounts without first notifying us. We do not have an existing report for this process due to the rarity of this circumstance. We look forward to discussing your requirements and creating an appropriate report.

FS13
The Contractor's solution shall allow for automatic updates of Payee information based on a comparison of IRS data (e.g., from the annual IRS "no match" Provider file). The system shall use configurable business rules to identify which updates can be made automatically and log all mismatches, providing a report for exceptions requiring manual review.

During the implementation, we'll work with you to understand what types of data you would like updated from the IRS "no match" Provider file and who the source of truth for storing those data elements (i.e., a provider module). Historically in our fiscal agent accounts, we mail letters to providers on the "no match" file asking them to submit a new W-9, and we make updates based on that submission rather than the "no match" file. The only data we track is the history of recent appearances on the "no match" file so we can determine what type of warning letter to send and whether the provider must be placed on backup withholding.

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FS14
The Contractor's solution shall provide for manual and automatic adjustments and history only changes to account coding (e.g., federal report coding) to single or multiple transactions to be done without requiring claims or financial transactions to be reprocessed, based on configurable business rules.

Our CMdS-Claims module assigns and stores funding sources to claims as part of claims adjudication. When funding sources are updated retroactively in the fund code configuration, we apply a history-only adjustment to those claims so that they reflect the updated accounting information. The provider will not have to resubmit their claims, and history-only adjustments do not appear on the provider's printed or downloadable remittance advice or 835.

FS15
The Contractor's solution shall include an online portal that will allow Payees to have online access to configurable views, parameter driven reports, and the ability to export financial data (e.g., payments, ARs).

Our external portal provides several standard functions such as a message center, access to links and documents, access to remittance advices, and other information. However, at this time the external portal does not have the capabilities, as indicated in this requirement, to run reports or export generated data. We will work with you during the implementation to determine how to provide these capabilities within our solution.

FS16
The Contractor's solution shall perform payment cycle balancing and the ability to verify the balancing through the portal and via reports as defined by the Agency.

CMdS-Financial is designed with balancing steps during and after every payment cycle so any accounting period interval will be in balance. The solution includes an automated balancing function to verify that transaction counts and dollar amounts remain in balance throughout the payment cycle, and that the daily adjudication processes balance with the weekly payment cycle. Our production staff are on call and ready to resolve discrepancies in transaction counts or payment amounts, should they occur.

During the financial cycle, we produce X12 835 remittance advices that are posted on the portal. The X12 835 remittance advice is automatically balanced.

The payment process creates a variety of reports used for balancing at every step, from claims load to the production of the RA. Some key reports from the financial cycle are identified in Figure 4.2.16.2-10.

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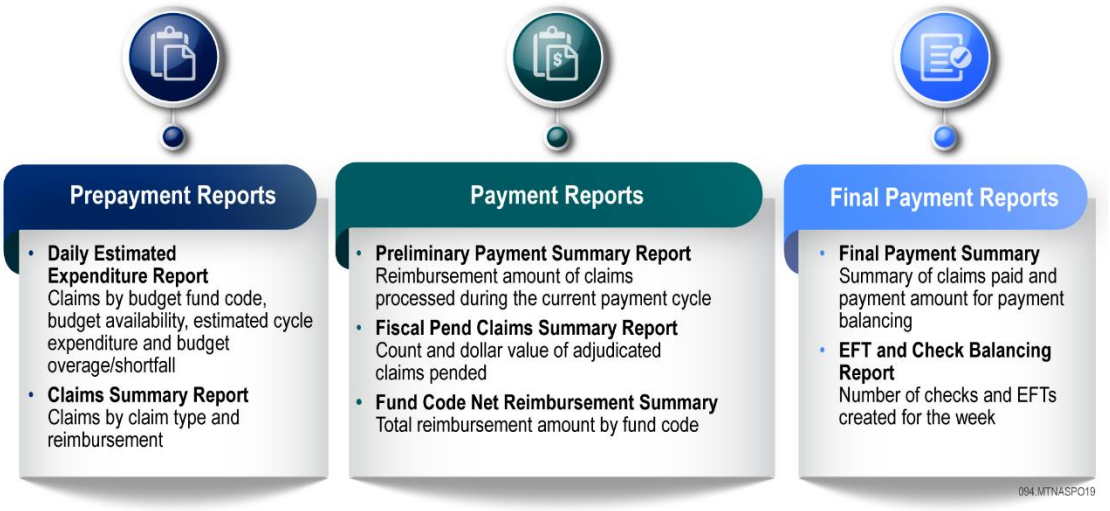

Figure 4.2.16.2-10. Balancing and Control Reports
By providing a standard library of reports that meet the financial reporting requirements of CMS and typical state needs, we maximize leverage opportunities and minimize the need for custom report development.

FS17
The Contractor's solution shall create financial reports which are required for monitoring Agency programs. The reports will present summary level information and allow the user to drill down to the supporting detailed financial transactions, claims, or lines of the claim as defined by the Agency.

We will utilize CMdS-Insights to develop and configure financial reports the Agency requires to monitor programs. During the implementation, we will conduct detailed knowledge gathering sessions to determine the specific report criteria and content needed to ensure the financial reporting is detailed and complete. Our reporting solution includes visualization and drill-down capabilities, as well as ad hoc reporting. CMdS-Insights has access to our full reporting data model, allowing us to create reports that include your required supporting detail.

FS18
The Contractor's solution shall have the ability to report financial information side-by-side comparisons (e.g., expenditures by program, receipts) on a defined time period (e.g., state fiscal year, calendar year, federal fiscal year, rolling year, quarter, month) as defined by the Agency.

Our solution has multiple capabilities that facilitate the comparison of data from different time periods. CMdS-Financial accumulates data by time period during financial cycle processing, allowing you to retrieve totals quickly for comparison rather than having to crunch numbers for a year's worth of transactions. Our reporting solution CMdS-Insights shows the results from multiple queries side-by-side to support building reports that show comparisons. Below we describe some reports that have already been created and are part of our report library.

Accumulating Payment Information by Time Periods. The CMdS-Financial solution claim financial inquiry user interface provides a summary of payments made to providers over a period going back up to four years. The user interface provides the ability to view different periods, such as a week, a quarter, or a year, including calendar year and state fiscal year. Details include the number and dollar amounts of

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claims paid, denied, and suspended, as well as 1099 and withholding information. Numbers for receipts, receivables, and payouts are also reported, as is fiscal pend data.

Financial Comparison Reports. Our state fiscal year based "Year to Date Expenditures vs. Prior Year Comparison Report" is available at both the summary and detail levels. The summary-level report presents current year-to-date and previous year-to-date expenditures in side-by-side columns. This report also displays the total and percent difference between the two periods broken down shown in Figure 4.2.16.2-11.

Figure 4.2.16.2-11. State Fiscal Year to Date Expenditures vs. Prior Year Comparison
This report shows year-over-year comparisons of payments by funding source.

Other reports generated by CMdS-Insights include the "Year-to-Date Expenditures vs. Budget Report" shown in Figure 4.2.16.2-12. Organized by financial agency code, this report provides a side-by-side display of the annual adjusted authorized budget expenditures for the state fiscal year to date, the remaining budget, and the percentage of budget available for the state fiscal year to date. The reporting is also available at both the summary level and the detail level, which is broken down to the category of service level. Additional state fiscal year budget reports are available to display the state fiscal year initial, as well as the adjusted budget and historical data for funding source within each fund code, enabling us to put the information you need at your fingertips for ready comparison.

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Figure 4.2.16.2-12. Year-to-Date Expenditures vs. Budget Report
This report provides a quick view of all expenditures for a given budget utilized, amount remaining and the percent of remaining budget.

FS19
The Contractor's solution shall display, and provide a report, for collection activity of all accounts receivable that are federally funded as defined by the Agency.

CMdS-Insights includes reporting such as the "Accounts Receivable Detail by Reason Code Report," which presents receipts and collection activity according to financial reason code. We discuss this report in our response to ID FS05, where we also provide an example. The report displays detail for outstanding accounts receivable during a month, organizing the receivables by financial reason code. We can limit this report to only receivables that are tied to fund codes where a federal share is defined.

FS20
The Contractor's solution shall have the ability to track and report on payment types, per Agency defined criteria

Our response to ID FS03 discusses and displays an example of the "Operational Medicaid Register Report," which is available in our report library. This report provides summary and detail level payment information upon finalization of the payment cycle. The report content includes the method of payment (i.e., EFT/Check), number of payments made, and the amount paid by payment method.

FS21
The Contractor's solution shall provide and maintain a variety of processes and tools to identify, monitor, report on and resolve exceptions to routine fiscal processing (e.g., stale dating and canceling warrants, missing information, errors) as defined by the Agency.

We recommend using our workflow tool to assign and resolve exceptions to routine fiscal processing. Users can see the work available in each queue, including their current assignments as shown in Figure 4.2.16.2-13. We can configure queues according to their policies and desired work groupings for accounts receivable. Additionally, we have standard reports such as the "Unredeemed Warrant Report" and others designed to identify potential issues and exceptions to be monitored and resolved.

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Figure 4.2.16.2-13. Workflow Status at a Glance
The splash page provides the user with a summary of current events and information. The queues can be seen under the 'Workflows' grouping.

FS22
The Contractor's solution shall include an ad hoc reporting tool that allows users to create reports that include all types of financial transactions (e.g. Claims, Accounts Receivable, Cash Receipts, Levies, Holds, Withholds, Voids, Payments) at varying frequencies as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

CMdS-Insights includes ad hoc reporting that allows users to create reports. Our operational data store is available for selecting fields for reporting, representing all our financial transaction types, including all types included in your requirement. Reports can be scheduled, including recurring schedules.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS23
The Contractor's solution shall have the ability to process, view and report 1099 adjustments (e.g., address change, dollar amount) as defined by the Agency.

CMdS-Financial generates 1099s as a year-end process. During every payment cycle, our solution accumulates and stores all 1099 reportable amounts. CMdS-Financial supports the correction of 1099s through the web-based user interface as seen in Figure 4.2.16.2-14.

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Figure 4.2.16.2-14. 1099 Correction

CMdS-Financial allows an authorized user to make corrections quickly and easily to a payee's 1099.

Our solution treats 1099 correction as a serious event that requires a formalized approval process. Once approved through the user interface, our solution can generate updated 1099's that will include any authorized corrections or updates.

FS24

The Contractor's solution shall have the ability to identify, process, pay, and report the federal share only claims as defined by the Agency.

Our CMdS-Financial module has several options to process and pay the federal share only on claims. Within the budget structure fund codes can be configured to specify 100% federal share. The specific claims or financial transactions that match to the configured fund code criteria would then apply the reimbursement amount to the federal share allocation. We also indicate if the provider is a state-run facility that should only be reimbursed the federal share of the claim reimbursement. In this scenario the state share would be reflected as a base rate change to reduce the reimbursement amount of the claim to only the federal share.

FS25

The Contractor's solution shall maintain federal tax Information for all Entities (e.g. providers, payees) and allow for exclusion of those Entities not subject to 1099 reporting as defined by the Agency.

During payment processing, CMdS-Financial accumulates provider payment amounts by tax ID to support year-end tax processing. We track 1099 earnings and all other applicable 1099 amounts, produce 1099 statements to providers, and report the data to the IRS annually in accordance with state and federal rules and regulations. The system enables the exclusion of entities not subject to 1099 reporting. The CMdS-Financial payment component uses configurable system lists, which provide the capability to further define the financial transactions, claims or claim lines that are included or excluded from the 1099 process. System lists are available for procedure codes, financial reason codes, and adjustment codes.

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FS26
The Contractor's solution shall produce payment reports for individual programs (e.g. HIPP, CHIPRA) as defined by the Agency.

We track payments for specific programs by financial reason and funding source. By taking reports from our standard library and filtering them using these types of fields, we can produce payment reports for an individual program.

FS27
The Contractor's solution shall have the ability to identify transactions that are subject to 1099 reporting.

CMdS-Financial maintains indicators at the financial and non-financial detail level that enable the system to identify transactions that are 1099 applicable. Customizable financial reasons on financial transactions extend the solution's ability to track and report transactions that are 1099 reportable. Our solution is also sensitive to supplied provider codes that indicate whether a provider should receive a 1099. Some of the reports available for 1099 processing include the Operational 1099 Providers Paid report, 1099 Report of Providers Paid – By Provider Tax ID Number, and Operational Final Payment Register. The system obtains the provider financial summary information of 1099 amounts from the claims financial tables. Our solution generates 1099s and associated reports and sends the 1099 interface file to the IRS.

FS28
The Contractor shall produce a report detailing all checks that have met a certain aging threshold (e.g. 180 days) at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Our CMdS-Financial product includes an "Unredeemed Warrant Report" as seen in Figure 4.2.16.2-15 that lists all unredeemed warrants. Report detail includes check number, date issued, amount of the check, the dates that the first and second unredeemed warrant letters were sent to the payee, payee ID, and payee name. We filter this report based on the warrant date to identify checks that have passed aging thresholds.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

Figure 4.2.16.2-15. Unredeemed Warrant Report
This report provides a view by line of business of all warrants that have been issued but not cleared.

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FS29

The Contractor's solution shall produce a report which summarizes, and details provider/payee claims and financial transactions that have been placed on hold as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

CMdS-Financial provides both summary level and detail level reporting to present the information users need about transactions that have been placed on hold. Figure 4.2.16.2-16 shows the "Fiscal Pend Summary Report," which provides the count and dollar amount for adjudicated claims and financial transactions that are fiscal pended. Summary information includes claim type with counts and amounts by pended and processed by fund code.

Figure 4.2.16.2-16. Fiscal Pend Summary Report

The Fiscal Pend Summary report provides the financial transaction counts, pended dollar amounts, and processed amounts by line of business.

More detailed information is available through the "Fiscal Pend Criteria Set Transaction Report" seen in Figure 4.2.16.2-17. This report enables users to quickly research the reason an individual claim or transaction was fiscal pended. Reported details show each claim or financial transaction that has been fiscal pended. The detail provided for each transaction includes the transaction control number, adjudication date, fiscal pend date, fiscal pend aging (length of time in a fiscal pend status), and the amount pended.

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Figure 4.2.16.2-17. Fiscal Pend Criteria Set Transaction Report
This report provides the specific details associated with financial pended transactions for research and reporting.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS30
The Contractor's solution shall produce a report detailing cash receipt dispositions at frequencies defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Our solution provides a Daily Report of Receipts and Cash Dispositions, shown in Figure 4.2.16.2-18, listing all items that have accounts receivable receipts with the current day's date. Data is reported by financial control number and includes financial reason code, check number, original amount of the receipt, the total accumulated amount dispositioned against the receipt, and the outstanding balance after the payment cycle.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

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Figure 4.2.16.2-18. Daily Report of Receipts and Cash Dispositions
This report provides the viewer with information on money received and how the money has been posted.

FS31
The Contractor's solution shall produce a report summarizing and detailing other Entity (e.g. Department of Corrections, Department of Human Services) claim and financial transaction activity as define by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

We track payments for specific programs by the financial reason and funding source. By taking reports from our standard library and filtering them using these types of fields, we can produce payment reports for an individual program.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS32
The Contractor's solution shall generate a Payment Balancing and Reconciliation Report comparing data from various sources (e.g. Payments, Receipts, and other accounting information) as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

CMdS-Financial provides detailed reports that allow our team to balance each payment cycle. We review reports to balance payment steps to precursor steps and to reconcile financial data with internal and

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external sources. The process is transparent and auditable. The payment process creates a variety of reports used for balancing at every step, from claims load to the production of the RA. Some key reports from the financial cycle are identified in Figure 4.2.16.2-19. During the implementation, we will review this collection of reports with you to determine if the existing reports meet your need for reporting of payment balancing and reconciliation.

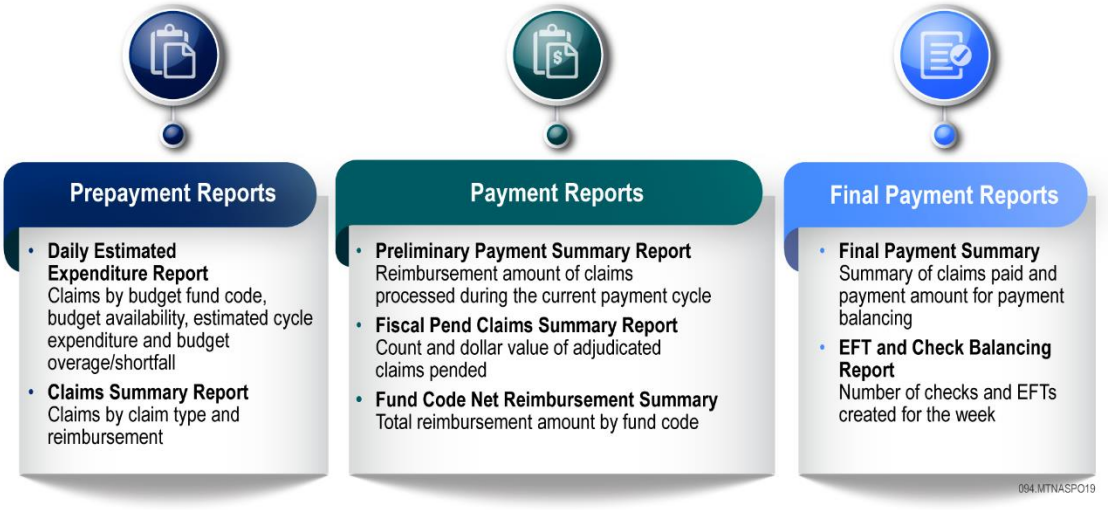

Figure 4.2.16.2-19. Balancing and Control Reports

By providing a standard library of reports that meet the financial reporting requirements of CMS and typical state needs, we maximize leverage opportunities and minimize custom report development.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS33

The Contractor's solution shall produce 1099 reports (e.g. reconciliation, detail, summary, threshold, dropouts, corrections) at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Table 4.2.16.2-2 below summarizes the 1099 reports available from our existing report library. These reports can be scheduled and are typically run at the end of the year/beginning of the next year to coincide with the 1099 reporting period.

Table 4.2.16.2-2. CMdS-Financial 1099 Reports

[redacted]	[redacted]
[redacted]	[redacted]

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[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS34
The Contractor's solution shall produce an electronic 1099 report per federal guidelines as defined by the Agency. This report must be printable in a format approved by the Agency.

The capabilities we offer through CMdS-Financial in support of year-end 1099 processing include the system's ability to accumulate, store, and track the provider payment information necessary to generate 1099 statements and report accurate data to the IRS in keeping with state and federal requirements. The IRS file is produced based on the specifications in IRS *Publication 1220 – Specifications for Electronic Forms*. Once produced and validated, the 1099 electronic submission is delivered to the Filing Information Returns Electronically (FIRE) System at the IRS.

We produce two reports for you that capture the information sent to FIRE:

- Operational 1099 Providers Paid
- 1099 Report of Providers Paid – By Provider Tax ID Number

FS35
The Contractor's solution shall produce a report of Backup Withholding at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Backup withholding is a rare event where a provider is being unresponsive to requests to provide an accurate W-9. Current IRS regulations require 24% withholding. Our solution supports backup withholding by entering a receivable with the appropriate financial reason. We provide our standard receivable reports, filtered for this specific reason code.

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FS36

The Contractor's solution shall produce a report detailing the expenditures that were paid for the Medicaid Electronic Health Record Incentive Program as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Our solution supports the ability to process Electronic Health Record (EHR) incentive payments using the payout financial transactions assigned a financial reason designated for the EHR incentive payment. CMdS-Insights produces the Payouts by Payee ID Report, as shown in Figure 4.2.16.2-20. This report lists all payouts made by payers during the reporting period. Information available to display includes payee type, payee ID and name, financial reason code, payout creation date, payout amount, check number, fund code, and fiscal year. We will create a version of this report that is filtered by the financial reason for EHR incentive payments.

Figure 4.2.16.2-20. Payouts by Payee ID Report
This report lists details of all payouts grouped by payee type and payer id.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS37

The Contractor's solution shall produce a report detailing Money Follows the Person (MFP) transactions at a frequency defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Just like with ID FS36, we assign a financial reason to *Money Follows the Person* (MFP) transactions and create a payment report based on our existing report that filters by financial reason.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

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FS38

The Contractor's solution shall produce a forecasting report detailing all payments that will be paid during the payment cycle as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Our "Claims Processing Adjudication Summary" report, shown in Figure 4.2.16.2-21, displays all cumulative claims and other transactions that have completed adjudication and will be paid during financial cycle.

Figure 4.2.16.2-21. Claims Processing Adjudication Summary
This report displays all claim payments that will be paid during this cycle.

Please see the section introduction for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS39

The Contractor's solution shall produce a report detailing voided checks where the claim reimbursement is still owed as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Tracking payments owed due to a voided check is highly specific to state policy for check cancellation. Typically, there is an immediate reissuance of the payment with corrected addressee or bank account information (with temporary paper check as EFT goes through the prenote process). Our financial receipt screen supports payment reissuance and check cancellation as a single request. In other States, in the very rare event that a payment is not being reissued, we are asked to void the claims associated with the payment. The provider can later claim their payment by rebilling the claims. Depending on the specific state policy, the report criteria will vary. We look forward to discussing this scenario and providing a report that meets this requirement based on your check void handling instructions.

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Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

FS40
The Contractor shall produce a report of all voided checks in the system at a frequency defined by the Agency.

CMdS-Financial includes a "Weekly Cumulative Voided Payment Report" and a "Monthly Cumulative Voided Payment Report" to be produced as defined by the Agency.

FS41
The Contractor's solution shall produce a report detailing providers under a payment review status as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

Our reports are available in a report library in CMdS-Insights and can be copied and modified to provide different views of financial data such as targeting providers under a payment review status. This allows the authorized user to configure the data specific to individuals under a payment review scenario, in order to ensure the required information is included in the report. You can zero in on the information you need from our on-demand reports by using the included user prompts and filtering, as shown in Figure 4.2.16.2-22. This filtering generates a WHERE clause within the SQL behind the scenes.

Figure 4.2.16.2-22. CMdS-Insights On-Demand Criteria Selection
When using our on-demand library of reports, you can filter the results using prompts.

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FS42
The Contractor's solution shall produce a report detailing all checks that have not cleared at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.

The CMdS-Financial product includes an "Unredeemed Warrant Report," shown in Figure 4.2.16.2-23 that lists all unredeemed warrants. Report detail includes check number, date issued, amount of the check, the dates that the first and second unredeemed warrant letters were sent to the payee, payee ID, and payee name.

Please see the introduction to this section for a discussion of how our solution supports the user selection of display fields and criteria when running a report.

Figure 4.2.16.2-23. Unredeemed Warrant Report
This report provides a view by line of business of all warrants that have been issued but not cleared.

FS43
The Contractor's solution shall have the ability for non-emergency transportation transactions to be pre-paid based on configurable business rules. [Added per Amendment 4, dated 01/03/20]

CMdS-Financial allows advance payments (payout) for future services. The payment is assigned to a budget with a funding source where the accounting codes and matching information are captured. Some considerations for the implementation that we should discuss include:

- What is the process for verifying that the pre-paid services were delivered?
- What happens when the calculated payment for the service is different than the pre-payment?

If the payments are being made to a transportation broker/vendor with capitated payments, our solution supports capitated payments as a standard process.

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4.2.17 Option B. Call Center [RFP 3.10.17]

REQUIREMENT: RFP Section 3.10.17

In addition to the Core scope of the Claims Processing and Management Services module, states may procure additional components and services for activities not categorized in Sections 3.10.1 through 3.10.15. Option B: Call Center includes requirements to support robust Call Center management functionality to address provider and member inquiries through telephone, secure email, and text chat including resources to perform a wide range of activities to support efficient access to services for a diverse population. The solution will provide sophisticated automated workflow processes and integrated interactive voice response capabilities.

Our Call Center technology suite, combined with our national call center expertise and experience, allows us to deliver innovative and enhanced capabilities to enhance the customer experience.

As an optional additional service to the Core scope of the Claims Processing and Management Services module, states may procure member and provider call center technology and services to support their programs. Delivering robust Call Center services requires an experienced contractor who can deliver excellent customer service, optimize CSR performance by providing productive tools, facilitate compliance, and reduce operational costs as states acquire member and provider call center services for their programs. Conduent is that partner.

Why Choose Conduent?

- Proven success integrating, implementing, and operating government call centers since 1982
- Handling over 30 million customer contacts annually supporting 200+ languages
- Innovative, flexible, and scalable telephony platform with extensive call routing and built-in business continuity capabilities
- Strong and stable company with solid history of numerous health care successes

Conduent is a trusted industry leader in providing customer service solutions. Across the country, our services and solutions facilitate collaboration and innovation that impact and improve the quality of care for public health assistance program applicants and clients. By choosing Conduent and our CMdS-Call Center product, you have the benefit of advanced, feature-rich technology, while having the peace of mind in working with a vendor whose experience and expertise prove that we can deliver on time, within budget, and with minimal risk.

Call Center Expertise and Experience

Serving as an entry point and "face" of the State's programs, the Call Center is a vital service component of the project. Providing excellent customer service support and assistance to applicants, clients, and other populations is at the core of Conduent's extensive healthcare customer service experience.

Conduent currently operates 30 healthcare call centers nationwide, including Medicaid customer service centers. We also operate health insurance exchange (HIX), Medicaid, and Children's Health Insurance Program (CHIP) eligibility and enrollment centers in Arizona, Connecticut, South Carolina, Kentucky, Mississippi, Indiana, New Jersey, and Virginia. Our call center operations range in size from five to approximately 1,200 agents per location and handle approximately 30 million calls annually. Our call center locations support individual government healthcare accounts that handle as few as 4,000 calls to as many as 9 million calls annually. We have operated customer service centers for Medicaid and other health and human services programs since 1982 and have demonstrated an outstanding record of excellence.

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Why Conduent Call Centers are Successful

Best-in-class customer service is integral to business success; therefore, managing the caller's experience from beginning to end, no matter what the communication method or purpose, is essential to ensuring program satisfaction. Our success in delivering Call Center services is based on three major operational components: experienced people, streamlined processes, and ever-improving technology. Our skillful integration of these three elements has driven remarkable results for Call Centers across the nation. Figure 4.2.17-1 illustrates how our solution combines proven best practices and a well-trained staff.

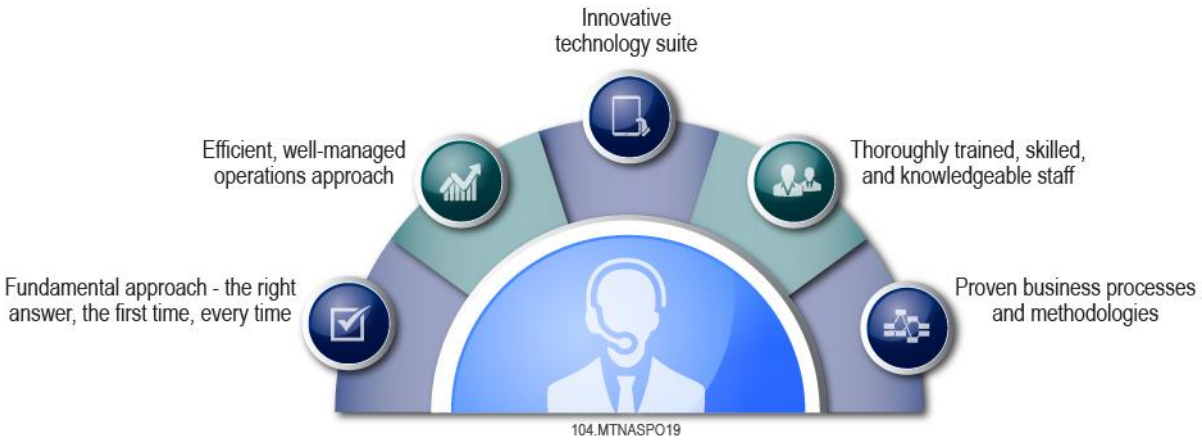

Figure 4.2.17-1. Why Conduent is the Best Choice for the Member and Provider Call Center
Conduent combines the right people, the right processes, and the right technology for your Call Center.

We offer an experience level that no other contractor can match. Serving as an entry point and "face" of State programs for members and providers, the Call Center is a vital service component of the project. Providing excellent call center support and assistance to members and providers is at the core of Conduent's extensive healthcare customer service experience. Call center management is more than a method for ensuring exceptional customer service—it cultivates a sense of respect for the callers' needs and underlines our desire for our team to meet those needs.

Key elements of our Call Center approach include (but are not limited to) the following:

- A knowledgeable, empathetic Call Center staff and leadership team that understands and supports the State's programs, goals, and initiatives
- Dedicated Call Center leadership focused on analyzing current and historical call volumes and occurrences, projecting future call volumes for staffing purposes, and managing team schedules so we consistently meet performance standards and goals
- Multiple channels for member and provider interaction and communication, including telephone, secure messaging, and chat
- A user-friendly communications framework housing details about calls and contacts made
- A full profile of standard reports along with functionality for creating customized ad hoc reports that are informative and easy to use

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- Knowledge repository via our customer relationship management (CRM) solution, Microsoft Dynamics, to provide easy access for CSRs to reference material such as guided scripts, policy and procedures, workflows, Frequently Asked Questions, and resource telephone numbers, available within seconds to assist call center agents answer inquiries
- Use of Verizon's Virtual Contact Center, a cloud-based, hosted solution offering an integrated IVR/voice portal, call distribution and quality assurance management
- Integrated CRM solution to streamline and modernize the way we document and track each contact

Throughout the remainder of this section, we provide a detailed explanation of how we plan to address the RFP requirements for the member and provider Call Center. As we demonstrate in our response, we offer a comprehensive solution to support the RFP's requirements for a successful Call Center implementation.

4.2.17.1 Member and Provider Call Center [RFP 3.10.17.1, Attachment F]

REQUIREMENT: RFP Section 3.10.17.1, Attachment F

This section outlines the requirements necessary to meet call center functionality for providers and members. The call center solution must assist providers and billing agents with enrollment, application status, general billing questions, research and provide resolution advice for claims transactions, and verify member eligibility and benefit verification including service limits, service authorization, third party liability, and cost-share. Additionally, the solution shall support quality improvement activities including administering provider satisfaction surveys or collecting data necessary for performance measurement of Call Center staff.

This section also outlines the requirements necessary to provide call center services for state healthcare members. The call center must provide potential enrollees, new and existing members with instruction and information regarding benefits, accessing providers and services, in addition to directing members to other human service resources. The call center solution must assist members with claims-related inquiries including claims adjudication and payment status. If the Offeror chooses to include these services in their proposal the Offeror must describe in detail their approach to meet the Option B Call Center requirements in Attachment F – Requirements Response Matrix Requirements Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

Conduent understands the desire to have a member and provider call center that is designed to achieve streamlined customer service, increasing first call resolution, and overall customer satisfaction. Beyond answering calls and providing Call Center solutions, Conduent delivers the strategic consultative insight, technology, operational and back office expertise required to economically scale services for State programs of any size and scope. We provide knowledgeable staff, advanced telephony technology, and innovative solutions and services to accurately and efficiently address member and provider questions and issues, including:

- Providing potential enrollees, new, and existing members with instruction and information regarding benefits, accessing providers and services, and directing members to other human service resources
- Assisting providers and billing agents with general and billing questions
- Researching and providing details regarding claims status and resolution
- Verifying member eligibility and benefit verification including service limits, service authorization, third party liability, and cost-share
- Supporting quality improvement activities including administering provider satisfaction surveys or collecting data necessary for performance measurement of Call Center staff
- Assisting members with claims-related inquiries including claims adjudication and payment status

As an integrated component of our modular product, our CMdS-Call Center module supports multi-channel inbound and outbound interactions including phone, email, text messaging, chat sessions, and written correspondence. CMdS-Call Center includes advanced contact management and telephone

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system technology that facilitates an enhanced customer experience. Our technology solution is a powerful combination of industry leading applications and tools.

Advanced, Innovative Call Center Solutions

Conduent is a reliable partner with a long history of providing comprehensive member and provider Call Center solutions, including telecommunications and internet infrastructure, call management solutions, and a customer relationship management (CRM) product. Our Call Center approach provides the system functionality, staff availability, infrastructure, and equipment necessary to meet or exceed your requirements for call center services. We provide a complete Call Center product to manage all contacts and multiple channels of communication.

Verizon's Virtual Contact Center

Our proposed Call Center technology product, CMdS-Call Center, includes Verizon's Virtual Contact Center, which provides an innovative telecommunications structure that allows us to deliver efficient and accurate customer service. Virtual Contact Center is a cloud-based, multimedia contact center offering. Fully-managed within application hosting facilities, Virtual Contact Center provides a comprehensive library of customer support capabilities without requiring a costly investment in software, hardware, and support personnel. With Virtual Contact Center, we can offer enhanced customer service through a variety of multimedia contact options and customer prioritization and intelligent contact routing tools. From hiring staff, training agents, staffing your contact center, and handling interactions, Virtual Contact Center provides your Call Center with the tools required to provide an exceptional customer experience.

Because Virtual Contact Center is a complete in-network product, customer service agents only require a PC, Internet Connection, and a telephone to get started. Backed by a strict Service Level Agreement, Conduent and the State can have confidence in our Call Center solution.

Key advantages of Virtual Contact Center include:

- 100% hosted in geographically redundant data centers
- Multimedia support including voice, email, chat, SMS, and social media channels
- Integration with 3rd party systems, such as our CRM solution, Microsoft® Dynamics
- Functionality to support integration of overflow call centers and/or remote call center agents

Features and Benefits

Virtual Contact Center is a complete cloud-based contact center product providing the Call Center with a comprehensive set of contact center tools. With this product, we can provide agent training, properly schedule and staff agents, and interact with members and providers through multiple channels, such as phone, email, chat, SMS, or social media. Callers can leave a voicemail, wait in queue for the next available CSR, or they can request a call back from an agent. With a comprehensive set of routing options, businesses can improve their customer's experience and increase first call resolution. Integrated contact reporting will provide the Call Center with real-time and historical reports ensuring internal contact handling metrics are met.

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Through Virtual Contact Center, our Call Center has access to an advanced set of capabilities. Agents have easy access to e-Learning modules which will increase their knowledge when not handling active calls. Supervisors can properly forecast and schedule contact center agents through embedded Workforce Management capabilities. Virtual Contact Center provides a comprehensive set of tools that work for call centers of any size.

As required by the RFP, in the remainder of this section we have provided detailed responses that describe our approach to meeting the Option B Call Center requirements in Attachment F – Requirements Response Matrix Requirements Matrix.

MPCC01
The Contractor shall staff, operate, and maintain a call center for members and providers with staff that are experienced, knowledgeable, and certified (if necessary) on the Agency's policies and claims solution as defined by the Agency

Conduent staff operates and maintains the member and provider Call Center with staff that have the necessary knowledge and tools to provide exceptional customer service. Our Call Center training and quality management programs produce customer service representatives (CSRs) that are experienced, knowledgeable, and certified on the Agency's policies and claims solutions.

Qualified and Knowledgeable Staff

Conduent is committed to providing exceptionally qualified staff to provide all deliverables and services required for this project. We recognize the need to have access to the right people in order to provide best-in-class service and solutions. Our staffing plan, like our organization, delineates formal lines of authority, communication, and responsibility; clearly assigning duties and responsibilities in a collaborative environment. We have experts to support our operations in the areas of technology, human resources, workforce management, recruiting, training, and operational excellence, among others.

Our staffing plan is data driven. We utilize historical statistics, performance indicators, and projected volumes to determine the optimal staffing levels needed to meet performance goals. Our plan incorporates contingency planning to address workload variations and potential disruptions. We identify potential risks early and take steps to mitigate the occurrence and impact of any risks, including complexity factors and documented assumptions such as work volume estimates for peak periods. We consistently analyze data to identify and implement changes to our staffing structure or processes to help ensure we meet or exceed performance goals. In addition, we set thresholds that exceed requirements so that we can proactively address potential problems before they affect our service or performance.

We employ a proven recruiting strategy that allows us to fulfill staffing requirements quickly and efficiently as call volumes rise and fall over the life of the contract. We incorporate the necessary activities to hire, train, and schedule agents at the appropriate times to address expected and unusual fluctuations in call volumes and back office activities.

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Our staffing plan guides us in recruiting and training CSRs who:

- Assist with customer service inquiries and problem resolution
- Have excellent verbal and vocal skills (proper grammar, tone, volume, rate, sentence structure, use of positive language, and transitions)
- Have exceptional listening, questioning, and call control techniques
- Handle challenging telephone and customer service situations
- Possess strong computer and technical skills
- Answer phones professionally and respond to telephone inquiries using available resources
- Compose professional correspondence, including verbal, email, and electronic communications without requiring additional training
- Identify and appropriately escalate priority and difficult issues and route inquiries to appropriate resources
- Accurately and efficiently process information and tasks

Conduent's CSRs have the right skills and client-service mindset to handle calls courteously and accurately. We train our CSRs to provide members and providers with accurate guidance in a one-stop-shop approach. Our Quality Assurance (QA) program randomly selects calls and compares them to rigorous standards set by Conduent and the State. In addition, our product includes post-call survey functionality, which can deliver a survey right after every customer interaction and provide users the ability to review feedback in near-real time. This allows us to monitor program health, implement improvements to processes, and mentor CSRs as needed.

Exceptional Customer Service through One-Call Resolution

Conduent empowers its staff to deliver "One-Call Resolution." This means resolving issues raised in a telephone interaction in one call – the first time. We train our CSRs to view notices and case notice history, explain the notices, and provide information and next steps involved in the application process. Our training program emphasizes understanding resolution pathways.

The resolution pathway begins with our CSRs confirming the reason for the call. We instruct CSRs to first acknowledge the caller's concern so they can properly address the issue. They then conduct the necessary research, either while talking to the caller or placing them on a brief hold to conduct more in-depth analysis. While conducting their research, they rely on their job aids, scripting, training tools, and the program's policy manuals to provide accurate information to the caller. The CSRs may need to refer some callers to other departments or agencies depending on the situation. When necessary for CSRs to transfer calls, they follow call transfer procedures to attempt a warm transfer to the appropriate call center or staff member. If the warm transfer is successful, they provide all the details regarding the issue to the State worker so the caller will not have to repeat or restate the issue. In rare cases where our CSR is not able to resolve an issue through approved procedures or a transfer to an appropriate resource, they follow escalation procedures to route the consumer to a supervisor or the appropriate department.

To encourage a One-Call Resolution culture, Conduent provides our employees with a complete understanding of programs and processes, desktop access to training material and job aids, and supervisor support readily available to perform their job. Having successfully delivered similar services to more than 37 states, Conduent has developed standard responses for typical contact-centered questions, and escalation paths to efficiently resolve issues. If CSRs cannot resolve an issue, they have immediate access

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to supervisors for assistance. Our supervisors can explain the details of these programs in a manner that callers can understand and have access to subject-matter experts (SMEs) for the more difficult issues. Our staffing model supports specialized units for unique populations and provides subject matter experts in those areas. We work with the State to define the number of SMEs for each unit for optimal first call resolution. These proven processes allow our CSRs to deliver answers to more than 95% of common client questions.

MPCC02
The Contractor shall provide an Automated Call Distribution (ACD) solution that intelligently prioritizes, sequences, and routes calls, via configurable workflow processes, in an order (e.g., agent availability, skill level, call type) as defined by the Agency.

Our product is designed to get the caller to the right CSR, quickly. Verizon's Virtual Contact Center Automated Call Distribution (ACD) uses advanced, configurable workflows to intelligently prioritize, queue, and route calls. The ACD works with the IVR to assign incoming calls to available staff efficiently and equitably with consideration for specialized tasks, language proficiency, or other skills using "queues," as shown in Figure 4.2.17.1-1. Since the ACD stores current CSR skill information in the system, the first available, trained CSR with the appropriate skill set receives the call to match the caller's specific needs. For example, if a Spanish speaking caller is requesting assistance with an eligibility question, our system can connect the caller with a Spanish speaking CSR well-trained on application processing, eligibility, and enrollment.

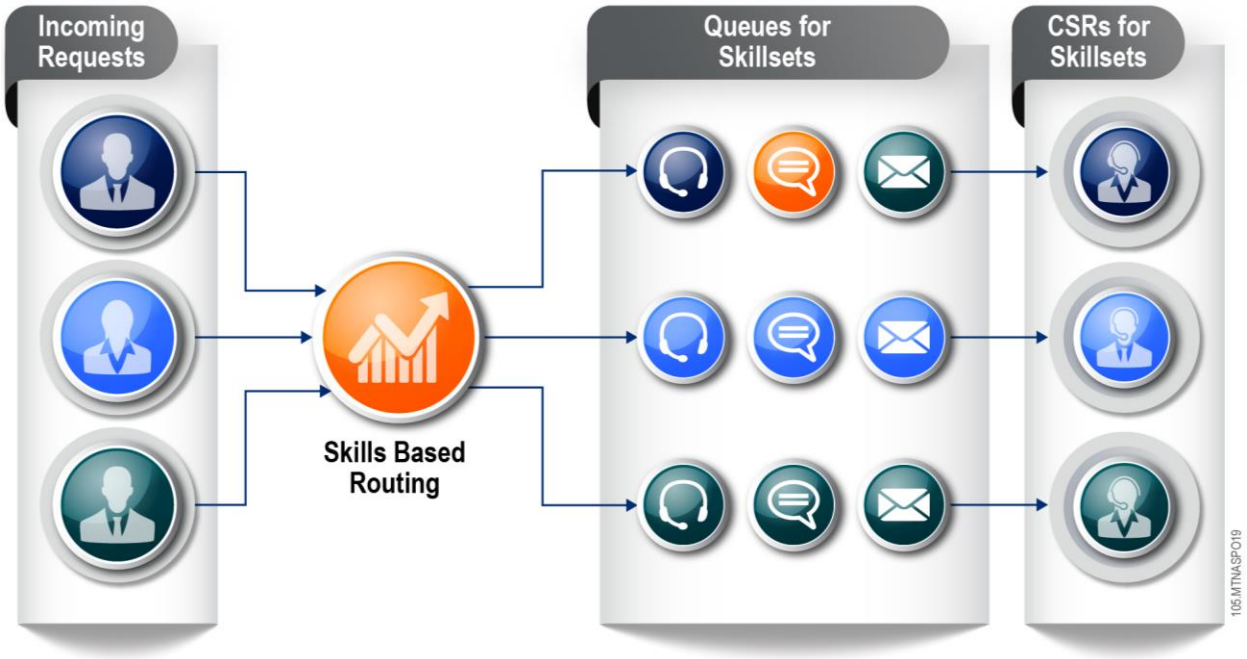

Figure 4.2.17.1-1. Call Center Call Routing Capabilities
Skills-based routing is critical to the optimum efficiency of the Montana Member and Provider Call Center.

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Pre-recorded scripts welcome the caller, validate the caller's identity, prompt the caller to determine the nature of the call, direct the caller to select menu choices matching their area of interest, and collect the necessary information to route the call to the CSR best able to help. The ACD routes the call to an available CSR via an appropriate queue. Navigation paths can route calls to specific individuals or groups based on severity, priority, escalation criteria, and caller information needs. In addition, our IVR provides clear instructions for callers who wish to opt-out of the IVR and be transferred directly to a CSR.

MPCC03
The Contractor's solution shall provide the software and services to enable and support interactive communications via SMS, chat, and email between the call center staff, Agency staff, the Agency's designee, and member and provider stakeholders as defined by the Agency.

Members, providers, agency staff, agency's designees, and other stakeholders use several communication tools to reach our Call Center staff. Our Call Center product fully supports interactive communications and contact routing via SMS, chat, and email. Virtual Contact Center empowers CSRs to productively interact with customers in voice and digital channels with the ability to quickly deploy and route changes in very short durations.

Inbound Voice uses call characteristics, data, and CSR skills to segment, route and queue toll-free calls or local calls to any agent regardless of their physical location.

SMS is a fully-integrated channel within the solution, allowing us to receive and respond to customer feedback via text messaging or initiate SMS message campaigns to reach members or providers.

Web Chat reduces calls to CSRs by serving members and providers through the State's website or Web Portals. The chat solution queues, routes, and distributes customer-initiated chat sessions to the CSR or specifically skilled CSR group.

Email uses scripting tools to design routing rules for all media. Virtual Contact Center queues and routes email to the appropriately skilled agent/agent group, whether on-site or remote. With the embedded email management system, we can quickly respond to provider, member, or other stakeholder inquiries without changing screens or waiting for email delivery. The email functionality is also configurable to provide an automated response to the sender letting them know we have received their email and can provide an estimated timeframe to expect a reply.

MPCC04
The Contractor's solution shall provide HIPAA-compliant interactive communication methods (e.g., email, text chat) as defined by the Agency.

Verizon's partner, NICE inContact, follows HIPAA standards and provides HITRUST Security Statement, to assert their alignment with HIPAA requirements for operational and technical controls. Additionally, the Virtual Contact Center for Government is built with the high availability required by a cloud-platform, which means that security is a critical ingredient of the product.

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The product's security framework includes:

- Architecture based on FedRAMP security requirements; government-defined SLAs for resolving security events
- Data is protected both in flight and at rest with critical security controls at the network and database layers
- Redundant architecture helps improve fault-tolerance and uptime
- Dedicated infrastructure for US government customers or entities requiring the additional security benefits of a FedRAMP audited platform
- FIPS 140-2 compliant encryption used for all data traffic and data at rest
- Regularly audited by independent FedRAMP 3rd party assessment organization; monthly reviews of security posture with sponsoring agency.

MPCC05

The Contractor's solution shall provide automatic screen presentation of member/provider data (e.g., name, provider or member ID, phone number, email address, preferred language, associated documents, historical call records) when the call is answered as defined by the Agency.

Verizon's Virtual Contact Center's integration with our CRM solution allows for screen pop functionality, which means the call is transferred to a CSR with screens displaying the purpose of the call and essential identifying data entered by the caller. This Computer Telephony Integration (CTI) is accomplished by adding attributes to the call interaction as it flows through the IVR. Call attributes include information such as language preference, IVR exit point, contact ID, and call reason. Caller specific data, such as data retrieved through web services, is attached to the call interaction after the caller has been authenticated in the IVR. When the IVR directs the call into the queue and/or delivered to a CSR, customized CRM screen pop scripts encode the data and pass it to the CRM. As the CSR answers the call, the CRM screen pop opens a contact incident. Web services in both the IVR and CRM extract data from other systems, such as CMdS or external eligibility systems, to allow caller specific data to be played back to the caller in the IVR. The additional data is displayed on the caller's contact record to assist the CSR in handling the call, expediting the caller identification process, and allowing us to provide swift, enhanced customer service.

MPCC06

The Contractor's solution shall provide multiple language options (e.g., English, Spanish) and services for the hearing impaired (TTY/TTD) as defined by the agency

Providing culturally sensitive service in the caller's preferred language is integral for clear communication and achieving high customer satisfaction results. Conduent seeks potential employees with cultural backgrounds and language skills that match those of the consumers we serve. To help provide the best service to every individual who contacts the Call Center, we staff a portion of our call centers with bilingual English-Spanish CSRs. Our bilingual staff are certified in both their program knowledge and language specialty. This provides callers who request a language other than English with the same level of quality and experience as those speaking in English.

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Translation Services

To address additional language needs, we contract with a third-party vendor, United Language Group, to provide telephone-based translation services for languages other than English, including the State's prevalent and non-prevalent languages. Call Center CSRs are trained on conferencing in the language translation services and our long-term partner is accustomed to translating the unique terminology needed to support the project.

United Language Group (ULG) provides translation services in 200 languages and has been providing high quality support for our Medicaid and other Health and Human Service contact centers for more than a decade. ULG works with over 10,000 specialized linguists throughout the world. All ULG language professionals are degreed and certified within their industry and can demonstrate a track record of effectiveness. All translators and interpreters must go through ULG's rigorous screening process, followed by industry-specific language testing. ULG utilizes a proprietary language mastery platform (Octave Technology Suite) – which is more robust than standard translation management. ULG meets multiple International Organization for Standardization (ISO) certification categories related to process, quality, and security in the translation field.

If a caller requires assistance in a language other than English or Spanish, the CSR follows specific processes to conference in the appropriate translator to help complete the call as shown in Figure 4.2.17.1-2.

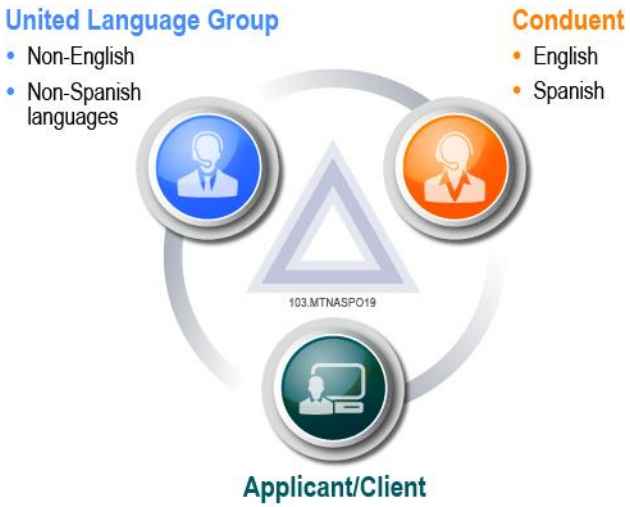

Figure 4.2.17.1-2. United Language Group
To effectively serve callers, we rely on our longtime partner ULG to provide translation services for languages other than English and Spanish.

To access ULG translation service, the CSR conferences in ULG dialing their toll-free telephone number, requests the specific language of the caller, provides the unique Conduent access code, and begins the three-way call when the interpreter joins the line. There is no need for the caller to hang up or redial to access translation services, and this service is provided at no fee to the caller or the State.

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TTY/TDD Compatibility

Our CSRs and supervisors receive training in assisting individuals with hearing impairments, developmental disabilities, or other special needs. We leverage readily available services such as the State's local Relay service to help support these individuals, as well as the technology tools and best practices which enable the appropriate delivery of general assistance via alternative channels such as chat or asynchronous messaging.

Additionally, our Virtual Contact Center telephony platform offers an integrated telephony soft-phone solution that provides seamless connectivity to CSRs interacting with individuals with a vocal or hearing impairment. The Virtual Contact Center provides integrated TTY conversation support for CSRs that detects the text tones from the TTY and displays it as text to the CSR. Similarly, a CSR can type characters and the system converts the text to tones for conversion by the individual's TTY/TDD.

MPCC07
The Contractor's solution shall provide and maintain industry standard quality monitoring capability (e.g., silent monitoring, assignment of unique tracking numbers, voice and screen/multi-media capturing) to analyze the entire call experience as defined by the Agency.

Virtual Contact Center's core offering provides supervisors the ability to silently monitor agent calls, coach agents, interrupt, or take over calls. Additionally, with Virtual Contact Center, you can identify the right agents and calls for evaluation, capture employees' feedback, and share across peers and groups with Quality Management. Verizon's Virtual Contact Center offers multiple Quality Management options.

Verizon's Call Center Quality Management Essentials package includes:

- Evaluations and calibration
- Form designer
- Call flow analysis (CTI)
- Coaching
- QM reports
- My Universe/Dashboards
- Monitor
- Quality planner

Verizon's Quality Management Advanced package includes:

- All of the features of QM Essentials
- Out of the box KPIs
- Scorecards
- KPI-based interaction drill down

State-of-the-art, industry-leading quality management tools are critical to the success of any Call Center. Using tools such as Verizon's Virtual Contact Center for call recordings and screen captures, allows us to increase CSR efficiency and the client experience, while improving business performance. Quality Management Pro software is used to record, monitor, and audit the performance of each CSR. Callers receive a prerecorded message to notify them the call may be recorded for quality assurance (QA)

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purposes. Our proposed tool provides synchronized voice and data recording to capture conversations between callers and CSRs and the corresponding activities taking place on the CSR's desktop, such as keystrokes, data entry, and screen navigation.

The CSR's screen activities are recorded during calls for quality monitoring and training purposes, as shown in Figure 4.2.17.1-3. Intelligent call recording uses a web-based interface to enable Conduent, Agency, or other authorized personnel to find and review recordings of voice and screen data. We routinely analyze call and screen recording data and adjust training protocols, desk level procedures, etc., accordingly to support continuous process improvement.

Figure 4.2.17.1-3. Recording of Both Calls and Desktop Activity
Intelligent call recording features live call monitoring and recording of both voice and screen activities.

Our quality management staff performs monitoring reviews using these recordings and standard monitoring evaluation forms approved by the State, while providing completed forms to Call Center leadership. Supervisors review the evaluation results and provide feedback when warranted on CSR performance. Our supervisors can also live-monitor calls and coach CSRs on the spot.

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MPCC08
The Contractor's solution shall track, store, monitor, maintain, report and display on a dashboard call center statistics at intervals as defined by the Agency (e.g., real time, weekly, monthly, quarterly, and annually) to include, but not limited to:
a) Abandon rate
b) Availability and agent utilization
c) Average speed of answer (ASA)
d) Call duration (e.g., minutes, seconds)
e) Call volume
f) Customer satisfaction
g) Contact time (e.g., minutes, seconds)
h) One call resolution rate
i) Peak hour statistics
j) Identification of historical trends
k) Busy signal
l) Disconnected calls
m) Other areas as defined by the Agency

Verizon's Virtual Contact Center Reporting, the integrated reporting component of our Call Center solution, provides real-time information on call center unit performance. The Virtual Contact Center reporting technology guides smarter, more informed decisions with real-time and historical insights on key business metrics and trends through fully integrated reporting and data access tools. Real-time dashboards provide instant, relevant information to track operational and performance metrics, including but not limited to outgoing calls, calls waiting, and CSR availability and login times. The reporting functionality provides a full array of call statistics, including average wait time, average handle time, abandonment rates, hold time, etc. In addition, we can provide authorized users at the State with access to run and view both real-time and historical reports from the Virtual Contact Center solution.

Virtual Contact Center's real-time dashboards can be displayed on wallboards/contact center walls, supervisor and agent displays, or anywhere that is needed with appropriate web access. Figure 4.2.17.1-4 provides a sample dashboard.

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Figure 4.2.17.1-4. Sample Reporting Dashboard
Real-time dashboards are configurable and allow users to determine what information and trends they would like to view and track.

The dashboards can be customized to display historical or real-time data and can be filtered by team or skill to display information pertinent to the audience. Virtual Contact Center also has flexible, REST application program interfaces (APIs) that can be leveraged to feed directly into wallboards, desktop widgets, and data warehouses, as necessary.

Additionally, through the optional inView solution, provides users with the ability to create wallboards showing data from the Virtual Contact Center platform, as well as data pulled from other third-party applications such as CRMs. This capability allows managers to truly understand what is occurring in their call center in real-time.

MPCC09
The Contractor's solution shall provide searchable and viewable communication management system that tracks all call center activities and communications, including all correspondence that is generated to and received from providers and members.

Managing the member or provider experience from beginning to end, no matter what the communication method or purpose, is critical to providing program satisfaction for stakeholders and program success for the State. Our Call Center solution supports multiple channels for communicating information to clients, including phone calls, text messages, email, online chat, web portal, and paper copy. It serves as a searchable and viewable communication management system that tracks all call center activities and communications.

Our approach to correspondence automates the design, creation, and production of vital business communications ranging from a single letter to mass mailings. Our Call Center staff easily creates,

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produces, and stores templates for standard letters and notices to communicate with program clients. We scan and track inbound and outbound correspondences (e.g., notices, letters, emails, and facsimiles) in our enterprise content management (ECM) solution. Microsoft Dynamic's search functionality makes it easy for Call Center staff to locate needed communications by various search elements (e.g., client name, Medicaid ID, date, or keyword). A contact record index is created in the system for each generated notice. This index enables the search function and then links the document image directly to the associated correspondence record as an attachment—providing real-time access to previously generated notices. These notices can be viewed on the web portal by the client ID, date, notice/letter type, or worker.

Reporting. Virtual Contact Center reports display current data about agents, where the agents are located, the number of agents who are in the different states, detailed information about contacts, and current queue information. The Virtual Contact Center menu opens when users right-click the inTouch icon in the Microsoft Windows system taskbar. These reports are updated from the internet every five seconds. The following is a list of the available reports:

- Agent Count by State
- Agent Counter
- Agent List
- Contact List
- Contacts States by Skill
- Queue Counter
- Queue Trend

There are over 100 available standard reports. A small sample of these reports include:

- **All Agents.** The Agent list enables appropriate users to view the agents that are logged in and their current state. The colored box next to each agent indicates their state: Red agents are unavailable, green agents are available, purple means an agent is handling an ACD contact, and yellow designates an outbound call. By right clicking on this report you can filter the list by team or agent. The appearance of the report can be modified through the Agent Zoom feature.
- **Queue Counter.** This report is a basic numerical display of the calls in queue. Conduent can resize the report as desired (this report is frequently resized to the full screen dimensions and displayed in the contact center as a live queue counter for agents). The queue counter can be filtered by media, campaign, and skill or can display the number of calls in queue or longest wait in queue.
- **Service Level.** This report shows the percentage of calls answered within the configured time (Service Level Threshold) for each skill. Conduent can filter the report by campaign and skill.
- **Active Contacts.** This report shows a list of current active contacts and details about each one. This report will display the skill needed to assist each contact, state of the contact, time spent in current state, agent handling the contact, the contact's total time in the network, and the campaign and media type. Yellow contacts are in a pre-queue state (i.e., navigating an IVR). Red contacts are in queue, routing to agents or have requested a call back. Green contacts are active with an agent (this state will also display hold time.). Blue contacts are post agent contacts (i.e., transferred calls or contacts that have been routed back into the network after speaking to an agent).

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- **Agent.** This report is a numerical display of the total agents working and how many agents are in each state. This report can be filtered by team.
- **Agent Status Chart.** This current bar chart report shows the total number of agents in each state for your entire business.

MPCC10
The Contractor's solution shall provide, maintain and operate a secure interactive voice response system (IVRS) with a Contractor-supplied telephone number(s) (e.g., local, toll-free), as defined by the Agency.

Virtual Contact Center's secure IVR solution interacts with callers, gathers information, and delivers the right data to the caller and agent. Available through a Conduent-supplied toll-free and/or local telephone number, the IVR solution triages all incoming calls, directing callers to the information and/or the CSR who can best assist them. The solution is operational 24/7/365, providing a convenient way for members and providers to access program information around the clock. Callers can always access State-approved recorded information and self-service options in English or other languages required by the State, 24/7/365. Available functionality of the Virtual Contact Center IVR solution includes:

- **Visual call workflow development** to quickly and efficiently define how each contact needs to be driven to completion, as well as to quickly respond to program and process changes by updating the IVR and routing flows.
- **CRM integration** to support efficient contact routing and screen pop functionality, which means the call is transferred to a CSR with screens displaying essential data and the purpose of the call.
- **Text-to-speech** functionality to support automated interactions, allowing the IVR to read text back to the caller and provide self-service options.
- **IVR reporting** to monitor and analyze effectiveness and program trends, as well as improve caller satisfaction by improving IVR flows and caller interactions.
- **Self-service capabilities** that save time and money by offloading routine activities that do not require agent intervention allowing agents to be more readily available to assist callers for technical and in-depth questions.
- **Advanced Speech Recognition (ASR)** allows callers to use voice prompts with their own voice, instead of the phone pad, to interact and access a wide variety of information. Instead of listening to long menus and pressing keys to choose the desired service, the user can say the service's name and the IVR connects the user to their desired destination.
- **Auto Attendant** to smoothly and efficiently route calls within the system and to the appropriate call center agent.

Our IVR solution receives and handles incoming calls from toll-free and local program telephone numbers. The call is transferred to the appropriate queue through integration with the ACD skills-based routing business rules.

Figure 4.2.17.1-5 presents an overview of the process for a caller to request information through the IVR.

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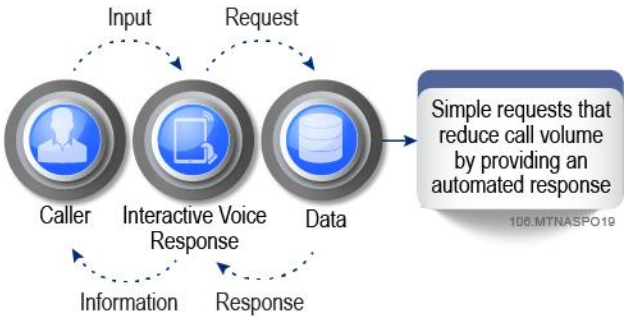

Figure 4.2.17.1-5. IVR High Level Flow

Our IVR solution answers every call and enables self-service in a simple, user friendly way—regardless of the time of day or volume of calls handled.

To provide scalability, availability, and continuity, the IVR platform is cloud-based and continuously monitored for performance consistency. This approach allows NICE inContact to scale the IVR quickly in times of high traffic volume, in addition to helping to ensure business continuity and disaster recovery, if needed.

Verizon's IVR solution improves caller satisfaction by simplifying IVR flows and caller interactions, allowing the caller to access the information and/or the person they need quickly. It automates basic information and tasks, such as providing address information, phone numbers for county offices, or website addresses, and it automatically identifies a caller's primary language if the system knows the caller's telephone number. The IVR provides full reporting capabilities, including real-time and summary caller activity and performance information. By reviewing caller activity within the IVR (for example, the options the caller chose or where they transferred out of the IVR or dropped the call), Conduent can continuously improve IVR choices, reduce the volume of calls that transfer to a CSR, and improve caller experience.

MPCC11

The Contractor shall provide an Interactive Voice Response System (IVRS) that allows a caller to select an option to reach a live call center representative during hours of operation with the ability to support call center integration with a configurable menu-driven design, as defined by the Agency, that allows for efficient navigation to the appropriate resource(s). In addition the IVRS shall support configurable scripts for announcements and messages (e.g., regarding hours of operation, emergencies, and system availability) as defined by the Agency.

Verizon's solution promotes first-call resolution and allows callers to select an option to reach a live call center representative during hours of operation. The solution provides the ability to support call center integration with a configurable menu-driven design. The IVR solution is designed to reduce call answering and overall handling times and provides metrics and reports to monitor performance and support continuous improvement of IVR functionality. The solution provides flexible scripting, defined call flows, and IVR trees, all delivered in required languages as defined by the Agency.

The features and functionality provided by Verizon's IVR solution include:

- **Automated, Self-Service Options.** Callers can obtain automated information 24 hours a day, 7 days a week through the IVR. Virtual Contact Center can create automated, self-service customer interactions, saving time and money by offloading routine activities that do not require agent

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intervention, allowing agents to be more readily available to assist callers for technical and in-depth questions. The IVR can extract variable information from a database, or from the web, and convert it to audible speech. By responding to prompts provided by the IVR, speech recognition capabilities allow callers to use voice prompts with their own voice, instead of the phone pad, to interact and access a wide variety of information. Instead of listening to long menus and pressing keys to choose the desired service, the user can say the service's name and the IVR connects the user to their desired destination. For example, the caller can simply say "application status", and the IVR will be provided with their application status in natural language. Through this use of a voice interface, callers can complete simple tasks quickly, with a hands-free experience, while navigating the IVR. Speech recognition by Virtual Contact Center greatly reduces the steps a user takes to accomplish a task which will increase customer satisfaction.

- **Language and Accessibility.** The IVR menus, program information, and self-service options can be made available in English and Spanish and provide the same caller experience in both languages. In addition, ULG can provide support in Spanish and other languages as needed. The IVR automatically identifies a caller's primary language if the system knows the caller's telephone number and provides the ability for the caller to change their language preference. It automatically routes the caller to an English or Spanish speaking caller. If the caller speaks a language other than English or Spanish, the IVR directs the caller to a CSR who can conference in translation services.
- **Screen Pop Functionality.** Virtual Contact Center's integration with our customer relationship management (CRM) solution allows for screen pop functionality, which means the call is transferred to a CSR with screens displaying the purpose of the call and essential identifying data entered by the caller. This integration is accomplished by adding attributes to the call interaction as it flows through the IVR. Call attributes include information such as language preference, IVR exit point, member ID, and call reason. Caller-specific data, such as data retrieved through web services, is attached to the call interaction after the caller has been authenticated in the IVR. When the IVR directs the call into the queue or to a CSR, customized CRM screen pop scripts encode the data and pass it to the CRM. As the ACD call is answered by the CSR, the CRM screen pop opens a contact incident.
- **Fast and Efficient Call Routing.** The ACD works with the IVR to assign incoming calls to available staff efficiently and equitably during business hours, with consideration to specialized tasks, language proficiency, or other skills using "queues." Since the ACD stores current CSR skill information in the system, the first available, trained CSR with the appropriate skill set receives the call to match the caller's specific needs. For example, if a Spanish speaking caller is requesting assistance with an eligibility question, we want them to be connected to a Spanish speaking CSR well trained on application processing, eligibility, and enrollment. Pre-recorded scripts welcome the caller, validate the caller's identity, prompt the caller to determine the nature of the call, direct the caller to select menu choices matching their area of interest, and collect the necessary information to route the call to the CSR best able to help. The ACD routes the call to an available CSR via an appropriate queue. Navigation paths can route calls to specific individuals or groups based on severity, priority, escalation criteria, and caller information needs.
- **Adaptability to Incorporate Changes and Updates.** One of the most useful features of Verizon's IVR solution is its agility and adaptability as program changes and updates are necessary. We can configure the IVR menus and incorporate changes and updates with minimal effort. Virtual Contact Center Studio provides a visual, user-friendly drag-and-drop interface for authorized project staff to make IVR updates when needed.

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- **Emergency Messages.** Should we need to temporarily deliver messages to callers, for example, regarding unexpected closings, change of hours, or other notices at the State's direction, we can quickly implement a temporary message to be provided to callers. The adaptability of Verizon's solution enables us to modify emergency messages within the IVR, in as little as a few minutes —allowing us to quickly react to emergencies with minimal disruption or confusion for callers.
- **Informational and Educational Messages.** The phone messages within the IVR solution are fully configurable and we can implement or change prerecorded informational and educational messages with minimal effort. Informational and educational messages about topics such as program changes, application processing requirements, health education (such as flu shot reminders), or other helpful messages (such as estimated wait time) can quickly be added into the IVR menus to deliver the messages with logical timing within the call flow.

MPCC12
The Contractor's solution shall provide configurable role-based menus to authorized users that restricts the user's access to information appropriate for the user type as defined by the Agency.

Verizon's Virtual Contact Center solution is a roles-based, permissions-based platform. Conduent can create customized security profiles for the State's user community, i.e., agents, supervisors, admins, reporting personnel, quality management, etc. Virtual Contact Center also provides audit trails for any change made within the platform, providing varying levels of details about the change that occurred.

MPCC13
The Contractor shall create, configure, and maintain Agency approved IVRS voice messages, messages, responses, prompts by the required implementation date.

Verizon's Virtual Contact Center solution allows for Conduent to upload customized, professionally pre-recorded announcements, internally pre-recorded announcements, ad-hoc messages recorded on-the-fly, as well as using the Text-to-Speech (TTS) capabilities within the Studio call flow design tool.

MPCC14
The Contractor's solution shall provide the appropriate and scalable number of in-bound and out-bound access lines to meet caller demand based on monthly statistics as defined by the Agency.

Our solution provides the appropriate number of inbound and outbound access lines to meet caller demand. We determine this amount based on our experience in providing call center services and by analyzing monthly statistics as defined by the Agency. We provide enough lines to ensure that we have the capacity to handle the call volume and that callers do not receive busy signals. Virtual Contact Center is only limited based on the available bandwidth into the application from the network. The Verizon Virtual Contact Center solution provides for one port per agent and supervisor license. When needed, we can quickly procure additional ports for queuing during peak call times or for anticipated spikes in traffic.

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MPCC15

The Contractor's solution shall provide the ability to log and track incoming calls with call reason and queue codes (e.g., eligibility, claims, EDI, helpdesk) as defined by the Agency.

Our customer relationship management (CRM) solution, Microsoft Dynamics, serves as our telephone call and correspondence tracking solution to log and track incoming calls with call reason and queue codes. It provides a comprehensive, electronic repository of all contacts made with the Call Center while offering efficient data entry, research, and reporting capabilities. Using Microsoft Dynamics, Call Center staff log incoming calls; maintain call histories for audit purposes; and track the date/time of the call. In addition, incoming caller information, purpose of call, actions taken to achieve resolution of the caller's issue, and escalation status is also logged. Contacts are recorded in a ticket with identifying information, including type of contact (i.e., call, fax, email correspondence, etc.). With Microsoft Dynamics, users have convenient access to a complete contact history for callers. Reports are easily generated and shared with the State, as needed, to show comprehensive call center results.

MPCC16

The Contractor's solution shall provide the ability to log and track outgoing calls with call reason and queue codes (e.g., eligibility, claims, EDI, helpdesk) as defined by the Agency.

Our CRM solution, Microsoft Dynamics, serves as our telephone call and correspondence tracking solution to log and track outgoing calls with call reason and queue codes as defined by the Department. With Microsoft Dynamics, users have convenient access to a complete contact history for callers. Reports are easily generated and shared with the State, as needed, to show comprehensive call center results. Figure 4.2.17.1-6 shows a sample tracking screen from Microsoft Dynamics.

Figure 4.2.17.1-6. Microsoft Dynamics

Using Microsoft Dynamics, call center staff log incoming and outgoing calls; maintain call histories for audit purposes; and track the date/time of the call, incoming caller information, purpose of call, actions taken to achieve resolution of the caller's issue, and escalation status.

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MPCC17

The Contractor's solution shall provide the capability to store, track, prioritize, and maintain a configurable log (e.g., date/time reported, issue, description, follow up completed, resolution, escalation contact and workflow) of member and provider complaints received by the call center through the resolution and closure of the complaint. The Agency will have real-time access to detailed information about all complaints.

Our CRM solution provides the functionality to maintain an electronic log of all member and provider complaints as defined by the Agency, as well as a task management component to track, escalate, and report actions taken and the final resolution of each complaint. The complaints are categorized as defined by the Department and thoroughly notated following a standardized process. Reporting within our CRM allows for each complaint to be tracked on a daily basis until a final resolution or a referral is recorded. Our CRM solution provides pre-determined scripting to assist CSRs in properly managing the inquiry. Web-based monitoring tools assist supervisors and/or leads in monitoring talk times and provide electronic notification methods for contact center staff to ask for assistance or to quickly escalate calls to a Supervisor's attention, so an agent can obtain help while an interaction is occurring. We also provide the Agency with real-time access to complaint tracking tools and reporting.

MPCC18

The Contractor's solution shall capture, store, maintain, and report detailed information, including a unique transaction number, for all inquiries made to the ACD, IVRS and FAXBACK including information requested and conveyed, as defined by the Agency.

Verizon's Virtual Contact Center reporting produces start-to-finish contact center statistics by capturing information surrounding each contact from the beginning to the end of the transaction, whether inbound or outbound, including IVR, email, chat, SMS interactions.

Each contact is assigned a unique ContactID number for reporting and this identifier is carried with the contact throughout the entire time the contact is in the system. Individual or groups or ContactIDs may be traced in the Call Detail reports where all ContactID history is logged for further analysis.

Conduent also utilizes RightFax to support incoming and outgoing faxes, each of which is captured, stored, maintained, and reported on using a unique transaction number.

MPCC19

The Contractor's solution shall capture, record, store, and maintain call information (e.g., time and date of call, duration, name and contact information, reason for calling, agent response, status of resolution, resolution description) for operations staff to utilize for research and/or auditing purposes as defined by the Agency.

Verizon's Virtual Contact Center solution readily captures time, date, duration, and the phone number of callers. Additionally, Conduent can enable Dispositions and/or Tags and customize these on a skill-by-skill basis. These can be optional or mandatory for agents during interaction handling. Virtual Contact Center also supports the ability for agents to enter comments into the comments field.

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MPCC20
The Contractor's solution shall capture, store, monitor, maintain, report and display all unique transactions (e.g., ACD, IVRS, Faxback) on a dashboard by transaction type with the ability to search and filter (e.g., call type, provider or member ID, name, representative's ID or name, or a combination of these data elements) and view the audit trail of each transaction as defined by the Agency.

Verizon's Virtual Contact Center's real-time dashboards provide information about the number dialed, Automatic Number Identification (ANI) of the caller, and the skill, i.e., call type based on menu prompt selected, number dialed, etc. Any provider or member ID entered by the caller, will not be displayed in any real-time dashboards as this info is being temporarily stored (buffered) to be used only if there is backend/computer telephony integration in use.

MPCC21
The Contractor's solution shall have the ability to automatically or manually route calls (e.g., internal, external, IVRS/FaxBack, voicemail) between the IVRS and the ACD as defined by the Agency.

Verizon's Virtual Contact Center solution utilizes rules-based routing which are managed in the solution's Studio call flow design tool. Conduent can create/modify call flow routing scripts based on the Call Center's business needs.

The integration between the IVR and ACD functionality allows us to dynamically route customer interactions, both internally and externally, between the two components.

MPCC22
The Contractor's solution shall have the ability to update callers within the queue regarding how long the anticipated wait time is until their call is answered, with a routing option to leave a voicemail as defined by the Agency.

The telephone messages within the IVR solution are fully configurable and we can implement or change prerecorded informational and educational messages with minimal effort. Verizon's Virtual Contact Center Studio design tool allows us to create customized routing strategies which can include messages that announce estimated wait time, the caller's place in queue, and other custom wait messages and announcements. The solution allows callers to select an option to leave a voicemail as defined by the Agency.

MPCC23
The Contractor shall conduct quality call monitoring on a randomly selected sample of daily calls (a minimum of one half of one percent (0.005%) and no less than one call per agent, per day). The Contractor shall document and retain results of the quality call monitoring and submit the reports to the Agency.

We record inbound and outbound calls and of their associated screens at a percentage agreed upon by the State and Conduent. Our quality management staff performs quality call monitoring on a randomly selected sample of daily calls (a minimum of one half of one percent (0.005%) and no less than one call per agent, per day).

Our quality management staff performs monitoring reviews using call recordings and standard monitoring evaluation forms approved by the State, while providing completed forms to Call Center leadership.

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Supervisors review the evaluation results and provide feedback when warranted on CSR performance. Our supervisors can also live-monitor calls and coach CSRs on the spot.

We document and retain results of the quality call monitoring and submit required and custom reports to the Agency.

MPCC24
The Contractor shall provide certified language interpretation (for verbal communication) and translation (for written communication) services for all callers and correspondence.

To enable accessibility and provide culturally sensitive service to all, regardless of language or special needs, we provide accurate written and verbal interpretation and translation for all callers and correspondence. We produce and distribute correspondence in a variety of media formats appropriate for the needs of vision impaired individuals. We include clear instructions on all written materials that describe how applicants and members can access materials in different formats and how to receive translation and interpretation services, both oral and written, in additional languages. We include multi-language taglines on written communications in prevalent languages as defined by the State.

Conduent contracts with ULG to provide oral, written, and even sign language translation services should the need arise. ULG is one of the largest translation, localization, and interpreting providers in the world, with offices based in seven countries on three continents. ULG provides translation services in 200 languages and has been providing high-quality support for our Medicaid, Child Support, and other Health and Human Service contact centers for more than a decade.

ULG works with over 10,000 specialized linguists throughout the world. All ULG language professionals are degreed and certified within their industry and can demonstrate a track record of effectiveness. All translators and interpreters must go through ULG's rigorous screening process, followed by industry-specific language testing. ULG meets multiple International Organization for Standardization (ISO) certification categories related to process, quality, and security in the translation field. Conduent customer service representatives (CSRs) are trained in working with ULG, and as our long-term partner, ULG is accustomed to translating the unique terminology needed to support our Call Centers.

Reporting for Translation Services. We document and monitor all translation and accessibility services through our CRM solution, Microsoft Dynamics. Our CSRs and other staff document each contact, including language preferences, use of our translation services, and requests for alternate formats of our written materials and correspondence. Through Microsoft Dynamics, we track and report on the number of Limited English Proficiency (LEP) persons served, primary languages, language assistance service requested, and the provision of those services.

MPCC25
The Contractor's solution shall utilize the same call center solution for both provider and member help line.

Conduent agrees to utilize the same Call Center technology and solutions to support both the provider and member help lines.

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MPCC26
The Contractor's solution shall provide users the ability to attach or link one or more associated documents (e.g., MS Word, Excel, PDF, image) to one or more unique call records and allow for viewing, printing, emailing, or faxing of documents from within the call or linked call record, as defined by the Agency.

Our CRM solution provides our call center staff and other authorized users with the ability to quickly attach or link documents and correspondence in a variety of formats to one or more unique call records. Our document management software integrates with the CRM, allowing us to link scanned documents to the appropriate call record in the CRM. Users can view, print, email, or fax documents from within the call or linked call record in the CRM.

MPCC27
The Contractor's solution shall provide the ability to survey callers to rate performance measures (e.g., quality, timeliness, and other service delivery elements carried out by the Call Center) as defined by the Agency. The Contractor's solution shall capture caller satisfaction scores to determine the average satisfaction percentage score.

Customer feedback is a vital part of how we evaluate and improve the quality of the calls our CSRs handle. Verizon's Virtual Contact Center includes post-call survey functionality, which can deliver a survey right after every customer interaction and provide authorized users, such as our project management, call center leadership, and designated Agency staff, the ability to review feedback in near-real time.

Virtual Contact Center's survey functionality measures the customer's experience and delivers strong analytics and actionable information right down to the agent level in near-real time. This enables Conduent and the State to focus on agent improvement, and helps to drive the right behaviors in agents, to self-correct, if needed, pinpoint service recovery opportunities, and to identify improvement initiatives for the organization as a whole. Virtual Contact Center's survey functionality allows us to:

- Improve service recovery with detailed data on service breakdowns
- Accurately measure customer retention using statistical methods
- Create dashboard reporting to allow users to create, name and move the data they want to see with ease–users can save as a homepage
- Share dashboards with other users to increase awareness around customer experience

MPCC28
The Contractor shall capture, store, and maintain a multimedia recording of each distinct call center agent interaction with supporting index information (e.g., agent, topic, authorized user id, member id, provider id, date/time) as defined by the Agency. Upon request, provide the Agency with electronic copies of multimedia recordings which shall be archived according to Agency defined retention requirements.

Verizon's Virtual Contact Center solution can be configured to record up to 100% of calls, specific dialed numbers, or specific skills. Each interaction routed into Virtual Contact Center is assigned a Master ContactID. This ContactID follows the interaction from start-to-finish throughout the platform. Authorized Conduent users can search the Contact History within Virtual Contact Center's Central tool

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for specific interactions, i.e., voice, chat, email, SMS, etc., using filters such as: ContactID, media type, dialed number, ANI, agent, skill, team, email to/from address, among others.

Virtual Contact Center offers flexible storage options to meet the Call Center's needs:

- **Standard Storage** – which provides the ability to retrieve and review call recordings on-demand. This option includes storage of multiple types of interactions and information associated with each call, including voice prompts, scripts, images, log files, voice mails, email, chat transcripts.
- **Archive Storage** – which provides economical, long-term storage. This option requires retrieval to view files. Automation is available to set archive rules for files based on age, type, etc.
- **Retrieval Storage** – which allows authorized personnel to retrieve files from archive storage and return them to standard storage.

4.2.18 Option C. Federal Reporting [RFP 3.10.18]

REQUIREMENT: RFP Section 3.10.18

In addition to the Core scope of the Claims Processing and Management Services module, states may procure additional components and services for activities not categorized in Sections 3.10.1 through 3.10.15. The Offeror's solution will need to provide comprehensive Federal Reporting functionality, including receiving and storing data and generating reports, to satisfy a state's reporting Federal requirements.

The Agency can rely on Conduent to produce federal reporting that is accurate and compliant with current federal and state regulations and guidelines.

Managing data and leveraging the power it brings to your programs are the driving forces behind the Conduent Medicaid Suite (CMdS)-Federal Reporting module. Our solution helps you manage your health care programs at optimal levels using state-of-art technology and tools. Our solution provides easy access to program data with flexible, user-friendly capabilities for administrative, financial, and clinical program analysis, modeling, and reporting. End users can easily learn and perform functions ranging from standard reporting to advanced ad hoc queries and analytics.

Our Federal Reporting Solution

- Extensive repository of program data
- Connects users to the right level of reporting
- Meets federal and state reporting requirements, including MARS/T-MSIS and Program Integrity/SURS
- Garnered CMS "Best Practices" recommendation for CMS federal reporting
- Configurable business rules allow easy customization and support future program growth

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Our Federal Reporting Solution Components

With a top-rated business intelligence platform, our CMdS-Federal Reporting solution provides scalability and flexibility to support your data and analytic needs, now and in the future. Our solution includes advanced COTS products aligned with MITA goals for implementing industry standards and products in the Medicaid environment. The solution seamlessly integrates with other modules including: CMdS-Claims and CMdS-Financial. The major components of CMdS-Federal Reporting include:

- Management and Administrative Reporting System (MARS)
- Transformed Medicaid Statistical Information System (T-MSIS)
- Fraud and Abuse Detection System (FADS)
- Surveillance Utilization Review System (SURS)

MARS

The MARS component consolidates data to produce a suite of reports required by federal and state regulations. MARS presents details on eligibility, participation, expenditures, usage, and claims processing. These statistics are presented for the current month but may be used in comparison with other timeframes so that users can evaluate progress, make forecasts, and determine the effectiveness and financial health of program policies relative to goals.

Authorized users access MARS reports through an online web portal where they can view summary to detail levels of information, use advanced graphics, and develop trend analyses and expenditure projections. Our MARS solution is easy to use and efficient. It is web-based and provides anytime access to program data and financial reports. From an operational standpoint, the solution offers several major benefits to states: immediate access to reports, built-in automated balancing, and easy import/export of data (e.g., budget data) in different formats.

The MARS portal includes features that go beyond traditional reporting by providing users with drill-down reporting capabilities that present the underlying details of summary information. Users can easily select a subset of data, instead of viewing an entire report. Data is available for viewing using pie charts, line charts, and advanced graphics. Users can target information and be confident that the results are accurate. The reports present statistics for the current month and users can compare current statistics to other timeframes to evaluate progress, make forecasts, and determine the effectiveness and financial health of Medicaid policies relative to goals. MARS produces CMS-certified reports using six reporting components:

- **Administrative Reporting.** These reports provide financial details, program activity status, and analyses of expenditures, Medicare participation, and claims processing performance. Program administrators use these details to evaluate program status, make financial policy decisions, and forecast program activity for planning purposes.
- **Operations Reporting.** This component provides detailed reports on the efficiency, accuracy, and timeliness of claims processing functions. Reports provide complete breakdowns of claims processing activity, adjudication activity, and the types and frequency of processing errors that might indicate training opportunities.

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- **Member Reporting.** These reports show details of member activity within the Medicaid program, including participation, eligibility benefit usage, cost sharing, and geographical comparisons. This information helps to evaluate the effectiveness of the program in reaching eligible members and allows policy makers to make decisions based on trends and forecasts.
- **Provider Reporting.** This component provides detailed reports about enrollment and participation, cost settlement, claims filing, third party payment, and error frequency.
- **Drug Reporting.** These reports evaluate the cost of different types of drugs within the Medicaid program and evaluate the effectiveness of drug coverage for different eligibility groups.
- **Federal Reporting.** This component generates CMS federal reports and T-MSIS extract files that meet federal reporting requirements (including the CMS-64/CMS-21 Expenditure reports). These reports are used for analytical research, planning, budgeting, and policy analysis.

CMdS-Federal Reporting uses state-of the art reporting and database technology to provide the most advanced features to support your federal reporting requirements. The solution interfaces with third-party independent sources to load final payment summary information to the MARS component. The solution balances expenditures for a given time period to the penny. If the dollars don't balance, we stop the load for remediation. Surprisingly, our competitors still haven't achieved this balancing requirement. Correct balancing and the ability to substantiate report summary expenditures are key to providing confidence in the MARS data and reports.

T-MSIS

The T-MSIS national database provides CMS with information essential for monitoring and oversight of the Medicaid and CHIP programs. T-MSIS data includes information about member eligibility, member and provider enrollment, service utilization, claims and managed care data, and expenditures for Medicaid and CHIP. CMS continues to enforce and demand T-MSIS data quality compliance and may reduce enhanced Federal Financial Participation (FFP) for operational costs of systems unable to produce timely, accurate, and complete T-MSIS data.

Conduent's solution includes systematic early detection of data integrity issues and the ability to provide mandatory CMS data elements historically unavailable. Further, Conduent brings some of the most talented T-MSIS experts to this project. As the T-MSIS extracts have evolved over the last five years, Conduent developers and experts have been on the ground helping states translate their data based on federal regulations and meet the requirements for a successful MECT certification. Conduent's Federal Stamping process allows for the derivation of T-MSIS required data items, using state-based configuration for accurate reporting and mapping. It takes a meticulous and proactive approach to maintain compliance with all federal and state regulations like T-MSIS. Healthcare administration is constantly changing and so are the laws governing that administration. The Agency can rely on Conduent to keep processes and systems in compliance with ever-changing federal regulations.

In Figure 4.2.18-1, we provide an overview of our MARS and T-MSIS solution.

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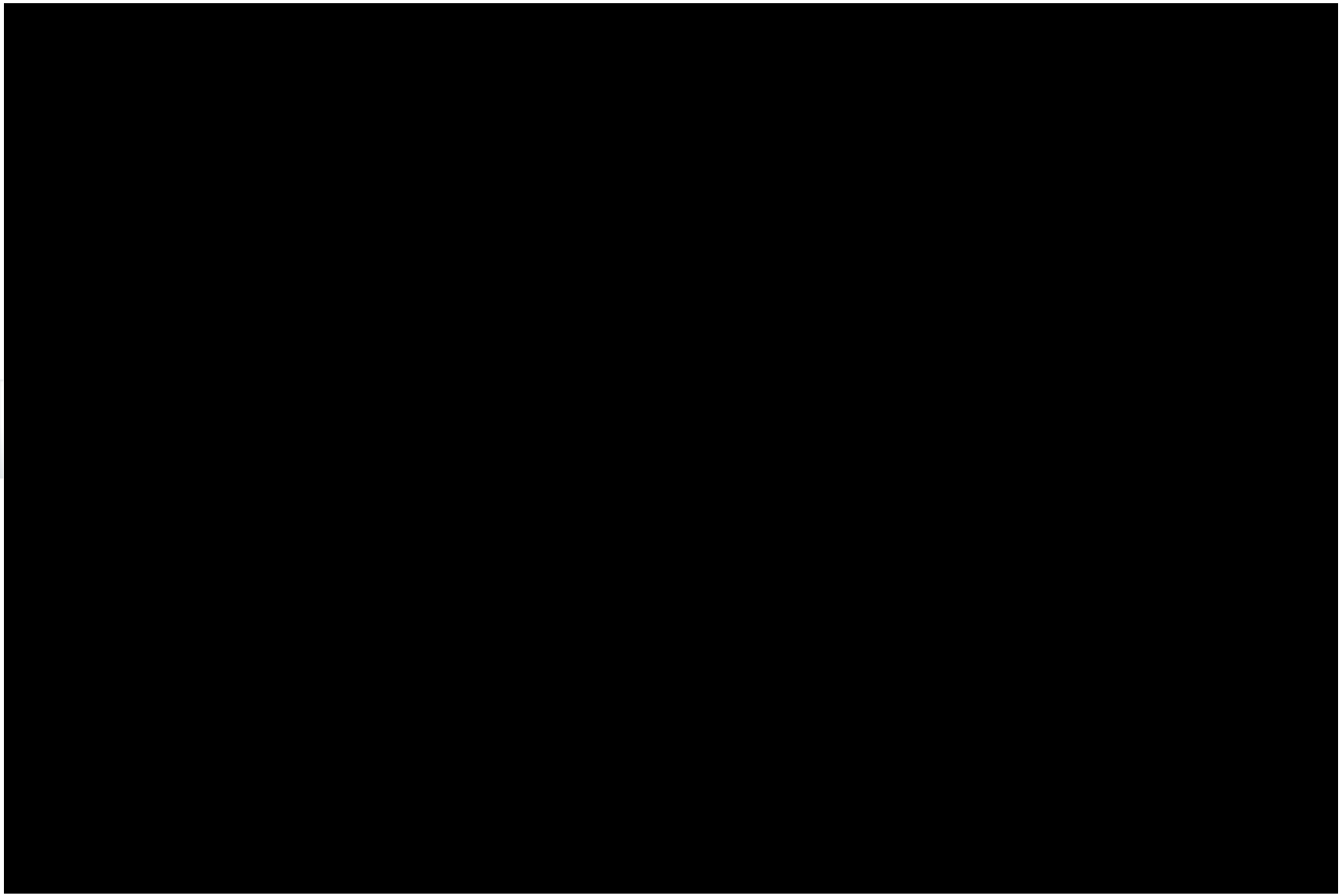

Figure 4.2.18-1. Our MARS and T-MSIS Solution Overview

Our MARS and T-MSIS components provide the Agency with data that is accurate, reliable, and easily substantiated.

FADS and SURS

To assist the state in meeting the challenges of reducing fraud, waste, and abuse, we propose our FADS solution that provides a suite of comprehensive analytical tools using advanced technologies to detect suspect claims, non-compliance, and complex healthcare fraud, waste, and abuse. FADS consolidates technologies while leveraging the many combined years of MMIS experience and in-depth knowledge of fraud and analytics within our staff to benefit the state in its fraud and abuse detection efforts. We provide the state with an integrated set of software tools, presented in a web environment, backed by a knowledgeable and proactive staff, working together to deliver to state users "assembled information," not just data. This information provides the ability to research aberrant behaviors, with a minimum of false positives, and confidently pursue suspicious providers and members, in order to enable the state to increase their recovered dollars. Table 4.2.18-1 identifies the FADS integrated components.

Table 4.2.18-1. FADS Components

ID	Description
FADS Research Tools	This component aids investigators and analysts in researching and analyzing fraud leads. Users can view the claims in the FADS data mart using various search criteria. (both headers and details), and related providers and members. The component also produces random sampling reports, case tracking reports, and other useful reports. The FADS Portal provides links to a library of reports and documents that have proven useful to investigators and other users. The portal also includes links to historical user meeting materials, provider billing manuals if they are available, and links to external information about fraud and abuse news. The User Manual and Training Guide is also available from the FADS portal.
SURS Peer Grouping	SURS offers flexibility in the creation of meaningful peer group profiles that quickly deliver actionable results. SURS compares the behavior of a provider or member to others in the same peer group to identify statistically abnormal or abhorrent behavior. SURS has a user-friendly interface and includes features that simplify the use of the tool (e.g., embedded online help, hover text, drill downs to supporting reports, code translations, etc.). SUR studies can be run on a scheduled or on-demand basis.
Spike Detection	The Spike Detection component automatically detects providers who have had large increases (or decreases) in billing activity. By proactively surfacing these providers after each weekly data load, analysts can quickly identify hit-and-run scams that often remain undetected until it is too late.

Together the FADS components:

- Provide on request profiles of health care providers and members to assess the quality, quantity, service timelines, and access to services
- Detect and substantiate provider and participant fraud and abuse
- Develop statistical profiles of health care services and utilization patterns to identify the potential over-utilization, under-utilization, and inappropriate health care services by participating provider or member
- Identify potential problems with the level of care or quality of services provided under Medical Assistance programs

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- Support management in the process of ensuring that only medically necessary and covered services and items are provided in the appropriate setting and at the lowest cost
- Provide administrators with information needed to initiate appropriate corrective action, possibly resulting in policy changes as directed by the state

The FADS components are accessible from a single FADS Home Page. The components are web-based, easily accessible through an Internet connection by authorized users.

4.2.18.1 Federal Reporting [RFP 3.10.18.1, Attachment F]

REQUIREMENT: RFP Section 3.10.18.1, Attachment F

This section outlines the requirements necessary to meet Federal reporting in compliance with applicable guidelines. The solution must collect, group, and analyze data to generate all applicable federal reports and processes (e.g., CMS-64, CMS-21, CMS-416, CMS-372, Transformed Medicaid Statistical Information System (T-MSIS), Payment Error Rate Measurement (PERM)). If the Offeror chooses to include these services in their proposal the Offeror must describe in detail their approach to meet each of the Federal Reporting requirements in Attachment F, Requirements Response Matrix. The Offeror simply repeating the RFP requirements does not qualify as a good response as defined in Section 6.1.1 of this RFP.

In the remainder of this section we provide detailed responses that describe our approach to meeting the Option C Federal Reporting requirements in Attachment F – Requirements Response Matrix.

FDRP01
The Contractor's solution shall maintain, track, and report claims data (e.g., prompt payment of clean claims, claims inventory) to support compliance with 42 CFR 447.45

CMdS-Federal Reporting maintains, tracks, and reports claims data (e.g., prompt payment of clean claims, claims inventory) to support compliance with 42 CFR 447.45. The standards contained in 42 CFR 447.45 require:

- Providers to submit claims no later; than 12 months from date of service
- Agency to Pay 90% of clean claims within 30 days of date of receipt
- Agency to Pay 99% of all clean claims within 90 days of the date of receipt
- Agency to pay all other claims within 12 months of the date of receipt with certain exceptions

Our Monthly Adjudicated Timely Processing reports listed in Table 4.2.18.1-1 track claims data to support compliance with 42 CFR 447.45. These reports measure overall claim processing performance and efficiency by claim type. The reports show detail and summary information.

Table 4.2.18.1-1. Monthly Adjudicated Timely Processing Reports

ID	Title	Description
MR-O-30A	Monthly Adjudicated Timely Processing Detail	Shows claims processing information by claim type within program (i.e., FFS, encounter) across different time spans. Figure 4.2.18.1-1 shows a sample report.
MR-O-30B	Monthly Adjudicated Processing Summary	Shows summary claims processing information by claim type within program. Figure 4.2.18.1-2 shows a sample report.

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Figure 4.2.18.1-1. MR-O-30A Monthly Adjudicated Timely Processing Detail Report
This report shows claims processing information by claim type within program (i.e., FFS, encounter) across different time spans.

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Figure 4.2.18.1-2. MR-O-30B Monthly Adjudicated Processing Summary Report
This report shows summary claims processing information by claim type within program.

FDRP02
The Contractor's solution shall track, maintain, and report recoveries for the federal share of overpayments to support compliance with 42 CFR 433.320.

CMdS-Federal Reporting is seamlessly integrated with CMdS-Claims and CMdS-Financial to report the right information, at the right time, and in the right format according to Agency and federal policy, guidelines, and regulations. Provider overpayments occur for a variety of reasons. We designed our solution to track, maintain, and report recoveries for the federal share of overpayments in compliance with 42 CFR 433.320.

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Federal Stamping Logic

We continually review, and refine as needed, our process for working with the Agency to record overpayment incidents and report them on the correct reports, whether the provider overpayment is reported within the quarter of recovery or within a year of discovery. Our federal stamping logic provides an audit trail of every federally reportable expenditure, indicating at the detail level:

- **Where** the expenditure was reported, including the report form, line, and column
- **When** the expenditure was reported, including the Federal Fiscal Quarter (FFQ) and reporting period date
- **What** the federal, state, county and other amounts were for that payment, based on the appropriate Federal Medical Assistance Percentage (FMAP) in place for each payment

The federal match amount for every federally reportable expenditure is stored with that expenditure in the CMdS-Federal Reporting database, so that the dollars expected from the federal government are identified and do not need re-calculation. We designed our solution to support each state's unique requirements, and to easily support continual changes in regulations and guidelines.

Managing Overpayments

There are several approaches we use to manage overpayment reporting. Our federal reporting specialists and design team work closely with the Agency from the start of the project to understand your policies and integrate our solution's various components both procedurally and systematically so that the state's finance staff is completely prepared to submit reports to CMS.

Our solution systematically generates the various CMS64 reports and allows staff to drilldown to specific claims or claim lines reimbursed on every report line, whether it is a current quarter expenditure or an adjustment to a prior period expenditure. The detail quarter information from the CMS64 Expenditure reports feeds the overall quarterly summary page, and any related reports such as the CMS64.9O Overpayment reports and the CMS.9C Fraud, Waste and Abuse report.

The following list provides examples of the actions and activities to consider, whether the overpayments are the result of a specific audit, recovery or collection, or identified through some other means:

- Uncollected overpayments can be reported through interactions with the finance system, configured to state procedures, and are based on dates of discovery and uncollected dollars
- Lump sum payments or scheduled interim payments can be reported based on state specific requirements and policies
- All reports carry a built-in audit feature that allows the state to easily pull back expenditures represented by any sum or sub-total
- Overpayments can be reported whether collected at a lump sum level or recorded with every individual claim as an adjustment

Our team works with the Agency to understand and provide the best approach to use when reporting overpayments.

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FDRP03
The Contractor's solution shall create, update, store, and maintain required and supplemental information to identify and group all claims transactions and non-claim transactions for completion of specified federal and state report (e.g. CMS-64 report) per Agency defined criteria.

Our solution creates, updates, stores, and maintains required and supplemental information to identify and group claims transactions and non-claim transactions for completion of specified federal and state reports (e.g., CMS-64 reports) per Agency defined criteria. Our solution uses data marts to store data required for reports, as defined by the Agency and in the Medicaid Enterprise Certification Toolkit (MECT) fee-for-service (FFS) Claims and Adjudication Checklist:

- **OM.CL4.10.** The system verifies that required data items are present and retained, including all data needed for state or federal reporting requirements
- **OM.CL4.38.** State Medicaid Agency (SMA) assigns a federal report code on all transactions processed through an adjudication cycle based on the State provided business rules. The federal report code must cross walk to the correct report, report page, report line and report column.

Federal Stamping – CMS Best Practice Recommendation

The design of our federal reporting solution garnered a CMS Best Practice recommendation for federal reporting with the implementation of our solution for the District of Columbia in 2012. The Federal Stamping process used by our MARS federal reporting was the basis for MECT checklist item OM.CL4.38. Conduent is the only vendor today to incorporate the concept of Federal Stamping and the requirements for quality state and federal reporting into all components to provide Agency staff with confidence that reports are accurate.

Federal Stamping uses state driven configurable business rules and applies them to the data from the source systems to assign custom fields that support federal and state reporting requirements.

- **Configuration.** One of the biggest barriers to federal reporting success is translating business practices for the Agency into the information that conforms to the format and values required by CMS for federal reporting. CMdS-Federal Reporting employs a series of configuration processes that use state criteria to define custom fields used for reporting.
- **Flexibility, Maintainability, and Growth.** The introduction of configurable business rules for the state allows policy and administrative staff to seamlessly integrate changes to programs over time. New data is incorporated into the federal and state reporting tables and stamped correctly to appear in the correct reporting categories.
- **Consistency.** The use of Federal Stamping supports consistent definitions across time and between organizations for programs. If reporting tools are using different definitions or sources for identification of criteria to categorize information, the impact can have unpredictable consequences depending on the scope of data involved.

Federal Stamping assigns custom fields for managing state and federal reporting from the database details in core tables to the summarization procedures that turn raw source data into reporting. It doesn't matter if the report is expenditure based, like the CMS 64, service based, like the CMS 372, or a combination, like the CMS 416. Federal Stamping consistently defines and stamps program data between reports, across the

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Enterprise, and when extracted to CMS, as mandatory for meeting T-MSIS criteria and quality data initiatives.

For example, waiver services are reported on the CMS 372 according to when the services were rendered, on the CMS 64 when the services were paid and under the same waiver program, and those services are extracted to T-MSIS using the same values reported on both reports. In addition, the CMS 64 has drilldown features that match the data extracted to T-MSIS and the related CMS 372 services. The stamping designates where the data was reported, including the report, column, form, and file that corresponds to the federal reporting mandates. Historically, it was very difficult to demonstrate that a service reported on the CMS 372 was reported under the same waiver definition for the CMS 64. Some examples of the values derived through Federal Stamping to supports state and federal reporting requirements include:

- The waiver ID (including the information for the renewal year)
- The waiver year associated with the services rendered
- The CMS64 Report Form corresponding to the payment of the waiver expenditure (CMS 21, CMS 64, CMS 64.21, CMS 64.9W, etc.)
- The column on the CMS 64 reports associated with the service (IHS, breast and cervical cancer, family planning, etc.)
- The row or CMS type of service associated with the expenditure on the CMS 64
- The MBESCBES-CATEGORY-OF-SERVICE associated with the service as extracted for T-MSIS

In summary, Federal Stamping enforces consistency and auditability in reporting across the Agency and between organizations exchanging data, allowing substantiation of data in reports and exports at any point in time.

FDRP04
The Contractor's solution shall have the ability to gather, store, and report data, as required by CMS specification, for T-MSIS (Medicaid Statistical Information System) data reporting.

The T-MSIS reporting is a subset of the MARS functionality in our CMdS-Federal Reporting module. T-MSIS functionality collects and disseminates information on members, utilization, and payments for services covered by Montana Medicaid and other state programs. Currently, CMS requires that Medicaid programs provide T-MSIS interface files, which CMS uses to produce their own reports. Our solution gathers, stores, and reports data, as required by CMS T-MSIS specification for data reporting, including submitting T-MSIS files monthly to CMS. Our systems operational staff monitors submissions to verify that data meets the mandated data quality and timeliness standards. CMS uses the T-MSIS files produced by our MARS solution to audit and validate the mandatory federal reports submitted by the Agency.

CMS intends for T-MSIS to provide the Agency, states, and the federal government with a national Medicaid data repository that would, among other functions, support program management, financial management, and program integrity functions. CMS wants a system that can implement regular changes quickly and provide a quick turnaround as federal direction requires. Approved users from the Agency, states, and CMS would have access to the data using a variety of tools to support analytical needs as required by each agency.

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T-MSIS Extract Files

The T-MSIS workflows are automated and scheduled as part of the normal MARS month-end processes. Once extracted, we submit the files to CMS through the T-MSIS portal. Our solution produces and forwards to CMS these extract files on a monthly basis as required by CMS:

- **Member Eligibility.** This file contains eligible members enrolled in the Montana Medicaid program regardless of service utilization. It includes information such as birth date, sex, race, days of eligibility, maintenance assistance status, basis of eligibility, dual eligibility status, and plan enrollment.
- **Drug Claims.** This file contains adjudicated drug claims that include drug codes, date prescribed, drug units, drug days supplied, and prescribing provider. The file also contains encounter records for prescription services provided under a capitated plan.
- **Inpatient Claims.** This file contains adjudicated acute inpatient hospital claims. Information includes types of coverage/service, dates of service, diagnosis, procedures, provider IDs, third party payments, and Medicaid payment amounts. The file also contains encounter records for inpatient services provided under a capitated plan.
- **Long Term Care Claims.** This file contains adjudicated claims for long-term institutional care, including ICF-MR, NF, psych hospitals, or independent wings for acute care hospitals. Information includes types of coverage/service, dates of service, diagnosis, procedures, provider IDs, third party payments, and Medicaid payment amounts. The file also contains encounter records for long-term care services provided under a capitated plan.
- **Other Claims.** This file contains adjudicated claims not included in the claim files listed above. Information includes types of coverage/service, dates of service, diagnosis, procedures, provider IDs, third party payments, and Medicaid payment amounts. The file also contains premium payments and encounter records for services provided under a capitated plan.
- **Provider.** This file contains provider details including demographic, credentialing, licensure, taxonomy, plan participation, and enrollment details.
- **TPL.** This file contains third party liability insurance arrangements related to Medicaid members. It includes detailed carrier information, coverage types, dates, and member financial responsibility details.
- **Managed Care.** This file provides details of the managed care plans, reimbursement arrangements, service areas, and percent penetration.

Our technical manager oversees the systems and processes used to generate and deliver the T-MSIS extract files. A vital task among the technical manager's responsibilities includes maintaining system uptime so automated processes and reports run as scheduled. Our technical staff configures the updates and tests them through the CMS portal. We also maintain and update the mapping documents required to convert Montana data to the required federal reporting categories. The documents have release dates and versions that we must submit through the CMS portal, where they are used by T-MSIS for automated business rules and data validation. Conduent is committed to meeting all deadlines for producing and submitting T-MSIS extract files.

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FDRP05

The Contractor's solution shall have the ability to meet all Agency and federal reporting guidelines, requirements, and periodicity. Any new CMS reporting requirements must be accommodated at no additional cost to Agency.

CMdS-Federal Reporting meets Agency and federal reporting guidelines, requirements, and periodicity. We understand the regulations that govern federal reporting. Our proposed federal reporting solutions are certified in multiple states using the MECT checklist. [redacted]

Our Certified Solutions

Our proposed MARS solution is CMS MECT certified in:

- Alaska
- The District of Columbia
- New Hampshire
- North Dakota

Our proposed FADS solution is CMS MECT certified in:

- Alaska
- Colorado
- The District of Columbia
- New Hampshire
- New Mexico
- North Dakota
- Wyoming

Our solution includes reports and tools that provide valuable insight, features, and functionality. The solution goes beyond simply producing mandatory canned reports as required by CMS certification. The MARS and FADS solutions are web-based, intuitive and flexible, allowing Agency staff to run reports either interactively or as scheduled jobs. The solution includes a series of tools to mine data, create random samples, browse data, build cases or to craft studies to support the varied needs and requirements encountered during day-to-day operations. A key design component that provides flexibility to absorb change and growth is the use of custom built Agency configuration tables that allow staff to manage most program changes without system enhancements or code changes.

When there are new reporting requirements, we work to understand them and update our solution. New CMS reporting requirements are accommodated following the guidelines described in Amendment 4's Attachment B - MPATH Claims Contract NASPO ValuePoint Cooperative Procurement Master Agreement, Section 11.9, as required by the State's Question & Answer Board response to *Federal Reporting, FDRP05*.

FDRP06

The contractor's solution shall have the ability to provide data to the State to satisfy the federal MARS reporting requirement.

Our solution provides data to the State to satisfy the federal MARS reporting requirements. In our previous response to ID FDRP03, we provided a graphic of our overall solution and the data marts that store data required for federal MARS reporting requirements.

FDRP07

The Contractor's solution shall have the ability to produce CMS 64 (MAR) report as specified by Agency.

CMdS-Federal Reporting produces the CMS 64 (MAR) reports listed in Table 4.2.18.1-2 using configurable business rules that allow the Agency to easily update the reporting criteria. The CMS 64 reports are produced quarterly. Federal legislation requires that state health care programs report their

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budgeted and actual expenditures to CMS using the CMS 64 reports. CMS uses the information to compute the amount of Federal Financial Participation (FFP) they will provide to fund program operations.

Our analysts work with Agency program and policy staff to update business rules to accurately report expenditures required by Agency and federal reporting requirements. The solution provides drilldown capabilities to view detail reports for expenditures reported for each of the CMS type of service (TOS) lines on the CMS 64 reports. Doing so provides immediate substantiation of the dollars reported.

Table 4.2.18.1-2. CMS 64 Reports

ID	Title	Description
CMS64.9 Base	Medical Assistance Expenditures by Type of Service in this Quarter	Tracks Medicaid program expenditures for the quarter. Figure 4.2.18.1-3 shows a sample report.
CMS64.21U (CMS21)	Quarterly Medical Assistance Expenditures by State Children's Health Insurance Program Report	Tracks SCHIP program expenditures for the quarter. Figure 4.2.18.1-4 shows a sample report.
CMS64.9 Waiver	Medical Assistance Expenditures by Type of Service in this Quarter Report	Tracks waiver program expenditures. Figure 4.2.18.1-5 shows a sample report.
CMS64.9A	Third Party Liability Collections and Cost Avoidance Report	Tracks third party expenditures for the quarter. Figure 4.2.18.1-6 shows a sample report.

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Figure 4.2.18.1-3. CMS64.9 Base Medical Assistance Expenditures by Type of Service Report
This report tracks Medicaid program expenditures for the quarter.

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Figure 4.2.18.1-4. CMS64.21U Quarterly Medical Assistance Expenditures by State Children's Health Insurance Program Report
This report tracks SCHIP program expenditures for the quarter.

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Figure 4.2.18.1-5. CMS64.9 Waiver Medical Assistance Expenditures by Type of Service in this Quarter Report
This report tracks waiver program expenditures.

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Figure 4.2.18.1-6. CMS64.9A Third Party Liability Collections and Cost Avoidance Report
This report tracks third party expenditures for the quarter.

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FDRP08

The Contractor's solution shall have the ability to produce CMS 21 (MAR) report as specified by Agency.

Our solution produces the CMS 21 (MAR) report listed in Table 4.2.18.1-3 using configurable business rules that allow the Agency to easily update the reporting criteria. The CMS 21 report is produced quarterly and details the state's actual expenditures and the disposition of federal funds under Title XXI. Expenditures reported primarily include those made to initiate and expand health insurance coverage to uninsured, low-income children through a separate Children's Health Insurance Program (CHIP).

Our analysts work with Agency program and policy staff to update business rules to accurately report expenditures required by Agency and federal reporting requirements. The solution provides drilldown capabilities to view detail reports for expenditures reported for each of the TOS lines on the CMS 21 report. Doing so provides immediate substantiation of the dollars reported.

Table 4.2.18.1-3. CMS 21 Report

ID	Title	Description
CMS21	Quarterly State Children's Health Insurance Program Statement of Expenditures for Title XXI	Tracks Medicaid CHIP expenditures for the quarter as shown in Figure 4.2.18.1-7.

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Figure 4.2.18.1-7. CMS21 Report
This report tracks Medicaid CHIP expenditures for the quarter.

FDRP09
The Contractor's solution shall have the ability to produce CMS 21e and CMS 64ec (MAR) statistical eligibility reports.

Our solution produces the CMS 21e and CMS 64ec (MAR) statistical eligibility reports listed in Table 4.2.18.1-4. Users can generate the reports through the MARS web portal. These reports provide enrollment information about children served in the various programs (Medicaid CHIP, State CHIP, and Medicaid). The solution produces the detail and summary versions of these reports.

Table 4.2.18.1-4. CMS 21E Statistical Eligibility Reports

ID	Title	Description
CMS21E	Number of Children for Children's Health Insurance Program (SCHIP) by Age Range	Shows the number of Medicaid CHIP children served by age range. Figure 4.2.18.1-8, Figure 4.2.18.1-9, Figure 4.2.18.1-10 shows the first, second, and third pages of the report respectively.
CMS21E-S	Number of Children Served for Children's Health Insurance Program (SCHIP) Summary	Provides a summary of Medicaid CHIP children served. Figure 4.2.18.1-11 shows the first page of the report.

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ID	Title	Description
CMS64.21E	Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) by Age Range	Provides the number of State CHIP children served by age range. Refer to our response to FDRP62, page 4.2-941, for a sample report.
CMS64.21E-S	Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) Summary	Provides a summary of State CHIP children served. Refer to our response to FDRP62, page 4.2-941, for a sample report.
CMS64EC	Number of Children Served for the Medical Assistance Program by Age Range	Provides the number of Medicaid children served by age range. Refer to our response to FDRP59, page 4.2-935, for a sample reports.
CMS64EC-S	Number of Children Served for the Medical Assistance Program Summary	Provides a summary of Medicaid children served. Refer to our response to FDRP59, page 4.2-935, for a sample report.
SEDS-S	CHIP Statistical Enrollment Data System Report	Shows summary CHIP enrollment information. Refer to our response to FDRP61, page 4.2-939, for a sample report.

Figure 4.2.18.1-8. CMS21E Report – Page 1
This report shows the number of Medicaid CHIP children served by age range.

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Figure 4.2.18.1-9. CMS21E Report – Page 2

This report shows the number of Medicaid CHIP children served by age range.

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Figure 4.2.18.1-10. CMS21E Report – Page 3
This report shows the number of Medicaid CHIP children served by age range.

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Figure 4.2.18.1-11. CMS21E-S Report – Page 1
This report provides a summary of Medicaid CHIP children served.

FDRP10
The Contractor's solution shall have the ability to support Health Check edits and reporting on fee for service and encounter claims as required by DCH and CMS (CMS-416 report). The Contractor must provide CMS-416 interface extracts to third party contractors as required by DCH.

Our solution supports Health Check edits and reporting on fee for service (FFS) and encounter claims as required by DCH and CMS to produce the annual Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Participation CMS-416 report described in Table 4.2.18.1-5. The report is produced quarterly. CMS uses the information to assess the effectiveness of the EPSDT program in terms of the number of individuals under the age of 21 (by age group and basis of Medicaid eligibility) who are provided child health screening services, referred for corrective treatment, and receiving dental services.

The solution uses Agency configurable business rules to produce the report. Users can easily generate the report through the MARS web portal for the current federal reporting period and prior reporting periods as needed. The report information is easily extracted and exported to third party contractors as required by DCH.

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Table 4.2.18.1-5. CMS 416 Report

ID	Title	Description
CMS 416	Quarterly State Children's Health Insurance Program Statement of Expenditures for Title XXI	Provides basic information on participation in the Medicaid EPSDT program. Figure 4.2.18.1-12, Figure 4.2.18.1-13, and Figure 4.2.18.1-14 show the first, second, and third pages of the report respectively.

Figure 4.2.18.1-12. CMS416 Report – Page 1

The CMS-416 report provides information related to EPSDT services.

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Figure 4.2.18.1-13. CMS416 Report – Page 2
The CMS-416 report provides information related to EPSDT services.

Figure 4.2.18.1-14. CMS416 Report – Page 3
The CMS-416 report provides information related to EPSDT services.

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FDRP11
The Contractor's solution shall supplement into T-MSIS data from outside sources if required (e.g. Capitation payment records from enrollment process, Eligibility characteristic data from eligibility intake process, Medicaid services processed by non-MMIS State departments, such as mental health services, Utilization based on Managed Care encounters) as defined by the Agency.

The T-MSIS solution is comprehensive and incorporates data from outside sources as well as data from other state agencies for producing T-MSIS data extracts as required by Agency and federal mandates. For example, we can include information, as needed, for federal and state reporting from the Department of Corrections, Veteran's Affairs, immigration, Vital Statistics, eligibility information from waiver programs, or information from different agencies, as directed by the Agency.

FDRP12
The Contractor's solution shall have the ability to provide data to the State to satisfy reporting requirement (e.g., SURS, EPSDT, MARS, TMSIS) as defined by the Agency.

As described in ID FDRP03, the solution uses data marts to store data required for reporting requirements, including SURS, EPDST, MARS, and T-MSIS as defined by the Agency and in the MECT FFS Claims and Adjudication Checklist.

FDRP13
The Contractor's solution shall have the ability to meet federal and state TPL reporting requirements as defined by the Agency.

Our solution produces several reports designed to meet federal and state third party liability (TPL) reporting requirements as defined by the Agency and described in Table 4.2.18.1-6.

Table 4.2.18.1-6. TPL Reports

ID	Title	Description
MR-O-17A	Cost Recovery Analysis	Shows third part payments over time by provider type. Figure 4.2.18.1-15 shows a sample report.
MR-O-17B	Cost Avoidance Analysis by Exception Code of Cost Recovery Claims	Reports costs avoided by denying claims for TPL reasons and lists the information by TPL exception codes. Figure 4.2.18.1-16 shows a sample report.
MR-O-17C	Third Party Payment Analysis by Provider Type	Lists third party payments by provider type and compares claims with TPL payments to overall payments by provider type. Figure 4.2.18.1-17 shows a sample report.

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Figure 4.2.18.1-15. MR-O-17A Third Party Payment Analysis by Provider Type
This report shows third part payments over time by provider type.

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Figure 4.2.18.1-16. MR-O-17B Cost Avoidance Analysis by Exception Code of Cost Recovery Claims

This report shows costs avoided by denying claims for TPL reasons and lists the information by TPL exception codes.

Figure 4.2.18.1-17. MR-O-17C Third Party Payment Analysis by Provider Type

Lists third party payments by provider type and compares claims with TPL payments to overall payments by provider type.

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FDRP14

The contractor's solution shall have the ability to provide data to comply with CMS TMSIS data reporting guidelines and its timelines (e.g., Eligible, OT(Other), IP(Inpatient), RX(Pharmacy), LTC(Long Term Care), TPL, Provider and Managed Care) and incur no additional costs for future enhancements as defined by the Agency.

Our solution provides data to comply with CMS T-MSIS data reporting guidelines and timelines. The T-MSIS component generates extract files required by Federal T-MSIS reporting requirements, including the extracts described earlier in our response to ID FDRP04, for:

- Eligibility
- Drug Claims
- Inpatient Claims
- Long Term Care Claims
- Other Claims
- Provider
- TPL
- Managed Care

[redacted] New T-MSIS requirements are accommodated following the guidelines described in Amendment 4's Attachment B - MPATH Claims Contract NASPO ValuePoint Cooperative Procurement Master Agreement, Section 11.9, as required by the State's Question & Answer Board response to *Federal Reporting, FDRP05*.

FDRP15

The Contractor's solution shall have the ability to produce the CMS 21 Expenditures Processed Through MMIS System report as specified by Agency.

Our solution produces the CMS 21 Expenditures Processed Through MMIS System report as specified by the Agency and described in Table 4.2.18.1-7. The CMS 21 report is produced quarterly and details the state's actual expenditures and the disposition of federal funds under Title XXI. Expenditures reported primarily include those made to initiate and expand health insurance coverage to uninsured, low-income children through a separate Children's Health Insurance Program (CHIP). The solution provides drilldown capabilities to view detail reports for expenditures reported for each of the TOS lines on the CMS 21 report. A sample report was provided in response to ID FDRP08.

Table 4.2.18.1-7. CMS 21 Expenditures Processed Through MMIS System Report

ID	Title	Description
CMS21	Quarterly State Children's Health Insurance Program Statement of Expenditures for Title XXI	Tracks Medicaid CHIP expenditures for the quarter.

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FDRP16
The Contractor's solution shall have the ability to produce the CMS 64 Expenditures Processed Through MMIS System report as specified by Agency.

Our solution produces the CMS 64 Expenditures Processed Through MMIS System report as specified by the Agency. The solution provides drilldown capabilities to view detail reports for expenditures reported for each of the TOS lines on the CMS 64 report. A sample report was provided in ID FDRP07.

FDRP17
The contractor's solution shall have the ability to balance and report MAR counts/amounts to the designated state's data source as specified by Agency.

Conduent's CMdS-Federal Reporting module has the features to balance and report MAR counts and amounts to the designated state's data source as specified by the Agency. Our solution is based on the foundation of data credibility and integrity. To be valuable, a reporting solution must be credible, and the users must have confidence in its data and reports. Balancing to source systems is a key concept that is often overlooked. The solution may need improvements or supplemental data to solidify balancing. At the end of the day, when the source system and reporting solution provide different answers to the same question, additional audit and validation steps are required to prove where the systems differ.

The MAR and SUR federal mandates were initially created to report Medicaid information to help state and federal agencies manage the program. Conduent never forgets this driving factor. One of the key features of our solution for providing database integrity is the automated balancing that determines if there are data issues potentially threatening the credibility of the data and tools. Our developers employ best practices for balancing data from source systems, verifying record counts and dollar amounts back to source systems to make sure we successfully capture all data correctly.

Additionally, we balance to an independent third party source system report, which is not influenced by CMdS-Federal Reporting processes for receiving and loading data. In most states, we use the Final Payment Summary report generated by the financial system's payment cycle to perform third party balancing. This report contains claim counts and amounts for paid, suspended, and denied claims, and financial transactions. By doing this balancing, the Agency and Conduent have confidence in the MAR data and reports. We stop the load process immediately for remediation if the counts or dollars do not match exactly. This process has stood the test of time. It was taken from its original use for UAT balancing prior to Go Live and incorporated into load balancing for every implementation we do for both development and ongoing operations. Conduent works with the Agency to solidify the balancing procedures from the start of the project and have always considered this process an essential MAR feature.

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FDRP18
The Contractor's solution shall have the ability to produce the Medical Assistance Program Status report as specified by Agency.

Our solution produces the monthly Medical Assistance Program Status report as specified by the Agency and described in Table 4.2.18.1-8. Authorized users can tailor the report content to their specific needs using the MARS portal.

Table 4.2.18.1-8. Medical Assistance Program Status Report

ID	Title	Description
MR-0-02	Medical Assistance Program Status Report	Provides data on the current status of program activity in the areas of member eligibility, provider enrollment, and claims processing. Figure 4.2.18.1-18 shows a sample report.

Figure 4.2.18.1-18. MR-0-02 Medical Assistance Program Status Report
This report summarizes program information over time by members, providers, and claims.

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FDRP19
The Contractor's solution shall have the ability to produce the Expenditure Analysis Detail report as specified by Agency.

Our solution produces the MR-O-04 Expenditure Analysis report as specified by the Agency and described in Table 4.2.18.1-9. This report presents data at both the summary and detail level, according the criteria determined by the requestor when generating the report.

Table 4.2.18.1-9. Expenditure Analysis Detail Report

ID	Title	Description
MR-0-04	Expenditure Analysis	Provides expenditure data to support financial planning and policy development. Figure 4.2.18.1-19 shows a sample report.

Figure 4.2.18.1-19. MR-O-04 Expenditure Analysis Report
This report is an important tool for monitoring current expenditures and identifying trends.

FDRP20
The Contractor's solution shall have the ability to produce the Expenditure Analysis Summary report as specified by Agency.

Our solution produces the Expenditure Analysis report as specified by the Agency. The report includes summary and detail information as previously described in response to ID FDRP19.

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FDRP21
The Contractor's solution shall have the ability to produce the Provider Participation Analysis Summary report as specified by Agency.

Our solution produces the MR-O-06 Provider Participation Analysis Summary report as specified by the Agency and described in Table 4.2.18.1-10 and shown in Figure 4.2.18.1-20. Users can generate the report through the MARS portal, using an intuitive and user friendly interface to request reports as needed. The portal is shown in Figure 4.2.18.1-20.

Figure 4.2.18.1-20. MARS Portal
The MARS portal allows authorized users to request MARS reports using configurable parameters.

Table 4.2.18.1-10. Provider Participation Analysis Summary Report

ID	Title	Description
MR-0-06	Provider Participation Analysis Summary	Presents provider participation information and trends. Figure 4.2.18.1-21 shows a sample report.

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Figure 4.2.18.1-21. MR-O-06 Provider Participation Analysis Summary Report
This report presents provider participation information and trends.

FDRP22
The Contractor's solution shall have the ability to produce the Operational Performance Detail report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Operational Performance Detail reports as specified by the Agency and listed in Table 4.2.18.1-11. These reports present information about the receipt, processing, and payment of provider claims.

Table 4.2.18.1-11. Operational Performance Detail Reports

ID	Title	Description
MR-O-08	Operations Performance Summary	Provides claims processing summary information over time including paid amounts, number of claims processed, paid, suspended, denied, and more. Figure 4.2.18.1-22 shows a sample report.
MR-O-08C	Operations Performance Summary – Total Claims Processed	Shows a graphical representation of total claims processed over time. Figure 4.2.18.1-23 shows a sample report.
MR-O-08P	Operations Performance Summary – Provider Type	Provides claims processing summary information by provider type. Figure 4.2.18.1-24 shows a sample report.
MR-O-08R	Operations Performance Summary – Assistance Code within Benefit Plan and Program	Provides claims processing summary information by assistance code within benefit plan and program. Figure 4.2.18.1-25 shows a sample report.

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Figure 4.2.18.1-22. MR-O-08 Operations Performance Summary
This report provides claims processing summary information over time.

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Figure 4.2.18.1-23. MR-O-08C Operations Performance Summary – Total Claims Processed
This report shows a graphical representation of total claims processed over time.

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Figure 4.2.18.1-24. MR-O-08P Operations Performance Summary – Provider Type
This report provides claims processing summary information by provider type and program.

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Figure 4.2.18.1-25. MR-O-08R Operations Performance Summary – Assistance Code within Benefit Plan and Program

This report provides claims processing summary information by assistance code within benefit plan and program.

FDRP23

The Contractor's solution shall have the ability to produce the Operational Performance Summary report as specified by Agency.

Our solution produces the Operational Performance Summary report as specified by the Agency and described in response to Requirement ID FDRP22.

FDRP24

The Contractor's solution shall have the ability to produce the Claims Processing Performance Analysis report as specified by Agency.

Our solution provides the ability to produce the Claims Processing Performance Analysis reports described in Table 4.2.18.1-12. Agency users can generate the reports through the MARS web portal, using an intuitive and user friendly interface to request reports as needed.

Table 4.2.18.1-12. Claims Processing Performance Analysis Reports

ID	Title	Description
MR-O-09A	Claims Processing Performance Analysis – New Claims	Provides statistics for new claims by category of service. Figure 4.2.18.1-26 shows a sample report.

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ID	Title	Description
MR-O-09B	Claims Processing Performance Analysis – Suspended Claims	Provides statistics for suspended claims by category of service. Figure 4.2.18.1-27 shows a sample report.
MR-O-09C	Claims Processing Performance Analysis – Fiscal Pend Claims	Provides statistics for fiscal pend claims by category of service. Figure 4.2.18.1-28 shows a sample report.
MR-O-09D	Claims Processing Performance Analysis – Processed Claims	Provides statistics for all claims by category of service. Figure 4.2.18.1-29 shows a sample report.

Figure 4.2.18.1-26. MR-O-09A Claims Processing Performance Analysis – New Claims
This report shows statistics for new claims by category of service.

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Figure 4.2.18.1-27. MR-O-09B Claims Processing Performance Analysis – Suspended Claims
This report shows statistics for suspended claims by category of service.

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Figure 4.2.18.1-28. MR-O-09C Claims Processing Performance Analysis – Fiscal Pend Claims
This report shows statistics for fiscal pend claims by category of service.

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Figure 4.2.18.1-29. MR-O-09D Claims Processing Performance Analysis – Processed Claims
This report shows statistics for all claims by category of service.

FDRP25
The Contractor's solution shall have the ability to produce the Claims Processing Thruput Analysis report as specified by Agency.

Our solution provides the ability to produce the Claims Processing Thruput Analysis reports as specified by the Agency and described in Table 4.2.18.1-13. These reports measure claims processing statistics from claim entry to payment.

Table 4.2.18.1-13. Claims Processing Thruput Analysis Reports

ID	Title	Description
MR-O-10A	Claims Processing Thruput Analysis - Details	Provides statistics based on the claim entry date and payment date. Figures 4.2.18.1-30 shows a sample report.
MR-O-10B	Claims Processing Thruput Analysis - Summary	Provides summarized data to analyze the effectiveness of the claims processing system in processing and paying provider claims. Figures 4.2.18.1-31 shows a sample report.

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Figure 4.2.18.1-30. MR-O-10A Claims Processing Thruput Analysis – Details Report
This report shows statistics based on the claim entry date and payment date.

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Figure 4.2.18.1-31. MR-O-10B Claims Processing Thruput Analysis – Summary Report
This report shows summarized data to analyze the effectiveness of the claims processing system in processing and paying provider claims.

FDRP26
The Contractor's solution shall have the ability to produce the Error Distribution Analysis report as specified by Agency.

Our solution provides the ability to produce the Error Distribution Analysis reports as specified by the Agency. These reports provide useful information about error (exception) code trends over time. Agency staff can produce the reports listed in Table 4.2.18.1-14 from the MARS web portal.

Table 4.2.18.1-14. Error Distribution Analysis Reports

ID	Title	Description
MR-O-11A	Exception Distribution Analysis Summary	Provides a summary of exceptions posted to claims over time, as well as a breakdown of claims paid or denied over the same time period. Figure 4.2.18.1-32 shows a sample report.
MR-O-11B	Exception Distribution – 10 Most Prevalent Denied Exceptions Report	Provides an analysis of the 10 highest occurrences of denied claim exception codes. Figure 4.2.18.1-33 shows a sample report.

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Figure 4.2.18.1-32. MR-O-11A Exception Distribution Analysis Summary Report
This report shows claim and exception trends over time.

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Figure 4.2.18.1-33. MR-O-11B Exception Distribution – 10 Most Prevalent Denied Exceptions Report
This report shows the top 10 denied exceptions.

FDRP27
The Contractor's solution shall have the ability to produce the Provider Participation Analysis Detail report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Provider Participation Analysis reports listed in Table 4.2.18.1-15 from the MARS web portal. These reports provide an analysis of billing provider participation by showing payments, services rendered, and members served by provider type and specialty. The computations are presented by time periods to establish service and participation trends.

Table 4.2.18.1-15. Provider Participation Analysis Reports

ID	Title	Description
MR-O-12A	Provider Participation Analysis – Provider Type	Reports provider participation by provider type. Figure 4.2.18.1-34 shows a sample report.
MR-O-12B	Provider Participation Analysis – Provider Specialty	Reports provider participation by provider specialty. Figure 4.2.18.1-35 shows a sample report.

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Figure 4.2.18.1-34. MR-O-12A Provider Participation Analysis – Provider Type Report
This report shows provider participation by provider type.

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Figure 4.2.18.1-35. MR-O-12B Provider Participation Analysis – Provider Specialty Report
This report shows provider participation by provider specialty.

FDRP28
The Contractor's solution shall have the ability to produce the Provider Claim Filing Summary report as specified by Agency.

Our solution provides the ability to produce the Provider Claim Filing Summary reports as specified by the Agency and described in Table 4.2.18.1-16. Agency staff can produce the reports from the MARS web portal using configurable parameters.

Table 4.2.18.1-16. Provider Claim Filing Analysis Reports

ID	Title	Description
MR-O-15	Provider Claims Filing Analysis by Provider Type	Shows the areas of provider services with the greatest delays between dates of service and receipt of claims. Figure 4.2.18.1-36 shows a sample report.
MR-O-16	Provider Claims Filing Analysis by Provider ID	Provides analysis of claim filing delays by providers and lists providers by the average number of days to file claims. Figure 4.2.18.1-37 shows a sample report.

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Figure 4.2.18.1-36. MR-O-15 Provider Claims Filing Analysis by Provider Type Report

This report shows the areas of provider services with the greatest delays between dates of service and receipt of claims.

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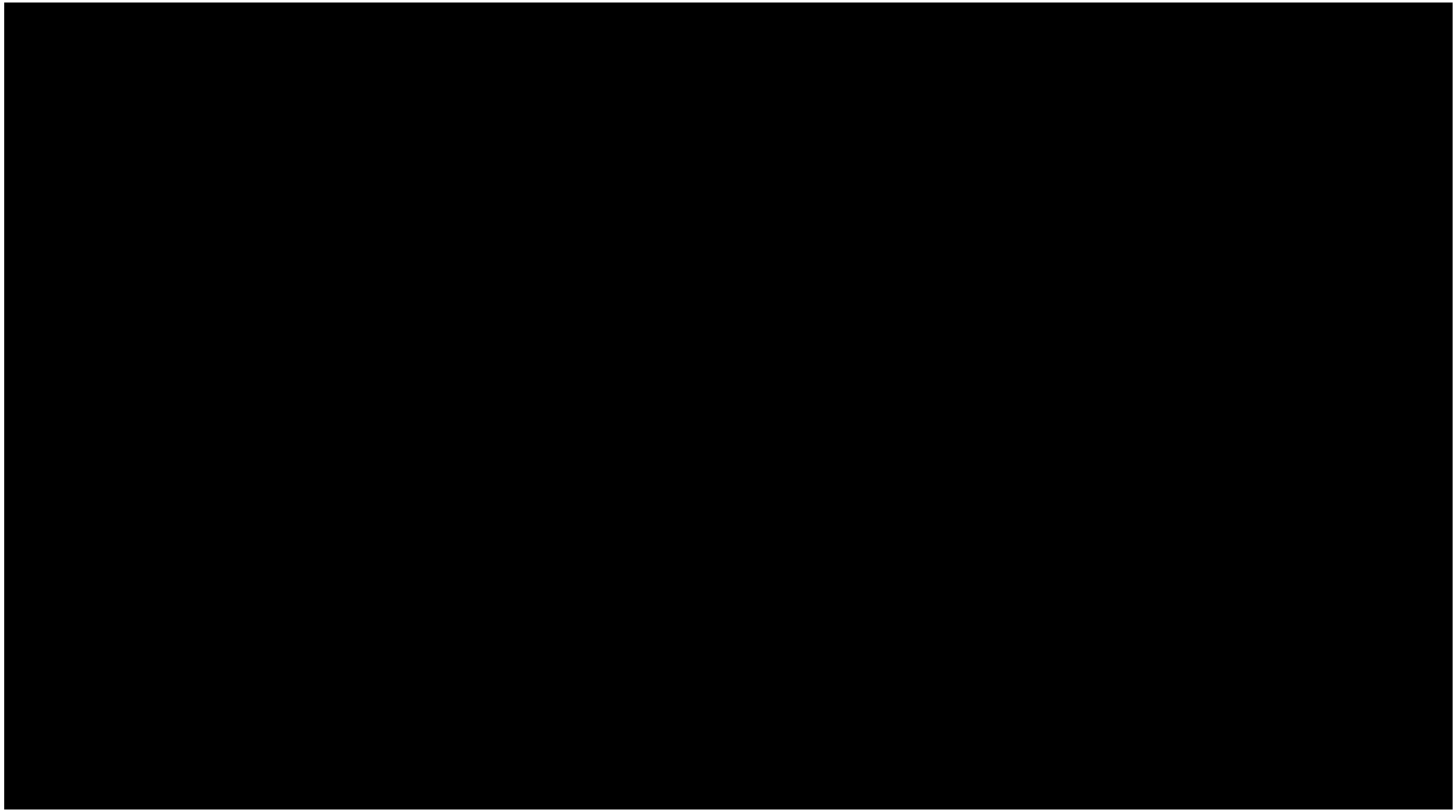

Figure 4.2.18.1-37. MR-O-16 Provider Claims Filing Analysis by Provider ID Report

This report provides analysis of claim filing delays by providers and lists providers by the average number of days to file claims.

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FDRP29
The Contractor's solution shall have the ability to produce the Provider Claim Filing Analysis report as specified by Agency.

Our solution produces the Provider Claim Filing Analysis reports as specified by the Agency and described in response to ID FDRP28.

FDRP30
The Contractor's solution shall have the ability to produce the Provider Claim Filing Details report as specified by Agency.

The MARS component produces the Provider Claim Filing Analysis reports as specified by the Agency and described in response to ID FDRP28.

FDRP31
The Contractor's solution shall have the ability to produce the Coordination of Benefit Payment Analysis report as specified by Agency.

Our solution produces the Coordination of Benefit Payment Analysis reports as specified by the Agency. Agency staff can produce the reports listed in Table 4.2.18.1-17 from the MARS web portal.

Table 4.2.18.1-17. Coordination of Benefit Payment Analysis Reports

ID	Title	Description
MR-O-17A	Cost Recovery Analysis	Shows third part payments over time by provider type. Figure 4.2.18.1-38 shows a sample report.
MR-O-17B	Cost Avoidance Analysis by Exception Code of Cost Recovery Claims	Reports costs avoided by denying claims for TPL reasons and lists the information by TPL exception codes. Figure 4.2.18.1-39 shows a sample report.
MR-O-17C	Third Party Payment Analysis by Provider Type	Lists third party payments by provider type and compares claims with TPL payments to overall payments by provider type. Figure 4.2.18.1-40 shows a sample report.

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Figure 4.2.18.1-38. MR-O-17A Third Party Payment Analysis by Provider Type
This report shows third part payments over time by provider type.

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Figure 4.2.18.1-39. MR-O-17B Cost Avoidance Analysis by Exception Code of Cost Recovery Claims

This report shows costs avoided by denying claims for TPL reasons and lists the information by TPL exception codes.

Figure 4.2.18.1-40. MR-O-17C Third Party Payment Analysis by Provider Type

Lists third party payments by provider type and compares claims with TPL payments to overall payments by provider type.

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FDRP32
The Contractor's solution shall have the ability to produce the Error Frequency Analysis report as specified by Agency.

Our solution produces two exception reports listed in Table 4.2.18.1-18 that provide exception frequency information. These reports provide useful data about exception code trends over time. We believe these reports are equivalent to the Error Distribution Analysis report required by ID DRP32. A sample report was provided in ID FDRP26.

Table 4.2.18.1-18. Error Frequency Analysis Reports

ID	Title	Description
MR-O-11A	Exception Distribution Analysis Summary	Provides a summary of exceptions posted to claims over time, as well as a breakdown of claims paid or denied over the same time period.
MR-O-11B	Exception Distribution – 10 Most Prevalent Denied Exceptions	Provides a detailed analysis of the 10 highest occurrences of denied claim exception codes.

FDRP33
The Contractor's solution shall have the ability to produce the Provider Ranking List report as specified by Agency.

Our solution produces the Provider Ranking List report as specified by Agency and described in Table 4.2.18.1-19. Agency staff can produce the report from the MAR web portal.

Table 4.2.18.1-19. Provider Ranking List Report

ID	Title	Description
MR-O-19	Provider Ranking List	Ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county. Figure 4.2.18.1-41 shows a sample report.

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Figure 4.2.18.1-41. MR-O-19 Provider Ranking List Report
This report ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county.

FDRP34
The Contractor's solution shall have the ability to produce the CMO Member Participation Summary report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Care Management Organization (CMO) Member Participation Summary reports as specified by the Agency and described in Table 4.2.18.1-20. These reports present information by time periods to analyze trend activity. Users can produce the reports for FFS and/or CMO claims.

Table 4.2.18.1-20. CMO Member Participation Summary Reports

ID	Title	Description
MR-O-22A	Member Participation Summary by Fund/COS	Shows member participation and utilization by fund code and category of service. Figure 4.2.18.1-42 shows a sample report.
MR-O-22B	Member Participation Summary by Month/Year	Shows member participation and utilization over time to reflect and analyze trends. Figure 4.2.18.1-43 shows a sample report.
MR-O-22C	Member Participation Summary by Benefit Plan/COE	Shows member participation and utilization by benefit plan and category of eligibility. Figure 4.2.18.1-44 shows a sample report.

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Figure 4.2.18.1-42. MR-O-22A Member Participation Summary by Fund/COS Report
This report shows member participation and utilization by fund code and category of service.

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Figure 4.2.18.1-43. MR-O-22B Member Participation Summary by Month/Year Report
This report shows member participation and utilization by month and year.

Figure 4.2.18.1-44. MR-O-22C Member Participation Summary by Benefit Plan/COE
This report shows member participation and utilization by benefit plan and category of eligibility.

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FDRP35

The Contractor's solution shall have the ability to produce the Member Expenditure Analysis County Detail report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Member Expenditure Analysis County Detail report as specified by the Agency and described in Table 4.2.18.1-21. This report shows financial participation data to support program planning and cost control.

Table 4.2.18.1-21. Recipient Ward/County Expenditure Analysis Report

ID	Title	Description
MR-O-24	Recipient Ward/County Expenditure Analysis Report	Shows member expenditures by county. Figure 4.2.18.1-45 shows a sample report.

Figure 4.2.18.1-45. MR-O-24 Recipient Ward/County Expenditure Analysis Report
This report lists member expenditures by county.

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FDRP36
The Contractor's solution shall have the ability to produce the Member Expenditure Analysis Summary report as specified by Agency.

As described in ID FDRP35, our solution provides staff with the ability to produce the Member Expenditure Analysis Summary report as specified by Agency.

FDRP37
The Contractor's solution shall have the ability to produce the Member Cost Sharing Summary report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Member Cost Sharing Summary reports as specified by the Agency and described in Table 4.2.18.1-22. These reports show the dollar impact of member cost sharing contributions on the Medicaid program and provide an indication of whether cost sharing is influencing the rate of utilization of services.

Table 4.2.18.1-22. Member Cost Sharing Summary Reports

ID	Title	Description
MR-O-28	Recipient Cost Sharing State Fiscal Year To Date Summary	Shows State fiscal year to date (SFYTD) cost sharing amounts and average claim payments. Figure 4.2.18.1-46 shows a sample report.
MR-O-28B	Member Cost Sharing Monthly Summary	Shows monthly cost sharing amounts and average claim payments. Figure 4.2.18.1-47 shows a sample report.

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Figure 4.2.18.1-46. MR-O-28 Recipient Cost Sharing State Fiscal Year to Date Summary Report
This report shows cost sharing amounts and average claim payments.

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Figure 4.2.18.1-47. MR-O-28B Member Cost Sharing Monthly Summary Report
This report shows monthly cost sharing amounts and average claim payments.

FDRP41
The Contractor's solution shall have the ability to produce the Top Twenty-five Providers by COS report as specified by Agency.

CMdS-Federal Reporting produces the Top Twenty-five Providers by COS report as specified by the Agency and described in Table 4.2.18.1-23.

Table 4.2.18.1-23. Top Twenty-five Providers by COS Report

ID	Title	Description
MR-O-19	Provider Ranking List	Ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county. Figure 4.2.18.1-48 shows a sample report.

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Figure 4.2.18.1-48. MR-O-19 Provider Ranking List Report
This report ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county.

FDRP42
The Contractor's solution shall have the ability to produce the Top Twenty-five Providers by Assignment Plan report as specified by Agency.

There are several ranking reports available today in CMdS-Federal Reporting. Our experienced developers and reporting specialists work with the Agency to determine if we can customize one of the existing reports to meet the Top Twenty-five Providers by Assignment Plan report, or if a new report is needed. We are confident we can produce a report that meets the state's needs for this specific type of ranking, based on the product's approach to database design and the existing reports already part of the general product suite.

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Our experience in delivering CMS certified reporting solutions and user satisfaction with the reports we customize, provides us with the ability and expertise to understand report content, even if we didn't develop the original report. The Top Twenty-five Providers by Assignment Plan report fits right in with the types of reports Conduent likes to deliver to states, especially when we understand the value it provides to the state.

FDRP43
The Contractor's solution shall have the ability to produce the MRDD Provider Services Rendered Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the MRDD Provider Services Rendered Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP44
The Contractor's solution shall have the ability to produce the MRDD Self-Directed Services Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the MRDD Self-Directed Services Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP45
The Contractor's solution shall have the ability to produce the Provider Ranking List by Claims-County report as specified by Agency.

CMdS-Federal Reporting produces the Provider Ranking List by Claims-County report as specified by the Agency and described in Table 4.2.18.1-24. A sample report was provided in response to ID FDRP33.

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Table 4.2.18.1-24. Provider Ranking List by Claims-County Report

ID	Title	Description
MR-O-19	Provider Ranking List	Ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county.

FDRP46
The Contractor's solution shall have the ability to produce the CMO Provider Participation Analysis Summary report as specified by Agency.

Our solution produces the CMO Provider Participation Analysis Summary report as specified by Agency and described in Table 4.2.18.1-25. Users can produce the report using CMO and/or FFS claims.

Table 4.2.18.1-25. CMO Provider Participation Analysis Summary Report

ID	Title	Description
MR-0-06	Provider Participation Analysis Summary	Presents provider participation information and trends. Figure 4.2.18.1-49 shows a sample report.

Figure 4.2.18.1-49. MR-O-06 Provider Participation Analysis Summary Report
This report presents provider participation information and trends.

FDRP47
The Contractor's solution shall have the ability to produce the CMO Provider Participation Analysis Detail report as specified by Agency.

Our solution produces the CMO Provider Participation Analysis Detail reports as specified by Agency and described in Table 4.2.18.1-26. These reports provide an analysis of billing provider participation by showing payments, services rendered, and members served by provider type and specialty. Users can produce the reports using CMO and/or FFS claims.

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Table 4.2.18.1-26. CMO Provider Participation Analysis Detail Reports

ID	Title	Description
MR-O-12A	Provider Participation Analysis – Provider Type	Reports provider participation by provider type. Figure 4.2.18.1-50 shows a sample report.
MR-O-12B	Provider Participation Analysis – Provider Specialty	Reports provider participation by provider specialty. Figure 4.2.18.1-51 shows a sample report.

Figure 4.2.18.1-50. MR-O-12A Provider Participation Analysis – Provider Type Report
This report shows provider participation by provider type.

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Figure 4.2.18.1-51. MR-O-12B Provider Participation Analysis – Provider Specialty Report
This report shows provider participation by provider specialty.

FDRP48
The Contractor's solution shall have the ability to produce the Self Directed Care Reconciliation Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Self Directed Care Reconciliation Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP49

The Contractor's solution shall have the ability to produce the Medicaid Expenditure By Member County of Residence report as specified by Agency.

CMdS-Federal Reporting provides Agency staff with the ability to produce the Medicaid Expenditure By Member County of Residence report as specified by Agency and described in Table 4.2.18.1-27.

Table 4.2.18.1-27. Medicaid Expenditure by Member County of Residence Report

ID	Title	Description
MR-O-24	Recipient Ward/County Expenditure Analysis Report	Shows member expenditures by county. Figure 4.2.18.1-52 shows a sample report.

Figure 4.2.18.1-52. MR-O-24 Recipient Ward/County Expenditure Analysis Report
This report lists member expenditures by county.

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FDRP50

The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on ICWP-TBI Waiver report as specified by Agency.

Our solution produces the CMS 372 Annual Report on the ICWP-TBI Waiver as specified by the Agency and described in Table 4.2.18.1-28. Our solution generates a separate CMS 372S Annual Report for each Home and Community Based Services (HCBS) 1915(c) waiver as specified by the Agency. Each report is produced according to the requirements of the particular waiver including each waiver's specific year beginning and ending dates, G and G´ factors, and waivered services. The purpose of the 372S is to report all services provided to waiver members and confirm that the waiver is cost-neutral -- that is the waiver cost does not exceed the cost of providing services without the waiver.

Our solution provides custom configuration tables that are easy to update and designed to apply consistent definitions of waivers and waiver services, whether it is 1915 or 1115 waivers, to use for the CMS 372 reports and the appropriate form for reporting the waiver expenditures on the quarterly CMS 64 reports. The configurable criteria supports changes to waiver programs over time, to include the addition of new waivers, updates to existing waivers, waiver renewals or the discontinuation of waivers.

Table 4.2.18.1-28. CMS 372 Annual Report

ID	Title	Description
CMS 372S	Annual Report on Home and Community-Based Services Waivers	Reports all services provided to waiver members. Figure 4.2.18.1-53 and Figure 4.2.18.1-54 show the first and second pages of the report respectively.

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Figure 4.2.18.1-53. CMS372S Annual Report on Home and Community-Based Services Waivers – Page 1

This report shows services provided to waiver members.

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Figure 4.2.18.1-54. CMS372S Annual Report on Home and Community-Based Services Waivers – Page 2

This report shows services provided to waiver members.

FDRP51
The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on MRWP-NOW Waiver report as specified by Agency.

Our solution produces the CMS 372 Annual Report on the MRWP-NOW Waiver as specified by the Agency and as described in ID FDRP50. Our solution is configurable to make it easy for the Agency to produce the CMS 372 report based on the different approved CMS waivers.

FDRP52
The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on CHSS-COMP Waiver report as specified by Agency.

Our solution produces the CMS 372 Annual Report on the MRWP-NOW Waiver as specified by the Agency and as described in ID FDRP50. Our solution is configurable to make it easy for the Agency to produce the CMS 372 report based on the different approved CMS waivers.

FDRP53
The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on GAPP-DC Waiver report as specified by Agency.

Our solution produces the CMS 372 Annual Report on the GAPP-DC Waiver as specified by the Agency and described as described in ID FDRP50. Our solution is configurable to make it easy for the Agency to produce the CMS 372 report based on the different approved CMS waivers.

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FDRP54
The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on ED Waiver report as specified by Agency.

Our solution produces the CMS 372 Annual Report on the ED Waiver as specified by the Agency and as described in ID FDRP50. Our solution is configurable to make it easy for the Agency to produce the CMS 372 report based on the different approved CMS waivers.

FDRP55
The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on CBAY Waiver report as specified by Agency.

Our solution produces the CMS 372 Annual Report on the CBAY Waiver as specified by the Agency and as described in ID FDRP50. Our solution is configurable to make it easy for the Agency to produce the CMS 372 report based on the different approved CMS waivers.

FDRP56
The Contractor's solution shall have the ability to produce the CMS Enrollment Numbers report as specified by Agency.

The CMdS-Federal Reporting solution produces the CMS Enrollment Numbers report as specified by the Agency and described in Table 4.2.18.1-29.

Table 4.2.18.1-29. CMS Enrollment Numbers Report

ID	Title	Description
CMS64.Enroll	Medicaid Enrollees Report	Tracks Medicaid enrollees by category of eligibility for the quarter. Figure 4.2.18.1-55 and Figure 4.2.18.1-56 shows a sample report.

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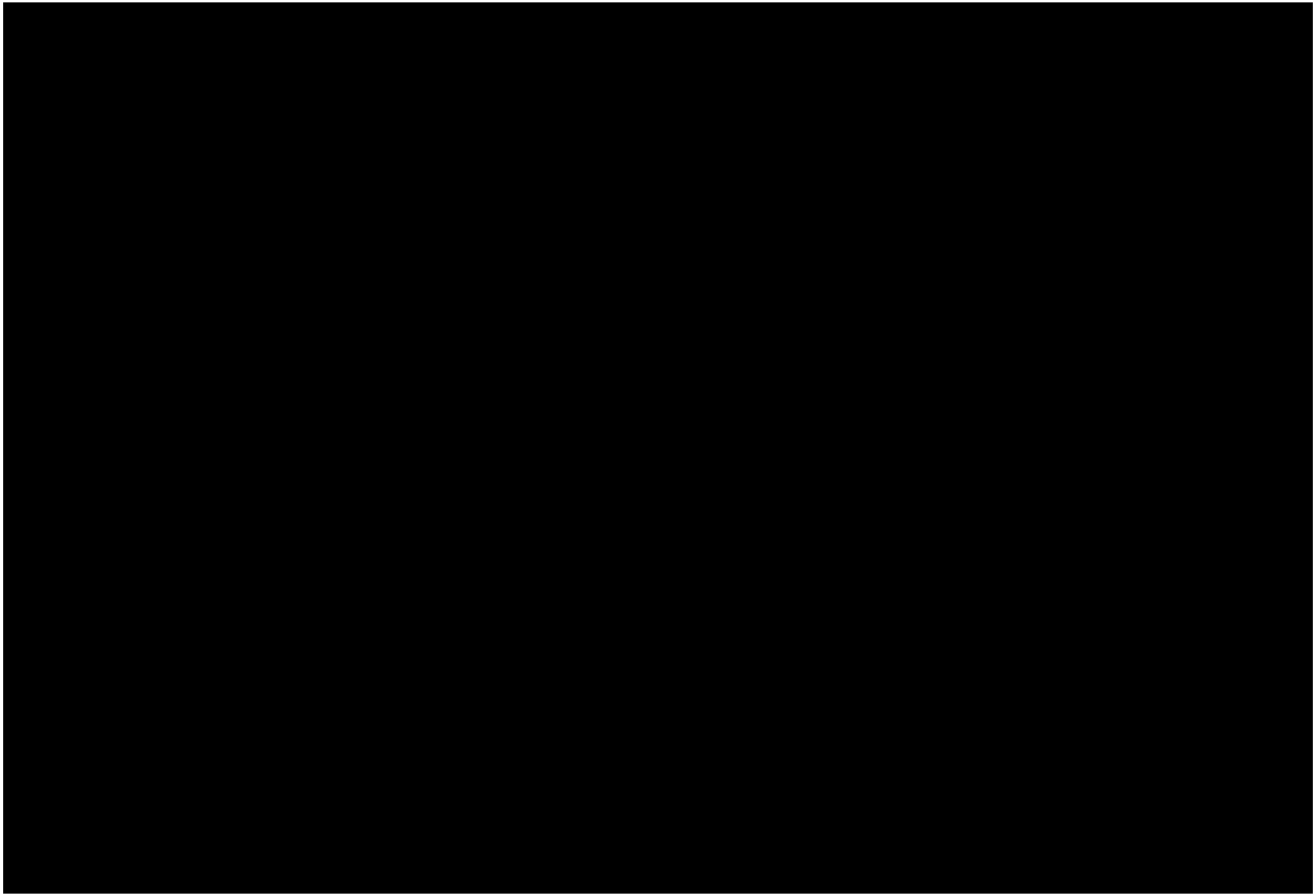

Figure 4.2.18.1-55. CMS64.Enroll Medicaid Enrollees Report – Page 1
This report tracks Medicaid enrollees by category of eligibility for the quarter.

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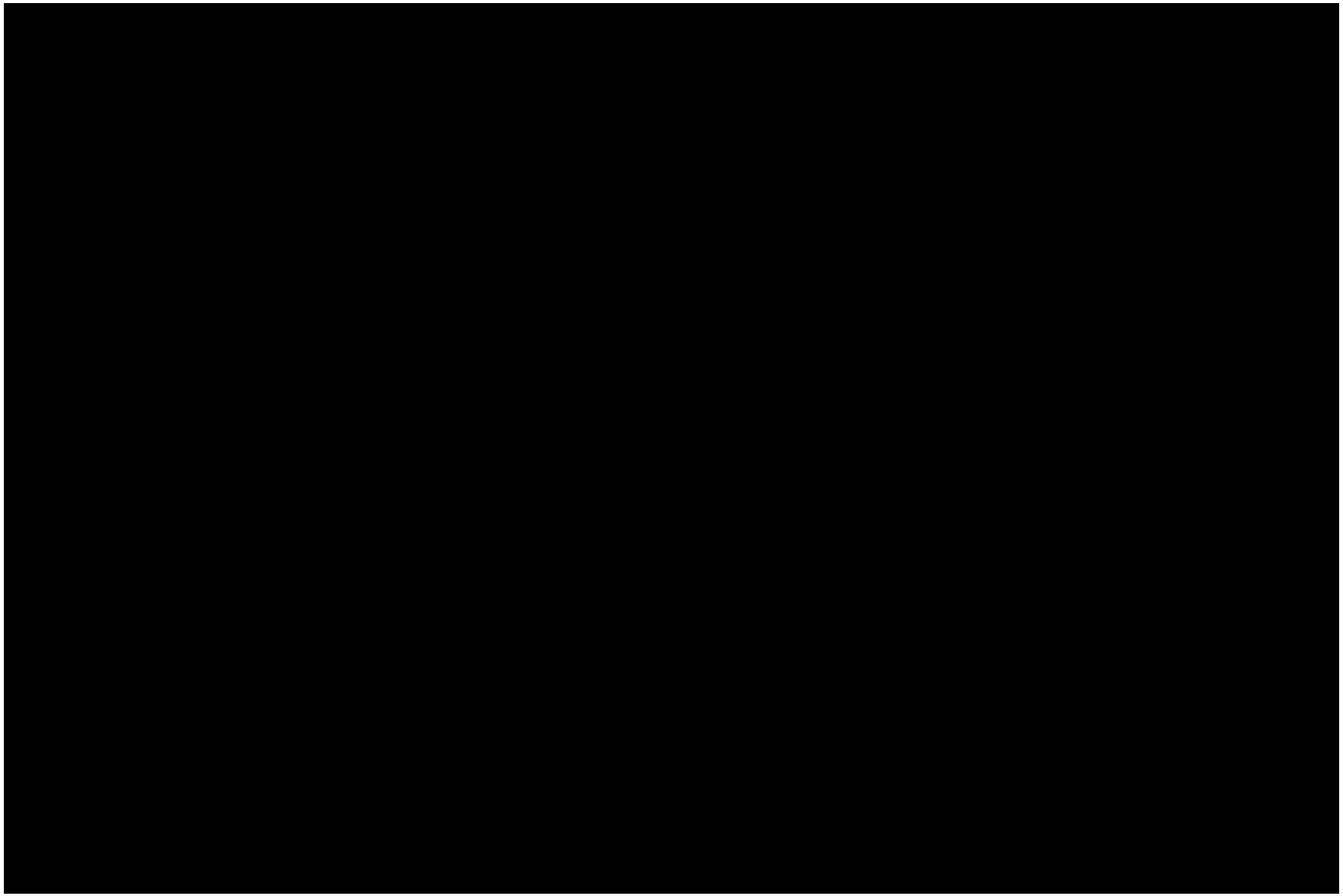

Figure 4.2.18.1-56. CMS64.Enroll Medicaid Enrollees Report – Page 2
This report tracks Medicaid enrollees by category of eligibility for the quarter.

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FDRP57
The Contractor's solution shall have the ability to produce the CMS 37.7 Medicaid Program Budget Report as specified by Agency.

We no longer produce the CMS 37.7 Medicaid Program Budget Report since CMS replaced it with the CMS64.ENROLL report described in our response to ID FDRP56.

FDRP58
The Contractor's solution shall have the ability to produce the CMS21E-SCHIP Enrollment Report as specified by Agency.

CMdS-Federal Reporting produces the CMS21E Number of Children Served for Children's Health Insurance Program (SCHIP) by Age Range and the CMS21E-S Number of Children Served for Children's Health Insurance Program (SCHIP) Summary Report as described and shown in response to ID FDRP09.

FDRP59
The Contractor's solution shall have the ability to produce the CMS64EC-Non-SCHIP Enrollment Report as specified by Agency.

CMdS-Federal Reporting produces the CMS64EC-Non-SCHIP Enrollment reports as specified by the Agency and described in Table 4.2.18.1-30. Users can generate the reports through the MARS web portal. The solution produces the detail and summary versions of these reports.

Table 4.2.18.1-30. CMS64EC-Non-SCHIP Enrollment Reports

ID	Title	Description
CMS64EC	Number of Children Served for the Medical Assistance Program by Age Range	Provides the number of Medicaid children served by age range. Figure 4.2.18.1-57, Figure 4.2.18.1-58, and Figure 4.2.18.1-59 show the first, second, and third pages of the report respectively.
CMS64EC-S	Number of Children Served for the Medical Assistance Program Summary	Provides a summary of Medicaid children served. Figure 4.2.18.1-60 shows the first page of the report.

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Figure 4.2.18.1-57. CMS64EC Number of Children Served for the Medical Assistance Program by Age Range Report – Page 1

This report shows Medicaid children served by age range.

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Figure 4.2.18.1-58. CMS64EC Number of Children Served for the Medical Assistance Program by Age Range Report – Page 2

This report shows Medicaid children served by age range.

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Figure 4.2.18.1-59. CMS64EC Number of Children Served for the Medical Assistance Program by Age Range Report – Page 3

This report shows Medicaid children served by age range.

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Figure 4.2.18.1-60. CMS64EC-S Number of Children Served for the Medical Assistance Program Summary

This report shows the first page of the summary report of Medicaid children served.

FDRP60
The Contractor's solution shall have the ability to produce the CMS64EC-Non-SCHIP Enrollment Report Preliminary report as specified by Agency.

CMdS-Federal Reporting provides Agency staff with the ability to produce the CMS64EC-Non-SCHIP Enrollment Report Preliminary report as specified by Agency and described in ID FDRP59. Users can run the report with preliminary and final numbers according to federal guidelines. The "Version CD:" line on the report indicates if the report is preliminary or final.

FDRP61
The Contractor's solution shall have the ability to produce the SCHIP Race Gender and Ethnicity Report as specified by Agency.

CMdS-Federal Reporting provides Agency staff with the ability to produce the SCHIP Race Gender and Ethnicity Report as specified by Agency and described in Table 4.2.18.1-31.

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Table 4.2.18.1-31. CMS 21E SCHIP Race Gender and Ethnicity Report

ID	Title	Description
SEDS-S	CHIP Statistical Enrollment Data System Report	Shows summary CHIP enrollment information. Figure 4.2.18.1-61 and Figure 4.2.18.1-62 shows the first and second pages of the report respectively.

Figure 4.2.18.1-61. SEDS-S CHIP Statistical Enrollment Data System Report – Page 1
This report shows summary CHIP enrollment information.

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Figure 4.2.18.1-62. SEDS-S CHIP Statistical Enrollment Data System Report – Page 2
This report shows summary CHIP enrollment information.

FDRP62
The Contractor's solution shall have the ability to produce the CMS6421E-Non-SCHIP Enrollment Report as specified by Agency.

Our solution produces the CMS64.21E Non-SCHIP Enrollment detail and summary reports described in Table 4.2.18.1-32. These reports show data on children enrolled in Medicaid expansion SCHIPs.

Table 4.2.18.1-32. CMS6421E-Non-SCHIP Enrollment Reports

ID	Title	Description
CMS64.21E	Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) by Age Range	Provides enrollment data by age range, program, and federal poverty level (FPL). Figure 4.2.18.1-63, Figure 4.2.18.1-64, and Figure 4.2.18.1-65 show the first, second, and third pages of the detail report respectively.
CMS64.21E-S	Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) Summary	Provides enrollment summary data by program and FPL. Figure 4.2.18.1-66 shows the first page of the summary report.

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Figure 4.2.18.1-63. CMS64.21E Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) by Age Range – Page 1

This report provides enrollment data by age range, program, and federal poverty level (FPL).

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Figure 4.2.18.1-64. CMS64.21E Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) by Age Range – Page 2

This report provides enrollment data by age range, program, and federal poverty level (FPL).

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Figure 4.2.18.1-65. CMS64.21E Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) by Age Range – Page 3

This report provides enrollment data by age range, program, and federal poverty level (FPL).

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Figure 4.2.18.1-66. CMS64.21E Number of Children Served Related to Children's Health Insurance Program (Medicaid Expansion) Summary

This report provides enrollment summary data by program and FPL.

FDRP63

The Contractor's solution shall have the ability to produce the Payment Comparison by COS report as specified by Agency.

Our solution produces the Payment Comparison by COS reports as specified by the Agency and described in Table 4.2.18.1-33.

Table 4.2.18.1-33. Payment Comparison by COS Reports

ID	Title	Description
MR-TOP-N-COS	COS Expenditures Report – Pie Chart	Shows a pie chart of the categories of service with the highest expenditures. Figure 4.2.18.1-67 shows a sample report.
MR-TOP-N-COS	COS Expenditures Report – Line Graph	Shows a line graph with the trend of the categories of service with the highest expenditures. Figure 4.2.18.1-68 shows a sample report.

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Figure 4.2.18.1-67. MR-TOP-N-COS Expenditures Pie Chart Report

This report shows a pie chart of the categories of service with the highest expenditures. The report provides the ability to drilldown to the details using the blue hyperlinks.

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Figure 4.2.18.1-68. MR-TOP-N-COS Expenditures Line Graph Report

This report shows a line graph with the trend of the categories of service with the highest expenditures. The report provides the ability to drilldown to the details using the blue hyperlinks.

FDRP64

The Contractor's solution shall have the ability to produce the Payment Comparison by Provider Type report as specified by Agency.

CMdS-Federal Reporting produces the Payment Comparison by Provider Type report as specified by the Agency and described in Table 4.2.18.1-34.

Table 4.2.18.1-34. Payment Comparison by Provider Type

ID	Title	Description
MR-O-12A	Provider Participation Analysis – Provider Type	Provides an analysis of billing provider participation by showing payments, services rendered, and members served by provider type. Figure 4.2.18.1-69 shows a sample report.

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Figure 4.2.18.1-69. MR-O-12A Provider Participation Analysis – Provider Type Report
This report shows provider participation by provider type.

FDRP65
The Contractor's solution shall have the ability to produce the Error Code Analysis report as specified by Agency.

Our solution provides the ability to produce the Error Code Analysis report as specified by the Agency and described in Table 4.2.18.1-35.

Table 4.2.18.1-35. Error Code Analysis Reports

ID	Title	Description
MR-O-11A	Exception Distribution Analysis Summary	Provides a summary of exceptions posted to claims over time, as well as a breakdown of claims paid or denied over the same time period. Figure 4.2.18.1-70 shows a sample report.

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Figure 4.2.18.1-70. MR-O-11A Exception Distribution Analysis Summary Report
This report shows claim and exception trends over time.

FDRP66
The Contractor's solution shall have the ability to produce the Expenditures By COS and Aid Category report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Expenditures By COS and Aid Category report as specified by the Agency and described in Table 4.2.18.1-36. This report presents data at both the summary and detail level, according the criteria determined by the requestor when generating the report.

Table 4.2.18.1-36. Expenditures By COS and Aid Category Report

ID	Title	Description
MR-0-04	Expenditure Analysis	Provides expenditure data to support financial planning and policy development. Figure 4.2.18.1-71 shows a sample report.

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Figure 4.2.18.1-71. MR-O-04 Expenditure Analysis Report
This report is an important tool for monitoring current expenditures and identifying trends.

FDRP67
The Contractor's solution shall have the ability to produce the Long Term Care Payments by Revenue Code report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Long Term Care Payments by Revenue Code report as specified by the Agency and described in Table 4.2.18.1-37.

Table 4.2.18.1-37. Long Term Care Payments by Revenue Code Report

ID	Title	Description
MR-O-14B	Medical Assistance Rate Analysis Report	Shows long term care payments and other information by revenue code. Figure 4.2.18.1-72 shows a sample report.

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Figure 4.2.18.1-72. MR-O-14B Medical Assistance Rate Analysis Report
This report shows long term care payments and other information by revenue code.

FDRP68
The Contractor's solution shall have the ability to produce the Medicare Participation Part A report as specified by Agency.

Our solution produces the Medicare Participation reports described in Table 4.2.18.1-38. These reports provide Medicare and Medicaid statistics for members enrolled in the Medicaid program.

Table 4.2.18.1-38. Medicare Participation Reports

ID	Title	Description
MR-O-05A	Medicare Participation Analysis – Medicare Part A	Provides Medicaid and Medicare Part A statistics for Medicaid members. Figure 4.2.18.1-73 shows a sample report.
MR-O-05B	Medicare Participation Analysis – Medicare Part B	Provides Medicaid and Medicare Part B statistics for Medicaid members. Figure 4.2.18.1-74 shows a sample report.
MR-O-05C	Medicare Participation Analysis – Summary	Provides Medicaid and Medicare Part A and B statistics for Medicaid members. Figure 4.2.18.1-75 shows a sample report.

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Figure 4.2.18.1-73. MR-O-05A Medicare Participation – Medicare Part A Report
This report shows Medicaid and Medicare Part A statistics for Medicaid members.

Figure 4.2.18.1-74. MR-O-05B Medicare Participation – Medicare Part B Report
This report shows Medicaid and Medicare Part B statistics for Medicaid members.

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Figure 4.2.18.1-75. MR-O-05C Medicare Participation – Summary Report
This report shows Medicaid and Medicare Part A and B statistics for Medicaid members.

FDRP69
The Contractor's solution shall have the ability to produce the Medicare Participation Part A B report as specified by Agency.

Our solution produces the Medicare Participation Part A B report as specified by Agency and described in response to ID FDRP68. The report provides Medicaid and Medicare Part A and B statistics for Medicaid members.

FDRP70
The Contractor's solution shall have the ability to produce the Medicare Participation Part B report as specified by Agency.

Our solution produces the Medicare Participation Part B report as specified by the Agency and described in response to ID FDRP68. The report provides Medicaid and Medicare Part B statistics for Medicaid members.

FDRP71
The Contractor's solution shall have the ability to produce the Expenditures by COS report as specified by Agency.

Our solution produces the Expenditures by COS report as specified by the Agency and described in Table 4.2.18.1-39.

Table 4.2.18.1-39. Expenditures by COS Report

ID	Title	Description
MR-O-01	Medical Assistance Financial Status	Provides management with a concise summary of the program's financial status based on expenditures by category of service within fund code. Figure 4.2.18.1-76 shows a sample report.

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Figure 4.2.18.1-76. MR-O-01 Medical Assistance Financial Status Report
This report provides a summary of expenditures by COS.

FDRP72
The Contractor's solution shall have the ability to produce the Expenditures by Provider Type report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Expenditures by Provider Type report listed in Table 4.2.18.1-40 from the MARS web portal. The report provides an analysis of billing provider participation by showing payments, services rendered, and members served by provider type. The computations are presented by time periods to establish service and participation trends.

Table 4.2.18.1-40. Expenditures by Provider Type Report

ID	Title	Description
MR-O-12A	Provider Participation Analysis – Provider Type	Reports provider participation by provider type. Figure 4.2.18.1-77 shows a sample report.

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Figure 4.2.18.1-77. MR-O-12A Provider Participation Analysis – Provider Type Report
This report shows provider participation by provider type.

FDRP73
The Contractor's solution shall have the ability to produce the Operational Performance - Averages and Percents report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Operational Performance - Averages and Percents report as specified by the Agency and described in Table 4.2.18.1-41.

Table 4.2.18.1-41. Operational Performance - Averages and Percents Report

ID	Title	Description
MR-O-08C	Operations Performance Summary – Total Claims Processed	Shows a graphical representation of total claims processed over time. Figure 4.2.18.1-78 shows a sample report.

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Figure 4.2.18.1-78. MR-O-08C Operations Performance Summary – Total Claims Processed
This report shows a graphical representation of total claims processed over time.

FDRP74
The Contractor's solution shall have the ability to produce the Operational Performance - Dollars report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Operational Performance - Dollars report listed in Table 4.2.18.1-42. The report presents information about the receipt, processing, and payment of provider claims.

Table 4.2.18.1-42. Operational Performance - Dollars Report

ID	Title	Description
MR-O-08	Operations Performance Summary	Provides claims processing summary information over time including paid amounts, number of claims processed, paid, suspended, denied, and more. Figure 4.2.18.1-79 shows a sample report.

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Figure 4.2.18.1-79. MR-O-08 Operations Performance Summary
This report provides claims processing summary information over time.

FDRP75
The Contractor's solution shall have the ability to produce the Operational Performance - Provider report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Operational Performance - Provider report listed in Table 4.2.18.1-43. The report presents information about the receipt, processing, and payment of provider claims.

Table 4.2.18.1-43. Operational Performance – Provider Report

ID	Title	Description
MR-O-08P	Operations Performance Summary – Provider Type	Provides claims processing summary information by provider type. Figure 4.2.18.1-80 shows a sample report.

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Figure 4.2.18.1-80. MR-O-08P Operations Performance Summary – Provider Type
This report provides claims processing summary information by provider type.

FDRP76
The Contractor's solution shall have the ability to produce the Place of Service Analysis report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Place of Service Analysis report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP77
The Contractor's solution shall have the ability to produce the Provider Error Analysis report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Provider Error Analysis reports as specified by the Agency and described in Table 4.2.18.1-44. These reports show error (exception) code volumes on claims and the nature and frequency of those codes. The reports assist in training provider and data entry personnel.

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Table 4.2.18.1-44. Provider Error Analysis Reports

ID	Title	Description
MR-O-18A	Provider Exception Frequency Analysis – Provider Summary	Summarizes suspended claim and exception information by provider type. Figure 4.2.18.1-81 shows a sample report.
MR-O-18B	Provider Exception Frequency Analysis – Top N Errors by Provider ID	Shows exception codes, descriptions, and percent of exceptions and claims with the exception. Figure 4.2.18.1-82 shows a sample report.
MR-O-18C	Prov Error Freq Analysis – All/Forced/Denied Exception Codes	Shows exception codes, descriptions, and numbers and percents related to when the exception posted. Figure 4.2.18.1-83 shows a sample report.

Figure 4.2.18.1-81. MR-O-18A Provider Exception Frequency Analysis – Provider Summary Report
This report summarizes suspended claim and exception information by provider type.

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Figure 4.2.18.1-82. MR-O-18B Provider Exception Frequency Analysis – Top N Errors by Provider ID Report

This report shows exception codes, descriptions, and percent of exceptions and claims with the exception.

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Figure 4.2.18.1-83. MR-O-18C Prov Error Freq Analysis – All/Forced/Denied Exception Codes Report

This report shows exception codes, descriptions, and numbers and percents related to when the exception posted.

FDRP78

The Contractor's solution shall have the ability to produce the Provider Filing Analysis report as specified by Agency.

CMdS-Federal Reporting provides Agency staff with the ability to the Provider Filing Analysis reports as specified by the Agency and described in Table 4.2.18.1-45. Agency staff can produce the reports from the MARS web portal using configurable parameters.

Table 4.2.18.1-45. Provider Filing Analysis Reports

ID	Title	Description
MR-O-15	Provider Claim Filing Analysis by Provider Type	Shows the areas of provider services with the greatest delays between dates of service and receipt of claims. Figure 4.2.18.1-84 shows a sample report.
MR-O-16	Provider Claim Filing Analysis by Provider ID	Provides analysis of claim filing delays by providers and lists providers by the average number of days to file claims. Figure 4.2.18.1-85 shows a sample report.

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Figure 4.2.18.1-84. MR-O-15 Provider Claims Filing Analysis by Provider Type Report

This report shows the areas of provider services with the greatest delays between dates of service and receipt of claims.

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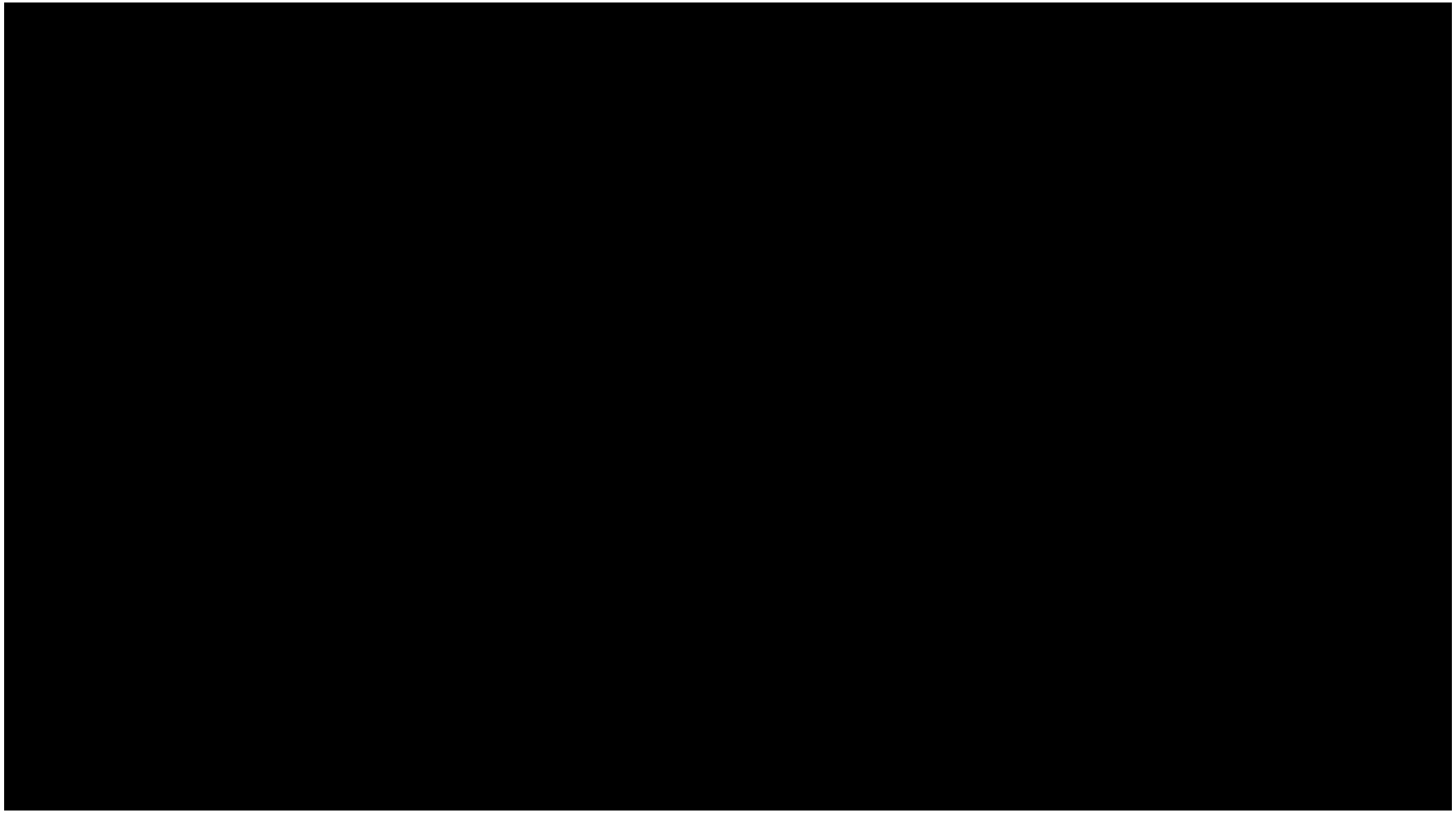

Figure 4.2.18.1-85. MR-O-16 Provider Claims Filing Analysis by Provider ID Report

This report provides analysis of claim filing delays by providers and lists providers by the average number of days to file claims.

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FDRP79
The Contractor's solution shall have the ability to produce the Provider Participation Average report as specified by Agency.

Our solution produces the Provider Participation Average report as specified by Agency and described in ID FDRP78.

FDRP80
The Contractor's solution shall have the ability to produce the Provider Participation Total report as specified by Agency.

CMdS-Federal Reporting provides Agency staff with the ability to produce Provider Participation Total reports as specified by the Agency and described in Table 4.2.18.1-46.

Table 4.2.18.1-46. Provider Participation Total Reports

ID	Title	Description
MR-O-06	Provider Participation Analysis Summary	Presents provider participation information and trends. Figure 4.2.18.1-86 shows a sample report.
MR-O-12A	Provider Participation Analysis – Provider Type	Reports provider participation by provider type. Figure 4.2.18.1-87 shows a sample report.
MR-O-12B	Provider Participation Analysis – Provider Specialty	Reports provider participation by provider specialty. Figure 4.2.18.1-88 shows a sample report.

Figure 4.2.18.1-86. MR-O-06 Provider Participation Analysis Summary Report
This report presents provider participation information and trends.

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Figure 4.2.18.1-87. MR-O-12A Provider Participation Analysis – Provider Type Report
This report shows provider participation by provider type.

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Figure 4.2.18.1-88. MR-O-12B Provider Participation Analysis – Provider Specialty Report
This report shows provider participation by provider specialty.

FDRP81
The Contractor's solution shall have the ability to produce the Provider Ranking report as specified by Agency.

Our solution produces the Provider Ranking report as specified by Agency and described in Table 4.2.18.1-47. Agency staff can produce the report from the MAR web portal.

Table 4.2.18.1-47. Provider Ranking Report

ID	Title	Description
MR-O-19	Provider Ranking List	Ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county. Figure 4.2.18.1-89 shows a sample report.

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Figure 4.2.18.1-89. MR-O-19 Provider Ranking List Report
This report ranks providers by number of paid claims and paid amounts for the state year-to-date for each category of service and county.

FDRP82
The Contractor's solution shall have the ability to produce the Participation Analysis by Aid Category report as specified by Agency.

Our solution produces the Participation Analysis by Aid Category report as specified by Agency and described in Table 4.2.18.1-48.

Table 4.2.18.1-48. CMO Participation Analysis by Aid Category Report

ID	Title	Description
MR-O-22C	Member Participation Summary by Benefit Plan/COE	Shows member participation and utilization by benefit plan and category of eligibility. Figure 4.2.18.1-90 shows a sample report.

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Figure 4.2.18.1-90. MR-O-22C Member Participation Summary by Benefit Plan/COE
This report shows member participation and utilization by benefit plan and category of eligibility.

FDRP83
The Contractor's solution shall have the ability to produce the Participation Analysis by COS report as specified by Agency.

Our solution produces the Participation Analysis by COS report as specified by Agency and described in Table 4.2.18.1-49.

Table 4.2.18.1-49. CMO Participation Analysis by COS Report

ID	Title	Description
MR-O-22A	Member Participation Summary by Fund/COS	Provides member participation and utilization by fund code and category of service. Figure 4.2.18.1-91 shows a sample report.

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Figure 4.2.18.1-91. MR-O-22A Member Participation Summary by Fund/COS Report
This report shows member participation and utilization by fund code and category of service.

FDRP84
The Contractor's solution shall have the ability to produce the Member Participation Summary by County report as specified by Agency.

Our solution produces the Member Participation Summary by County report as specified by Agency and described in Table 4.2.18.1-50.

Table 4.2.18.1-50. Member Participation Summary by County Report

ID	Title	Description
MR-O-23	Recipient Ward/County Participation Analysis	Shows member participation by county. Figure 4.2.18.1-92 shows a sample report.

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Figure 4.2.18.1-92. MR-O-23 Recipient Ward/County Participation Analysis Report
This report shows member participation by county.

FDRP85
The Contractor's solution shall have the ability to produce the Member Copayment by Aid Category report as specified by Agency.

Our solution provides Agency staff with the ability to produce the Member Copayment by Aid Category report as specified by the Agency and described in Table 4.2.18.1-51. This report shows the dollar impact of member cost sharing contributions on the Medicaid program and provide an indication of whether cost sharing is influencing the rate of utilization of services.

Table 4.2.18.1-51. Member Copayment by Aid Category Report

ID	Title	Description
MR-O-28C	Member Copayment by Aid Category	Shows member copayment amounts by aid category for SFYTD. Figure 4.2.18.1-93 shows a sample report.

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Figure 4.2.18.1-93. Member Copayment by Aid Category Report
This report lists member copayment amounts by aid category for SFYTD.

FDRP86
The Contractor's solution shall have the ability to produce the Member Ranking report as specified by Agency.

Our solution produces the Member Ranking report as specified by the Agency and described in Table 4.2.18.1-52. This report ranks the suspect members in descending order of total exception weight (a measure of the severity of the suspicion level for each member, based on an assessment of all the behaviors defined by the user for this study). This gives the user a quick way to compare the overall behaviors across the entire peer group in order to determine those with the highest likelihood of aberrant behaviors.

Table 4.2.18.1-52. Member Ranking Report

ID	Title	Description
N/A	SUR Ranking Member	Ranks members in a peer group. Figure 4.2.18.1-94 shows a sample report.

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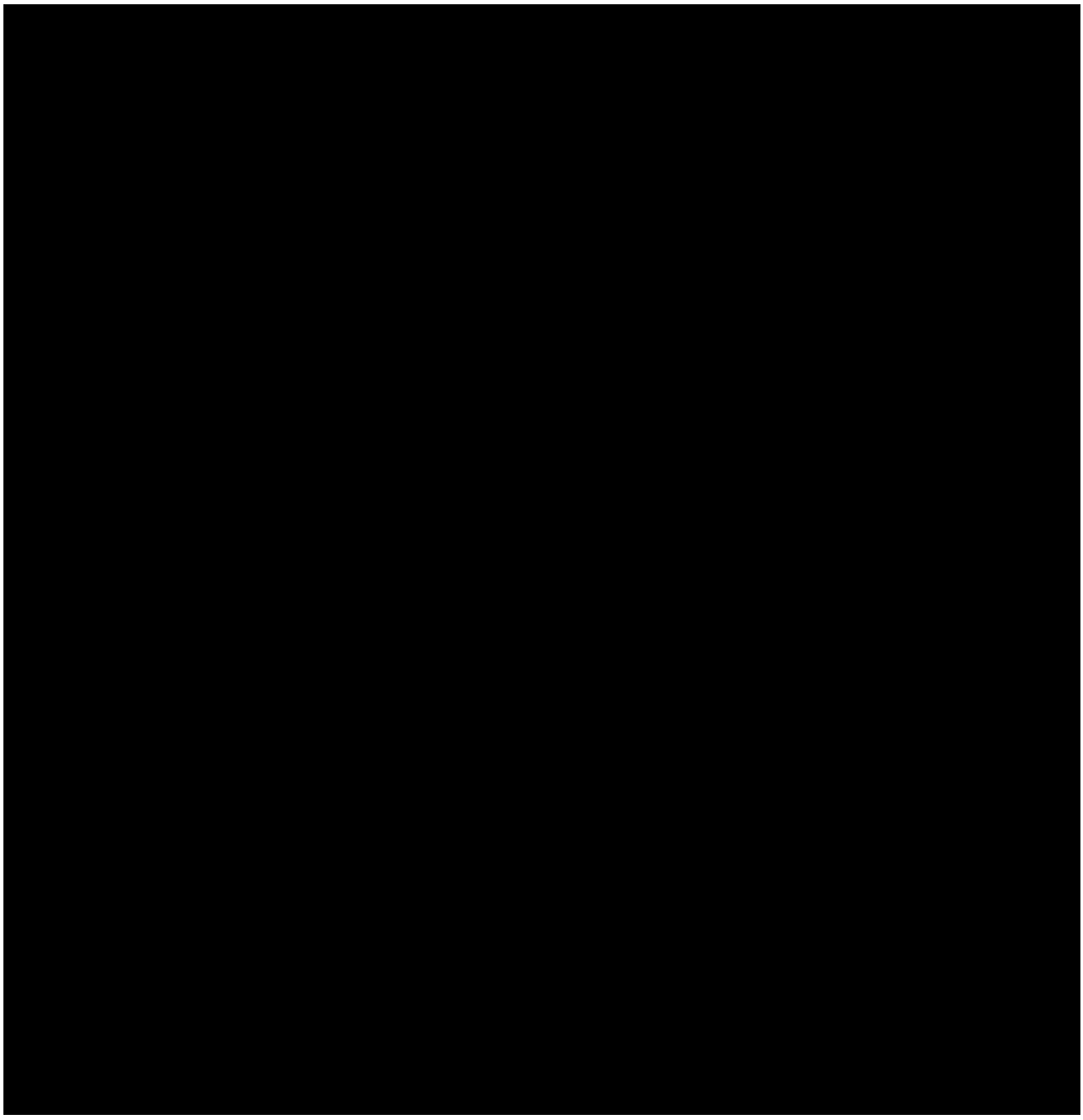

Figure 4.2.18.1-94. SUR Ranking Report
This report ranks members in a peer group.

FDRP87
The Contractor's solution shall have the ability to produce the Third Party Payment Ranking report as specified by Agency.

Our solution provides the ability to produce the Third Party Payment Ranking report as specified by Agency and described in Table 4.2.18.1-53.

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Table 4.2.18.1-53. Third Party Payment Ranking Report

ID	Title	Description
MR-O-17C	Third Party Payment Analysis by Provider Type	Lists third party payments by provider type and compares claims with TPL payments to overall payments by provider type. Users can sort the column information to rank the data however they choose. Figure 4.2.18.1-95 shows a sample report.

Figure 4.2.18.1-95. MR-O-17C Third Party Payment Analysis by Provider Type
This report shows third party information by provider type. Users can sort the column information to rank the data however they choose.

FDRP88
The Contractor's solution shall have the ability to produce the Claims Throughput Analysis - DOR to DOA report as specified by Agency.

The CMdS-Federal Reporting solution produces several Claims Throughput Analysis reports as specified by the Agency and described in Table 4.2.18.1-54. These reports measure claims processing statistics from claim entry through adjudication.

Table 4.2.18.1-54. Claims Throughput Analysis - DOR to DOA Reports

ID	Title	Description
MR-O-10A	Claims Processing Throughput Analysis – Details	Provides statistics based on the date of receipt (DOR) and the date of adjudication (DOA). Figures 4.2.18.1-96 shows a sample report.

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ID	Title	Description
MR-O-10B	Claims Processing Throughput Analysis – Summary	Provides summarized data to analyze the effectiveness of the claims processing system in processing and adjudicating provider claims. Figures 4.2.18.1-97 shows a sample report.

Figure 4.2.18.1-96. MR-O-10A Claims Processing Throughput Analysis – Details Report
This report shows statistics based on the DOR and DOA.

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Figure 4.2.18.1-97. MR-O-10B Claims Processing Throughput Analysis – Summary Report
This report shows summarized data to analyze the effectiveness of the claims processing system in processing and paying provider claims.

FDRP89
The Contractor's solution shall have the ability to produce the Claims Throughput Analysis - DOR to DOP report as specified by Agency.

The CMdS-Federal Reporting solution produces several Claims Throughput Analysis reports as specified by the Agency and described in FDRP88.

FDRP90
The Contractor's solution shall have the ability to produce GA Performance Measures report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the GA Performance Measures report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our

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reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP91

The Contractor's solution shall have the ability to produce Missing ETG Report Group Codes report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Missing ETG Report Group Codes report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP92

The Contractor's solution shall have the ability to produce Performance Measure Summary Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Performance Measure Summary Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP93

The Contractor's solution shall have the ability to produce Provider Increase Monthly report as specified by Agency.

Our solution produces the Provider Increase Monthly report, also referred to as the Provider Spike Activity Report, as specified by the Agency. The spike report compares providers against their peers and against their own claims history (i.e., claims activity during the most recent load of data against the provider's activity over the past 25 weeks). Figure 4.2.18.1-98 shows a sample report. The report enables investigators to:

- Quickly identify providers working a 'hit and run' scam, where they dump a large volume of claims into the program at one time (or over a few weeks), make a quick windfall, and then disappear before investigative staff notice
- Find those providers taking a more controlled, but no less expensive, approach to fraud, where they gradually but steadily increase their claim volume (and therefore their revenue stream), thereby avoiding a 'spike' detection

As an example, the federal Health and Human Services Office of Inspector General (HHS/OIG) has previously warned states that at least eight different organized crime groups are moving into the healthcare arena quickly and efficiently, because it is a safer way to make profits compared to traditional markets, and the revenue possibilities are potentially greater over time. A group obtains an ID using the name of a front person with no criminal record or buys an ID from a provider who is retiring or selling the business or practice. Once enrolled, the front person "sells" the business to the group, usually within a few days. The group then immediately begins to submit excessive amounts of claims to the program over the first few weeks, and then disappears. Typical losses are in the low millions over just a few weeks.

Another report produced by the Provider Activity Spike Detection component is one that details those "new" provider IDs that have not been paid in previous weeks. This gives investigators an early warning of those Provider IDs that they should more closely watch over the coming weeks for excessive dumping of claims.

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Figure 4.2.18.1-98. Provider Activity Spike Detection – Increased Activity
Example of a spike detection report that shows increased activity.

FDRP94
The Contractor's solution shall have the ability to produce Provider Increase Quarterly report as specified by Agency.

Our solution produces the Provider Increase Quarterly report as specified by the Agency. This report is described in detail in our response to ID FDRP93. The report compares providers against their peers and against their own claims history (i.e., claims activity during the most recent load of data against his activity over the past 25 weeks).

FDRP95
The Contractor's solution shall have the ability to produce Random Sample Request report as specified by Agency.

Our solution produces the Random Sample Request report as specified by the Agency. Figure 4.2.18.1-99 shows the online screen that allows users to enter parameters for the random sample request. Users can create a random sample of claims, members, or providers from the entire universe of claims or from

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subsets. Users can retain the sampling and reuse it to track changes in the sample over time. Figure 4.2.18.1-100 shows the results from running the claims random sample.

Figure 4.2.18.1-99. Claims Random Sampling Request
Users enter parameter on this screen for the random sample.

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Figure 4.2.18.1-100. Claims Random Sampling Results
This report shows the results from running the claims random sampling request.

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FDRP96
The Contractor's solution shall have the ability to produce SUR CASE GROUP NOT USED REPORT QUARTERLY report as specified by Agency.

Our solution produces the SUR Case Group Not Used Report quarterly as specified by the Agency. Our Fraud and Abuse Detection System (FADS) home page provides a link to several pre-formatted summary reports that show a breakdown of dollars paid by year, quarter, and month for members and providers. This basic information is among the most frequently needed, so this link provides a quick reference for users. We can add the SUR Case Group Not Used Report to the home page. We develop the report as specified by the Agency and make it available to end users through the re-formatted reports links as shown in Figure 4.2.18.1-101.

Figure 4.2.18.1-101. CMdS-Federal Reporting FADS Home Page
The Home Page provides authorized users with a consolidated menu of functions for easy access.

FDRP97
The Contractor's solution shall have the ability to produce SUR CASE TYPE NOT USED REPORT QUARTERLY report as specified by Agency.

Our solution produces the SUR Case Type Not Used Report quarterly as specified by the Agency. The FADS home page provides a link to several pre-formatted summary reports that show a breakdown of dollars paid by year, quarter, and month for members and providers. We can add the SUR Case Type Not Used Report to the home page. The report is developed as specified by the Agency and made available to end users through the re-formatted reports links.

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FDRP98
The Contractor's solution shall have the ability to produce SUR Quarterly Aberrant Providers Summary Report as specified by Agency.

Our solution produces the SUR Quarterly Aberrant Providers Summary Report as specified by the Agency. One of the cornerstones of the FADS component is the classic SUR peer grouping functionality. Traditionally run as a quarterly report, the Conduent solution allows much greater flexibility in time periods allowing users to run the report when needed, for any time frame. Some advanced features and capabilities supported by FADS include:

- Ability to identify behavior patterns reflecting over-utilization, under-utilization, and other aberrant patterns according to an established exception process
- Drill-down capability providing a hyperlink from report values about a provider or member profile to a list of the claims supporting the profile
- An online, user-defined parameter library of rules, behavior patterns, and reporting items for use in any combination in peer group studies
- As many as five time periods of varying lengths per study, enabling "seasonal" studies accounting for anticipated volume changes during the year
- The ability to include or exclude providers or members to studies who might not otherwise qualify for the peer group, or exclude ones who normally qualify, for a more accurate profile of activity
- The ability to scan claims, providers, and members twice in a study so that a given peer group is aggregated by a separate set of criteria
- Accepted and excepted report

FDRP99
The Contractor's solution shall have the ability to produce Claim Details by Member report as specified by Agency.

Our solution produces the Claim Details by Member report as specified by the Agency. In addition to the studies and profiling, SUR provides standard variance analysis and comparisons on each study run. There are several reports produced for each study providing staff with the statistics necessary to support comparisons and variance analysis. Within these reports are the claim details as available through the member summary profile. Users can drill into the claim detail by member.

- **Ranking Report.** This report ranks the suspect providers or members in descending order of total exception weight (a measure of the severity of the suspicion level for each provider/member, based on an assessment of all the behaviors defined by the user for this study). This gives the user a quick way to compare the overall behaviors across the entire peer group in order to determine those with the highest likelihood of aberrant behaviors.
- **Summary Profiles for Each Provider/Member.** Drilling down, by using a hyperlink in the Ranking Report, takes the investigator to a summary profile of a ranked provider/member. The investigator can review, in depth, the apparent aberrancies that caused the provider/member to rank.
- **Study Group Profile.** This report provides all of the statistics to support variance analysis for each behavior studied: total number of providers/members compared, numerical assessment of the average of that behavior, width of one standard deviation, calculated upper and lower limits, any overrides in effect (user option) that may influence those limits, the percentage and number of those who

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excepted, and a list of those who excepted for this behavior (from which the user can drill down to view specific profiles).

- **Frequency Distribution Histogram.** This is a graphical representation, by behavior studied, of the distribution of the peer group population. This graph either informs the investigator that the distribution is "normal" (i.e., follows a bell curve shape) and, therefore, that the standard deviation methodology is valid, or alerts the investigator to an unusual population distribution and suggests that exception overrides be employed.

FDRP100
The Contractor's solution shall have the ability to produce Claim Details by Member Quarterly report as specified by Agency.

Our solution produces the Claim Details by Member monthly, quarterly, and yearly reports as specified by the Agency and shown in Figure 4.2.18.1-102. The FADS component contains several tools and features to support investigative and analytical needs. In addition to providing intuitive and flexible access to query primary tables as needed for research and review, the product also provides reports designed to meet the needs of the majority of end users, as well as features within those reports to allow maximum flexibility such as the ability to query detail data to substantiate results on a report by providing drill through to detail claims information without having to exit the report and use another tool.

For example, one of the standard reports within the report library is the Member Dollars by Calendar Quarter. This summary report, by member, allows the analyst to see patterns of utilization of services in a time period. The blue hyperlinked details allow the user to dig deeper into the information with the ability to return member demographics or claims details for the time period as needed. Our reporting team works with the Agency during implementation and throughout development to configure the reports to best meet the needs of the Agency.

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Figure 4.2.18.1-102. Member Dollars by Calendar Quarter Report
This report shows expenditures by member for the calendar quarter.

FDRP101
The Contractor's solution shall have the ability to produce Disease Global View report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Disease Global View report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP102
The Contractor's solution shall have the ability to produce Disease Quick View report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Disease Quick View report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP103
The Contractor's solution shall have the ability to produce Distribution Analysis report as specified by Agency.

Our solution produces the Distribution Analysis report as specified by the Agency, also referred to as the Frequency Distribution Histogram (Figure 4.2.18.1-103) that we produce for our FADS solution SUR peer group studies. This report provides a graphical representation, by behavior studied, of the distribution of the peer group population. This graph either informs the investigator that the distribution is "normal" (i.e., follows a bell curve shape) and the standard deviation methodology is valid, or alerts the investigator to an unusual population distribution and suggests that the investigator use exception overrides.

The report provides a graphical display of the utilization patterns (Report Items) found on the Peer Profile across all peers for a selected time period for one Report Item. The graph makes it easy, visually to inspect the data values, and to see trends hidden in the data. Frequency distribution is a type of descriptive statistic. More specifically it is a relative frequency distribution, as it shows the proportion of Study Group peers for each range of values for a Report Item.

The Frequency Distribution Histogram provides a graphical tool to determine whether the statistical distribution of a Study Group, for any Report Item for any time period, is normal or skewed. If the distribution of values across the Study Group is skewed (that is, does not look like a "bell curve" when graphed), then the use of the default standard deviation to set the upper limit of acceptability may be inappropriate. It may be more statistically valid to use one of the other methods (percentile, a set range of values, or a different Standard Deviation). The graph is also used to identify statistical outliers.

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Figure 4.2.18.1-103. Frequency Distribution Histogram
This report provides a graphical representation, by behavior studied, of the distribution of the peer group population.

Interpretation of the graph is simple:

- **If the graph shows a symmetrical distribution** around the value of the Study Group average, or appears to display roughly as a bell-shaped curve, then the population of Values for this Report Item is considered statistically normal and employing the usual exception processing techniques of default standard deviations is valid.
- **If the graph shows an asymmetrical distribution** around the value of the Study Group average, or the values appear to display in a skewed shape, a J-shape, or evenly distributed across the graph, then the population of Values for this Report Item does not fall in a statistically normal distribution, implying that the use of the default standard deviations to detect abnormal behaviors probably won't produce the desired results. In this situation, overrides to the normal exception processing techniques are used to set the upper and lower limits, and the Study re-run. Overrides to using the default number of standard deviations that are available are:
  - Using a different number of standard deviations
  - Using percentile
  - Specifying a from/to value range

Access to the Frequency Distribution Histogram is available from either the Study Profile Report from the Frequency Histogram hyperlink or the Peer Profile Report from the Z-score hyperlink. The report does not display if there are less than 20 peers that qualified for inclusion in the Report Item, since the graph would be statistically meaningless and potentially misleading.

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FDRP104

The Contractor's solution shall have the ability to produce Inpatient Claim Details By Provider report as specified by Agency.

Our solution produces the Inpatient Claim Details By Provider report as specified by the Agency. The CMdS-Federal Reporting module provides a wide variety of features within the FADS component to arm the investigator with more than just the ability to craft and execute traditional SUR peer grouping studies quickly. The FADS Dashboard portal page, shown in Figure 4.2.18.1-104, provides a one stop shop for additional features and tools such as claims sampling, query options, data mining results, and support materials to provide the investigators with comprehensive and maximum flexibility.

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Figure 4.2.18.1-104. FADS Dashboard Portal Page
The dashboard provides a one stop shop for additional features and tools.

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Several of the features will produce the Inpatient Claims Details by Provider reports, in addition to reports that would be generated as the result of a SUR Peer Group Study.

Two of the features most used by analysts are the Reference Reports and the FADS Report Library, both of which provide flexible reporting that can be manipulated by the end user as needed for investigation and review, providing the confidence of accurate and consistent reports that are delivered with a "canned report", but also containing Ad Hoc type filters and criteria, that allow the analyst the freedom to revise and change the filter criteria beyond those normally available in a predefined report.

- **Reference Reports.** These reports provide descriptive information for many of the codes used in claims systems such as NDC, Diagnosis, Procedure, etc. These reports can be accessed and searched much like Browse and Search reports although they are often used as the target of a drill-down from a larger claims report.
- **FADS Report Library.** These reports enable you to view summarized information that may prove useful in your fraud investigations.

The FADS Portal page allows easy and intuitive access to Institutional claims through the Claims Browse and Search opportunities in the Reference Reports, while also providing Institutional summarized reports in the FADS Reports Library.

Figure 4.2.18.1-105 provides an example of the Institutional Claims Browse and Search report. The filter boxes allow users to specify the any combination of criteria required to be applied against the Institutional Claims table.

Figure 4.2.18.1-105. Institutional Claims Browse and Search Report
This screen shot shows the details claims associated with the criteria entered by the user.

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Drill Down Reports

All SURS and MARS reports use of drilldown features from within reports or as stand-alone reports. Drilling down to supporting data is a mouse click away. Users can click on any blue underlined text to see the underlying data. For example, if the blue underlined text is a member Medicaid identification number, then the link drills down to retrieve more detailed information on that specific Medicaid member. If the blue underlined text is an address, then the link drills down to a map of that address.

FDRP105
The Contractor's solution shall have the ability to produce Inpatient Claim Details By Provider Quarterly report as specified by Agency.

Our solution produces the Inpatient Claim Details By Provider monthly, quarterly, and yearly reports as specified by the Agency and shown in Figure 4.2.18.1-106. Users can configure these reports to meet their needs.

Figure 4.2.18.1-106. Billing Provider Dollars by Calendar Quarter Report
This report shows expenditures by billing provider for the calendar quarter.

FDRP106
The Contractor's solution shall have the ability to produce Inpatient Exception Quarterly report as specified by Agency.

Our solution produces Inpatient Exception Quarterly report as specified by Agency. Conduent leverages state-of-the-art technology to allow investigators to move from the legacy system of running peer grouping studies once a quarter, for a small number of designated data elements, to today's unprecedented flexibility. Fraud analysts or investigators can set exception processing for just about any field available in the source system, and no longer are restricted to the prior constraints that limited time periods to quarterly comparisons.

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The traditional SUR Peer Group Profiling tool within the FADS component uses an Exception Processing technique to identify those providers (or members) who have one or more behaviors whose calculated values lie above an upper limit of tolerance or below a lower limit of tolerance. Typically, these limits are determined by the calculated values for average and standard deviation for a peer group, and exception weight assigned to those providers (or members) who are outliers. The user can override the system default of 2.0 standard deviations for providers or 3.0 standard deviations for members by using a different value for standard deviation, by employing a percentile, or by specifying a set of from/to values.

FADS enables the user to define up to five time periods for each SUR study. The time periods can be of varying length, overlap each other, be non-consecutive, and be defined out of chronological order, giving the user great flexibility for reporting purpose:

- Study Detail - General
- All Claims Browse and Search

Since the reports are produced on demand, the user controls the frequency upon which they are produced. For this requirement, the user could choose quarterly time periods or any other as deemed appropriate for the behavior under review. In addition, the user can define "Inpatient" using a wide variety of fields available for peer grouping, using any combination of provider type, claim type, or other criteria as required for the targeted Inpatient group. This list of reports combines to support:

- SUR Ranking
- SUR Individual Profile
- SUR Frequency Distribution Histogram
- SUR Claims Header

The exception processing is the means by which the SURS Peer group studies are created and run. One of the reports that is generated out of the Study Group Peers (Figure 4.2.18.1-107) report identifies all the peers that met the criteria you established for the Study Group (peer group). This report is similar in format of the Ranking Report. However, this report lists all peers, in ID order, whether they Excepted or Accepted. A summation of the number of peers that had acceptable and exceptable behavior established for the Study is also displayed in the top portion of this report.

- Clicking on a hyperlinked provider or member ID will take you to that provider's/ member's detailed profile.
- Clicking on the last column on the right will take you to a summary (by month) of the dollars paid to this provider. This will let you determine those peers whose paid dollar amount is so small that further investigation is not warranted.
- Entering an ID or name (either full name or partial name using the wildcard %) in the white filter boxes will narrow the list. When entering characters, note that they are case sensitive and upper case.

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Figure 4.2.18.1-107. Ranking Report
This report shows the people who excepted and accepted out.

FDRP107
The Contractor's solution shall have the ability to produce Member Case Group Ranking Quarterly report as specified by Agency.

Our solution produces the Member Case Group Ranking Quarterly report as specified by the Agency. Our product's flexible and innovative Peer Grouping capabilities provide a vast improvement on prior legacy SUR solutions that restrict the time periods to quarterly comparisons, with limited fields available for peer grouping. The Conduent SUR product does allow the user to produce the Ranking report Quarterly, or for any combination of time periods that make sense for the services to be evaluated, and users can define a peer group using criteria from just about any field available on the claims, provider and member tables, to include Member Case.

One of the key functional advantages the SUR solution offers is its ability to produce comprehensive statistical profiles by provider peer groups and member peer groups using various criteria. Provider peer groups can be grouped not only by the traditional provider type and/or specialty, but also by any other characteristic that the user desires (e.g., procedure codes, or diagnosis codes, waiver services, or place of service, etc.). The grouping characteristic is not limited to fields from the provider table. Fields from the claim header table, the claim detail table, or even the member table can be used as grouping characteristics to study provider service and billing practices. In addition, fields from all these tables can be combined to construct focused peer groups to find specific patterns. SUR studies can be defined to automatically identify exceptions to norms of utilization or quality of care standards established by the Agency for any type of member covered by the state plan. Additionally, our SUR component supports encounter claims as well allowing the ability to ensure MCOs are not paying fraudulent claims.

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This report identifies the providers or members who have met the user established criteria for the Study Group (peer group) and whose behavior for at least one Report Item is outside the norm determined during Exception Processing. This report aids the user in identifying the providers or members most likely to have aberrant behavior.

Members can be grouped with peers, where 'peers' can be defined by any field in the provider table, the member table, the claims table, or a combination of these data sources. Therefore, member peers could be defined by having the same age range, same gender, same program code, claims with the same procedure code or diagnosis code, claims where the rendering provider was a certain provider type, living in the same zip code, receiving the same NDC, etc. Member studies are built using the following browser pages:

- Data Rule Detail
- Study Group Detail
- Behavior Pattern Detail
- Report Item Detail
- Report Section Detail
- Study Detail – General
- Study Detail – Exception Processing

The following reports identify exceptions to norms:

- SUR Ranking
- SUR Study Profile (Provider and Member)
- SUR Profile (Provider and Member)

SUR Profiling can produce profiles of members (or providers) based on the following data:

- Any logical field carried in the provider table
- Any logical field carried in the member table
- Any logical field carried on a claim table
- Any logical combination of fields from any of these sources

"Logical" is included in the bullets above to imply that not all fields in the source tables are available in SUR for use as criteria to define a SUR study, only those that are reasonable for a user to select (reduces user confusion and possibility that they will make an illogical decision). For example, a provider's telephone number is carried in the provider table, but it is not reasonable for a user to try to build a peer group on that field, so it is not presented to the user as a grouping criterion.

The ability to build criteria based on any of the fields described above opens a virtually unlimited number of potential peer groupings. The Data Rule Detail page enables the user to define the basic qualifying criteria using individual data elements from the Provider, Member or Claims tables. A Data Rule can be combined with other Data Rules to narrow the focus of a SUR study.

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FDRP108
The Contractor's solution shall have the ability to produce Member Case Type Comparison by Peer Group report as specified by Agency.

Our solution produces the Member Case Type Comparison by Peer Group report as specified by the Agency. Refer to FDRP107 for a detailed explanation of creating Peer Group studies based on member demographic and enrollment data. The Conduent SUR solution allows for maximum flexibility in defining peer groups for comparison, ranking and exception processing, and Member Case Type would be available as an option so long as source data exists.

FDRP109
The Contractor's solution shall have the ability to produce Member Case Type Comparison by Peer Group Quarterly report as specified by Agency.

Our solution produces Member Case Type Comparison by Peer Group report as specified by Agency. ID FDRP107 provided a detailed explanation of creating Peer Group studies based on member demographic and enrollment data. The Conduent SUR solution allows for maximum flexibility in defining peer groups for comparison and ranking and exception processing. Member Case Type would be available as an option if source data exists. The option to select up to five time periods for comparison and the ability to run on demand immediately allows investigative teams the flexibility to produce reports for the time periods and according to any schedule that meets the needs of the agency.

FDRP110
The Contractor's solution shall have the ability to produce Member Exception Quarterly report as specified by Agency.

Our solution produces the Member Exception Quarterly report as specified by Agency. ID FDRP107 provided the detailed explanation for creating Peer Group studies based on member demographic and enrollment data. The Conduent SUR solution allows for maximum flexibility in defining peer groups for comparison, ranking and exception processing, and any logical field on the member table, along with criteria to define services and providers if desired, would be available as an option so long as source data exists.

Members can be grouped with peers, where peers can be defined by any field in the provider table, the member table, the claims table, or a combination of these data sources. Therefore, member peers could be defined by having the same age range, same gender, same program code, claims with the same procedure code or diagnosis code, claims where the rendering provider was a certain provider type, living in the same zip code, receiving the same NDC, etc.

Those members identified in the study meeting the peer group definitions are compared to each other, in order to identify the statistical outliers in order to surface potential fraud, waste or abuse in the behavior of the member compared to the behavior of the member's peers. Those members who are statistically "abnormal" in comparison to their peers, based on standard deviations, will appear on the ranking report as exceptions. Member Exception reports can be run based on widely flexible user-driven criteria, using up to five time periods for comparison, and produced according to any type of schedule that best meets the needs of the state.

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Once a SUR Study is run for a member driven peer group, the exceptions are identified in the SUR Ranking report as shown in Figure 4.2.18.1-108.

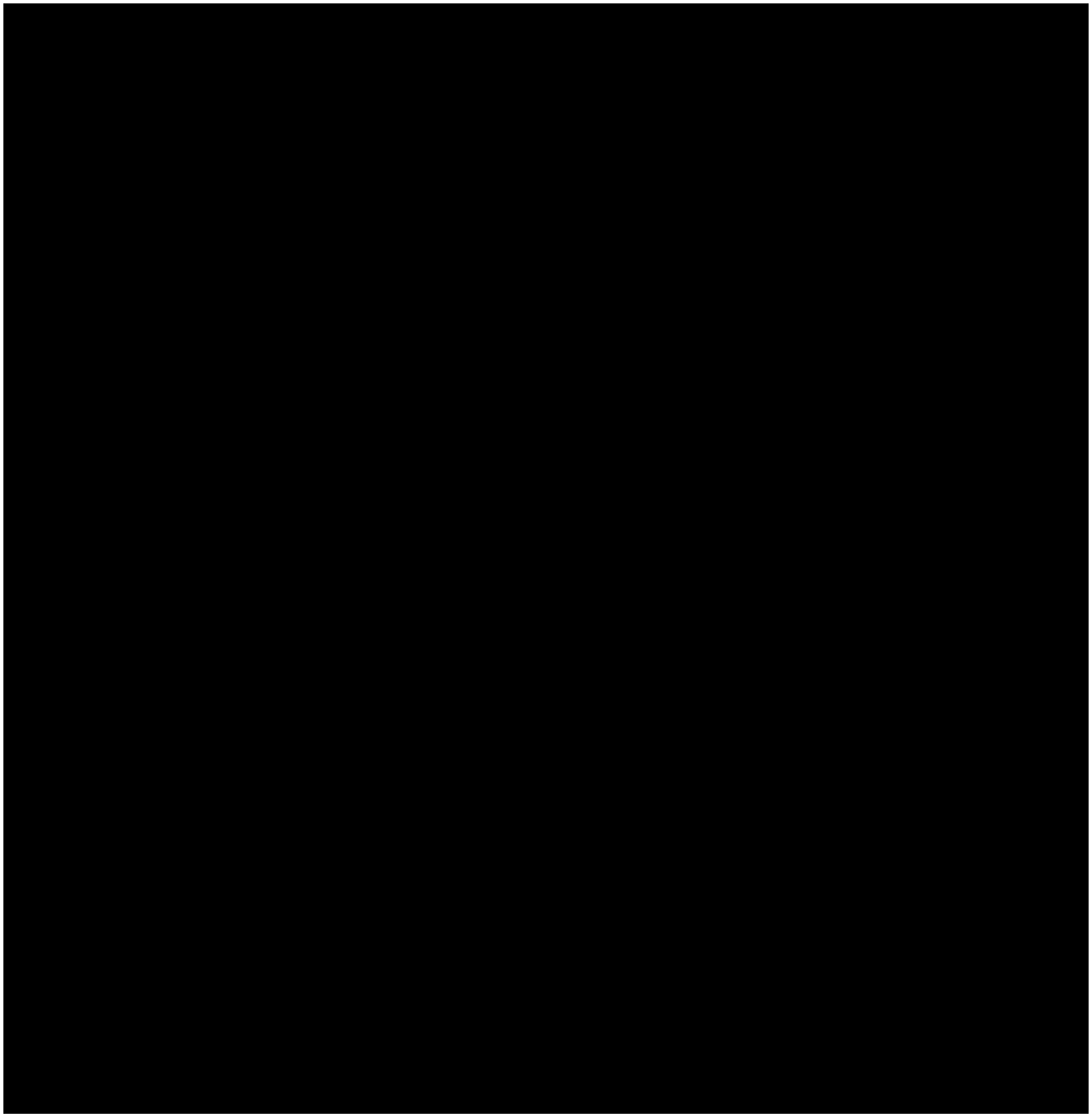

Figure 4.2.18.1-108. SUR Ranking Member Report
Once a SUR Study is run for a member driven peer group, the exceptions are identified in the SUR ranking report.

In addition to the exceptions identified within the SUR ranking report, the SUR study profile report supports the exception processing statistical techniques employed in the production of the peer profile report. It also provides a means by which the statistical validity of the library and study parameters may

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be verified and by which realistic exception criteria may be established. This report is created for any completed study.

This report is secondarily intended to provide management and administrative personnel with a detailed presentation of the overall utilization patterns of the various services provided by the program. Because the Report Items for which statistics are generated are derived from user parameters, the Report Items displayed will vary according to the criteria you established for your study.

This report as shown in Figure 4.2.18.1-109 displays information horizontally by time period, and vertically by Report Section. Within each Report Section, the Report Items defined for the Study are listed in the order defined when the user built the Report Section.

Figure 4.2.18.1-109. SUR Profile Provider Report
This report is the details behind the ranking for the provider.

FDRP111
The Contractor's solution shall have the ability to produce Member Frequency Distribution report as specified by Agency.

Our solution produces the Member Frequency Distribution report (Figure 4.2.18.1-110) as specified by the Agency. The frequency distribution shows the proportion of Study Group peers for each range of values for a Report Item. This report provides the user with a graphical tool to determine whether the statistical distribution of a Study Group, for any Report Item for any time period, is normal or skewed. It

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may also assist users to identify studies for which the standard deviation defined may be inappropriate. The graph can also be used to identify statistical outliers.

Figure 4.2.18.1-110. SUR Frequency Distribution Histogram Member Report
This report provides a graphical tool to determine whether the statistical distribution of a Study Group, for any Report Item for any time period, is normal or skewed.

FDRP112
The Contractor's solution shall have the ability to produce Member Frequency Distribution Quarterly report as specified by Agency.

Our solution produces the Member Frequency Distribution Quarterly report as specified by the Agency. Refer to our response to FDRP111 for further details.

FDRP113
The Contractor's solution shall have the ability to produce Member Peer Group Comparison report as specified by Agency.

Our solution produces the Member Peer Group Comparison report as specified by the Agency. The Study Group Peers report identifies all the peers that met the criteria you established for the Study Group (peer group). This report (Figure 4.2.18.1-111) is similar in format to the Ranking Report. However, this report lists all peers, in ID order, whether they Excepted or Accepted.

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A summation of the number of peers that had acceptable and exceptable behavior established for the Study is also displayed in the top portion of this report.

- Clicking on a hyperlinked provider or member ID will take you to that provider's/member's detailed profile.
- Clicking on the last column on the right will take you to a summary (by month) of the dollars paid to this provider. This will let you determine those peers whose paid dollar amount is so small that further investigation is not warranted.
- Entering an ID or name (either full name or partial name using the wildcard %) in the white filter boxes will narrow the list. When entering characters, note that they are case sensitive and upper case.

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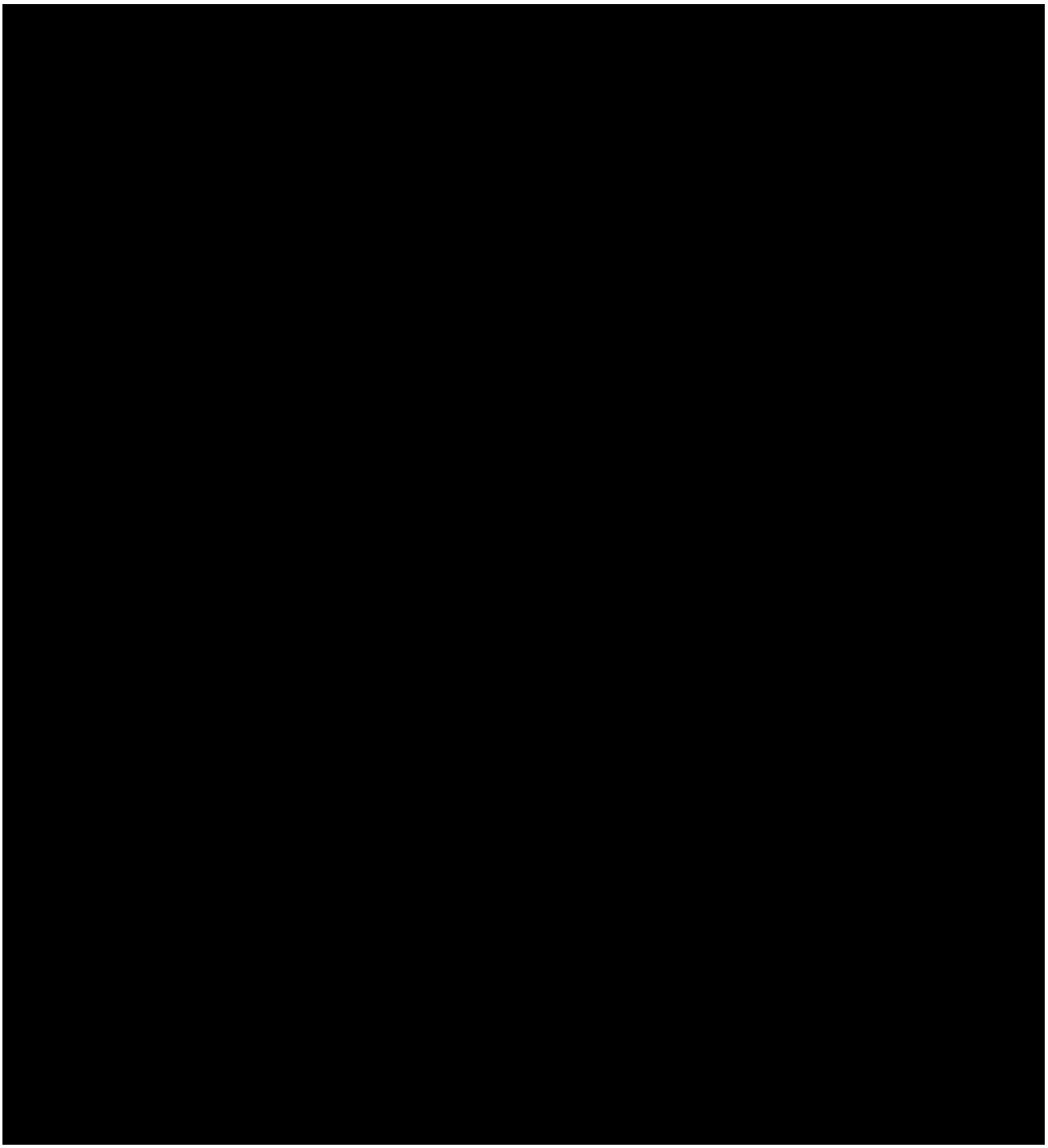

Figure 4.2.18.1-111. SUR Study Member Profile Report
This report shows the study results.

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FDRP114
The Contractor's solution shall have the ability to produce Member Peer Group Comparison Quarterly report as specified by Agency.

Our previous response to ID FDRP113 provides the detailed explanation for generating Member Peer Group Comparison reports. The Conduent SUR solution allows for maximum flexibility in defining peer groups for comparison, ranking and exception processing, according to any time frame and schedule desired.

FDRP115
The Contractor's solution shall have the ability to produce Member Profile report as specified by Agency.

Our solution produces the Member Profile report (Figure 4.2.18.1-112) as specified by the Agency. The profile report displays the summary of the utilization patterns of each peer (provider or member) who met the criteria you established for the Study. This profile is produced for each "excepted" and "accepted" peer. This report is used to support reviews or investigations of peers.

The Report Items shown in this report are user-determined and correspond to the Report Items you included in the Report Section(s) that you selected for the Study. Because the Report Items for which statistics are generated are derived from your parameters, the items and their corresponding titles can vary according to your needs.

To display the Peer Profile, navigate to either the Peer Ranking or Study Group Peer report. The Peer Profile is displayed after clicking a hyperlinked peer ID from the ID column on the Ranking Report.

When viewing the profile report, note the following:

- The Suppress Participant Identification option can be set to "YES", allowing you to mask all peer demographic data in order to protect the identity of the peer.
- The hyperlink drill through is available from the HTML format as well as the PDF format. When the drill through is activated from a PDF, the output report will also be rendered as PDF.

The report is presented vertically in ascending order by Report Section, then by Report Item, and horizontally by Time Periods 1 through 5. The far right column is a summary of the exception weights across all time periods. Any Report Item with a non-zero weight in this column indicates that the peer's behavior for this aggregation was above or below the acceptable limits in one or more time periods. One or more non-zero weights will cause a peer to be included on the Ranking Report. Table 4.2.18.1-55 explains more details about the report.

Table 4.2.18.1-55. Member Profile Report Definitions

Term	Definition
Value	The Value of the Report Item accumulated during a time period. This number is calculated by using this peer's totals for the Behavior Pattern requested, combined arithmetically as specified in the definition of the Report Item and, if required, converted to a percent or ratio format. If the Value is immediately preceded by an asterisk, then the Exception Processing logic was applied to this Report Item to determine if the peer was above or below acceptable limits for this aggregation. If the peer excepted, then you will see a number in the Total Exception Weight on the far right column. If there is no asterisk, then this Report Item is considered informational only.

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Term	Definition
	If the Value is immediately followed by an 'L', then a minimum denominator was specified but not met, and this Report Item's weight is not included in the Total Exception Weight for this peer.
Z or Z-score	This is a statistical term indicating, in units of 'Standard Deviation', how far away from the mean or average (for this Report Item for this time period for this Study Group) this Report Item's Value was.
Vol or Volume Weight	The volume weight is calculated for the Report Item, for this time period, for the Peer being displayed. Volume weight provides a means for assigning more significance to an exception for peers with high utilization of a Report Item. Volume Weight = peer's value for a Report Item divided by the Report Item's mean within this Study Group. Volume Weight = PV/MV • For ratio or percent items: – PV = peer's value for the Report Item's denominator – MV = Study Group average for the Report Item's denominator • For summation items: – PV = peer's value for the Report Item – MV = Study Group average for the Report Item
Dev or Deviation Weight	The deviation weight is calculated for the Report Item, for this time period, for the Peer being displayed. Deviation Weight is a measure of how much the peer's value for this Report Item varied from the normal range of values for this Report Item. If the peer's value for a Report Item fell within the upper/lower limits set for the Report Item, the peer's Deviation Weight for this Report Item is zero. Deviation Weight = | PV - LIM |/SD • PV = peer's value for the Report Item • LIM = lower or upper limit on which the exception is based • SD = value of one standard deviation for this Report Item for this Time Period for this Study Group

If the user turned on Exception Processing for a time period when the user built the Study, the user sees a small asterisk to the left of that time period. If Exception Processing was on, the Total Exception Weight (in the rightmost column) for one Report Item is calculated by the system as follows:

- Multiply together the *Dev Wt*, the *Vol Wt*, and the *Relative Column Weight* (shown directly underneath the time period dates) within one time period.
  - The Deviation Weight is calculated by the system and is the difference between this peer's Z-score and the upper limit (usually 2.0 standard deviations for providers, and 3.0 standard deviations for members).
  - The Volume Weight is calculated by the system and reflects the proportional volume for this peer of all the claims considered for this Report Item across the whole peer group.
  - The Relative Column Weight enables you to assign more importance in the weighting process to one time period over the others.
- If there are multiple time periods defined, perform the same multiplication for each time period.
- Add the results of the time period calculations together.
- Multiply the answer above by the Relative Item Weight (in the next to last column). This factor enables you to assign more importance in the weighting process to some Report Items over others when you build the Study. See the Study>General Information tab. This answer should be very close to the number displayed in the last column.

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- The numbers displayed are rounded to two decimal points (due to limited print space) but stored as four decimal points (to retain accuracy). To be able to display as accurate a Total Exception Weight as possible, the calculations are performed using the full 4-decimal point numbers. Therefore, if you were to hand-calculate the Total Exception Weight, your number would be only very slightly different than what is shown.

Figure 4.2.18.1-112. SUR Member Profile
Once a SUR Study is run for a member driven peer group, the exceptions are identified in the SUR ranking report.

FDRP116
The Contractor's solution shall have the ability to produce Member Profile Quarterly report as specified by Agency.

Our previous response to ID FDRP115 provides the detailed explanation for generating the Member Profile Quarterly report. The Conduent SUR solution allows for maximum flexibility in defining member profile reports for comparison, ranking and exception processing, according to any time frame and schedule desired.

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FDRP117
The Contractor's solution shall have the ability to produce Nursing Facility Claim Details by Provider report as specified by Agency.

The FADS component provides several features to support the ability to produce Nursing Facility Claim Details for providers. The Reference Reports section of the FADS Portal has Browse and Search features, as well as claims-based reports targeted to specific claims groupings, such as institutional, professional, pharmacy. Additionally, users can drilldown to the claim details for the provider in any of the predefined reports and the reports generated by the SUR Peer Group Studies.

FDRP118
The Contractor's solution shall have the ability to produce Nursing Facility Claim Details by Provider Quarterly report as specified by Agency.

As described in ID FDRP117, the Nursing Facility Claim Details report is available through several avenues. Users can generate a SUR Peer Group Study for a Nursing Facility on any schedule and run the report to compare up to five time periods as defined by the use. The claims details are available within the ranking reports, profiles or exception reports, as used in the study, for the provider.

FDRP119
The Contractor's solution shall have the ability to produce Nursing Facility Exception Quarterly report as specified by Agency.

The SUR Reports generated by a SUR Peer Grouping Study, run quarterly or on demand for up to five time periods defined by the analyst. Our solution meets the ID FDRP119 requirement by producing these reports:

Peer Ranking Report. This report identifies the peers (providers or members) who have met the criteria established for the Study Group (peer group) and whose behavior for at least one Report Item is outside the norm determined during Exception Processing. This report aids in identifying the peers most likely to have aberrant behavior. Peers are listed in descending order by Total Exception Weight.

Study Group Peer Ranking Report. This report identifies all the peers that met the criteria established for the Study Group (peer group). This report is similar in format to the Ranking Report. However, this report lists all peers, in ID order, whether they excepted or accepted.

FDRP120
The Contractor's solution shall have the ability to produce Nursing Facility Provider Profile report as specified by Agency.

Individual profile reports are available to the investigator, from either the Peer Ranking or Study Group Peer report for every Peer Group Study job that has one or more peers selected based on the user defined criteria. The Profile displays the summary of the utilization patterns of each peer (provider or member) who met the criteria established for the Study. This profile is produced for each excepted and accepted peer and is used to support reviews or investigations of peers.

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FDRP121
The Contractor's solution shall have the ability to produce Outpatient Claim Details By Provider report as specified by Agency.

The FADS component provides several features to support the ability to produce the Outpatient Claim Details for providers. The Reference Reports section of the FADS Portal has Browse and Search features, as well as claims based reports targeted to specific claims groupings, such as Institutional, Professional, Pharmacy. In addition, users can drilldown to the claim details for the provider in any of the reports generated by the SUR Peer Group Studies.

FDRP122
The Contractor's solution shall have the ability to produce Outpatient Claim Details By Provider Quarterly report as specified by Agency.

As described in ID FDRP121, the Outpatient Claim Details report is available to the analysts through several avenues. Users can generate the SUR Peer Group Study for a Nursing Facility on any schedule and run the report to compare up to five time periods as defined by the user. The claims details for the results are available within the ranking reports, profiles or exception reports, as used in the study, for the provider.

FDRP123
The Contractor's solution shall have the ability to produce Outpatient Exception Quarterly report as specified by Agency.

The SUR Reports generated by a SUR Peer Grouping Study, run quarterly or on demand for up to five time periods defined by the analyst. Our solution meets the ID FDRP123 requirement by producing these reports:

Peer Ranking Report. This report identifies the peers (providers or members) who have met the criteria established for the Study Group (peer group) and whose behavior for at least one Report Item is outside the norm determined during Exception Processing. This report aids in identifying the peers most likely to have aberrant behavior. Peers are listed in descending order by Total Exception Weight.

Study Group Peer Ranking Report. This report identifies all the peers that met the criteria established for the Study Group (peer group). This report is similar in format to the Ranking Report. However, this report lists all peers, in ID order, whether they excepted or accepted.

FDRP124
The Contractor's solution shall have the ability to produce Pharmacy Claim Details by Provider report as specified by Agency.

The FADS component provides several features to support the ability to produce the Pharmacy Claim Details for providers. The Reference Reports section of the FADS Portal has Browse and Search features, as well as claims based reports targeted to specific claims groupings, such as Institutional, Professional, Pharmacy. In addition, users can drilldown to the claim details for the provider in any of the reports generated by the SUR Peer Group Studies.

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FDRP125
The Contractor's solution shall have the ability to produce Pharmacy Claim Details by Provider Quarterly report as specified by Agency.

As described in ID FDRP124, the Pharmacy Claim Details report is available to the analysts through several avenues. Users can generate the SUR Peer Group Study for pharmacy services on any schedule and run the report to compare up to five time periods as defined by the user. The claims details for the results are available within the ranking reports, profiles or exception reports, as used in the study, for the provider.

FDRP126
The Contractor's solution shall have the ability to produce Pharmacy Exception Quarterly report as specified by Agency.

The SUR Reports generated by a SUR Peer Grouping Study, run quarterly or on demand for up to five time periods defined by the analyst. Our solution meets the ID FDRP126 requirement by producing these reports:

Peer Ranking Report. This report identifies the peers (providers or members) who have met the criteria established for the Study Group (peer group) and whose behavior for at least one Report Item is outside the norm determined during Exception Processing. This report aids in identifying the peers most likely to have aberrant behavior. Peers are listed in descending order by Total Exception Weight.

Study Group Peer Ranking Report. This report identifies all the peers that met the criteria established for the Study Group (peer group). This report is similar in format to the Ranking Report. However, this report lists all peers, in ID order, whether they excepted or accepted.

FDRP127
The Contractor's solution shall have the ability to produce Professional Claim Details By Provider report as specified by Agency.

The FADS component provides several features to support the ability to produce the Professional Claim Details for providers. The Reference Reports section of the FADS Portal has Browse and Search features, as well as claims based reports targeted to specific claims groupings, such as Institutional, Professional, Pharmacy. In addition, users can drilldown to the claim details for the provider in any of the reports generated by the SUR Peer Group Studies.

FDRP128
The Contractor's solution shall have the ability to produce Professional Claim Details by Provider Quarterly report as specified by Agency.

As described above in ID FDRP127, the Professional Claim Details report is available to the analysts through several avenues. Users can generate the SUR Peer Group Study for professional claims on any schedule and run the report to compare up to five time periods as defined by the user. The claims details for the results are available within the ranking reports, profiles or exception reports, as used in the study, for the provider.

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FDRP129
The Contractor's solution shall have the ability to produce Professional Exception Quarterly report as specified by Agency.

The SUR Reports generated by a SUR Peer Grouping Study, run quarterly or on demand for up to five time periods defined by the analyst. Our solution meets the ID FDRP129 requirement by producing the Peer Ranking Report and Study Group Peer Ranking Report.

FDRP130
The Contractor's solution shall have the ability to produce Professional Referrals Claim Details By Provider report as specified by Agency.

The FADS component provides several features to support the ability to produce the Professional Referral Claim Details for providers. The Reference Reports section of the FADS Portal has Browse and Search features, as well as claims based reports targeted to specific claims groupings, such as Institutional, Professional, and Pharmacy. In addition, users can drilldown to the claim details for the provider in any of the reports generated by the SUR Peer Group Studies.

FDRP131
The Contractor's solution shall have the ability to produce Professional Referrals Claim Details By Provider Quarterly report as specified by Agency.

As described in ID FDRP130, the Professional Referral Claim Details report is available to the analysts through several avenues. Users can generate the SUR Peer Group Study for professional referral claims on any schedule and run the report to compare up to five time periods as defined by the user. The claims details for the results are available within the ranking reports, profiles or exception reports, as used in the study, for the provider.

FDRP132
The Contractor's solution shall have the ability to produce Professional Referrals Exception Quarterly report as specified by Agency.

The SUR Reports generated by a SUR Peer Grouping Study, run quarterly or on demand for up to five time periods defined by the analyst. Our solution meets the ID FDRP132 requirement by producing by the Peer Ranking Report and Study Group Peer Ranking Report.

FDRP133
The Contractor's solution shall have the ability to produce Provider Case Group Ranking Quarterly report as specified by Agency.

The SURS Peer Grouping component provides a great deal of flexibility for defining the peer group for providers and provides the capability to profile provider groups and individual providers within group practices as well. Items such as the provider case can also be used to define the peer group criteria, so long as the data is available.

All ranking reports generated by the SURS studies are based on the peer group definitions. The SUR reports generated by a SUR Peer Grouping Study can be run quarterly or on demand for up to five time periods defined by the analyst including the Peer Ranking Report and Study Group Peer Ranking Report.

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FDRP134
The Contractor's solution shall have the ability to produce Provider Case Type Comparison by Peer Group Quarterly report as specified by Agency.

The SURS Peer Grouping component provides a great deal of flexibility for defining the peer group for providers and provides the capability to profile provider groups and individual providers within group practices as well. Items such as the provider case type can also be used to define the peer group criteria, so long as the data is available.

All ranking reports generated by the SURS studies are based on the peer group definitions. The SUR reports generated by a SUR Peer Grouping Study can be run quarterly or on demand for up to five time periods defined by the analyst including the Peer Ranking Report and Study Group Peer Ranking Report.

FDRP135
The Contractor's solution shall have the ability to produce Provider Case Type Comparison by Peer Group Yearly report as specified by Agency.

As referenced in ID FDRP134, the SURS Peer grouping features support the production of these comparison reports. The analyst can define up to five time periods within a study for comparison, as well as selecting any time frame overall for the comparison of behavior patterns for peers.

FDRP136
The Contractor's solution shall have the ability to produce Provider Frequency Distribution report as specified by Agency.

The SUR component produces a comprehensive statistical profile of provider health care practices by peer groups for all services authorized under the Medicaid program. One of the reports provided for a SURS Peer Group Profiling Study is the Frequency Distribution Report.

The Frequency Distribution Histogram is a graphical display of the utilization patterns (Report Items) found on the Peer Profile across all peers for a selected time period for one Report Item. The graph makes it easy to visualize and inspect the data values, and to see trends hidden in the data. Frequency distribution shows the proportion of Study Group peers for each range of values for a Report Item. The report (Figure 4.2.18.1-113) provides a graphical tool that can be used to determine whether the statistical distribution of a Study Group, for any Report Item for any time period, is normal or skewed. If the distribution of values across the Study Group is skewed (that is, does not look like a "bell curve" when graphed), then the use of the default standard deviation to set the upper limit of acceptability may be inappropriate. It may be more statistically valid to use one of the other methods (percentile, a set range of values, or a different Standard Deviation). The graph can also be used to identify statistical outliers.

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Figure 4.2.18.1-113. SUR Frequency Distribution Histogram Provider Report

This report provides a graphical tool to determine whether the statistical distribution of a Study Group, for any Report Item for any time period, is normal or skewed.

Access to this report is available from either the Study Profile Report from the Frequency Histogram hyperlink, as shown in Figure 4.2.18.1-114, or the Peer Profile Report from the Z-score hyperlink shown in Figure 4.2.18.1-115. This report does not display if there are less than 20 peers that qualified for inclusion in the Report Item, since the graph would be statistically meaningless and potentially misleading.

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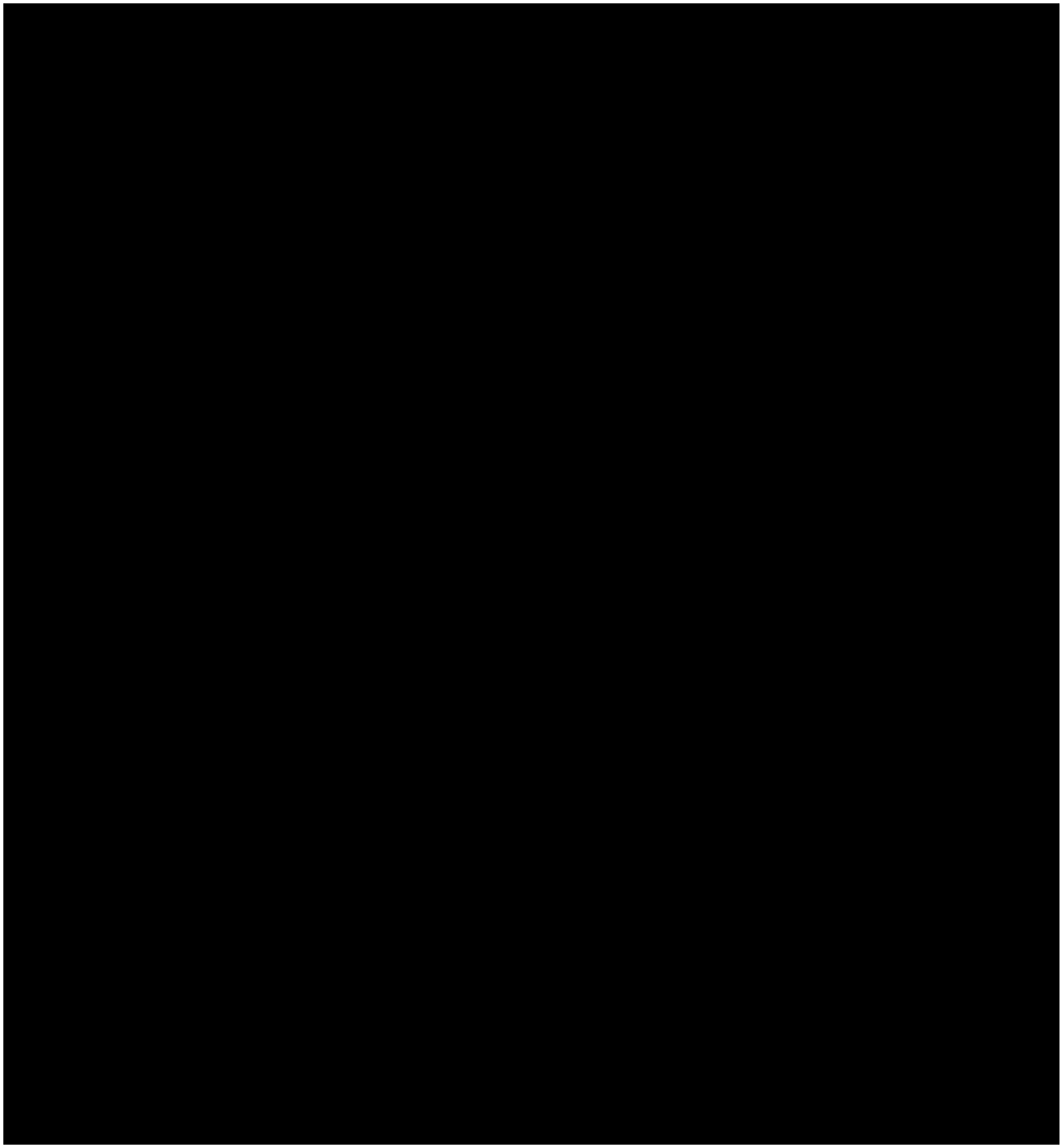

Figure 4.2.18.1-114. SUR Study Provider Profile

Once a SUR Study is run for a provider driven peer group, the exceptions are identified in the SUR ranking report.

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Figure 4.2.18.1-115. SUR Provider Profile
This report shows the study results.

FDRP137
The Contractor's solution shall have the ability to produce Provider Frequency Distribution Quarterly report as specified by Agency.

As detailed in ID FDRP136, the Provider Frequency Distribution report is available through a variety of means. The Conduent approach for generating SUR Peer Group Profiling Studies allows investigators the flexibility to run reports as needed, whether according to the traditional quarterly schedule, or on demand, for up to five time periods within the study, defined to be any span of time as required for analysis.

FDRP138
The Contractor's solution shall have the ability to produce Provider Peer Group Comparison report as specified by Agency.

Conduent meets this requirement with the SUR product which is accessible from the FADS Home Page. The Provider Peer Group Comparison is a process that produces a series of reports that combine to provide a comprehensive statistical profile of provider health care practices.

The purpose of the SUR processing is to use statistical methodologies to surface potential fraud, waste or abuse for investigation or review by analysts within a program integrity unit. The peer group comparison process creates a SUR Peer Group Study, which contains a series of reports with supporting details, so

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that the analyst can substantiate that the issue requires investigation, eliminate the behavior as a concern, or further adjust the peer group study as needed.

Provider Peer Group profiling is accomplished by comparing the behavior of a provider to others in the same peer group in order to identify statistically abnormal or abhorrent behavior, defined to be those who stand out compared to their peers as shown in the bell curve in Figure 4.2.18.1-116. The behavior that calculates as statistically deviant from the norm are considered "exceptions" and providers are ranked in a descending order of weight to denote the relative severity of suspicion for each provider.

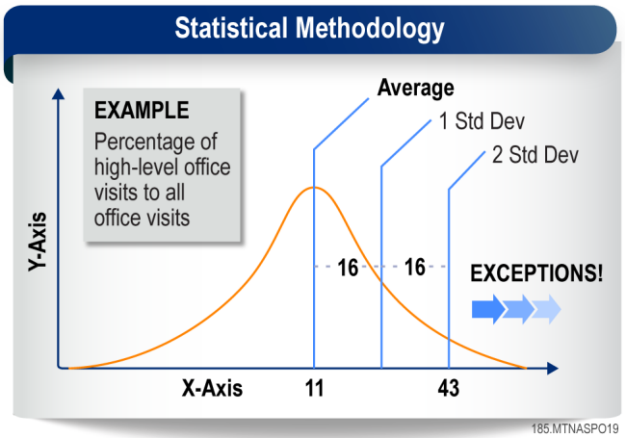

Figure 4.2.18.1-116. Bell Curve
This bell curve indicates the distribution is normal and the standard deviation methodology is valid.

SUR uses a peer grouping methodology to detect potential fraud and aberrant behavior patterns among both providers and members. Peer groups are providers or members who are grouped together by a common characteristic(s) that is user-defined from the analyst's desktop and easily modified from one study to another. This makes it easier to study different subpopulations quickly, construct very specific sub groups for focused studies, detect potential fraud and investigate tips in a dynamic and timely manner.

The SUR solution has the following features:

- Produces a ranked list of the providers or members based on the degree of abnormal behavior compared with the rest of the defined peer group
- Produces profiles for both the accepted and excepted providers and/or members included in the Study Group
- Requires less than an hour to build fraud studies that users can run on demand
- Allows fraud studies to run from the user's desktop PC with no dependency on mainframe computer schedules
- Provides results of the fraud studies to the user's desktop within a few hours (or sooner)

SUR is not a tool for claim-to-claim comparisons, or to query specific claims data directly. It is a tool to compare overall behaviors among a population with common characteristics. Once SUR produces the ranked list of potential suspects, then an ad-hoc query tool can be used to provide a closer look at specific claims data to help determine whether there is a legitimate justification for the abnormal activity.

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FDRP139
The Contractor's solution shall have the ability to produce Provider Peer Group Comparison Quarterly report as specified by Agency.

SUR Provider Profile reports are available to the investigator from either the Peer Ranking or Study Group Peer report for every Peer Group Study job that has one or more peers selected based on the user defined criteria. The Provider Profile report shown in Figure 4.2.18.1-117 displays the summary of the utilization patterns of each peer (provider or member) who met the criteria established for the study. This profile is produced for all providers in the peer group, whether "excepted" and "accepted" and is used to support reviews or investigations of peers. The Provider Profile is accessed by clicking on the hyperlink in the Peer Ranking Report or the Study Group Peer Ranking Report.

Figure 4.2.18.1-117. SUR Provider Profile
This report shows the study results.

FDRP140
The Contractor's solution shall have the ability to produce Provider Profile report as specified by Agency.

Our solution produces the Provider Profile report as specified by the Agency and described in ID FDRP139.

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FDRP141
The Contractor's solution shall have the ability to produce Provider Profile Quarterly report as specified by Agency.

The Provider Profile report as described in ID FDRP139 is available for any timeframe, including quarterly.

FDRP142
The Contractor's solution shall have the ability to produce Balance Report as specified by Agency.

The Conduent FADS and SURS components are supported by balancing procedures performed during database loads which produce balancing reports as specified by the Agency. The data mart is loaded with newly paid and denied claims, updated provider and member data, and valid values (reference/assigned codes) from the source system. We perform balancing procedures every time we load information. Balance reports with discrepancies alert our technical support team to investigate the discrepancy.

FDRP143
The Contractor's solution shall have the ability to produce Case Group Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Case Group Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP144
The Contractor's solution shall have the ability to produce Case Type Report as specified by Agency.

Our solution produces the Case Type Report as specified by the Agency. Once a user identifies inappropriate billing behaviors and decides to pursue further investigation, the user can create a case to collect information and document the various activities. Through the case tracking functionality of the FADS component, users can track and report on these activities online from the time of initial suspicion and assignment to an investigator, through the investigative process to possible appeals. Examples of the functions supported within case tracking include:

- Ability for authorized users to establish audit cases, manage the activities within the case and historically track and report the audit activities and results, including auditor ID, party being audited, findings, etc.
- Automated assignment of case control numbers for each created case
- Permits user defined capability (via business rules) for required and optional case data fields and for user defined edit criteria for all case data fields

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- Includes a comprehensive view of case history and actions taken by whom with links to help features to support the analysis and review of case detail
- Supports data audit and reporting and analysis requirements for onsite audits; web connectivity allows the auditor to access the application in the field
- Schedule events related to the case, including reminders
- Tracks claims selected for review, the status of the review, the resource conducting the review and any other attributes necessary to coordinate the investigation. Provides the ability to assign or reassign cases based on workload or specialization

FDRP145
The Contractor's solution shall have the ability to produce Peer Group Report as specified by Agency.

Our solution produces the Peer Group Reports, as specified by the Agency. Some advanced features and capabilities supported by SUR Peer Group reporting include:

- Ability to identify behavior patterns reflecting over-utilization, under-utilization, and other aberrant patterns according to an established exception process
- Drilldown capability providing a hyperlink from report values on a provider or member profile to a list of the claims supporting the profile
- An online, user-defined parameter library of rules, behavior patterns, and reporting items for use in any combination in peer group studies
- As many as five time periods of varying lengths per study, enabling "seasonal" studies accounting for anticipated volume changes during the year
- The ability to add providers or members into studies who might not have otherwise qualified for the peer group or exclude ones who normally would for a more accurate profile of activity
- The ability to scan claims, providers, and members twice in a study so that a given peer group is aggregated by a separate set of criteria

FDRP146
The Contractor's solution shall have the ability to produce SUR case type reports as specified by Agency.

Conduent has completed extensive research of the requirement to produce the SUR case type reports, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP147

The Contractor's solution shall have the ability to produce SURProfiler Member Peer Group Not Used report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the SURProfiler Member Peer Group Not Used report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP148

The Contractor's solution shall have the ability to produce SURProfiler Member Peer Group Usage report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the SURProfiler Member Peer Group Usage report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP149

The Contractor's solution shall have the ability to produce SURProfiler Provider Peer Group Not Used report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the SURProfiler Provider Peer Group Not Used report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP150
The Contractor's solution shall have the ability to produce SURProfiler Provider Peer Group Usage report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the SURProfiler Provider Peer Group Usage report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP151
The Contractor's solution shall have the ability to produce Chi Square Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Chi Square Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP152
The Contractor's solution shall have the ability to produce CT Scans or MRI With No Specialty report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the CT Scans or MRI With No Specialty report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP153
The Contractor's solution shall have the ability to produce Diagnosis Codes by Provider report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Diagnosis Codes by Provider report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP154
The Contractor's solution shall have the ability to produce Trend by Rendering Provider report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Trend by Rendering Provider report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP155
The Contractor's solution shall have the ability to produce CMO Chi Square Report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the CMO Chi Square Report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP156
The Contractor's solution shall have the ability to produce CMO Early Warning Report as specified by Agency.

One of the valuable features within the FADS suite of analytical tools is the Spike Detection reports, which are the Early Warning reports of high cost services and service misutilization based on current payment data to quickly identify high volume practices.

FADS contains a Provider Activity Spike Detection component that generates reports each weekend after the claims data is refreshed. These reports alert the user to providers who, during the last payment cycle, exceeded user-defined thresholds for increases in paid amount, number of claims, or number of distinct members. The Provider Activity Spike Detection Increase/Decrease report contains providers with a marked increase or decrease in claim activity. A prompt page enables the user to select the week ending date, the activity type, and one or more provider types. The type of report generated, increase or decrease, is dependent on the parameters entered. The report displays the parameters entered and used to generate the report. Refer to our response to ID FDRP93, page 4.2-977, for more information about the spike report.

FDRP157
The Contractor's solution shall have the ability to produce COS Quarterly Ranking report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the COS Quarterly Ranking report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP158
The Contractor's solution shall have the ability to produce Claim Error Status Detail report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Claim Error Status Detail report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP159
The Contractor's solution shall have the ability to produce Claim Error Status Summary report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Claim Error Status Summary report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP160
The Contractor's solution shall have the ability to produce Early Warning Report as specified by Agency.

One of the valuable features within the FADS suite of analytical tools is the Spike Detection reports, which are the Early Warning reports of high cost services and service misutilization based on current payment data to quickly identify high volume practices.

FADS contains a Provider Activity Spike Detection component that generates reports each weekend after the claims data is refreshed. These reports alert the user to providers who, during the last payment cycle, exceeded user-defined thresholds for increases in paid amount, number of claims, or number of distinct members. The Provider Activity Spike Detection Increase/Decrease report contains providers with a marked increase or decrease in claim activity. A prompt page enables the user to select the week ending date, the activity type, and one or more provider types. The type of report generated, increase or decrease, is dependent on the parameters entered. The report displays the parameters entered and used to generate the report. Our response to ID FDRP93, page 4.2-977, provides more information about the spike report.

FDRP161
The Contractor's solution shall have the ability to produce Excessive Hours Per Day report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Excessive Hours Per Day report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP162

The Contractor's solution shall have the ability to produce Few Procedure Codes Billed report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Few Procedure Codes Billed report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. Figure 4.2.18.1-118 shows a sample procedure ranking report from our library that may be equivalent to the required report. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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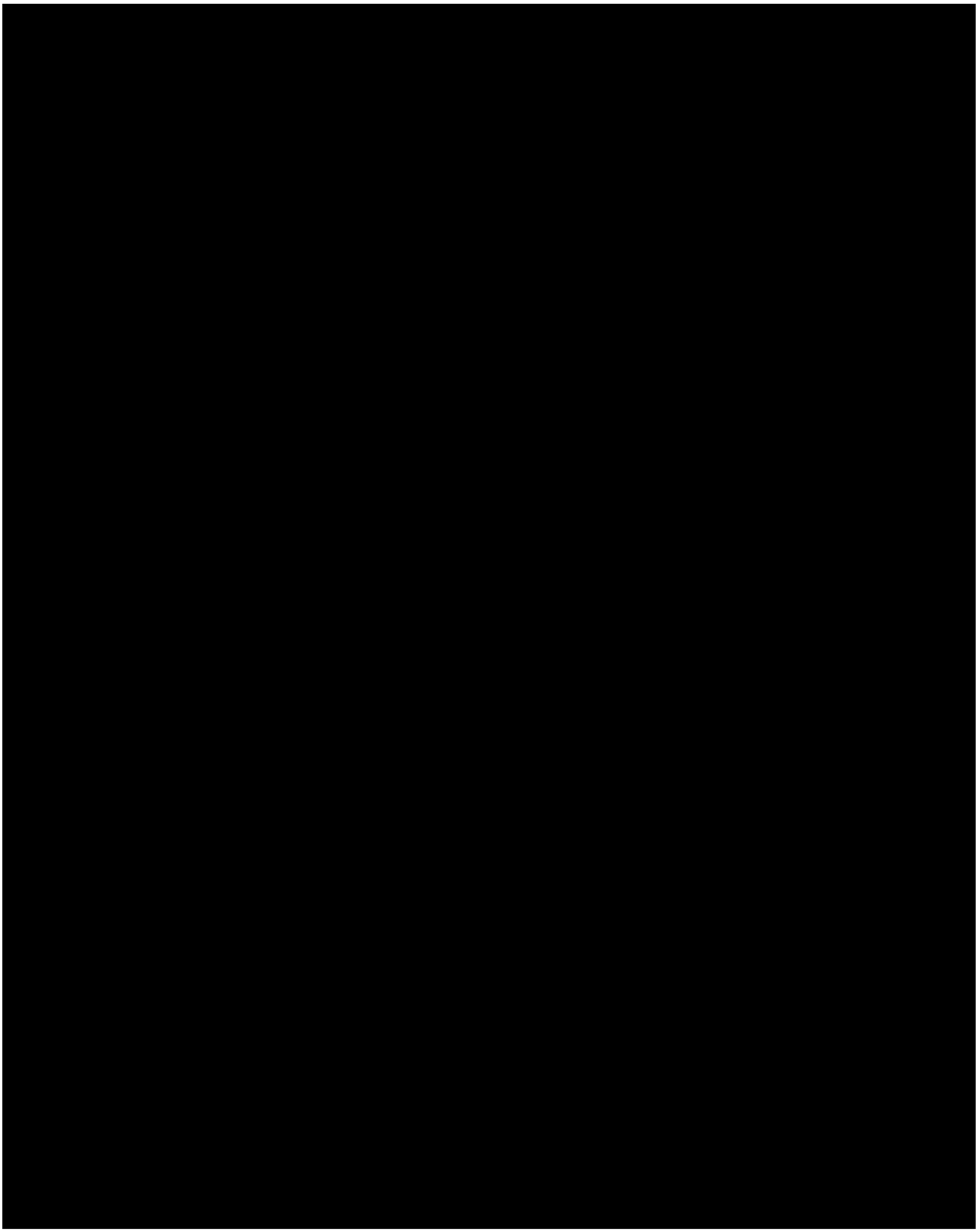

Figure 4.2.18.1-118. Procedure Code Ranking Report
This report shows procedures ranked by total paid amount.

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FDRP163
The Contractor's solution shall have the ability to produce Home Hospital Conflict report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Home Hospital Conflict report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP164
The Contractor's solution shall have the ability to produce Member Lock-In Activity report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Member Lock-In Activity report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP165
The Contractor's solution shall have the ability to produce Member Narcotics Exception Listing report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Member Narcotics Exception Listing report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP166

The Contractor's solution shall have the ability to produce Lock-In Program Monthly Savings report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Lock-In Program Monthly Savings report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP167

The Contractor's solution shall have the ability to produce Member Ethnicity-Race Analysis report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Member Ethnicity-Race Analysis report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP168

The Contractor's solution shall have the ability to produce PT OT Daily Overbilling report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the PT OT Daily Overbilling report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP169

The Contractor's solution shall have the ability to produce Critical Care Services With No Associated Institutional Stay report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Critical Care Services with No Associated Institutional Stay report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP170

The Contractor's solution shall have the ability to produce Excessive Miscellaneous Codes report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Excessive Miscellaneous Codes report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP171

The Contractor's solution shall have the ability to produce Nebulizer and Supplies report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Nebulizer and Supplies report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP172
The Contractor's solution shall have the ability to produce Delayed Surgery Summary report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Delayed Surgery Summary report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP173
The Contractor's solution shall have the ability to produce Facility Visits Exception report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Facility Visits Exception report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP174
The Contractor's solution shall have the ability to produce Office Visits Exception report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Office Visits Exception report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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FDRP175
The Contractor's solution shall have the ability to produce Physician Office Visits by Member report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Physician Office Visits by Member report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP176
The Contractor's solution shall have the ability to produce Physician Office Visits by TANF report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Physician Office Visits by TANF report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

FDRP177
The Contractor's solution shall have the ability to produce Suspended Medical report as specified by Agency.

Conduent has completed extensive research of the requirement to produce the Suspended Medical report, including reviewing the procurement library and the answers to questions. We understand that this is a current Georgia report that our solution needs to produce. In the State's Question & Answer Board response to *Attachment F, Option C Federal Reporting Reqs*, you indicated you were unable to provide further information about this report beyond the title. We use our CMdS data model and our solution's ad hoc reporting capabilities to deliver additional reports required by the project, often based on our reporting library's existing reports that are a close match to the requirements. The data in our data model is comprised of CMdS-Claims and CMdS-Financial data needed to support federal reporting, including stamping and T-MSIS data quality. We are confident our experienced federal reporting specialists can configure this required report using our solution's capabilities.

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4.3 Section 4: Offeror Qualifications [RFP Section 4]

REQUIREMENT: RFP Section Section 4

All subsections of Section 4 require a response. The Offeror must indicate certification of understanding for Sections and the offeror must restate the subsection number and the text immediately prior to your written response.

With nearly five decades in the Medicaid industry, Conduent's extensive qualifications testify to our leadership in the healthcare industry.

Conduent is pleased to provide DPHHS our credentials and qualifications for performing the scope of services requested in the State's Claims Processing and Management Services request for proposal (RFP). As a trusted operations and technology partner to DPHHS for 35 years, we are uniquely positioned to provide the State a successful approach to meeting requirements both for Core Services and all Optional Services. In addition to our Montana-specific experience, we bring nearly half a century of experience providing the same or similar services to numerous Medicaid programs nationwide.

Committed to Montana and Medicaid

- Strong, stable company with a solid history of numerous healthcare successes
- Key Personnel already providing experienced leadership and knowledgeable resources
- Supporting MT Medicaid for more than 35 years

Our commitment to and reputation in the government healthcare market allows us to work in partnership with clients to create solutions that meet their current healthcare program needs while preparing for the future—focusing on key issues such as healthcare outcomes, care management, federal regulations, and cost containment.

Conduent certifies our understanding of this section and provides responses to all subsections in Section 4 in the order cited Table 4.3-1. For all responses, we restate the subsection number and RFP text prior to our response.

Table 4.3-1. Cross-Reference of Conduent Responses to Section 4 Requirements

RFP Section	Proposal Section Number (including Subsections)	Proposal Section
4	4.3	Section 4: Offeror Qualifications
4.1	4.3.1	State's Right to Investigate and Reject
4.2	4.3.2	Offeror Qualifications
4.2.1	4.4	References
4.2.2	4.5	Company Profile and Experience
4.2.3	4.6	Resumes
4.2.4	4.7	Offeror Financial Stability
4.2.5	4.8	Disclosure of Dark Money Spending Compliance
4.2.6	4.10	Oral Presentation/Product Demonstration/Interview
4.2.7	4.9	Equal Pay for Women Certificate

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4.3.1 State's Right To Investigate And Reject [RFP 4.1]

REQUIREMENT: RFP Section 4.1

The State may make such investigations as deemed necessary to determine the Offeror's ability to provide the supplies and or perform the services specified. The State reserves the right to reject a proposal if the information submitted by, or investigation of, the Offeror fails to satisfy the State's determination that the Offeror is properly qualified to perform the obligations of the contract. This includes the State's ability to reject the proposal based on negative references.

Conduent acknowledges the State's right to conduct the necessary investigations to confirm our ability to deliver the supplies and services as required for this project. Further, we acknowledge the State's right to reject a proposal if the State determines an Offeror is not qualified to perform the obligations of the contract based the information submitted by or an investigation of the Offeror. Additionally, the State reserves the right to reject a proposal based on negative references.

4.3.2 Offeror Qualifications [RFP 4.2]

REQUIREMENT: RFP Section 4.2

To enable the State to determine the capabilities of an Offeror to provide the services specified in the RFP, the Offeror shall respond to the following regarding its ability to meet the State's requirements. THE RESPONSE, "(OFFEROR'S NAME) UNDERSTANDS AND WILL COMPLY," IS NOT APPROPRIATE FOR THIS SECTION.

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

For the purposes of Offeror Qualifications, the Offeror must include company information, references, financial information, and other qualification information and materials for the entity that will be the actual Contracting Entity. For example: if corporation XYZ chooses to bid, and it plans to have its wholly owned affiliate ABC sign the contract, the proposal must include references, qualifications, financial and other reference information for the ABC affiliate. XYZ can also submit qualification material from XYZ Corporation but it won't be considered in evaluating the actual Contracting Entity.

Conduent State Healthcare, LLC (Conduent), the bidding entity under this procurement, is a leading provider of healthcare technology and operations services to government-sponsored healthcare programs nationwide. Our principal line of business is delivering program administration solutions for government-funded healthcare programs with a primary emphasis on state-administered Medicaid programs.

Since our founding in 1970, we have focused on helping Medicaid agencies improve the administration of their programs. We are a pioneer in the development of MMIS and managed care solutions, dating back to the 1970s, including establishing the federal government standard for MMIS in 1971. Half a century later, we remain focused on the Medicaid market—developing innovative, advanced healthcare solutions. We have the only CMS-certified tool that uses a rules engine as well as the most recently certified Claims Processing System in the nation. The State of Montana and other participating states in the NASPO procurement can count on our responsiveness, know-how, and dedication as we support you in replacing aging legacy components as part of your ambitious Medicaid modernization efforts.

The combination of our highly qualified staff with operational procedures tailored to DPHHS processes provides an unparalleled skill base, stability, and real-world experience to tackle the Department's challenges and resolve them successfully. Due to our long-term experience with the State, we understand the state policies and offer reduced risk in rules configuration.

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Qualifications Overview

Conduent delivers mission-critical services and solutions for businesses and governments—creating exceptional outcomes for our clients and the millions of people who count on them. We offer our State clients the broadest range of innovative healthcare technology and administrative services targeted directly for Medicaid—setting us apart from our competitors in terms of length and depth of experience.

In addition to serving Montana, we currently hold healthcare-related contracts with government agencies in **23 states, the District of Columbia (DC), and Puerto Rico**—providing a broad range of healthcare technology and services that positively impact the lives of millions of citizens in the United States

Conduent State Healthcare, LLC

- Backed by the parent corporation, Conduent Inc., with a total revenue of $5.4 billion
- Supports State healthcare programs in 23 states, the District of Columbia (DC), and Puerto Rico
- Currently administering two contracts in Montana: MMIS/FA services and PBM services

We currently provide MMIS and/or fiscal agent (FA) services for the following Medicaid programs: Alaska, California, Hawaii, Mississippi, Montana, New Hampshire, New Mexico, Virginia, Wyoming, and the District of Columbia. Additionally, we currently provide prescription benefits management (PBM) services including claims processing, drug rebate, drug utilization review (DUR), and/or clinical services for **18 accounts nationwide,** including 12 Medicaid agencies and the United States Department of Labor.

Our national Medicaid experience brings additional value to our program administration approach by providing us a broad knowledge of the issues facing Medicaid programs nationwide and of the best practices for effectively addressing them. We understand how to translate complex Medicaid policy into our systems and operational processes, and we can respond quickly, responsibly, and knowledgably to evolving policy and programmatic needs. We offer DPHHS and other state clients the expertise of a long-term Medicaid services contractor with a proven performance history of providing the scope of services cited under the Claims Processing and Management Services contract.

Many of our current contracts represent multiple consecutive contract awards or renewals—testifying to our ability to maintain strong positive relationships with our customers and meet their immediate and long-term needs. The State benefits from selecting a strong, stable contractor with nationwide experience and the ability to leverage best practices and lessons learned from multiple other projects.

Corporate Commitment

Just as Medicaid continues to be the focus for Conduent, the commitment to and investment in the government healthcare market is foundational to our corporate parent. Conduent Incorporated provides innovative health and human services (HHS)-related business process services to government agencies and all 20 of the largest managed healthcare payers in the United States.

Our parent recognizes the importance of Medicaid in our overall business portfolio and is dedicated to ensuring we continue to play an instrumental role in assisting our Medicaid clients improve the administration of their healthcare programs and the healthcare outcomes of their program members.

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Experience in Montana

Conduent has provided technology and operations services for the Montana Medicaid program since 1984, representing six contracts across a 35-year partnership with DPHHS. The State currently holds two separate contracts with Conduent: one for MMIS/FA services and one for prescription benefits management (PBM) services.

Under our initial MMIS/FA contract with DPHHS in 1984, we developed Montana's first MMIS and have maintained, enhanced, and operated it since that time—providing fiscal agent services without interruptions. In July 2007, we began providing enrollment broker services for Passport to Health, the State's Primary Care Case Management (PCCM) program, and for Team Care, the State's Medicaid managed care program. We also implemented our web-based state level registry (SLR) software-as-a-service (SaaS) solution and services for Montana in July 2011. To date, our SLR has facilitated payment to over 1,640 Montana providers, supplying Montana's health communities with over $48 million in incentives.

During our third contract, Conduent implemented a claims-based medical history system solution—an initiative recognized by CMS as the *nation's first Electronic Health Record (EHR) program*. Additionally, we implemented Montana's Medicaid Expansion Program which went live January 1, 2016—*on time and on budget.*

In Figure 4.3.2-1 we list the services we currently operate under our current Montana MMIS/FA contract:

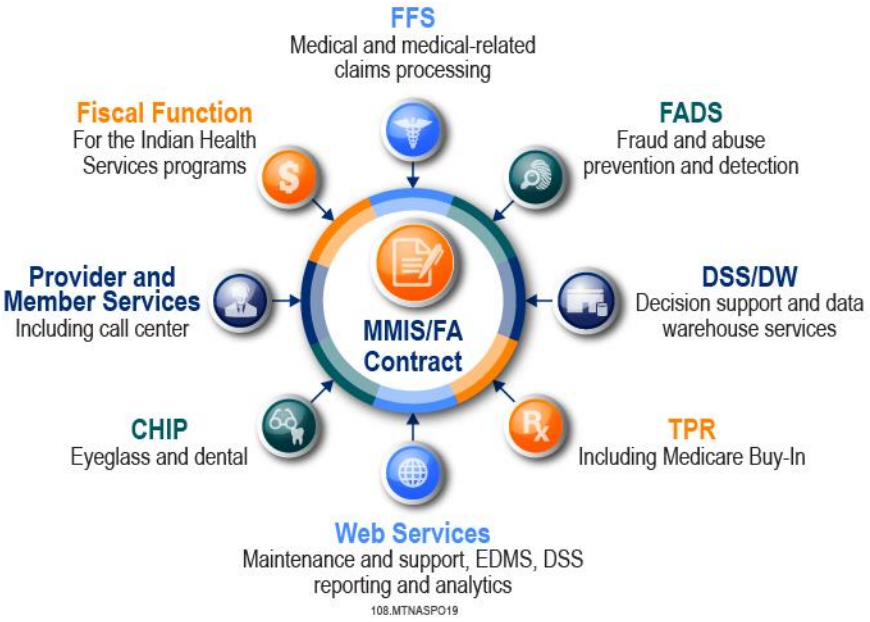

Figure 4.3.2-1. MMIS/FA Services
Our current services under the MMIS/FA contract.

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Additionally, we have provided PBM services since 1996. Under our current PBM contract, awarded in 2012, we implemented a suite of modular pharmacy applications—on time and on budget—including:

- **Conduent Flexible Rx.** Our MITA-compliant, modular pharmacy point-of-sale (POS) claims processing system
- **Conduent SmartPA.** Our automated prior authorization (PA) processing system
- **Conduent Drug Rebate Analysis System (DRAMS).** Our web-based rebate administration system

The Flexible Rx PBM module received federal certification on February 15, 2017, retroactive to its first day of operation (December 6, 2015). This is the first time that certification has been granted to an individual pharmacy Medicaid management module. The Conduent Flexible RX pharmacy solution is the first pharmacy Medicaid management module to receive CMS certification based on the latest federal checklists for modular solutions in the MECT. We are proud to have led the Medicaid industry in our preparation for and execution of this landmark certification.

References

To demonstrate our experience providing services consistent with the Claims Processing and Management Services scope of work, we provide reference projects for Conduent and for each of our subcontractors. We provide five references for Conduent and three references for each of our subcontractors in Proposal Section 4.4 References.

Financial Information

Backed by the significant resources of our corporate parent Conduent Incorporated—with approximately **$5.4 billion** in annual revenue for 2018—we bring DPHHS the corporate strength and financial stability to achieve the successful and timely completion of all project requirements, with no financial risk to Montana Medicaid. The financial results of Conduent State Healthcare, LLC (Conduent) are included in Conduent Incorporated's reporting. For additional details, please refer to Proposal Section 4.7 Financial Stability.

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4.4 References [RFP Attachment C and Section 4.2.1]

REQUIREMENT: RFP Sections Attachment C and Section 4.2.1

Offerors must provide a list of references. Detailed instructions can be found in Section 4.2.1.

REQUIREMENT: RFP Section 4.2.1

Offeror shall provide a minimum of 3 (three) references that are currently using or have previously used products and/or services of the type proposed in this RFP. The references may include state governments, universities, or comparable private sector projects for whom the Offeror, within the last 5 (five) years, has successfully implemented scope similar in nature to the MPATH Claims Processing and Management Services scope of work. At a minimum, the Offeror shall provide the company name, location where the products and/or services were provided, contact person(s), contact telephone number, e-mail address, and a complete description of the products and/or services provided, and dates of service. These references will be contacted to verify Offeror's ability to perform the contract. The State reserves the right to use any information or additional references deemed necessary to establish the ability of the Offeror to perform the contract. Negative references or the inability to contact the reference may be grounds for proposal disqualification. Provide the information above for each proposed subcontractor.

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Conduent Proprietary Information

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4.5 RFP Section 4.2.2 Company Profile and Experience [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C

Offeror shall provide documentation establishing the individual or company submitting the proposal has the qualifications and experience to provide the supplies and/or services specified in this RFP. Details regarding minimum criteria of this documentation can be found in Section 4.2.2.

DPHHS benefits from a contractor offering both 49 years of nationwide Medicaid and 35 years of Montana-specific experience.

DPHHS is undertaking a significant transition to new technology as part of your overall vision of modernizing your Medicaid enterprise to promote increased modularity and flexibility as well as improved service delivery to your program stakeholders. The on-time implementation of the new Claims Processing and Management Services solution and its certification are also top priorities for the State. Because expectations are high for the contract and the selected contractor, DPHHS benefits from selecting a strong, stable contractor both with Montana-specific and with national experience. As a trusted, reliable technology and operations partner to the State for 35 years and for numerous Medicaid programs nationwide, Conduent brings the qualifications and experience to help you achieve your vision while reducing risk.

An Experienced Partner in Montana

- 35 years of experience with Montana Medicaid
- 49 years of experience in Medicaid
- Reduced risk in State configurations

We Know Montana

As a trusted operations and technology partner to Montana for more than three decades, Conduent is uniquely positioned to provide DPHHS a successful approach to meeting the services required under this procurement. We know the Montana Medicaid environment and our staff have in-depth practical experience supporting Montana Healthcare Programs, the groups of individuals these programs serve, and the healthcare benefits these programs cover. We developed and managed the systems that support Montanans' access to care and as Montana Medicaid has grown and evolved, we have assisted DPHHS in incorporating new benefit programs and covered services consistent both with evolving State-specific and federal initiatives. As shown Figure 4.5-1, we have maintained a commitment to improving both technology and operations in terms of quality, efficiency, and cost containment.

Figure 4.5-1. Our Commitment to Improvement of Technology and Operations

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We are eager to continue our working relationship with you to leverage our knowledge and understanding of your Medicaid Program to maximize the investment you are making in moving toward modularity consistent with your MPATH vision.

4.5.1 Company Profile and Experience [RFP 4.2.2]

REQUIREMENT: RFP Section 4.2.2

Offeror shall provide documentation establishing the individual or company submitting the proposal has the qualifications and experience to provide the supplies and/or services specified in this RFP, including, at a minimum:

- a detailed description of any similar past projects, including the product/service type and dates the products and/or services were provided;
- the client for whom the services were provided; and
- a general description of the company including its primary source of business, organizational structure and size, number of employees, years of experience performing services similar to those described within this RFP;
- Provide the information above for each proposed subcontractor.

Backed by 49 years of Medicaid experience, Conduent has the necessary qualifications and experience to provide the full scope of services for the Claims Processing and Management Services project.

As the leading provider of healthcare technology and operational services for government-sponsored health care programs, Conduent maintains a continuous commitment to helping state Medicaid agencies improve their program administration. Our nationwide Medicaid experience brings additional value to the services we offer by bringing best practices from numerous accounts nationwide. We focus on working with our clients to improve the administration of their programs by developing and operating healthcare solutions with a proactive emphasis on innovative technology and cost management.

We continually invest in our healthcare service offerings to provide you the most comprehensive and advanced solutions available.

Design, Development, and Implementation (DDI) Experience: 49 Years

Our DDI and/or operation of MMIS solutions and other large-scale solutions spans **49 years** and ranges from the DDI of new MMIS systems to the implementation and re-engineering of transferred MMIS systems.

Additionally, we were **one of the first contractors** to respond to state initiatives to procure Medicaid functionality as stand-alone modules. We have designed, developed, implemented, and operated carve-out systems spanning pharmacy point-of-sale (POS); decision support system/data warehouse (DSS/DW); management and administrative reporting/surveillance and utilization review (MAR/SUR); electronic health records (EHR); fraud and abuse detection (FAD); and provider enrollment system (PES) modules, as well as Medicaid-related eligibility systems supporting Children's Health Insurance Programs (CHIP). In each case, we executed transitions successfully with no disruption of services to the Medicaid enterprise.

Fiscal Agent (FA) Operations Experience: 38 Years

After building a strong foundation in MMIS development and implementation starting in 1971, we entered the arena of Medicaid FA operations in 1982. Throughout our 38 years as an FA, we have performed services similar to those that we currently perform for Montana Medicaid for numerous state

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healthcare clients across the country. Given the length and depth of our FA experience, we understand the concerns of our clients and design and operate systems with our client end-users in mind. Our operations expertise helps our clients to focus on their members and the strategic direction of their programs.

We are currently the FA for the following Medicaid programs: Alaska, California, Hawaii, Mississippi, Montana, New Hampshire, New Mexico, Virginia, Wyoming, and DC. In these states, our FA teams operate various Medicaid solutions and provide claims administration and technical support for systems operations, maintenance, and enhancements.

Our technology helps us deliver highly efficient, quality-driven Medicaid operations for our state clients. The following list summarizes the types of FA support we currently provide or have provided for current and former clients:

- Claims processing, management, and payment, including encounter processing and capitation payments
- Electronic Data Interchange (EDI)
- Financial services, including accounts payable and receivable
- Customer call centers and contact management, including recipient and provider web portals
- Decision Support System (DSS)/Executive Information System (EIS)
- Data entry and mailroom services
- Early and Periodic Screening, Diagnostic and Treatment (EPSDT) support services
- Prior authorization
- Print and mail fulfillment
- Member ID card production

Certification Experience: Unblemished Record of Success

Obtaining and maintaining federal certification of the Claims Processing and Management solution to achieve maximum federal financial participation (FFP) is an absolute priority of DPHHS. Conduent brings a 100% successful record of federal certification in 15 MMIS implementations for Alaska, Colorado, Florida, Georgia, Iowa, Minnesota, Mississippi, Montana, New Hampshire, New Mexico, North Dakota, Washington, and Wyoming Medicaid and twice for the District of Columbia Medicaid Program. We ensure that all Conduent-developed MMIS solutions—as well as the MMIS solutions we take over, enhance, and operate—continually meet federal certification requirements. No Conduent MMIS has ever failed to receive certification retroactive to the date requested.

Additionally, with the certification of Conduent's Flexible Rx pharmacy solution in Montana, we were the first vendor to have a Medicaid pharmacy management module certified using the latest federal checklists for modular solutions in the Medicaid Enterprise Certification Toolkit (MECT).

National Footprint in Healthcare

As a provider of Medicaid technology for 49 years and FA services for 38 years, Conduent has supported numerous Medicaid and Medicaid-related healthcare programs. We currently have healthcare-related contracts with government customers in **23 states, the District of Columbia (DC), and Puerto Rico**—providing a range of healthcare services that positively affect the lives of millions of people, as shown in Figure 4.5-2. In several of these states, we provide healthcare services under more than one contract.

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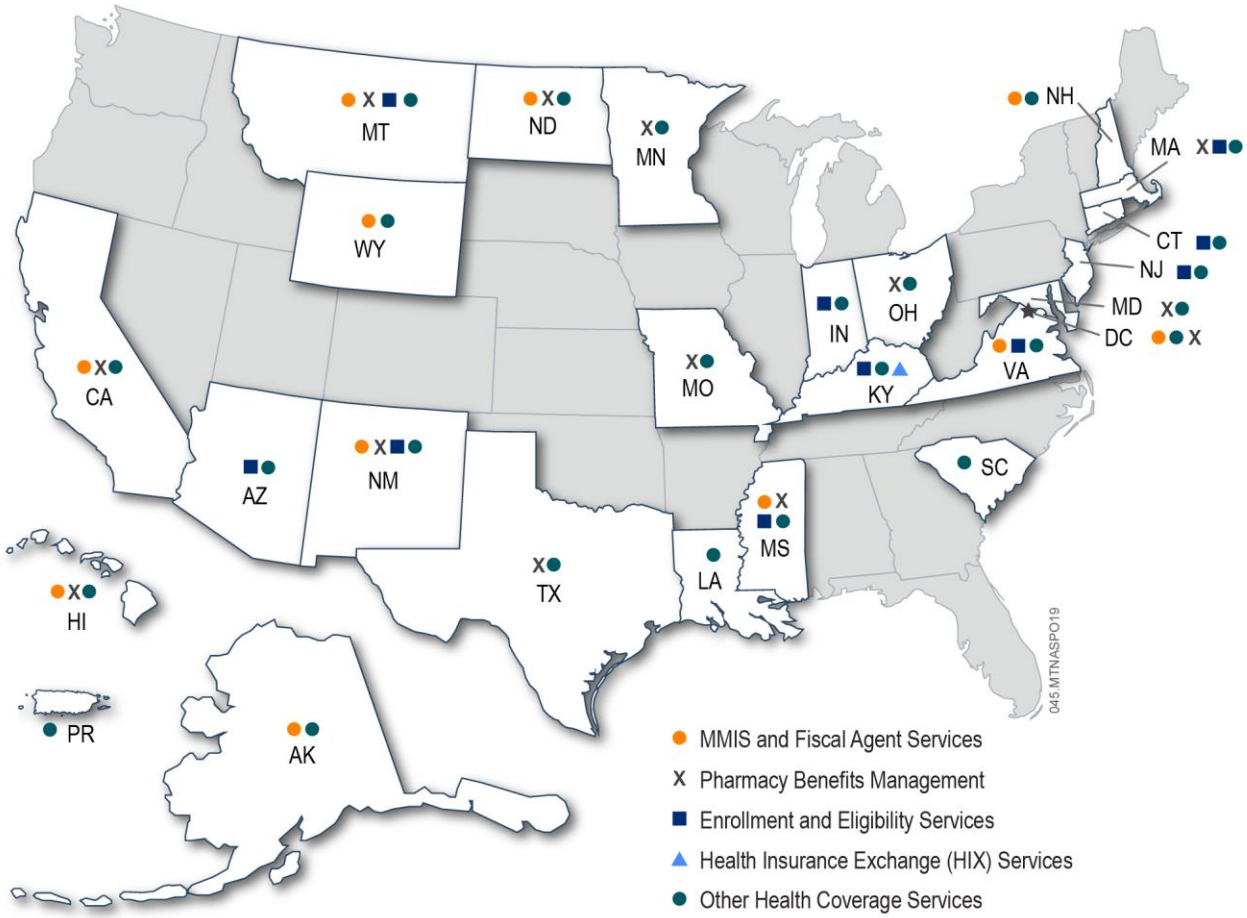

Figure 4.5-2. Nationwide Government Healthcare Experience
Our breadth of experience gives us a strong overall perspective of national healthcare trends.

Our national Medicaid experience brings additional value to our program administration approach by providing us a broad knowledge of the issues facing Medicaid programs nationwide and of the best practices for effectively addressing them. We understand how to translate complex Medicaid policy into our systems and operational processes, and we can respond quickly, responsibly, and knowledgably to evolving policy and programmatic needs.

Conduent Similar Projects

Conduent provides details of 11 current Medicaid projects where we provide services that are the same or similar to the scope of services specified in the RFP for both Core and Optional Services. For ease of evaluation, in the Products/Services Type column of the table, we include the project name, a high-level view of services, and a delineation of specific services.

We provide descriptions for the following Medicaid programs: Alaska, California, District of Columbia, Hawaii, Mississippi, Montana, New Hampshire, New Mexico, North Dakota, Virginia, and Wyoming.

Table 4.5-1 details our past projects similar to Montana.

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Table 4.5-1. Conduent: Projects Similar to Montana

Client	Product/Service Type	Dates Product/ Services Provided
Alaska Department of Health and Social Services (DHSS)	Alaska MMIS/Fiscal Agent Operations Initial contract for the DDI of Conduent Health Enterprise MMIS, FA operations, and decision support services, followed closely by a second contract for the takeover the legacy MMIS and FA operations while performing the DDI phase of our initial contract. Fiscal agent services include: • FFS claims processing, including medical, pharmacy, dental, transportation, and durable medical equipment (DME); managed care encounter claims • CMS certification support for Health Enterprise • Full-service project management, including PMO • Provider services, including provider enrollment and training • Member services • System maintenance and modification • Third party liability (TPL), including Medicare Buy-In • Decision support system/data warehouse (DSS/DW) • Management and administrative reporting (MAR) • Electronic document management support (EDMS) services • Provider web portal, including provider enrollment • Training and quality assurance • Call center for providers and members • Non-emergency medical transportation services • Prior authorization (PA) • Early and Periodic Screening, Diagnosis and Treatment (EPSDT) • Home and Community Based (HCB) Waivers • Security and Confidentiality • Turnover	7/1/2007 – 11/30/2022
California Department of Health Care Services (DHCS)	California MMIS/Fiscal Intermediary/PBM Takeover of legacy MMIS and fiscal intermediary (FI) operations from DXC Technology (formerly Hewlett Packard); takeover of all claims processing systems including the pharmacy benefits management (PBM) system and pharmacy operations services. Fiscal agent services include: Our FI services under the legacy CA-MMIS include: • Claims adjudication for Medi-Cal • Treatment Authorization Request (TAR) Processing • Telephone Service Center for beneficiaries and providers • Medi-Cal Eligibility Verification • Provider Relations – Medi-Cal Publications and Bulletins – Provider Outreach, Education, and Training – Financial Cash Control • Print Center • Infrastructure (System Hosting and Maintenance) Support – Three Data Center locations	5/1/2010 – 3/31/2020

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Client	Product/Service Type	Dates Product/ Services Provided
	– Local support of technical help desk and support for 800 Workstations, Telephony, and local LAN/WAN – Infrastructure includes Mainframe, Midrange, on a variety of technology platforms • Systems Group – Ongoing system operations and maintenance of 81 Applications using varied software packages – Change Order effort exceeds 250,000 hours per year – Support policy changes, program enhancements, and federal Medicaid regulations (ACA) – Total payments exceed $16 billion per year • Other Services – Enterprise Project Management Office (EPMO) – Information Security and Privacy – Testing and Training – Fraud/Abuse Detection and Prevention – Cost Containment – Audit Support – Third Party Liability Support Services – Quality Control and Assurance – Electronic Document Management (EDMS) Services	
District of Columbia Department of Health Care Finance	District of Columbia (DC) MMIS/Fiscal Agent DDI and operation of replacement MMIS (Conduent's Advanced MMIS) and FA operations (first contract); DDI and operation of replacement MMIS (Conduent's OmniCaid MMIS) and FA operations. Fiscal agent services include: • FFS claims processing, payment, and management • Housing of encounter data for generating provider remittance advices and payments • Full fiscal agent services • Technical support for operations, maintenance, modifications, and system enhancements • Web portal for providers and members • Provider enrollment, outreach, and call center • Third party liability (TPL), including Medicare Buy-In • Electronic document management support services • eSURs, eFADS, and eMARs • DSS/DW/Federal Reporting • Reference file maintenance • Drug rebate • Retrospective drug utilization review (RetroDUR) • Quality control, including monthly monitoring report	2/28/2001 – 9/30//2020, excluding a one-year options

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Client	Product/Service Type	Dates Product/ Services Provided
Hawaii Department of Human Services, Med-QUEST Division	Hawaii Fiscal Agent/PBM FA operations services since 2002 and PBM services since 2001; initial takeover of legacy pharmacy system followed by DDI of Conduent-developed pharmacy point-of-sale (POS) system. • FFS medical and medical-related claims processing, scanning, and document management • EDI support • Pharmacy Drug Rebate Program • Provider services, including call center, outreach, and education • Quality assurance and report card • Electronic document management system (EDMS) • Mailroom • Training and publication • Banking reconciliations • State level registry solution and services • Pharmacy services, including claims adjudication and payment/Pro-DUR; technical and clinical call center, decision support system (DSS)/reporting; pharmacy prior authorization; federal drug rebate and managed care rebate; program integrity; and SMAC (custom Conduent program and management)	10/1/2001 – 6/24/2020
Mississippi MMIS and Fiscal Agent Services	Mississippi MMIS/Fiscal Agent/PBM Takeover of a DXC Technology MMIS claims processing system and fiscal agent operations services; takeover of pharmacy claims processing system and operations; takeover of DSS/DW; enhancements. Subsequent DDI, operations, and maintenance of Conduent-developed MMIS and pharmacy POS systems. Fiscal agent services include: • Claims processing, payment, and management, including fee for service and pharmacy claims and encounter processing • System maintenance, modification, and enhancement • Call center services (provider and client)/automated voice response (AVR) • Provider services, including web portal, call center, enrollment, verification, monthly monitoring, revalidation, education, and publications • Education, monitoring, and publications • Client services, including enrollment, education, monitoring, and call center • Support services, including quality management, project management, and training • Electronic document management system (EDMS)/computer output to laser disk (COLD) reporting • Technical help desk • Prior authorization • Medical review • Financial services • Quality and contractual compliance controls (report card) • Correspondence tracking	3/15/2001 – 6/30/2020

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Client	Product/Service Type	Dates Product/ Services Provided
	• Decision support services/date warehouse (DSS/DW)/Executive Information System (EIS)/LAN/Network Support • Surveillance utilization review/fraud and abuse detection system (SURS/FADS) • Health Insurance Portability and Accountability Act (HIPAA) compliance • Production/issuance of plastic ID cards • Medicaid eligibility verification system (MEVS) • Third party liability (TPL) support services • Medicare Buy-In • Management and administrative reporting (MAR) and ad hoc reporting • PBM services include POS claims processing and payment/(Pro-DUR); claims data warehouse/reporting; clinical services; automated prior authorization; federal and MCO drug rebate administration; and pharmacy/therapeutics committee • State level registry (SLR) • Modernized eligibility system	
Montana Department of Public Health and Human Services (DPHHS)	Montana MMIS/Fiscal Agent MMIS DDI and operation and FA services; initial DDI of PBM POS system and pharmacy operations services followed by DDI and operation of Conduent's latest generation pharmacy POS system. Services include: • Medicaid claims processing and adjudication • MMIS maintenance, modification, and enhancement • Managed care program administration for Medicaid recipients • Waiver program management and administration • Call center services for providers and recipients • Provider services including enrollment/field services/publications • Web portal for providers and recipients; web portal management and maintenance • Provider enrollment, mailroom, financial management • HIPAA help desk • Data warehouse/decision support system (DW/DSS) and fraud abuse and detection (FAD) • Financial services • PBM Services, including POS claims processing and payment/ProDUR; claims data warehouse/reporting; clinical services; federal and supplemental drug rebate services using Conduent-developed drug rebate administration and management system (DRAMS); RetroDUR support; and program integrity support • State Level Registry, including interface testing with National Level Registry; enrollment and attestation for program participants; reporting of payments and program details; and SLR helpdesk	9/1/1984 – 12/31/2020, currently in negotiations with State to extend contract through 12/31/2023

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Client	Product/Service Type	Dates Product/ Services Provided
New Hampshire Department of Health and Human Services (DHHS)	New Hampshire MMIS/Fiscal Agent DDI and operation of replacement MMIS and FA operations services. Fiscal agent services include: • FFS claim and encounter processing, management and reporting • Provider and recipient services • Managed care program administration for approximately 133,000 Medicaid recipients/members, including the generation of capitation payments to the health plans and the processing of encounter records • Provider web portal, supporting comprehensive self-services, including online provider enrollment, eligibility verification, computer-based training (CBT), claim submission and online claim correction, claims inquiry, prior authorization submission and inquiry and correspondence tracking, among other services • Call center • Third party liability (TPL) support services • EPSDT • Decision support system (DSS)/data mart/ad hoc reporting • Management and administrative reporting (MAR) • Electronic document management services (EDMS) • Care management and case tracking • County billing • Acuity rate setting • Benefit package • Training, including CBT • Quality assurance • Federal certification support (complete)	12/7/2005 – 6/30/2021
New Mexico Human Services Department (HSD), Medical Assistance Division	New Mexico MMIS/Fiscal Agent/PBM Takeover and enhancement of MMIS claims processing system and fiscal agent operations services; DDI of replacement MMIS and pharmacy point-of-sale (POS) system and FA operations and pharmacy services. Fiscal agent services include: • Medicaid claims processing and adjudication • MMIS maintenance, modification, and enhancement • Managed care program administration for Medicaid recipients • Waiver program management and administration • Call center services for providers • Call center services for client Income Support Division (ISD) and Medical Assistance Division • Provider services, including enrollment/field services/publications • Web portal for providers and recipients; web portal management and maintenance • Provider enrollment, mailroom, financial management • HIPAA help desk • Decision support system/data warehouse (DSS/DW) and fraud abuse and detection (FAD)	12/20/1994 – 12/31/2022

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Client	Product/Service Type	Dates Product/ Services Provided
	• Electronic document management services (EDMS) • Financial services • PBM services, including POS claims processing and payment/ProDUR; claims data warehouse/reporting; clinical services; federal and supplemental drug rebate services using Conduent-developed drug rebate administration and management system (DRAMS); RetroDUR support; and program integrity support • State level registry (SLR) system	
North Dakota Department of Human Services	North Dakota MMIS/PBM for State Operation DDI of Conduent-developed MMIS including post implementation review, maintenance, and support; DDI and maintenance support of Conduent-developed and Pharmacy POS System. (Conduent does not provide FA services to North Dakota) Services include: • Enterprise-wide project and quality management • Data conversion • Development and end-to-end testing • State training • MMIS federal certification preparation • Post implementation review, maintenance, and support, including application of ICD-10, HoPR, SSNRI and periodic 3rd party software upgrade	6/8/2006 – 10/4/2020
Virginia Department of Medical Assistance Services	• Virginia MMIS/Fiscal Agent/PES • Takeover and significant enhancement of legacy MMIS and FA operations; provision of provider enrollment services (PES); takeover of legacy POS system and provision of pharmacy operations services up to 10/01/2017. • Operations services include: • FFS claims adjudication and processing • Encounter claims processing • System maintenance, modification, and enhancement • Financial services • Provider relations, enrollment and provider web portal • Call center for providers and members • Member identification cards (ID) cards • Electronic document management system (EDMS)/mailroom services • Security • Electronic data interchange (EDI) support • Project, quality, change, and risk management	4/1/2009 – 6/30/2020

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Client	Product/Service Type	Dates Product/ Services Provided
Wyoming Department of Health, Division of Healthcare Financing	Wyoming MMIS/Fiscal Agent Implementation and operation of Conduent-developed MMIS and fiscal agent services; pharmacy system and services; major enhancements to system during second contract; major modernization project with 24 significant system enhancements during third contract. (Pharmacy services up to 2009). Fiscal agent services include: • FFS Medical claims processing and medical-related claims operations, including OCR and imaging and encounter processing • MMIS maintenance and modification • Provider and client relations services, including four call centers, provider on-site visits, and client travel reimbursement processing • Third party liability (TPL) services, including estate recovery • Medicare Buy-In and Subrogation • Medical policy, including prior authorization, program integrity review • Provider and client web portal • Decision support system (DSS) with eFADS • Electronic document management system (EDMS)/mailroom services • Partial real-time claim adjudication via the provider web portal	9/1/1993 – 6/30/2021

Conduent Company Description

Conduent was established in 1970 as Consultec, Inc., in Georgia—making us one of the two oldest firms in the Medicaid marketplace. On March 25, 1999, Consultec, Inc. was registered in the State of Delaware as a limited liability company (LLC) and its name was changed to Consultec, LLC. The name Consultec, LLC was changed to ACS State Healthcare, LLC on May 29, 2001, after the company's acquisition by Affiliated Computer Services, Inc.

On September 28, 2009, Affiliated Computer Services, LLC (ACS) and Xerox Corporation entered into an Agreement and Plan of merger providing for the acquisition of the former by Xerox. On February 5, 2010, Xerox Corporation officially acquired ACS and then retired the ACS brand on January 25, 2012. The name ACS State Healthcare, LLC was changed to Xerox State Healthcare, LLC, effective April 1, 2012.

In January 2016, Xerox Corporation announced it would separate its technology and services businesses into two independent, publicly traded companies. The separation concluded and as of January 1, 2017, the business process services (BPS) division of Xerox Corporation is now part of and is being conducted under the new name Conduent Incorporated. Effective February 15, 2017, the business name of Xerox State Healthcare, LLC changed to Conduent State Healthcare, LLC. Today, Conduent State Healthcare, LLC (Conduent) is a wholly-owned subsidiary of our parent company, Conduent Incorporated.

Although our company name has changed over the years, both our healthcare focus and Medicaid-specific experience and expertise have remained steadfast across five decades.

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Primary Source of Business

Conduent's principal line of business is providing program administration solutions for government-funded healthcare programs with a primary emphasis on state-administered Medicaid programs. Our Medicaid business history dates back to 1970 and our focus remains on Medicaid to this day. Since our development of the first MMIS prototype in 1971 and provision of fiscal agent (FA) operations in 1982, we have transformed our technology and enhanced our service offerings to address the challenges of Medicaid administration for the future.

Since Conduent's development of the first MMIS prototype in 1971 and provision of fiscal agent (FA) operations in 1982, we have transformed our technology and enhanced our service offerings to address the challenges of Medicaid administration for the future. Across our history, we have designed, developed, and implemented several generations of MMIS, including powerful, reliable mainframe systems; the first truly multi-payer MMIS; and the first web-based, MITA-aligned MMIS. Today, our Medicaid information technology service offering is anchored by our Conduent Medicaid Suite (CMdS)—components of which we are bidding to support both the Core and Optional Services scope of work. CMdS is a flexible SOA-based modular platform that provides the ability to easily configure technology to meet the evolving business needs of Medicaid programs.

For Medicaid, our healthcare solutions integrate a full spectrum of systems and services, including MMIS solutions, fiscal agent (FA) services, provider enrollment and support, pharmacy benefits management (PBM), clinical services, care coordination and management, eligibility and enrollment services, children's health administration (CHIP), fraud and abuse detection (FAD), and more, as shown in Figure 4.5-3.

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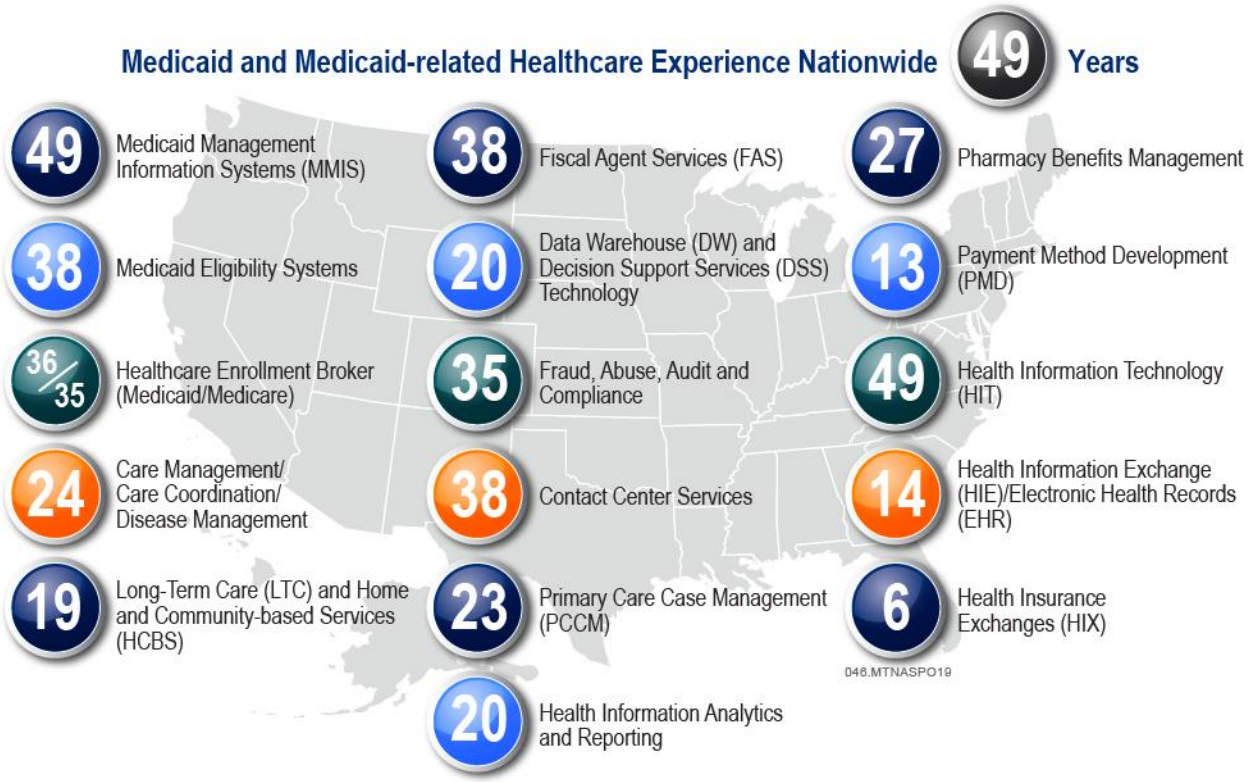

Figure 4.5-3. Nationwide Healthcare Leader for 49 Years

Serving state governments since the beginning of Medicaid, we support the technical and business needs of the Medicaid enterprise and accommodate changes in program direction.

With Conduent, state customers can rely on a contractor who provides services across the Medicaid enterprise and is quick to adapt to an evolving healthcare landscape to help customers sustain their programs for the future.

Healthcare Service Offerings: Spanning the Medicaid Enterprise

We offer the broadest array of healthcare services available today—a comprehensive approach, which sets us apart from our competitors. We provide highlights of these services in Table 4.5-2.

Table 4.5-2. Conduent Healthcare Service Offerings

Service Offering	Brief Description
Medicaid Management Information Systems (MMIS)	We provide full MMIS services including: • MMIS design, development, and implementation (DDI), maintenance, enhancement/modernization, and operation • MMIS takeover, operation, and maintenance • Web portal design and maintenance • MITA framework

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Service Offering	Brief Description
Fiscal Agent/Intermediary Services	We provide full FA/FI operations services, including but not limited to: • Claims processing, management, and payment • Provider services • Financial services, including accounts payable • Member services, including recipient ID card production • Electronic data interchange (EDI) • Web portal support services • Call center and contact management • TPL services • Data entry and mailroom services • Print and mail fulfillment • Prior authorization • Utilization management (UM) • EPSDT support services
Certification: MMIS Systems and Stand-alone Medicaid Module	We bring a 100% success record of MMIS system certification in 13 states: Colorado, Florida, Georgia, Iowa, Minnesota, Mississippi, Montana, New Hampshire, New Mexico, Washington, West Virginia, Wyoming, and twice in the District of Columbia. No Conduent MMIS has ever failed to receive certification retroactive to the date requested. In fact, in 2012 the District of Columbia MMIS became the first Conduent MMIS certified under the new CMS guidelines in the Medicaid Enterprise Certification Toolkit (MECT) and we became the first MMIS vendor to have a system certified based wholly on MECT criteria. Additionally, our latest generation PBM module—Conduent Flexible Rx System—received federal certification in the State of Montana, making this the first time that certification has been granted to an individual Pharmacy Medicaid management module. The certification was based on a complete virtual review of the system's capabilities—a first for CMS—and the latest federal checklists for modular solutions in the MECT. Flexible Rx was certified in February 2017, retroactive to December 6, 2015, our go-live date.
Pharmacy Benefits Management (PBM)	We provide a comprehensive pharmacy benefits management system and solution that supports the entire prescription cycle, including: • Claims adjudication, management, and payment processing • Prospective and retrospective drug utilization review (DUR) • Drug rebate administration • Prescribing patterns • Prescriber and patient education • Preferred drug list development/maintenance • Prior authorization (PA) • Pharmacy/desk auditing • Clinical consulting
Health Information Exchange/Electronic Health Records (HIE/EHR)	We created solutions to specifically support State-level Medicaid and public health programs. Our HIE solution consolidates both clinical and administrative data, creating a rich patient health history while supporting a wide array of analytics, reporting, and clinical decision support programs. We were the first HIE/EHR vendor to provide an aggregated comprehensive continuity of care document with embedded clinical alerts and we created the first "defined contribution" insurance exchange for employers.

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Service Offering	Brief Description
	Our HIE/EHR solution provides: • Infrastructure for accessing patient data • Actionable point-of-care information • Alerts, notifications, and gaps-in-care identifications • e-Prescribing • Real-time clinical algorithms
State Level Registry (SLR)	Our low-risk, cost-effective solution is a fully-hosted web-based software-as-a-service (SaaS) SLR solution that fully supports the Medicaid EHR Provider Incentive Program and allows our customers to interact with the CMS Registration and Attestation System (formerly known as the National Level Registry), providers, and other state systems. • Multi-state SaaS solution that supports: – Incentive payment administration – Program oversight and auditing – Tracking meaningful use – Pursuit of initiatives to encourage the adoption of certified EHR technology including provider outreach and training – Web-based solution that allows interaction with the CMS Registration and Attestation system, providers, other State systems • Business support staffing services for administrative processing of provider attestations
Payment Method Development (PMD) and Consulting Services	The Payment Method Development (PMD) team at Conduent specializes in understanding standard industry payment methods such as Diagnosis Related Group (DRG), Resource-Based Relative Value Scale (RBRVS), Ambulatory Payment Classification (APC), Resource Utilization Group (RUG) and fee schedules.
Provider Credentialing	• Full-service provider credentialing including provider enrollment operation based on nationwide best practices, and highly efficient provider services to support the enrollment, credentialing, re-credentialing, and continuous monitoring requirements. • Credentialing System which supports: – Provider Portal – Screening/Verification System – Rules Engine – State's View of the Process – Provider Site Visits – Provider Appeals
Eligibility and Exchange Services	Through our eligibility and exchange services, we help state government clients and agencies inform their underinsured and uninsured citizens of their healthcare options—Medicaid, CHIP, and others. We help citizens enroll in a plan and educate them on positive behaviors that yield improved health outcomes and lower costs.
Audit and Compliance Solutions that reduce fraud and abuse	Our subject matter experts provide results-oriented support to our clients in identifying, detecting, and preventing fraud, waste, and abuse. • Pharmacy audits (desk and on-site audits, systematic prescription claims check, patient verification services, and specialty/mail order pharmacy audits) • Durable medical equipment (DME) • Home infusion therapy • Hospice and home health provider audits • Claims overpayment audit and recovery We have helped our clients recover hundreds of millions of dollars in non-compliance

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Service Offering	Brief Description
	and fraud in the past three decades. Using automated tools that provide a complete, easily accessible view of audit status, we are an effective partner for a broad spectrum of healthcare programs at every stage of auditing, from initial analysis to final recovery.
Coordinated Care Services	Our customized population management solutions monitor and measure healthcare trends, costs, and quality across the continuum of healthcare—providing a "whole person" view that helps our state government clients manage their care plans more effectively. Our coordinated care services include pre-certification processes (including medical necessity reviews) based on national guidelines. We also provide URAC-accredited case and condition (disease) management programs that use clinical expertise to provide customized large-scale data-driven management solutions for modeling, profiling, and health-risk prediction.
Long-Term Care (LTC) and Home- and Community-Based Services (HCBS)	We are a national provider of Home and Community Based Services (HCBS) administration support. We have a proven history of reducing costs and automating administrative processes in scalable long-term care and home-and community-based services which include: • Automated level-of-care (LOC) assessments • Individual service plan development
Care Management/Care Coordination/Disease Management	We empower our clients to leverage our clinical expertise and portfolio of technology tools—including our automated prior authorization solution (SmartPA)—to improve healthcare delivery and quality, promote medical best practices, and reduce costs. • Suite of modeling, profiling, benchmarking, reporting, and health risk prediction tools • Identification of recipients and gaps in care • Assessment of levels of care • Clinical quality outcomes reports • Utilization and case management • Wellness and preventative care program support • Targeted interventions and messaging
Decision Support Services (DSS) and Data Warehouse (DW) Technology	We provide our Medicaid clients highly successful Conduent-developed services in: • Decision support • Fraud protection • Surveillance utilization review solutions
Primary Care Case Management (PCCM)	We have provided PCCM services that include providing management and technical services in support of state managed care programs, including: • Contracting with health plans • Overseeing performance • New program development

Organizational Structure

Figure 4.5-4 provides a high-level view of our corporate organization structure and the placement of the Claims Processing Management and Services contract within it. As with our Montana MMIS/FA contract today, the new contract occupies a high-visibility position within our overall corporate executive structure and demonstrates that your contract is a top priority for us.

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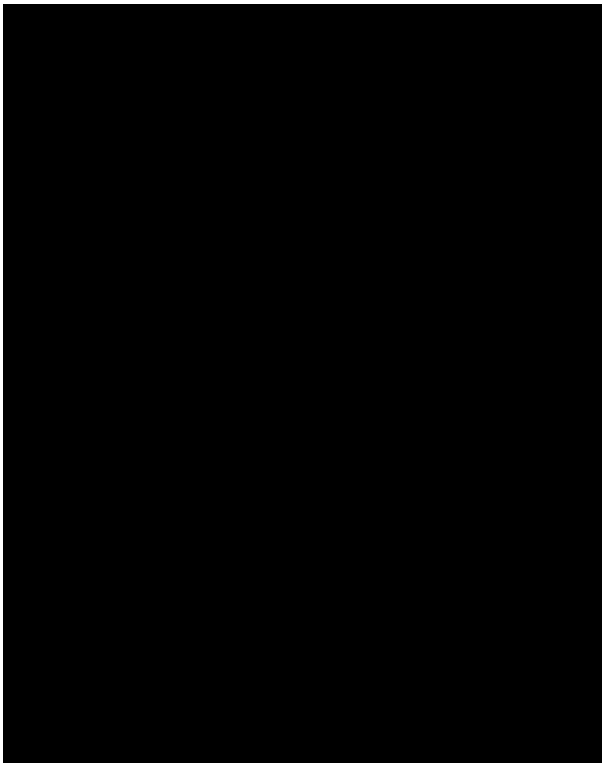

Figure 4.5-4. Conduent Organizational Structure
Conduent senior leadership is available as a direct channel of communication and support for DPHHS.

Our corporate structure provides Project Manager Ralph Choate ready access to executive decision makers—ensuring swift responses to the State's needs in the event corporate attention is required.

Size. Conduent State Healthcare, LLC (Conduent) currently provides health-care related technology and services across 23 states, the District of Columbia, and Puerto Rico. We are backed by the significant resources of our corporate parent, Conduent Incorporated, with $5.4 billion in annual revenue.

Number of Employees. Conduent employs approximately 2,900 people nationwide that support our state healthcare business.

Years of Experience Performing Similar Services. Conduent brings to the project more than 49 years of experience delivering Medicaid solutions.

Subcontractors

The success of a contract in large part hinges on the core competencies and strengths of its project team. Realizing this, Conduent has selected partners whose experience, expertise, technologies, and processes would best assist us in performing the contract scope of services at the highest level of quality. All our subcontractors have worked with government healthcare organizations on large-scale projects and offer significant experience in their respective roles for the contract.

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Conduent Proprietary Information

Their expertise and industry-leading capabilities in areas critical to the success of the project enable Conduent to bring the best possible solution for Montana:

- **The Cadence Group.** Penetration Testing
- **CPS Cards.** Recipient ID Card Production and Mailing (new & replacement cards)
- **Ernst & Young.** Audits
- **United Language Group.** Translation Services
- **Infinite Computer Solutions Inc.** Staff Augmentation, Operations & Maintenance
- **Infosys.** Staff Augmentation, Implementation support

Each of our subcontractors delivers quality services and brings extensive work experience on similar critical projects. Their demonstrated success and excellence in their areas of expertise add value and reduce risk for Montana and the other states participating in the NASPO procurement.

We include required information for each of our subcontractors below.

The Cadence Group (Cadence)

For the Montana Claims Processing and Management Services project, The Cadence Group (Cadence) will provide annual vulnerability assessment and network penetration testing.

Similar Projects

Cadence has provided third party penetration testing services to clients across various industries and locations since 2005.

Table 4.5-3. Cadence: Similar Projects to Montana

Client	Product/Service Type	Dates Product/Services Provided
Conduent	Penetration testing services for over 40 separate business units, including many state and local government agencies, performing over 100 individual penetration tests spanning the last eight years.	2011 – Present

Cadence Company Description

The Cadence Group (Cadence) provides a wide range of advisory and compliance services. Cadence specifically focuses on security/compliance consulting, testing, and assessing.

During the initial push to prepare for Sarbanes-Oxley compliance, Cadence saw a need for pragmatic, knowledgeable and seasoned professionals—true practitioners in the compliance space. Since then, Cadence has applied those same principles to SOC reporting, PCI compliance, and other advisory and compliance-based services.

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Cadence Primary Source of Business

The Cadence Group performs information security related services for various industries, including many state and local government entities.

Core services include:

- Sarbanes-Oxley Compliance
- PCI Compliance
- SOC Reporting
- Financial Accounting and Technical Reporting
- Business Valuation Services
- Enterprise Risk Management
- Internal Audit
- Financial Institution Regulatory Compliance
- Security Penetration Testing
- FedRAMP
- HIPAA

Cadence Organizational Structure

Headquartered in Salt Lake City, Utah, The Cadence Group's clients are spread across the country, but concentrated in the intermountain west and west coast.

Cadence has been in operation for over 15 years, assisting clients across all industries in meeting their financial and information security compliance needs. Cadence has particularly deep experience in serving SaaS/Cloud, Healthcare, and State & Local government clients in the areas of Penetration Testing, PCI, SOC Reporting, ISO and HITRUST. Presently Cadence provides services to over 200 clients, primarily in the United States, as well as in Central America and EMEA.

Number of Employees. Presently, The Cadence Group has 48 employees across offices in Salt Lake City, Utah and in San Francisco, California.

Years of Experience Performing Similar Services. The Cadence Group was founded in 2005.

Card Personalization Solutions Company, LLC (CPS Cards)

For the Montana Claims Processing and Management Services project, CPS Cards will produce and mail Medicaid member ID cards and replacement cards, including card stock, letter stock, envelopes, personalization, and fulfillment.

CPS Similar Projects

Table 4.5-4 highlights CPS Cards 'experience across various projects.

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Table 4.5-4. CPS Cards: Projects Similar to Montana

Client	Product/Service Type	Dates Product/ Services Provided
United HealthCare Community Plan	• Process datafile for card mailing to issue 260,000 cards to end users for new program in January of 2019 • Manage cards for enrollment purposes, lost or stolen cards, or replacement cards • Maintain proper inventory levels of cards, letters, and envelopes to support ongoing daily / weekly / monthly levels	• Rollout of program in January of 2019 completed in less than 15 business days • February 2019 ongoing card program to present
The Metropolitan Companies	• End to End – Print, personalize, fold, insert, fulfill, and mail Medicare/Medicaid kits • Materials management for 384 SKUs (stockkeeping units) • Manage daily, weekly, monthly new and replacement kits in addition to annual enrollment programs • Daily reporting to show SLA goals met 99.8% of the time	2013 – 2019
RRD, Moran Printing	• Card Personalization and Fulfillment on the Darden Restaurant Gift Card program for the entire relationship period • Product has evolved from a thermal printed card boxed in hundreds, and only sold in the restaurant, to a card ink jetted and affixed into a fold over carrier that is secure and sold in third party locations, in store, and ordered online • As recent as 5 years ago, CPS began to source/print the actual plastic card and provide it through preferred vendors	2003 – 2019
Pilot Flying J	• Print, personalize, fulfill and mail all card and card related programs for the entire 800+ locations • CPS manages the entire process from end to end, including materials management, reporting, tracking and integration with the client's custom order platform • Shipping directly to all stores	2006 – 2019

CPS Cards Company Description

Founded in 1998, CPS Cards brings a 21-year track record of outstanding performance providing card production and fulfillment services including 11 years serving the healthcare ID card market. CPS' healthcare clients include Managed Care Organizations (MCOs), healthcare providers and large-scale insurers—with a history of success delivering ID cards to intended recipients within required timeframes. By partnering with CPS Cards, Conduent provides you a well-proven solution for recipient ID card production from a leader in the card production industry.

The company's substantial investment in technology and security initiatives helps to safeguard electronic Protected Health Information (PHI) as outlined in the Health Insurance Portability and Accountability Act of 1996. The company's facilities (Pennsylvania and Illinois) are HIPAA-compliant in adherence with

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ePHI data guidelines and CPS undergoes annual HIPAA and InComm penetration testing—which allows CPS to confidently provide card products to the healthcare industry without the concern of unauthorized access. CPS has successfully managed ePHI data following the HIPAA guidelines—without incident—and lives up to its commitments, large and small, better than anyone in the card production industry.

CPS Cards has been working with Conduent/Xerox on various projects since 2010. CPS Cards pledges to work seamlessly with the Conduent team in fulfilling their role for producing and personalizing and fulfilling and mailing Medicaid cards and letters for Montana members for all phases of the project.

Highlights of our solution include:

- Custom-built Quality Management System (QMS) with a camera-verification system that provides a 100% guaranteed card-to-carrier match every time
- One to many, ongoing fulfillment of many types for a fully scalable service
- Up to four cards of variable personalization (20, 24, and 30 mil) per carrier, integrated in sheet cards on letter with digital options on demand
- Ability to provide additional inserts
- Multi-level security – Secure FTP, HIPPAA compliance, secure entrances and over 60 cameras in the facility
- Online data proofing
- File hold and release capabilities
- Multiple types of back end reporting
- Multiple shipping options such as presort mail, bulk shipments and accelerated delivery
- Redundant facilities for disaster recovery

CPS Cards Primary Source of Business

New and replacement cards, annual renewals, and kits including but not limited to:

- Thermal, Inkjet and/or embossed two sides and encoded magstripe with client specific data on paper to PVC cards
- Personalized 8.5" X 11" (and 14") letter (2 side option) matching card
- Mailing of cards and letters to the intended recipients

CPS Cards Organizational Structure

Size. With facilities in Allentown, Pennsylvania and Glendale Heights, Illinois, CPS Cards has served the needs of both channel partners and direct clients for more than 20 years. CPS Cards offers a full range of card printing, personalization, and fulfillment services. This unique, integrated production model saves clients time, money, and hassle**;** eliminates the miscommunications and inaccuracies that come with multiple vendors; ensures the security of sensitive customer data; and gives us the flexibility to complete extremely complex projects on deadline and on budget. CPS Cards serves as a "one-stop shop" for the entire card printing, personalization and production process. Their team of experts manages the entire production process, from design to delivery.

Number of Employees. CPS employs anywhere from 109-140 professionals depending on their workload.

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Years of Experience Performing Similar Services. CPS has an outstanding 21-year track record of providing comprehensive production and fulfillment services to produce personalized ID cards, letters, and kits for Health Insurance Providers in all markets. CPS brings to the project an experienced team that understands the important role that quality and timing play in delivering a positive end user experience.

Ernst & Young

For the Montana Claims Processing and Management Services project, Ernst and Young will perform SSAE-18 SOC 2 Type II audits annually.

Ernst & Young Similar Projects

Table 4.5-5 highlights Ernst & Young's experience across various projects.

Table 4.5-5. Ernst & Young: Projects Similar to Montana

Client	Product/Service Type	Dates Product/Services Provided
Alaska MMIS	Provider of SOC 1 and SOC 2 annual examination reports addressing the business process and IT outsourcer's processes and controls supporting the processing of Medicaid claims.	2015 – Present (SOC 1 & SOC 2 reports)
New Mexico MMIS	Provider of SOC 1 and SOC 2 annual examination reports addressing the business process and IT outsourcer's processes and controls supporting the processing of Medicaid claims.	2015 – Present (SOC 1 report) 2019 – Present (SOC 2 report)
New Hampshire MMIS	Provider of SOC 1 annual examination report addressing the business process and IT outsourcer's processes and controls supporting the processing of Medicaid claims.	2014 – Present (SOC 1 report)

Ernst & Young Company Description

Ernst & Young is a global leader in Assurance, Tax, Transaction, and Advisory Services. Worldwide, Ernst & Young's 290,851 people worldwide are united by an unwavering commitment to ensuring the quality of services offered and to helping people and clients build a better working world. At the top of the agenda is harnessing the power of emerging digital technologies to enhance sector-specific capabilities sot that clients get ahead and stay ahead of the curve.

Ernst & Young Primary Source of Business

Ernst & Young's global services are as follows:

- **Assurance.** Ernst & Young supports clients in building stakeholder confidence and trust by helping them manage regulatory responsibilities, mitigate risk, promote transparency and drive long-term sustainable growth.

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- **Tax.** Ernst & Young's tax services help clients navigate the dynamic tax environment and address their business issues. This includes harnessing the benefits of market trends and focusing on the role that the tax function can play in long-term business growth.
- **Transaction.** Advisory Services: Ernst & Young helps organizations manage their capital and transactions, including strategies to raise, invest, optimize and preserve capital. By managing their capital, organizations can define their competitive position and create social and economic value in the future.
- **Advisory.** Ernst & Young's advisory services help organizations realize their social, economic and cultural value by helping them improve performance, manage their risk appetite and harness their people agenda.

Ernst & Young Organizational Structure

Ernst & Young refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited. Ernst & Young Global Limited is composed of the Executive and Regions. The Executive includes our global leadership, governance bodies, and four geographic Areas. Working together they oversee global strategy, brand, business planning, investments, and priorities.

Ernst & Young's 26 Regions are grouped under four geographic Areas: Americas; EMEIA; Asia-Pacific; and Japan. This structure is streamlined to allow Ernst & Young to make decisions quickly, execute our strategy, and deliver exceptional client service wherever in the world our clients do business.

The Ernst & Young employees who will be serving as Service Auditors on the Montana MMIS contract are part of the global team that supports Conduent SOC program that are based in the United States' East region.

Number of Employees. As of September 30, 2019, Ernst & Young has 290,851 global employees. The breakdown of employees by service line is:

- Assurance: 99,716
- Advisory: 69,125
- Tax: 61,838
- Core Business Services: 42,243
- TAS: 17,929

Years of Experience Performing Similar Services. Ernst & Young has been providing service organization controls reporting services globally for over 40 years.

Infinite Computer Solutions Inc. (Infinite)

For the Montana Claims Processing and Management Services project, Infinite will provide Healthcare information technology (IT) staffing augmentation and development services.

Table 4.5-6 highlights Infinite's experience across various projects executed/implemented for Conduent.

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Table 4.5-6. Infinite: Projects Similar to Montana

Client	Product/Service Type	Dates Product/Services Provided
Health Enterprise	• Maintain end to end claims processing system supporting Medicaid lines of business for three states (New Hampshire, North Dakota, Alaska) • Support operational activities for claim processing, adjustment, corrections, T-MSIS reporting, CMS balancing, eligibility / enrolment, payment processing • Perform operational activities on capitation, mass adjustment, plan processing, rate setting, cost reports, grouper upgrades • Support of reports and letter generation (400 reports and 500 letters) across various modules such as Claims, Payment, Financial, Provider, Member, Carrier, Authorization, Security • Support of various media types in claims processing – EDI, OCR, Paper, Batch / System generated • Support of end to end payment processing on a scheduled pattern as per customer requirement (weekly, bi-weekly) • Monitoring of daily batch cycles 24 * 7 for the day to day processing of claims and other incoming files to the Medicaid system • Lights On support for the production, disaster recovery environment • Incident, Problem, Change, Triage management – ITIL V3 Process for the application support & monitoring • Enhancement of application as per new federal and state requirement through standard change management process (e.g., MCO onboarding, Member beneficiary identifier implementation) • Fixes and improvements to the existing system to align CMS certification process and MECT • Continuous improvement to the system by upgrading, patches, automation • End to End testing, functional testing, regression testing, support to user acceptance testing, production rollout	10/2008 – Present

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Client	Product/Service Type	Dates Product/Services Provided
Consumer Portal	• Configurable business rules to integrate with additional programs in future releases, potentially beyond Health and Human Service Programs • Leveraged Microservices design architecture comprising of three different patterns: – Domain driven design – DDD / Decompose by sub-domain – Aggregator Pattern – Observability and Cross Cutting Concern • Development on an Azure Cloud platform • Multitenant solution that is mobile-enabled and easily deployable across clients with similar business needs • Provides a web-based Graphical User Interface (GUI) that allows internal and external users to access from various browsers and mobile devices (e.g. Edge, IE, Firefox, Safari, Android, IOS, etc.) and accommodates responsive design to appropriately scale to the correct screen size • Testing scope includes: – System Integration Testing – User Acceptance Testing support through fixing the defects found in a time-bound UAT executed by Conduent team • 508 Compliance Testing – Performance and Load Testing – Penetration Testing	06/2019 – Present
Mississippi Common Web Portal	• Build an interface between New MEDS and the MS DOM Common Web Portal (CWP) • Implement a centralized application for health and human services eligibility programs • Implement a data hub module to authenticate senders and authorize receivers to support data transfers between different parts of the system in real-time • Return the current benefit status information for all members of the case that are legally visible to the beneficiary with the indicated system ID • Receive an ESB application for benefits from ESB interface • Process received ESB applications by loading them into the eligibility system • Receive requests from the ESB to make changes to beneficiary information in the following areas: address, income, living arrangement, family size, resources, TPL, disability, general inquiry, CCO, and assistance request. Perform the most appropriate action based on the request type	02/2018 – Present

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Infinite Company Description

Infinite Computer Solutions Inc. (Infinite) is a global company with expertise in Platformized™ IT solutions and frameworks. Infinite is registered in the State of Delaware with its corporate headquarters based in Rockville, MD and Bangalore, India. Established in 2001, Infinite Computer Solutions Inc. is a fully owned subsidiary of Infinite Computer Solutions (India) Ltd.

A summary of Infinite's healthcare credentials is depicted in Figure 4.5-5.

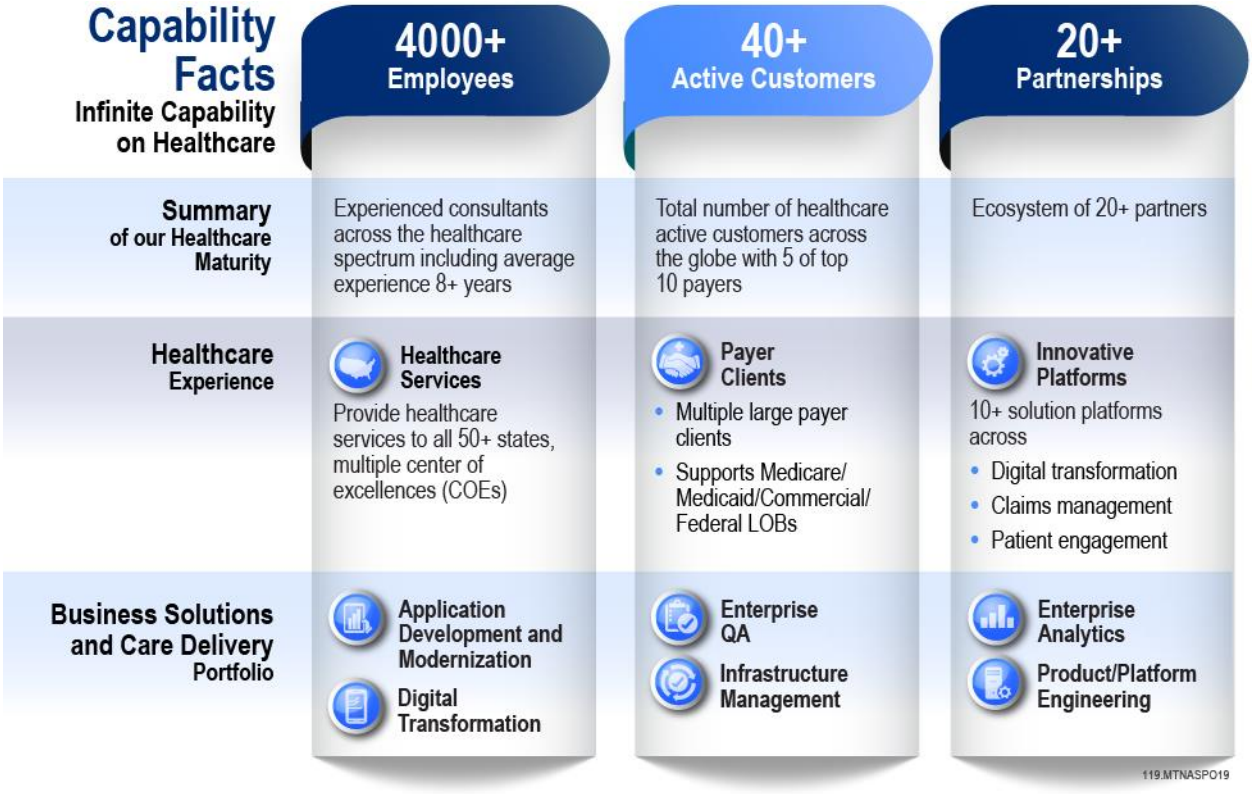

Figure 4.5-5. Infinite Capability and Experience

Infinite brings to the project vast experience in digital transformation in the healthcare industry.

Infinite Primary Source of Business

Infinite is proud to serve over 25 clients in the Healthcare space, helping them achieve both business and technology objectives. Most of Infinite's clients are Fortune 1000 companies the company supports by unlocking efficiencies through optimization, improving service delivery through agility and standardization. Infinite brings added value through industry leading innovation, best practices and an unrelenting focus on customer centricity – with the result of a 95% customer retention rate.

A representative list of Infinite's healthcare clients is shown in Figure 4.5-6.

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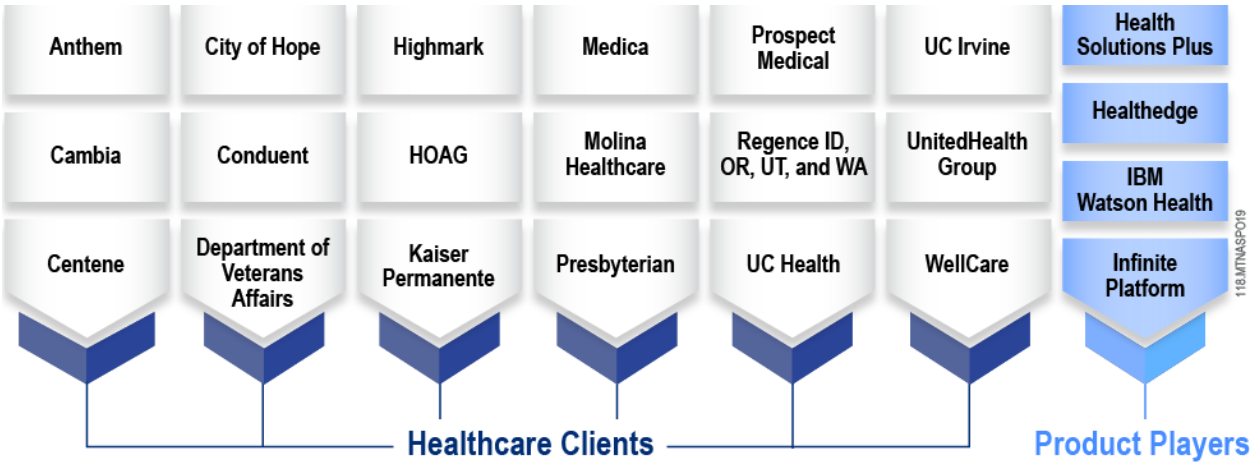

Figure 4.5-6. Infinite Healthcare Clients

A vast portfolio covering various stakeholders in both the government and private sector.

Infinite provides solutions and services to Healthcare clients in the Payer and Provider space. A snapshot of Infinite's Payer Services and Expertise is highlighted in Table 4.5-7.

Table 4.5-7. Infosys: Healthcare Payer Expertise – Core Strengths

Client	Product/Service Type	
Medicaid	• Provider, Member, TPL • Claims Processing • Reports & Letter Generations	• EDI, OCR Processing • RAs, Claims Payment, Financial Process • Case Management, Appeals & Grievances
Medicare	• Health Plans • Claims processing and payments • Managed care implementations	• Medicare Payments • Appeals & Grievances • Medicare Advantage • EHR / EMR Integrations
Analytics	• Fraud, Waste, Abuse • Pharmacy Management • Risk Stratification	• DataMarts, Interfaces • Dashboards, scoring, population management • Predictive Analytics
Veteran Affairs/Tricare	• Claims Processing • Emergency • Medical examinations and Reports	• Authorization and Appointments • Payments • Tricare
Managed Care (HMO/PPO/POS)	• MCO Enrolments and Eligibility • EDI Transactions and Interfaces	• Utilization Review and Care Management • Fee for Services and Preferred Provider Organization

Infinite Organizational Structure

Size. Infinite's healthcare business vertical has 4000+ consultants focusing on engagements related to the medical and clinical domain. Our Healthcare clients include 20+ active customers, covering around 30%

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of the company's total revenue. Infinite's industry footprint covers Commercial, Payer, Provider, State and Federal clients in the healthcare space impacting over 80 million Americans.

Number of Employees. Infinite employs a global team of more than 7000 people.

Years of Experience Performing Similar Services. Infinite has 19 years of experience, since its inception in 2001. Conduent and Infinite have been performing similar services together for 12 years.

Infosys

For the Montana Claims Processing and Management Services project, Infosys will provide information technology (IT) staff augmentation in support of development, testing, and code promotion.

Infosys Similar Projects

Table 4.5-8 highlights Infosys' experience across various projects.

Table 4.5-8. Infosys: Similar Projects to Montana

Client	Product/Service Type	Dates Product/ Services Provided
Aetna Inc.	Claims Validation and Auto Adjudication Analysis, Solution Development, Application Development, Maintenance, Validation and Monitoring	2/2002 to 12/2020
Aetna Inc.	Analytics Based Claims Prediction and Forecasting platform	8/2008 to 12/2020
Conduent	The Financial Support System is a standalone solution that integrates with any existing MMIS system to offer wide support from the start and be built on sharable and reusable technology towards a CMS-compliant MITA architecture. Infosys team is working with Conduent towards upgrading the product from a legacy monolithic technology towards a Cloud Native solution. GUI on ReactJS, API served via Spring Boot, and hosted on Azure using Kubernetes.	10/2019 till 3/2020

Infosys Company Description

Infosys is a global leader in next-generation digital services and consulting. The company enables clients in 46 countries in navigating digital transformation. With over three decades of experience in managing the systems and workings of global enterprises, Infosys leverages solutions with an AI-powered core that helps prioritize the execution of change. Expertise in agile methodologies supports the delivery of exceptional levels of performance and customer satisfaction.

Infosys Primary Source of Business

Infosys specialties include IT Solutions and Services, Consulting, Business Process Outsourcing, Products and Platforms, Engineering Services, Cloud Services, Artificial Intelligence, Digital Transformation, and Big Data. In the Healthcare field, Infosys operates with more than 10,000 employees delivering end-to-end managed services on claims, eligibility, membership, and billing.

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Infosys Organizational Structure

Infosys is a NYSE publicly-traded company and leading provider of technology services and consulting.

Size. With $10.1 billion in revenue, Infosys provides services to approximately 1,200 clients across 191 locations in 46 countries

Number of Employees. Infosys employs 200,000+ people, including more 10,000 Healthcare domain professionals supporting 63+ Healthcare clients. Approximately 3,500 employees are AHIP certified.

Years of Experience Performing Similar Services. 35 years

United Language Group (ULG)

To address language needs beyond English and Spanish for Option B, Call Center services, Conduent will partner with United Language Group, a third-party vendor who provides Call Translation Services and Correspondence Translation.

ULG Similar Projects

Table 4.5-9 highlights ULG's experience across various projects.

Table 4.5-9. United Language Group: Projects Similar to Montana

Client	Product/Service Type	Dates Product/ Services Provided
Johnson & Johnson	Written Translation/Localization Services	4/2014 – Present
AltaMed	Written Translation Services, On-Site Interpretation (OSI), and Over-the-Phone Interpretation (OPI)	5/2012 – Present
Blue Cross and Blue Shield of MN	Over-the-Phone Interpretation (OPI) Services	12/2017 – Present

ULG Company Description

United Language Group (ULG) is an innovative language solutions partner rooted in quality processes and linguistic expertise. ULG offers the following services: written translation, localization, AI/machine translation, over-the-phone interpretation (OPI), on-site interpretation (OSI), and video remote interpretation (VRI) Services. In addition, ULG has developed many industry specific programs, including the robust medical claims translation program, which serves many top tier healthcare clients.

ULG Primary Source of Business

The company's proprietary technologies support the delivery of top-quality translations to over 3,000 global companies in a variety of industries, including healthcare, life sciences, legal, financial, manufacturing, and technology. ULG proactively maintains ISO certifications and builds processes that produce accurate translations, every time.

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ULG's full list of services includes a variety of translation services including:

- **Translation & Localization.** Translating/localizing documents, forms, letters, brochures, websites, instructions for use, presentations, etc.
- **Interpreting Services.** Over-the-phone interpreting (OPI), on-site interpreting or face-to-face (OSI), video remote interpreting (VRI)
- **Language Quality Services.** Advanced editing and quality procedures to improve translation outcomes
- **Testing & Engineering.** Used for digital projects in particular and in eLearning and more complex multimedia
- **Global Digital Marketing Services.** Offered for the entire marketing Lifecycle, from marketing content to SEO and website localization
- **Productivity Services.** For example, API integration technologies and other efficiency solutions that reduce time-to-market and improve workflow effectiveness
- **Specialty Services.** For example, medical claims translation program and others designed for niche industries and offerings

ULG Organizational Structure

Size. ULG is one of the world's largest language solution partners, based in 7 countries on 3 continents.

Number of Employees. ULG employs 450 people globally.

Years of Experience Performing Similar Services. ULG has been in business for 33 Years (since 1987).

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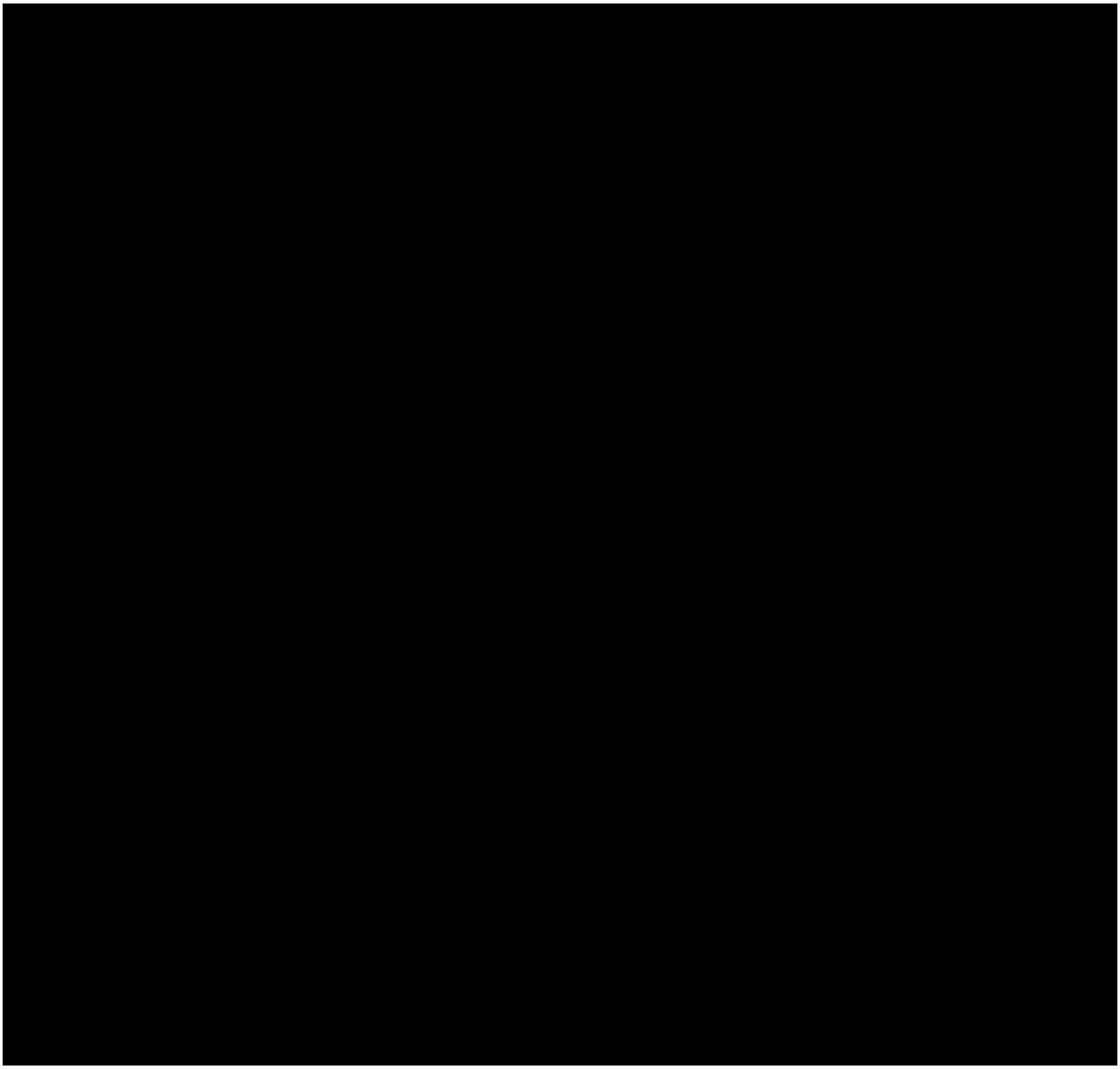
4.6 RFP Section 4.2.3 Resumes [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C

The Offeror shall provide a resume or summary of qualifications, work experience, education, and skills for all key personnel, including any subcontractors, who will be performing any aspect of the contract. Details regarding minimum criteria of this documentation can be found in Section 4.2.3.

Our key personnel are highly experienced individuals whose talents and experience match your requirements and expectations for this project. We offer staff with unique insights into your day-to-day operations and business needs. Table 4.6-1 identifies our key personnel and their roles for the project.

Table 4.6-1. Key Personnel



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Conduent Proprietary Information

4.6.1 Resumes [RFP 4.2.3]

REQUIREMENT: RFP Section 4.2.3

A resume or summary of qualifications, work experience, education, and skills must be provided for all key personnel, including any subcontractors, who will be performing any aspects of the contract. Include years of experience providing services similar to those required; education; and certifications where applicable. Identify what role each person would fulfill in performing work identified in this RFP.

This section demonstrates how our proposed key personnel meet the required qualifications through their similar employment experience, education, and certifications.

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4.7 RFP Section 4.2.4 Offeror Financial Stability [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C

Offerors shall demonstrate their financial stability to supply, install, and/or support the services. Details regarding minimum criteria of this documentation can be found in Section 4.2.4.

REQUIREMENT: RFP Section 4.2.4

Offerors shall demonstrate their financial stability to supply, install, and/or support the services specified by: (1) providing annual financial statements, preferably audited (for publicly traded companies), audited financial statements (for privately held companies), or unaudited financial statements and tax returns (for privately held companies for which audited statements are not available), for the three consecutive years immediately preceding the issuance of this RFP. If an Offeror does not have three (3) years of such documentation, it shall submit the documentation that it does have going back no more than three Offeror fiscal years; and (2) providing copies of any quarterly financial statements that have been prepared since the end of the period reported by its most recent annual report. If financial statements aren't publicly available, Offeror must meet the requirements of Sections 2.3.1 and 2.3.2 to have the information kept confidential.

The bidding entity, Conduent State Healthcare, LLC, is a wholly owned subsidiary of Conduent Incorporated, a financially strong and reputable organization with a solid business practice foundation.

Conduent Incorporated is publicly-traded company backed by a consistent record of financial strength that reflects of our commitment to clients, as well as our responsible business practices. Our extensive and diverse corporate resources support our ability to adequately staff projects and meet all of our contractual obligations. Conduent prides itself on a management infrastructure that includes stringent financial controls, project manager accountability, and continuous performance oversight at all levels of the organization.

As a subsidiary of Conduent, Inc., Conduent State Healthcare, LLC does not maintain its own financial statements. The financial results of Conduent State Healthcare, LLC are included in Conduent, Inc.'s reporting. Conduent's consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP), independently audited by PricewaterhouseCoopers, and submitted to the Securities and Exchange Commission (SEC).

As required, we provide audited financial statements for the three consecutive years immediately preceding the issuance of this RFP. These three years of statements are provided in the following documents:

- Our most recent Conduent Incorporated Form 10-K for the year ending 12/31/2018 (also includes year 2017)
- Conduent Incorporated Form 10-K for year ending 12/31/2017 (also includes year 2016)

We also include our most recent Quarterly Financial Statements from March, June and September of 2019.

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FORM 10-K

CONDUENT Inc - CNDT

Filed: February 28, 2019 (period: December 31, 2018)

Annual report with a comprehensive overview of the company

The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2018

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: _____ to: _____

Commission File Number 001-37817

CONDUENT INCORPORATED

(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State of incorporation)	(IRS Employer Identification No.)
100 Campus Drive, Suite 200 Florham Park, New Jersey 07932	**(844) 663-2638**
(Address of principal executive offices)	**(Registrants telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

---

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

Source: CONDUENT Inc, 10-K, February 28, 2019 Powered by Morningstar® Document Research℠
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock of the registrant held by non-affiliates as of June 30, 2018 was $3,809,514,932.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at January 31, 2019
Common Stock, $0.01 par value	211,601,559

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference the Registrant's Notice of 2019 Annual Meeting of Shareholders and Proxy Statement (to be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than 120 days after the close of the fiscal year covered by this report on Form 10-K).

Source: CONDUENT Inc, 10-K, February 28, 2019 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

FORWARD-LOOKING STATEMENTS

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Annual Report on Form 10-K, which are deemed to be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Litigation Reform Act"). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Annual Report on Form 10-K, any exhibits to this Form 10-K and other public statements we make.

Such factors include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead time for customer commitments; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to modernize our information technology infrastructure and consolidate data centers; our ability to comply with data security standards; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We do not intend to update these forward-looking statements, except as required by law.

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CONDUENT INCORPORATED
FORM 10-K
December 31, 2018

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PART I

ITEM 1. BUSINESS

In this Annual Report on Form 10-K, unless the content otherwise dictates, "Conduent", the "Company", "we" or "our" mean Conduent Inc. and its consolidated subsidiaries.

Our Business

Conduent is a leading provider of business process services with expertise in managing operations involving high volume, repeatable and individualized interactions. The Company's portfolio covers both front office and back office operations; however, the majority of its revenue and differentiation derives from engagements where it serves on behalf of its clients to manage end-user interactions across a wide-range of domains. Examples include payments, collections, benefit administration and end-user communication services. The Company creates value for its clients through more efficient service delivery combined with a personalized and seamless experience for the end-user. The Company applies its expertise, technology and innovation to continually modernize its offerings for improved customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics.

On December 31, 2016, Conduent Incorporated (formerly known as the BPO business) spun-off from Xerox Corporation, pursuant to the Separation and Distribution Agreement between the Company and Xerox Corporation (Separation). As a result of the spin-off, we now operate as an independent, publicly traded company on the New York Stock Exchange, under the ticker "CNDT".

With approximately 82,000 employees globally as of December 31, 2018, we provide differentiated services to clients spanning small, medium and large businesses and to governments around the world.

Our Transformation

We have a portfolio of businesses that we are optimizing and effectively targeting attractive growth areas in a rapidly evolving business process services industry. We have taken significant actions to improve our profitability and drive growth with a more focused portfolio of services.

Key initiatives include:

- ***Realigned Delivery.*** During 2018, we reorganized the business to better align to our vertical go-to-market strategy and to our global delivery capabilities. We believe this operating structure will allow us to better integrate and tailor business solutions for our customers.
- ***Divested Non-Core Assets.*** We divested four businesses in 2018 for aggregate proceeds of $703 million in cash. These divestitures enabled us to increase our focus on areas where we have a competitive advantage.
- ***Increased Use of Automation.*** We have developed and deployed a set of advanced software-based automation tools as part of our service delivery operations. These tools reduce the amount of repetitive, manual labor required to deliver many of our services and improve service quality through lower error rates and faster processing times.
- ***Real Estate, Infrastructure and Selling, General and Administrative (SG&A).*** We have significantly reduced the number of our leased and owned properties from 339 to 266 and reduced our information technology infrastructure spending. We have also reduced our SG&A costs from $611 million in 2017 to $560 million in 2018.

We continue to execute on our strategic transformation program to deliver cost savings through infrastructure optimization, labor productivity and automation initiatives, restructuring of unprofitable contracts and other efficiencies. This transformation program has and will enable us to better capitalize on our differentiated service offerings, industry expertise and global delivery excellence and position us for long-term shareholder value creation.

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Our Market Opportunity

We estimate our addressable market size in the global business process service industry at approximately $201 billion in 2018, according to third party industry reports, and we are a leader across several segments of this large, diverse and growing market. Providing business process services is complex and multi-faceted with services that span many industries.

Ongoing competitive pressures and increasing demand for further productivity gains have motivated businesses to outsource elements of their day-to-day operations to accelerate performance and innovation. As a result, our clients have become more focused on their core businesses and the range of outsourced activities has expanded greatly. Increasing globalization has also required many companies to optimize cost structures to retain competitiveness and business process services have become a key component of this strategy.

The ongoing shift to next-generation software and automation technologies is driving greater demand for, and expectation of, efficiency and personalization by the constituents and customers of the businesses and governments we serve. Addressing these business and operational challenges is necessary for business process services companies to capitalize on these trends. In addition, business process services have the potential to meaningfully enhance productivity for businesses and governments and satisfaction for their constituents and customers.

Segments

During 2018, in an effort to better reflect how we manage our business, we segregated our Public Sector segment into Government Services (including Health Enterprise, which was previously reported in Other segment) and Transportation segments. In addition, the Company also reclassified the operating results of our divestitures from the reportable segments to Other segment and separately reflected Shared IT/Infrastructure & Corporate Costs. All prior periods presented have been revised to reflect these changes.

- Our *Commercial Industries* segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include omni-channel communications, human resource management and finance and accounting services.

- Our *Government Services* segment provides government-centric business process services and subject matter experts to U.S. federal, state and local and foreign governments.

- Our *Transportation* segment provides systems and support to transportation departments and agencies globally. Primary offerings include support for electronic toll collection, public transit, parking and photo enforcement.

Other represents our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

We present segment financial information in Note 2 – Segment Reporting to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated herein by reference. The discussion below highlights our segment revenues for the year ended December 31, 2018.

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Commercial Industries

Our Commercial Industries segment is our largest segment, with $2.5 billion in revenues in 2018, representing 47.2% of total revenues. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include omni-channel communications, human resource management and finance and accounting services. These services are complemented by innovative industry-specific services such as payment integrity solutions to clients in the healthcare payer space, care and quality analytics, workflow solutions and software adoption services to healthcare provider clients, personalized product information for clients in the automotive industry, source-to-pay solutions for clients in the manufacturing industry, revenue generation and clinical services for clients in the pharmaceutical and life sciences industries, end-user engagement and marketing services for clients in the Retail industry, and mortgage and consumer loan processing for clients in the Financial Services industry.

Government Services

Our Government Services segment generated revenues of $1.4 billion in 2018, representing 25.1% of our total revenues. This segment provides government-centric business process services to U.S. federal, state and local governments for public assistance program administration, transaction processing and payment services. In order to provide targeted support to our government clients, our Government Services segment is organized into several primary businesses:

- ***Federal, State and Local Government:*** We support our government clients with services targeting key civilian agencies within federal, state and local governments, as well as government administrative offices. Our depth of agency-specific expertise combined with our scale allows us to deliver and manage programs at all levels of government. Our broad set of services includes public assistance program administration such as child support, pension administration, records management, electronic benefits, eligibility and payment cards, unclaimed property, disease management and software offerings in support of federal, state and local government agencies.

- ***Payments:*** With more than $75 billion disbursed annually, we are a leader in government payment disbursements for federally sponsored programs like Supplemental Nutritional Assistance Program (SNAP, commonly known as food stamps) and Women, Infant and Children (WIC) as well as government initiated cash disbursements such as child support, unemployment and federal social security. We provide our payment card services which include branded prepaid debit card (Visa and Mastercard), Electronic Benefit Transfer (EBT for SNAP and WIC) and Electronic Child Care to 35 states and the U.S. Treasury with a diversified portfolio consisting of 165 different payment programs nationwide.

- ***Government Healthcare:*** We provide medical management and fiscal agent care management services to Medicaid programs and federally-funded U.S. government healthcare programs in 24 states, Puerto Rico and the District of Columbia. Our services include a range of innovative solutions such as Medicaid management fiscal agent, pharmacy benefits management and clinical program management. These services help states optimize their costs by streamlining access to care and improve patient health outcomes through population health management and help families in need by improving beneficiary support.

Transportation

Our Transportation segment generated revenues of $0.7 billion in 2018, representing 13.5% of our total revenues. This segment provides revenue-generating transportation services to government clients in 24 countries. Our services include support for electronic toll collection, public transit, parking and photo enforcement. Across these offerings, we manage key processes on behalf of our clients including fee collection, compliance and violation management, notifications, statements and reporting. These innovative services significantly improve individual travel experiences, optimize how vehicles and goods move efficiently within cities, digitize integrated modes of transportation and help our government clients to better serve their constituents.

Other

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018. In 2018, Other accounted for $0.8 billion of revenues, representing 14.2% of total revenues.

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Our Service Offerings

Our portfolio of business process services includes a combination of industry-specific and multi-industry services. We have subject matter experts who are responsible for implementing each of these services, delivering service excellence to clients, ensuring best practices to improve cost competitiveness, innovating our next generation offerings and supporting worldwide sales.

Industry-Specific Services

Commercial Industry-Specific Services

Examples of the services we offer include personalized product information for automotive clients, source to pay solutions for manufacturing clients, care integration and coordination, member health risk assessments and payment integrity (such as recovering claims from the appropriate payers) for healthcare clients, mortgage and consumer loan processing for financial institution clients and customized workforce learning solutions for aerospace clients.

Transportation Services

The transportation services we offer include support for electronic toll collection, public transit, parking and photo enforcement. Across these offerings, we manage key processes on behalf of our clients including fee collection, compliance and violation management, notifications, statements and reporting.

Government Services

Our broad set of public sector services includes public assistance program administration, pension administration, records management, disease management and software offerings in support of federal, state and local government agencies. It also includes fiscal agent administrative services and providing management information systems in support of Medicaid programs or pharmacy benefits management for Government Healthcare clients.

Multi-Industry Services

Transaction Processing Services

We help our clients to improve communications with their customers and constituents, whether it is on paper, on-line or through other communication channels. By supporting our clients' customer communication processes, we help our clients deliver a better experience to their customers and operate with improved efficiency and greater effectiveness.

We offer a broad array of flexible transaction processing services that include data entry, scanning, image processing, enrollment processing, claims processing, high volume offsite print and mail services and file indexing. Our multi-channel communication capabilities (including secure print, email, text and web) enable the delivery of personalized and targeted communications that are designed to elicit the desired response from customers or other end-users (*e.g.*, on-time bill payment and increased marketing response rates). Our service offerings utilize both proprietary and commercially available third-party technologies, combined with our expertise to ensure continued quality and innovation for our clients.

Payment Services

Prepaid Cards: We are an extensive provider of VISA and MasterCard prepaid debit cards, as well as other electronic payment cards in support of U.S. government benefit programs such as Social Security, the Supplemental Nutrition Assistance Program (formerly known as food stamps), the Special Supplemental Nutrition Program for Women, Infants and Children and other specialized Electronic Benefits Transfer programs. Our secure payment services reduce fraud and eliminate paper checks by disbursing electronic payments directly to end-users, even those without bank accounts. Our proprietary processing platform, significant operational expertise, advanced fraud analytics and adoption of Europay, MasterCard and Visa chip-enabled technology put us in the forefront of the Prepaid Card industry.

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Health Savings Accounts (HSA): We provide clients with a simplified approach to help their employees manage their health care costs and accumulate wealth with tax-advantaged accounts. We consolidate administration of all health spending accounts onto one common platform, including HSA, Health Reimbursement Arrangements, Flexible Spending Accounts and Health Incentive Accounts. By consolidating and integrating the management of health spending accounts, we help our clients improve benefit enrollment and account opening, consolidate customer service, simplify communications and streamline account funding and management. As of December 31, 2018, we had approximately 1 million active HSA accounts and $2.5 billion of assets under management within our HSA offering.

Child Support Payments: We are an industry leader of State Government Disbursement Units in the U.S. for child support payments. We collect payments from non-custodial parents via check, credit card and transfers from employee payroll systems and disburse payments to the beneficiaries.

End-User Engagement

We offer a range of services that help our clients support their end-users. This includes in-bound and out-bound call support for both simple and complex transactions, technical support and patient assistance. We also provide multi-channel communication support (both print and digital) across a range of industries.

Human Resources Services

We help our clients support their employees at all stages of employment from initial on-boarding through retirement, as well as HSA administration. We offer clients a range of customized advisory, technology and administrative services that improve the ability of employees to manage their benefits, professional development and retirement planning. Also, we assist our clients with workers' compensation claims management.

Finance and Accounting Services

We serve clients by managing their critical finance, accounting and procurement processes. Our services include general accounting and reporting, billing and accounts receivable and purchasing, accounts payable and expense management services. We also offer wholesale and retail lockbox services and process auto and mortgage loans in the United States. With a global, dedicated team, we manage the core, end-to-end process areas of finance, accounting and procurement for some of the world’s most recognized brands.

Legal Business Services

We have been providing client support to law firms and corporate legal departments for over 20 years. We work across the litigation lifecycle, with particular focus on the legal discovery and review process. Our offerings include litigation support services, compliance and risk review and managed services support.

Workforce Learning Services

We are a provider of end-to-end learning services, designed to accelerate the productivity and development of our clients’ employees and extended work forces. Our global presence, superior innovation and expertise allow us to deliver performance-based learning services tailored to our clients’ unique strategic business goals. Our offerings include learning strategy and assessment, instructor management and learning administration.

Applied Automation and Analytics Solutions

Many of our service offerings described above incorporate our applied automation and analytics solutions to increase their value and effectiveness to clients across all industries. We deploy these solutions to personalize millions of interactions, optimize service delivery and simplify complex processes. For example, our customer care services harness the power of applied analytics and automation to help our customer service agents work more efficiently across different communication channels. Our applied automation solutions track and learn the most efficient means to address common customer service needs as they occur in real time so that we can solve the same problem faster the next time around. The combination of applied automation and analytics allows us to identify new service demand patterns and opportunities quickly so that we can proactively address them on behalf of our clients.

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Our Competitive Strengths

We possess a number of competitive strengths that distinguish us from our competitors, including:

Leadership in attractive growth markets. We are a leader in business process services. Our clients continue to outsource key business processes to accelerate performance and innovation. Additionally, clients are moving beyond services for back-office functions in order to drive customer satisfaction and loyalty, as well as productivity and efficiency. The increase in globalization and cost competition continues to accelerate, forcing companies to seek ways to stay ahead of the competition. These factors, along with clients and their customers demanding more personalized, seamless and secure solutions, are collectively driving the ongoing shift to next-generation software and automation technologies.

- ***Healthcare.*** U.S. healthcare spending was estimated to have represented 17.9% of GDP in 2017 and is projected to grow at an average rate of 5.5% per year for 2017-2026. As one of the most regulated industries, healthcare providers must balance increased utilization with heightened complexity and new financial pressures such as government budget challenges to significantly reduce reimbursements, reimbursement penalties for hospital readmissions and a shift from fee-for-service to “value-based” population health management. We are widely recognized by industry analysts as a leader in healthcare payer operations, serving 19 of the top 20 U.S. managed healthcare plans and providing administrative and care management solutions to Medicaid programs and federally funded U.S. government healthcare programs in 24 states, Puerto Rico and the District of Columbia.

- ***Transportation.*** Traffic congestion continues to increase as urbanization and changing demographics take hold globally. As a result, optimized transportation systems are becoming critical to increase efficiency while maintaining strict safety requirements. Electronic toll collection, public transit and parking all represent key growth drivers as governments at all levels increasingly focus on transportation infrastructure. We are an award-winning innovator in parking management.

- ***Transaction Processing.*** We provide high volume print and mail services, enrollment processing and personalized and targeted marketing and communications, to large corporations and we believe we are a leading provider in this market.

- ***Prepaid Cards***: We are the leading provider of prepaid payment card services in support of the U.S. government prepaid card services market.

Global delivery expertise. Our scale and global delivery network enables us to deliver our proprietary technology, differentiated service offerings and service capabilities expertly to clients around the world. We have operations in India, Philippines, Jamaica, Guatemala, Mexico, Romania, Dominican Republic and several locations within the United States, giving our customers the option for "onshore" or "offshore" outsourced business process services. This global delivery model enables us to leverage lower-cost production locations, consistent methodologies and processes, time zone advantages and business continuity plans. As of December 31, 2018, 49% of our employees were located in high cost countries and 51% were located in low cost countries.

Differentiated suite of multi-industry service offerings at scale. We manage transaction-intensive processes and work directly with end-users to meet their needs often in real-time. We are unique in our ability to offer our clients these business process services on a large scale and with high quality. Additionally, we are able to leverage our multi-industry services to bring the same scale and quality to our portfolio of industry-specific service offerings, such as healthcare claims management, employee benefits management and public transit fare collection.

Innovation and development. We innovate by developing and acquiring new technologies and capabilities that improve business processes. We are constantly creating the next generation of simple, automated and touchless business processes to drive lower costs, higher quality and increased end-user satisfaction. Analytics allow us to transform big data into useful information that helps identify operational improvements and constituent insights. Additionally, we leverage robotic process automation and predictive analytics and combine this with our deep subject matter expertise to create intelligent services that improve security, increase speed and improve accuracy, quality and regulatory compliance, and uncover insights that support better decision making and outcomes for our clients.

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Stable recurring revenue model supported by a loyal, diverse client base. We have a broad and diverse base of clients in 26 countries across geographies and industries, including Fortune 1000 companies, small and midsize businesses and governmental entities. Our close client relationships and successful client execution support our stable recurring revenue model and high renewal rates. Excluding our strategic decision not to renew certain contracts, renewal rates for 2018 and 2017 were 95% and 94%, respectively.

Our Strategies

Our strategy is to drive leadership in attractive markets by leveraging and building on our competitive strengths. We intend to execute our strategy through increased business portfolio focus and operating discipline, enhanced sales and delivery capabilities and tightly aligned investments. Our strategy is designed to deliver value by delivering profitable growth, expanding operating margins and deploying a disciplined capital allocation strategy.

Specific elements of our strategy include the following:

Expand within attractive industries. The industries in which we operate have attractive revenue growth rates, generally in the mid-single digits. We intend to sharpen our focus and expand our business in industries with strong growth and profitability characteristics. We will employ a disciplined approach to portfolio management to complement our competitive strengths and build depth and breadth in our core businesses. Within the Healthcare industry, we intend to leverage our data analytics, differentiated service offerings and industry know-how to continue to service payer, provider and core government healthcare clients. Within the Transportation industry, we will leverage our global, end-to-end platforms to continue to deliver seamless travel experiences while providing back-end Transaction Processing and Call Center services for government clients globally.

Optimize and strengthen our services capabilities. We plan to optimize our services capabilities and strengthen several core areas, including Transaction Processing, Finance and Accounting and Prepaid Card services by building out our services offerings and continuing to improve our competitive strengths. We have divested non-core assets, refocused our business towards higher margin growing segments and consolidated delivery operations to enable greater productivity. Within Transaction Processing, we intend to continue to build industry-specific service offerings and advance inbound and outbound processing capabilities. Within End-User Engagement, we intend to capitalize on our global scale, cost efficiencies and our ability to provide seamless communications between our clients and their end-users through traditional (e.g., voice) and digital (e.g., web, mobile and Internet of Things) channels. In Prepaid Cards, we plan to continue to leverage our scalable platform to help our clients simplify their payment disbursement processes.

Continue to advance next-generation platforms and capabilities. We intend to maintain our focus on innovation to create next-generation solutions aligned with our clients' future needs and our growth strategies. We plan to advance our current platforms, further automate and personalize business processes and enhance data analytics capabilities to deliver value-added services for our clients.

Engage, develop and support our people. We intend to increasingly develop our employees by investing in training, processes and systems to equip them with modern tools that enable them to perform their jobs more efficiently. Furthermore, we plan to strengthen our sales teams throughout improved and optimized coverage and effective talent management.

Competition

Although we encounter competition in all areas of our portfolio, we lead across many areas of our principal businesses. We compete on the basis of technology, performance, price, quality, reliability and customer service and support. In the current political environment in the U.S. and other territories, we also consider our "onshore" delivery capacity to be a competitive advantage. We participate in a highly competitive and rapidly evolving market, driven by changes in industry standards and demands of customers to become more efficient. Our competitors range from large international companies to relatively small firms. Our competitors include:

- Large multinational service providers such as CGI Group, Accenture, Aon Hewitt, Cognizant, Hewlett-Packard Enterprise, IBM, Teletech and Teleperformance;
- Traditional Business Process Outsourcing companies such as Genpact, ELX Services, Exela Technologies and WNS Global Services;
- Payroll processing and human capital management providers such as ADP and Paychex;

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- Healthcare-focused IT and service solutions providers such as Cerner and Maximus;
- U.S. Federal focused government services such as CACI International and DXC Technology;
- Transportation multi-nationals such as Roper/TransCore, Cubic and Kapsch; and
- Smaller niche business processing service providers and in-house departments that perform functions that could be outsourced to us.

Sales and Marketing

We market our business process services to both potential and existing clients through our worldwide sales force and our business development team. Additionally, we have dedicated “solution architects” who work with clients to better understand their situation and develop a custom-tailored solution to meet their unique needs.

Our sales and marketing strategy is to go to market by industry to deliver key industry-specific and multi-industry service offerings to our clients. We focus on developing new prospects through market research and analysis, renewing expiring contracts and leveraging existing client relationships to offer additional services. We leverage our broad, multi-industry service offerings to package solutions through enterprise selling, while maintaining a disciplined approach to pricing and contracting. Our sales efforts typically involve extended selling cycles and our expertise in specific industries is critical to winning new business.

Our Geographies

We provide services globally and we have a diversified geographic delivery network, including a significant presence within the U.S. In 2018, approximately 12% of our revenues were generated by clients outside the United States. In 2018, our revenues by geography were as follows: $4,748 million in the United States (88% of total revenues), $497 million in Europe (9% of total revenues) and $148 million from the rest of the world (3% of total revenues). We present geographical information in Note 2 – Segment Reporting to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated herein by reference.

Innovation and Research and Development

Our innovation and research and development (R&D) capabilities are critical to our client value proposition and competitive positioning. Our investments in innovation align with our growth strategies and are driven by a view of future needs and required competencies developed in close partnership with our clients and R&D partners. We are investing in attractive markets, such as healthcare and transportation, and building on proven platforms to create services that distinguish us from our competitors.

Our innovation and R&D are focused on three key areas: automation, personalization and analytics.

Automation—Create simple, automated and touchless business processes to drive lower costs, higher quality and increased agility. Businesses require agility to quickly respond to market changes and new customer requirements. To enable greater business process agility, our R&D goals are to simplify, automate and enable business processes via flexible platforms that run on robust and scalable infrastructures. Automation of business processes benefits from our strong image, video and robotic processing, as well as our machine learning capabilities. Application of these methods to business processes enables technology to perform tasks that today are performed manually. Examples include providing automation solutions in transportation by aggregating and automatically applying business rules to simplify toll payments, using our state-of-the-art video and image analytics to reduce the need for manual review of license plates in tolling and toll adjustment scenarios, analyzing data on eligibility claims and checking for correctness on applications. The scope of automation is applied across our portfolio of services and is a key element of our ongoing strategy of modern, efficient services.

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Personalization—Augment humans by providing secure, real-time and context-aware personalized products and services. Whether business correspondence, personal communication, manufactured items or information service, personalization increases the value to the recipient. Our R&D investments lead to technologies that improve the efficiency, economics and relevance of business services, such as customer care and health and welfare services. For example, in our current customer care service offerings, the human touch is seamlessly added as our software automatically takes telephony data and merges it with customer records pulled from multiple sources to seamlessly create targeted scripts and flows. This allows the agent to have the caller's data readily available and provide a more personal experience to the customer —whether on the phone or online. In toll systems, our systems automatically pull up a customer's name, verify their information and prompt them for unpaid tolls. In transit systems, our mobile app aggregates and calculates the time, cost, carbon footprint and health benefits from walking, biking, driving, parking and taking public transit. For health and welfare, our systems provide state-of-the-art personalized delivery to ensure the best utilization of funds for the neediest populations.

Analytics—Transform big data into useful information to support better decision making. Competitive advantage can be achieved by better utilizing available and real-time information. Today, information resides in an ever increasing universe of servers, repositories and formats. The vast majority of information is unstructured, including text, images, voice and videos. We seek to better manage large data systems in order to extract business insights to provide our clients with actionable recommendations and new services. Tailoring these methods to various industry applications leads to new customer value propositions. In hospitals, we mine usage and clinical indicators to improve patient experiences. We also help our healthcare clients identify waste and fraud by identifying networks of providers and patients with suspicious behavior, such as sudden and dramatic increases in a provider's level of business or unusual or illogical patient treatment sequences. In transportation, we enable transport and parking operators to better understand and predict commuter needs, including adherence to schedules, passenger loading levels, car park utilization rates and the impact of varying factors, such as weather and schedule variations. In our card payment services business, we perform geo location analytics to predict potential fraud behaviors to assure monies are being distributed to the intended recipients.

Intellectual Property

Our general policy is to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. We own approximately 1,011 patents and pending applications. Our patent portfolio evolves as new patents are awarded to us and as older patents expire. These patents expire at various dates, generally 20 years from their original filing dates. While we believe that our portfolio of patents and applications has value, in general, no single patent is essential to our business or any individual segment. In addition, any of our proprietary rights could be challenged, invalidated or circumvented, or may not provide significant competitive advantages.

Our business relies on software provided to an approximately equal extent, by both internal development and external sourcing to deliver our services. With respect to internally developed software, we claim copyright on all such software, registering works which may be accessible to third parties. In addition, we rely on maintaining source code confidentiality to assure our market competitiveness. With respect to externally sourced software, we rely on contracts assuring our continued access for our business usage.

In the United States, we own 87 trademarks, which are either registered or applied for, reflecting the many businesses we participate in. These trademarks may have a perpetual life, subject to renewal every 10 years and may be subject to cancellation or invalidation based on certain use requirements and third party challenges, or on other grounds. We vigorously enforce and protect our trademarks.

People and Culture

We draw on the business and technical expertise of our talented and diverse global workforce to provide our clients with high-quality services. Our business leaders bring a strong diversity of experience in our industry and a track record of successful performance and execution.

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Conduent established its own diversity and inclusion program post-separation, which is overseen by Conduent's human resources department. Conduent promotes understanding and inclusion through a comprehensive set of diversity initiatives and strategies, including addressing under-representation by identifying shortfalls and developing action plans to close those gaps and through work-life programs that assist employees in certain aspects of their personal lives. Additionally, Conduent informs and educates all employees on diversity programs, policies and achievements. As an independent company, we intend to continue our commitment to diversity and inclusion and implement similar policies and programs.

In the United States, Conduent complies with Equal Employment Opportunity guidelines and all applicable federal, state and local laws that govern the hiring and treatment of our employees.

As of December 31, 2018, we had approximately 82,000 employees globally, with 43% located in the United States and the remainder located primarily in India, Philippines, Jamaica, Guatemala and Mexico.

Training and Talent Development

We believe our people are our most important asset, which is why we invest in employee growth and development programs. We are focused on building a workplace where our people can do their best work and have access to the tools and resources they need to perform their jobs more effectively. We are building a culture of learning and have shifted from delivering training to incorporating learning into day-to-day work.

We have a strong performance management system in place that requires all employees to engage with their managers on goal-setting and performance feedback, enabling personal and professional development. There is a strong emphasis on mentorship and coaching, both formal and informal, to help employees get to the next level in their careers. We enable this by developing management capability for our frontline leaders to ensure they are able to coach and mentor their teams and engage in constructive and continuous two-way dialogue.

Corporate Ethics

Our commitment to business ethics represents more than a declaration to do the right thing. It has become an integral part of the way we do business. We operate according to our ethics and compliance program, which is designed to meet general governance and specific industry and regulatory requirements with a focus on values, culture and performance with integrity. Conduent has a business ethics program, which is overseen by the business ethics office, and a code of business conduct (Code), which serves as the foundation of our business ethics program. The Code sets forth our expectations for ethical leadership, performance with integrity and compliance with company policies and the law. In addition, the Code embodies and reinforces Conduent’s commitment to integrity and helps employees resolve ethics and compliance concerns consistent with operating principles and legal and policy controls. In addition, our employees are required to complete business ethics training annually and we periodically solicit their input to gauge the state of Conduent’s ethical culture and help identify areas for improvement.

Our directors must act in accordance with our Code of Business Conduct and Ethics for Members of the Board; our principal executive officer, principal financial officer and principal accounting officer, among others, must act in accordance with our Finance Code of Conduct; and all of our executives and employees must act in accordance with our Code of Business Conduct. Each of these codes of conduct can be accessed through our website at www.conduent.com/corporate-governance. They are also available to any shareholder who requests them in writing addressed to Conduent Incorporated, 100 Campus Drive Suite 200, Florham Park, NJ 07932, Attention: Corporate Secretary. We will disclose any future amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics for members of the Board and, our Code of Business Conduct and our Finance Code of Conduct for our officers on our website as promptly as practicable, and consistent with the requirements of applicable U.S. Securities and Exchange Commission (SEC) and New York Stock Exchange rules.

Seasonality

Our revenues can be affected by various factors such as our clients’ demand pattern for our services. These factors have historically resulted in higher revenues and profits in the fourth quarter.

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Other

Conduent Incorporated is a New York corporation, organized in 2016. Our principal executive offices are located at 100 Campus Drive, Florham Park, New Jersey 07932. Our telephone number is (844) 663-2638.

In the Investor Information section of our Internet website, you will find our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports. We make these documents available as soon as we can after we have filed them with, or furnished them to, the SEC.

Our Internet address is www.conduent.com.

ITEM 1A. RISK FACTORS

Our government contracts are subject to appropriation of funds, termination rights, audits and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts.

A significant portion of our revenues is derived from contracts with U.S. federal, state and local governments and their agencies, and some of our revenues are derived from contracts with foreign governments and their agencies. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, failures to enact appropriation legislation (e.g., a government "shut-down"), government spending reductions (e.g., Congressional sequestration of funds under the Budget Control Act of 2011) or other debt or funding constraints, could result in lower governmental sales and in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination. Additionally, if the government discovers improper or illegal activities or contractual non-compliance (including improper billing), we may be subject to various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could materially adversely affect our results of operations and financial condition. Moreover, government contracts are generally subject to audits and investigations by government agencies. If the government finds that we inappropriately charged any costs to a contract, the costs are not reimbursable or, if already reimbursed, the cost must be refunded to the government. Further, the negative publicity that could arise from any such penalties, sanctions or findings in such audits or investigations could have an adverse effect on our reputation in the industry and reduce our ability to compete for new contracts and could materially adversely affect our results of operations and financial condition.

We derive significant revenue and profit from commercial and government contracts awarded through competitive bidding processes, including renewals, which can impose substantial costs on us, and we will not achieve revenue and profit objectives if we fail to accurately and effectively bid on such projects.

Many of these contracts are extremely complex and require the investment of significant resources in order to prepare accurate bids and proposals. Competitive bidding imposes substantial costs and presents a number of risks, including: (i) the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us; (ii) the need to estimate accurately the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design; (iii) the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding and the risk that such protests or challenges could result in the requirement to resubmit bids and in the termination, reduction or modification of the awarded contracts; and (iv) the opportunity cost of not bidding on and winning other contracts we might otherwise pursue. If our competitors protest or challenge an award made to us on a government contract, the costs to defend such an award may be significant and could involve subsequent litigation that could take years to resolve.

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Our ability to recover capital and other investments in connection with our contracts is subject to risk.

In order to attract and retain large outsourcing contracts, we sometimes make significant capital and other investments to enable us to perform our services under those contracts, such as purchases of information technology equipment, facility costs, labor resources and costs incurred to develop and implement software. The net book value of certain assets recorded, including a portion of our intangible assets, could be impaired, and our results of operations and financial condition could be materially adversely affected in the event of the early termination of all or a part of such a contract or a reduction in volumes and services thereunder for reasons such as a customer's or client's merger or acquisition, divestiture of assets or businesses, business failure or deterioration or a customer's or client's exercise of contract termination rights.

We rely to a significant extent on third-party providers, such as subcontractors, a relatively small number of primary software vendors, utility providers and network providers; if they cannot deliver or perform as expected or if our relationships with them are terminated or otherwise change, our results of operations and financial condition could be materially adversely affected.

Our ability to service our customers and clients and deliver and implement solutions depends to a large extent on third-party providers such as subcontractors, a relatively small number of primary software vendors, software application developers, utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Recently, we have experienced suboptimal performance from an inherited legacy technology vendor, which has caused certain operational challenges and customer delivery performance issues that we have been aggressively addressing. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities (a) if we are unable to adequately renegotiate these legacy contracts, or (b) if any of our third-party providers (1) do not meet their service level obligations, (2) do not meet our or our clients' expectations, (3) terminate or refuse to renew their relationships with us, or (4) offer their products to us with less advantageous prices and other terms than previously offered.

Failure to deliver on our contractual obligations properly and on time could materially adversely affect our results of operations and financial condition.

Our business model depends in large part on our ability to retain existing and attract new work from our base of existing clients, as well as on relationships we develop with our clients so that we can understand our clients' needs and deliver solutions and services that are tailored to meet those needs. In order for our business to grow, we must successfully manage the provision of services under our contracts. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, then we could incur additional costs to address the situation, the profitability of that work might be impaired and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client or obtain new work from other potential clients. In particular, many of our contracts with non-government clients may be terminated by the client, without cause, upon specified advance notice. Accordingly, clients who are not satisfied might seek to terminate existing contracts prior to their scheduled expiration date, which may result in our inability to fully recover our up-front investments. In addition, clients could direct future business to our competitors. We could also trigger contractual credits to clients or a contractual default. Failure to properly transition new clients to our systems, properly budget transition costs or accurately estimate contract operational costs could result in delays in our contract performance, trigger service level penalties, impair fixed or intangible assets or result in contract profit margins that do not meet our expectations or our historical profit margins.

In addition, we incur significant expenditures for the development and construction of system software platforms needed to support our clients' needs. Our failure to fully understand client requirements or implement the appropriate operating systems or databases or solutions which enable the use of other supporting software may delay the project and result in cost overruns or potential impairment of the related software platforms, which could materially adversely affect our results of operations and financial condition.

We face significant competition and our failure to compete successfully could materially adversely affect our results of operations and financial condition.

To remain competitive, we must develop services and applications; periodically enhance our existing offerings; remain cost efficient; and attract and retain key personnel and management. If we are unable to compete successfully, we could lose market share and important customers to our competitors and that could materially adversely affect our results of operations and financial condition.

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Our significant indebtedness could materially adversely affect our results of operations and financial condition.

We have and will continue to have a significant amount of debt and other obligations. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations thereby reducing the availability of our cash flows from operations for other purposes; (iv) limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; (v) place us at a competitive disadvantage compared to our competitors that have less debt; and (vi) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase.

Our ability to make payments on and to refinance our indebtedness, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

The terms of our indebtedness may restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations.

The terms of our indebtedness include a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests. These may restrict our and our subsidiaries' ability to take some or all of the following actions:

- incur or guarantee additional indebtedness or sell disqualified or preferred stock;
- pay dividends on, make distributions in respect of, repurchase or redeem, capital stock;
- make investments or acquisitions;
- sell, transfer or otherwise dispose of certain assets, including accounts receivable;
- create liens;
- enter into sale/leaseback transactions;
- enter into agreements restricting the ability to pay dividends or make other intercompany transfers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets;
- enter into transactions with affiliates;
- prepay, repurchase or redeem certain kinds of indebtedness;
- issue or sell stock of our subsidiaries; and/or
- significantly change the nature of our business.

As a result of all of these restrictions, we may be:

- limited in how we conduct our business and pursue our strategy;
- unable to raise additional debt financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

A breach of any of the restrictive covenants, if applicable, could result in an event of default under the terms of this indebtedness. If an event of default occurs, the lenders would have the right to accelerate the repayment of such debt and the event of default or acceleration may result in the acceleration of the repayment of any other of our debt to which a cross-default or cross-acceleration provision applies. Furthermore, the lenders of this indebtedness may require that we pledge our assets as collateral as security for our repayment obligations. If we were unable to repay any amount of this indebtedness when due and payable, the lenders could proceed against the collateral that secures this indebtedness. In the event our creditors accelerate the repayment of our borrowings, we may not have sufficient assets to repay such indebtedness, which could materially adversely affect our results of operations and financial condition.

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Our business is dependent on continued interest in outsourcing.

Our business and growth depend in large part on continued interest in outsourced business process services. Outsourcing means that an entity contracts with a third-party, such as us, to provide business process services rather than perform such services in-house. There can be no assurance that this interest will continue, as organizations may elect to perform such services themselves and/or the business process outsourcing industry could move to an as-a-Service model, thereby eliminating traditional business process outsourcing tasks. A significant change in this interest in outsourcing could materially adversely affect our results of operations and financial condition. Additionally, there can be no assurance that our cross-selling efforts will cause clients to purchase additional services from us or adopt a single-source outsourcing approach.

Our profitability is dependent upon our ability to obtain adequate pricing for our services and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our services that will provide a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our services may decline from previous levels. If we are unable to obtain adequate pricing for our services, it could materially adversely affect our results of operations and financial condition. In addition, our contracts are increasingly requiring tighter timelines for implementation as well as more stringent service level metrics. This makes the bidding process for new contracts much more difficult and requires us to adequately consider these requirements in the pricing of our services.

In order to meet the service requirements of our customers, which often includes 24/7 service, and to optimize our employee cost base, including our back-office support, we often locate our delivery service and back-office support centers in lower-cost locations, including several developing countries. Concentrating our centers in these locations presents a number of operational risks, many of which are beyond our control, including the risks of political instability, natural disasters, safety and security risks, labor disruptions, excessive employee turnover and rising labor rates. Additionally, a change in the political environment in the United States or the adoption and enforcement of legislation and regulations curbing the use of such centers outside of the United States could materially adversely affect our results of operations and financial condition. These risks could impair our ability to effectively provide services to our customers and keep our costs aligned to our associated revenues and market requirements.

Our ability to sustain and improve profit margins is dependent on a number of factors, including our ability to continue to improve the cost efficiency of our operations through such programs as robotic process automation, to absorb the level of pricing pressures on our services through cost improvements and to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain productivity improvements through restructuring actions or information technology initiatives, our ability to offset labor cost inflation and competitive price pressures would be impaired, each of which could materially adversely affect our results of operations and financial condition.

We may be subject to claims of infringement of third-party intellectual property rights which could adversely affect our results of operation and financial condition.

We rely heavily on the use of intellectual property. We do not own all of the software that we use to run our business; instead we license this software from a small number of primary vendors. If these vendors assert claims that we or our clients are infringing on their software or related intellectual property, we could incur substantial costs to defend these claims, which could materially adversely affect our results of operations and financial condition. In addition, if any of our vendors' infringement claims are ultimately successful, our vendors could require us to (i) cease selling or using products or services that incorporate the challenged software or technology, (ii) obtain a license or additional licenses from our vendors or (iii) redesign our services which rely on the challenged software or technology. In addition, we may be exposed to claims for monetary damages. If we are unsuccessful in defending an infringement claim and our vendors require us to initiate any of the above actions, or we are required to pay monetary damages, then such actions could materially adversely affect our results of operations and financial condition.

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We are subject to laws of the United States and foreign jurisdictions relating to individually identifiable information and personal health information, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and negatively impact our operations.

We receive, process, transmit and store information relating to identifiable individuals, both in our role as a service provider and as an employer. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations designed to protect both individually identifiable information as well as personal health information, including the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA") and the HIPAA regulations governing, among other things, the privacy, security and electronic transmission of individually identifiable health information, and the European Union Directive on Data Protection (Directive 95/46/EC). The EU General Data Protection Regulation (GDPR) replaced the Data Protection Directive 95/46/EC (with an enforcement date of May 25, 2018) and is designed to harmonize data privacy laws across Europe, to protect and empower all EU citizens data privacy, to reshape the way organizations across the region approach data privacy and will have a significant impact on how we process and handle certain data. Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of individually identifiable information. These laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. For example, the invalidation of the U.S.-EU Safe Harbor regime and the GDPR have required us to implement alternative mechanisms in order for some of our data flows from Europe to the United States to comply with applicable law. Changes to existing laws, the introduction of new laws in this area or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which could materially adversely affect our results of operations and financial condition.

We are subject to laws of the United States and foreign jurisdictions relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and materially adversely affect our results of operations and financial condition.

We process, support and execute financial transactions, and disburse funds, on behalf of both government and commercial customers, often in partnership with financial institutions. This activity includes receiving debit and credit card information, processing payments for and due to our customers and disbursing funds on payment or debit cards to payees of our customers. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations, including the Electronic Fund Transfer Act, as amended, the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (including the so-called Durbin Amendment), as amended, the Gramm-Leach-Bliley Act (also known as the Financial Modernization Act of 1999), as amended, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended. Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of certain financial transactions and related support services. These laws are subject to frequent changes, and new statutes and regulations in this area may be enacted at any time. Changes to existing laws, the introduction of new laws in this area or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to process and support financial transactions and allegations by our customers, partners and clients that we have not performed our contractual obligations. Any of these could materially adversely affect our results of operations and financial condition.

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Our data systems, information systems and network infrastructure may be subject to hacking or other cybersecurity threats and other service interruptions, which could expose us to liability, impair our reputation or temporarily render us unable to fulfill our service obligations under our contracts.

We are a leading provider of business processing services concentrated in transaction-intensive processing, analytics and automation. We act as a trusted business partner in both front office and back office platforms, providing interactions on a substantial scale with our customers and other third-parties. Our customers include global commercial clients and government clients who depend upon our operational efficiency, non-interruption of service, and accuracy and security of information. We also use third-party providers such as subcontractors, software vendors, utility providers and network providers, upon whom we rely for our business processing services, to deliver uninterrupted, secure service. As part of our business processing services we also develop system software platforms necessary to support our customers' needs, with significant ongoing investment in developing and operating customer-appropriate operating systems, data bases and system software solutions. We also receive, process, transmit and store substantial volumes of information relating to identifiable individuals, both in our role as a service provider and as an employer, and we are subject to numerous laws, rules and regulations in the United States (both federal and state) and foreign jurisdictions designed to protect both individually identifiable information as well as personal health information. We also receive, process and implement financial transactions, and disburse funds, on behalf of both commercial and government customers, which activity includes receiving debit and credit card information to process payments due to our customers as well as disbursing funds to payees of our customers. As a result of these and other business processing services, the integrity, security, accuracy and non-interruption of our systems and information technology and that of our third-party providers and our interfaces with our customers are extremely important to our business, operating results, growth, prospects and reputation.

We have implemented security systems and controls, both directly and with third-party subcontractors and service providers, with the intent of maintaining both the physical security of our facilities and the data security of our customers', clients' and suppliers' confidential information and information related to identifiable individuals (including payment card and debit and credit card information and health information) against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft or loss of physical media. These include, for example, the appropriate encryption of information. Despite such efforts, we are susceptible to breach of security systems which may result in unauthorized access to our facilities and those of our customers and/or the information we and our customers are trying to protect. Cybersecurity failure might be caused by computer hacking, malware, computer viruses, worms and other destructive software, "cyber-attacks" and other malicious activity, as well as natural disasters, power outages, terrorist attacks and similar events. Operational or business delays may also result from the disruption of network or information systems and subsequent remediation activities.

Because the techniques used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we or our third-party service providers may be unable to anticipate these techniques or implement sufficient preventative measures. Hacking, malware, phishing, viruses and other "cyber-attacks" have become more prevalent, have occurred in our systems in the past, and may occur in our systems in the future. Although we have implemented and intend to continue to implement what we believe to be appropriate cyber practices and cybersecurity systems, these systems may prove to be inadequate and result in the disruption, failure, misappropriation or corruption of our network and information systems. Notwithstanding the preventative and protective measures we have in place, it may not be possible for us to fully or timely know if or when such incidents arise, or the full business impact of any cybersecurity breach.

Additionally, with advances in computer capabilities and data protection requirements to address ongoing threats, we may be required to expend significant capital and other resources to protect against potential security breaches or to alleviate problems caused by security breaches. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a defeat of our or our third-party service providers' security measures and a breach of our or our third-party service providers' information systems (whether digital, cloud-based or otherwise).

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If unauthorized parties gain physical access to one of our or one of our third-party service providers' facilities or electronic access to our or one of our third-party service providers' information systems or such sensitive or confidential information is misdirected, lost or stolen during transmission or transport, any theft or misuse of such information could result in, among other things, unfavorable publicity and significant damage to our brand, governmental inquiry, oversight and possible regulatory action, difficulty in marketing our services, loss of existing and potential customers, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for substantial damages related to the theft or misuse of such information, any of which could materially adversely affect our results of operations and financial condition. Moreover, a security breach could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures that we employ to guard such personal information against "cyber-attacks" and to maintain various systems and data centers for our customers. Often these systems and data centers must be maintained worldwide and on a 24/7 basis. Although we endeavor to ensure that there is adequate backup and maintenance of these systems and centers, we could experience service interruptions that could result in curtailed operations and loss of existing and potential customers, which could significantly reduce our revenues and profits in addition to significantly impairing our reputation. If our information systems and our back-up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer interruptions in our operations in the interim, each of which could materially adversely affect our results of operations and financial condition and diminish the value of our shares.

In addition, our and our customers' systems and networks are subject to continued threats of terrorism, which could disrupt our operations as well as disrupt the utilities and telecommunications infrastructure on which our business depends. To the extent any such disruptions were to occur, our business, operating results and financial condition could be materially adversely affected.

If we underestimate the scope of work or the costs of performance in our contracts, or we mis-perform our contracts, our results of operations and financial condition could be materially adversely affected.

In order to stay competitive in our industry, we must keep pace with changing technologies and customer preferences. Many of our contracts require us to design, develop and implement new technological and operating systems for our customers. Many of these systems involve detailed and complex computer source code which must be created and integrated into a working system that meets contract specifications. The accounting for these contracts requires judgment relative to assessing risks, estimating contract revenues and costs and making assumptions for schedule and technical issues. To varying degrees, each contract type involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. In each case, our failure to accurately estimate costs or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of our work could result, and in some instances has resulted, in reduced profits or in losses. In addition, many of our contracts contain complicated performance obligations, including, without limitation, designing and building new integrated computer systems. These contracts carry potential financial penalties or could result in financial damages or exposures if we fail to properly perform those obligations and could result in our results of operations and financial condition being materially adversely affected.

Our continuing emphasis and shift toward technology-led digital transactions, rather than more labor intensive commoditized services, could impact our type and timing of the customer contracts that we enter into, particularly in the short-term.

We have made the strategic decision to increase our focus on technology-led digital transactions and focus less on historic labor-intensive commoditized services and customer contracts. We believe technology-led digital transactions are becoming, and will become, the type of services required by many of our customers and those in the industry. We believe that our continuing focus on digital transactions will better create long-term value and increased profitability. However, this increased emphasis on technology-led digital transactions has resulted in and will continue to result in our exiting certain services and contracts, and could adversely impact our revenues and our results of operations, particularly in the short-term.

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Our customers' decision-making cycles are changing and the lead time for customers to commit to contracts with us has been lengthening.

As our services industry and our service offerings change and evolve, particularly with our customers increasing their focus on digital offerings, our customers are spending increased time and resources evaluating technology and other investments needed to obtain optimal results and performance, including from their outsourcing providers including the Company. This has led to longer sales lead time cycles for contract commitments from our customers, which can adversely affect the timing of customer commitments and our revenues and results of operations.

If we are unable to collect our receivables for unbilled services, our results of operations and financial condition could be materially adversely affected.

The profitability of certain of our large contracts depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. Actual losses on client balances could differ from current estimates and, as a result, may require adjustment of our receivables for unbilled services. Our receivables include long-term contracts. Over the course of a long-term contract, our customers' financial condition may change such that their ability to pay their obligations, and our ability to collect our fees for services rendered, is adversely affected. Additionally, we may perform work for the federal, state and local governments, with respect to which we must file requests for equitable adjustment or claims with the proper agency to seek recovery in whole or in part, for out-of-scope work directed or caused by the government customer in support of its project, and the amounts of such recoveries may not meet our expectations or cover our costs. Timely collection of client balances also depends on our ability to complete our contractual commitments (such as, our ability to achieve specified milestones in percentage-of-completion contracts) and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our results of operations and financial condition could be materially adversely affected.

A decline in revenues from or a loss or failure of significant clients could materially adversely affect our results of operations and financial condition.

Our results of operations and financial condition could be materially adversely affected by the loss or failure of significant clients. Some of our clients are in business sectors which have experienced significant financial difficulties or consolidation, and/or the reduction of volumes or their inability to make payments to us, as a result of, among other things, their merger or acquisition, divestiture of assets or businesses, contract expiration, nonrenewal or early termination (including termination for convenience) or business or financial failure or deterioration. Economic and political conditions could affect our clients' businesses and the markets they serve.

We have non-recurring revenue, which subjects us to a risk that our revenues and cash flows from operations may fluctuate from period to period.

Revenue generated from our non-recurring services may fluctuate due to factors both within and outside of our control. Our mix of non-recurring and recurring revenues is impacted by acquisitions as well as growth in our non-recurring lines of business, as well as our strategic decisions to exit or reduce our services in particular service areas. There is less predictability and certainty in the timing and amount of revenues generated by our non-recurring services and, accordingly, our results of operations and financial condition could be materially adversely affected by the timing and amount of revenues generated from our non-recurring services.

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The failure to obtain or maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs, access to capital markets and ability to post surety or performance bonds to support clients' contracts.

Any future downgrades to our credit rating could negatively impact our ability to renew contracts with our existing clients, limit our ability to compete for new clients, result in increased premiums for surety or performance bonds to support our clients' contracts and/or result in a requirement that we provide collateral to secure our surety or performance bonds. Further, certain of our commercial outsourcing contracts provide that, in the event our credit ratings are downgraded to specified levels, the client may elect to terminate its contract with us and either pay a reduced termination fee or, in some limited instances, no termination fee. Such a credit rating downgrade could adversely affect these client relationships.

There can be no assurance that we will be able to maintain our credit ratings. Any additional actual or anticipated downgrades of our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

A failure to attract and retain necessary technical personnel and qualified subcontractors could materially adversely affect our results of operations and financial condition.

Because we operate in intensely competitive markets, our success depends to a significant extent upon our ability to attract, retain and motivate highly skilled and qualified technical personnel and to subcontract with qualified, competent subcontractors. If we fail to attract, train and retain sufficient numbers of qualified engineers, technical staff and sales and marketing representatives or are unable to contract with qualified, competent subcontractors, our results of operations and financial condition could be materially adversely affected. Experienced and capable personnel in the services industry remain in high demand, and there is continual competition for their talents. Our ability to renegotiate certain of our legacy third-party contracts which we view as unfavorable, or to improve the service levels we expect from these contracts and third-party providers, is key to our ability to timely, efficiently and profitably deliver our services to our customers. Additionally, we may be required to increase our hiring in geographic areas outside of the United States, which could subject us to increased geopolitical and exchange rate risk. The loss of any key technical employee, the loss of a key subcontractor relationship or our inability to renegotiate or obtain required service levels from legacy and other third-party providers, could materially adversely affect our results of operations and financial condition.

Increases in the cost of telephone and data services or significant interruptions in such services could materially adversely affect our results of operations and financial condition.

Our business is significantly dependent on telephone and data service provided by various local and long distance telephone and data service providers around the world. Accordingly, any disruption of these services could materially adversely affect our results of operations and financial condition. We have taken steps to mitigate our exposure to service disruptions by investing in redundant circuits, although there is no assurance that the redundant circuits would not also suffer disruption. Any inability to obtain telephone or data services at favorable rates could materially adversely affect our results of operations and financial condition. Where possible, we have entered into long-term contracts with various providers to mitigate short-term rate increases and fluctuations. There is no obligation, however, for the vendors to renew their contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of telephone or data services that is not recoverable through an increase in the price of our services could materially adversely affect our results of operations and financial condition. In addition, a number of our facilities are located in jurisdictions outside of the United States where the provision of utility services, including electricity and water, may not be consistently reliable, and while there are backup systems in many of our operating facilities, an extended outage of utility or network services could materially adversely affect our results of operations and financial condition.

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If we fail to successfully develop new service offerings, including new technology components, and protect our intellectual property rights, we may be unable to retain current customers and gain new customers and our revenues would decline.

The process of developing new service offerings, including new technology components, is inherently complex and uncertain. It requires accurate anticipation of customers' changing needs and emerging technological trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in service offerings that achieve customer acceptance and generate the revenues required to provide desired returns. For example, establishing internal automation processes to help us develop new service offerings will require significant up-front costs and resources, which, if not monetized effectively, could materially adversely affect our revenues. In addition, some of our service offerings rely on technologies developed by and licensed from third-parties. We may not be able to obtain or continue to obtain licenses and technologies from these third-parties at all or on reasonable terms, or such third-parties may demand cross-licenses to our intellectual property. It is also possible that our intellectual property rights could be challenged, invalidated or circumvented, allowing others to use our intellectual property to our competitive detriment. We also must ensure that all of our service offerings comply with both existing and newly enacted regulatory requirements in the countries in which they are sold. If we fail to accurately anticipate and meet our customers' needs through the development of new service offerings (including technology components) or if we fail to adequately protect our intellectual property rights or if our new service offerings are not widely accepted or if our current or future service offerings fail to meet applicable worldwide regulatory requirements, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition.

The Company's business, operating results and reputation may be negatively impacted by failures or delays in our efforts to modernize our information technology infrastructure and to consolidate to fewer data centers.

We have experienced certain disruptions in our operations and service delivery performance issues as a result of some of our information technology infrastructure that is outdated and needs to be enhanced and updated, which disruptions have adversely impacted client and delivery performance. As a result we are investing in modernizing a significant portion of our information technology infrastructure with new systems and processes and consolidating our data centers as part of our transformation initiatives. This also includes investments in our data center and networks, enhancement, modernization and consolidation of our IT infrastructure and customer-facing technologies, enhanced cybersecurity and movement to cloud-based technology. We expect that these changes will provide greater strategic and operational flexibility and efficiency and better control of our systems and processes. There is a risk, however, that our modernization efforts and data center consolidations could materially and adversely disrupt our operations and our service delivery to customers, could result in contractual penalties or damage claims from customers, could occur over a period longer than planned, and could require greater than expected investment and other internal and external resources. It may also take longer to realize the intended favorable benefits from an enhanced technology infrastructure than we expected, or that disruptions may continue to occur while we enhance this infrastructure.

The process of consolidating our data center involves inherent risks and may cause disruptions to our operations. In October 2018, we suffered a significant outage as a result of a data center migration, which resulted in unplanned system unavailability and disruption for our customers. We plan to undertake several data center migrations in the future and, in the course of these data migrations, could potentially experience significant service outages. Future service disruptions could hinder our ability to attract new customers, cause us to incur legal liability, contractual penalties or issue service credits to our customers and cause us to lose current customers, each of which could have a material adverse effect on our business, financial condition and results of operations.

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If we fail to meet industry data security standards, our ability to meet contractual obligations may be impaired and result in contractual damage or contract breach claims.

In some of our services lines, we are contractually subject to industry data security standards. These industry data security standards include Card Brand (Visa, Mastercard, American Express, Discover and JCB) operating rules, certification requirements and rules governing electronic funds transfers, including Payment Card Industry Data Security Standard (PCI DSS), a data security standard applicable to companies that collect, store or transmit payment card data. These standards also include the Health Information Trust Alliance (HITRUST) which applies to aspects of the healthcare industry and components of which is being used in other industries as well. While we are taking steps to achieve future compliance and/or certification for our systems, we may not be compliant now, and in the future we may not be able to maintain compliance with PCI DSS, HITRUST and other applicable industry standards. We are taking steps to achieve compliance and/or certification for our systems, but we cannot assure that these efforts will be successful in the time period required or at all. Any failure to comply fully or materially with PCI DSS, HITRUST and other applicable industry standards now or at any point in the future may provide customers the right to terminate contracts with us or to enforce provisions obligating us to reimburse them for any penalties or costs incurred by them as a result of our non-compliance, or subject us to other fines, penalties, damages or civil liability, each of which could have a material adverse effect on our business, financial condition and results of operations. In addition, failure to meet PCI DSS standards could result in the loss of our ability to accept credit card payments and the failure to meet HITRUST standards could impact our ability to service customers in the healthcare and other industries, both of which could have a material adverse impact on our business, financial condition and results of operations.

We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries.

Our principal assets are the shares of capital stock and indebtedness of our subsidiaries. We rely on dividends, interest and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying corporate expenses and, if determined by our Board, paying dividends to shareholders and repurchasing common shares. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that these subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions or other circumstances that could restrict the ability of our subsidiaries to pay dividends to us. In addition, due to differences in tax rates, repatriation of funds from certain countries into the United States could have unfavorable tax ramifications for us.

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Our results of operations and financial condition could be materially adversely affected by legal and regulatory matters.

We are potentially subject to various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental and non-governmental entity contracting, servicing and governmental entity procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act of 1974 (ERISA); and other laws, regulations and contractual undertakings, as discussed under Note 14 – Contingencies and Litigation in our Consolidated Financial Statements. If developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or materially increase an existing accrual, or if any of these matters result in an adverse judgment or are settled for significant amounts above any existing accruals, it could materially adversely affect our results of operations and financial condition in the period or periods in which such change in determination, judgment or settlement occurs. There can be no assurances as to the favorable outcome of any claim, lawsuit, investigation or proceeding. It is possible that a resolution of one or more such proceedings, through judgment, settlement or otherwise, could require us to make substantial payments to satisfy judgments, fines or penalties or settlement amounts, any of which could materially adversely affect our results of operations and financial condition. Additionally, the terms of dismissal, settlement, release or other resolution may permit certain claims to be reopened under certain conditions. For example, we entered into an agreement with the State of Texas and the Texas Health and Human Services Commission to settle all claims resulting from alleged failures by Conduent State Healthcare LLC and Texas Medicaid & Healthcare Partnership to properly perform obligations under two contracts entered into with the Texas Health and Human Services Commission in 2003 and 2010. The settlement amount is $236 million, which is payable in installments in 2019, 2020 and 2021; however, the settlement agreement does not prevent the Company from prepaying the entire amount. Pursuant to that agreement, the release of the State of Texas's claims is not effective until the Company pays the settlement amount in full. Accordingly, if the Company fails to make any of the required installment payments, the State of Texas has the right to reopen the claims and move forward with the litigation. Claims, lawsuits investigations and proceedings involving the Company could also result in reputational harm, criminal sanctions, consent decrees or orders preventing us from offering certain services, requiring a change in our business practices in costly ways or requiring development of non-infringing or otherwise altered products or technologies. In addition, it can be very costly to defend litigation and these costs could materially adversely affect our results of operations and financial condition. See Note 14 – Contingencies and Litigation to our Consolidated Financial Statements.

Our results of operations and financial condition may be materially adversely affected by conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes.

A portion of our revenues is generated from operations outside the United States. In addition, we maintain significant operations outside the United States. Our results of operations and financial condition could be materially adversely affected by changes in foreign currency exchange rates, as well as by a number of other factors, including, without limitation, changes in economic conditions from country to country, changes in a country's political conditions, trade controls and protection measures, financial sanctions, licensing requirements, local tax issues, capitalization and other related legal matters. The ultimate manner in which Great Britain withdraws from the European Union, and the resulting impact on cross-border transactions and operations between Great Britain and the European Union member states, could materially and adversely affect our operations and financial condition. We generally hedge foreign currency denominated assets, liabilities and anticipated transactions primarily through the use of currency derivative contracts. The use of derivative contracts is intended to mitigate or reduce transactional level volatility in the results of foreign operations, but does not completely eliminate volatility. We do not hedge the translation effect of international revenues and expenses, which are denominated in currencies other than our U.S. parent functional currency, within our Consolidated Financial Statements. If we are unable to effectively hedge these risks, our results of operations and financial condition could be materially adversely affected.

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Risks related to the spin-off:

We may be unable to achieve some or all of the benefits that we expect to achieve from the spin-off.

We believe that, as an independent, publicly traded company, we will be able to, among other things, design and implement corporate strategies and policies that are targeted to our business, better focus our financial and operational resources on our specific business, create effective incentives for our management and employees that are more closely tied to our business performance, provide investors more flexibility and enable us to achieve alignment with a more natural shareholder base and implement and maintain a capital structure designed to meet our specific needs. However, as a result of separating from Xerox, we may be more susceptible to market fluctuations and other adverse events. As an independent entity, we have an arm's-length relationship with Xerox and we may not be able to obtain supplies from Xerox on terms as favorable to us as those we had as a wholly owned subsidiary of Xerox prior to the spin-off. As a smaller, independent company, Conduent has a narrower business focus and may be more vulnerable to changing market conditions as well as the risk of takeover by third parties. In addition, we may be unable to achieve some or all of the benefits that we expected to achieve as an independent company in the time we expect, if at all. Furthermore, Xerox used to guarantee our and our subsidiaries' performance under certain services contracts and real estate leases. Following the spin-off, we expect that Conduent will provide such performance guarantees, and we may be unable to retain or renew contracts or real estate leases or a failure to renew such contracts or leases on favorable terms and conditions could materially adversely affect our results of operations and financial condition. If we fail to achieve some or all of the benefits that we expected to achieve as an independent company, or do not achieve them in the time we expect, our results of operations and financial condition could be materially adversely affected.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly traded company, and we may experience increased costs after the spin-off.

We had historically operated as part of Xerox's corporate organization, and Xerox had provided us with various corporate functions. Following the spin-off, Xerox has no obligation to provide us with assistance other than the transition services described under "Certain Relationships and Related Party Transactions -Transition Services Agreement." These services do not include every service that we have received from Xerox in the past, and Xerox is only obligated to provide these services for limited periods following completion of the spin-off. Accordingly, following the spin-off, we have needed to provide internally or obtain from unaffiliated third parties the services we had received from Xerox. These services include senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services, the effective and appropriate performance of which are critical to our operations. We may be unable to replace these services on terms and conditions as favorable as those we received from Xerox. Because our business had operated as part of the wider Xerox organization, we may incur additional costs that could adversely affect our business. If we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining these services, our results of operations and financial condition could be materially adversely affected.

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We have no recent operating history as an independent, publicly traded company, and our historical and pro forma financial data are not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

We derived certain of the historical financial data included in this Annual Report from Xerox's consolidated financial statements, and this data does not necessarily reflect the results of operations and financial condition we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. This is primarily because of the following factors:

- Prior to the spin-off, we operated as part of Xerox's broader corporate organization and Xerox performed various corporate functions for us, including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services. Our historical financial data reflect allocations of corporate expenses from Xerox for these and similar functions. These allocations may not reflect the costs we have incurred and in the future will incur for similar services as an independent, publicly traded company.
- We entered into transactions with Xerox that did not exist prior to the spin-off, such as Xerox's provision of transition services, which will cause us to incur new costs.
- Such historical financial data does not and in the future may not reflect changes that we have experienced and expect to experience in the future as a result of our separation from Xerox. As part of Xerox, we enjoyed certain benefits from Xerox's operating diversity, size, purchasing power, credit rating, borrowing leverage and available capital for investments. Many of our services contracts, particularly those for our transportation service offerings in our Public Sector business, require significant capital investments, and after the spin-off, we may not have access to the capital (from both internal and external sources) necessary to fund these services contracts. As an independent entity, we may be unable to purchase goods, services and technologies, such as insurance and health care benefits and computer software licenses, or access capital markets on terms as favorable to us as those we obtained as part of Xerox prior to the spin-off

Following the spin-off, we are now responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance, investor and public relations and public reporting. For additional information about our past financial performance and the basis of presentation of our financial statements, see "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and the notes thereto included in this annual report on Form 10-K.

We may have been able to receive better terms from unaffiliated third parties than the terms we receive in our agreements with Xerox.

We entered into agreements with Xerox related to our separation from Xerox, including the Separation and Distribution Agreement, Transition Services Agreement, Tax Matters Agreement, Employee Matters Agreement and any other agreements, while we were still part of Xerox. Accordingly, these agreements may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of these agreements relate to, among other things, allocations of assets, liabilities, rights, indemnifications and other obligations between Xerox and us. We may have received better terms from third parties. See "Certain Relationships and Related Party Transactions-Agreements with Xerox."

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The spin-off could result in significant tax liability to Xerox and its shareholders.

Completion of the spin-off required Xerox's receipt of a written opinion of Cravath, Swaine & Moore LLP to the effect that the Distribution should qualify for non-recognition of gain and loss under Section 355 of the Internal Revenue Code (the "Code") and the receipt and continuing effectiveness and validity of the IRS Ruling.

The opinion of counsel did not address any U.S. state or local or foreign tax consequences of the spin-off. The opinion assumed that the spin-off was completed according to the terms of the Separation and Distribution Agreement and relied on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the other ancillary agreements, the Information Statement included in our registration statement on Form 10 and a number of other documents. In addition, the opinion was based on certain representations as to factual matters from, and certain covenants by, Xerox and us. The opinion cannot be relied on if any of the assumptions, representations or covenants are incorrect, incomplete or inaccurate or are violated in any material respect.

Xerox received an IRS ruling in connection with the spin-off (the "IRS Ruling"). The IRS Ruling relies on certain facts, assumptions, representations and undertakings from Xerox and us regarding the past and future conduct of Xerox's and our businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not otherwise satisfied, Xerox may not be able to rely on the IRS Ruling. In addition, the IRS Ruling is not a comprehensive ruling from the IRS regarding all aspects of the U.S. federal income tax consequences of the transactions.

Accordingly, notwithstanding the opinion of counsel and the IRS Ruling, there can be no assurance that the IRS will not assert, or that a court would not sustain, a contrary position.

If the distribution in connection with the spin-off were determined not to qualify for non-recognition of gain and loss for U.S. federal income tax purposes, U.S. holders who received our common stock could be subject to tax. In this case, each U.S. holder who received our common stock in the distribution would generally, for U.S. federal income tax purposes, be treated as having received a distribution in an amount equal to the fair market value of our common stock received, which would generally result in (i) a taxable dividend to the U.S. holder to the extent of that U.S. holder's pro rata share of Xerox's current and accumulated earnings and profits; (ii) a reduction in the U.S. holder's basis (but not below zero) in Xerox common stock to the extent the amount received exceeds the shareholder's share of Xerox's earnings and profits; and (iii) a taxable gain from the exchange of Xerox common stock to the extent the amount received exceeds the sum of the U.S. holder's share of Xerox's earnings and profits and the U.S. holder's basis in its Xerox common stock.

We could have an indemnification obligation to Xerox if the Distribution were determined not to qualify for non-recognition treatment, which could materially adversely affect our results of operations and financial condition.

If it were determined that the distribution in connection with the spin-off did not qualify for non-recognition of gain and loss under Section 355 of the Code, we could, under certain circumstances, be required to indemnify Xerox for the resulting taxes and related expenses. Any such indemnification obligation could materially adversely affect our results of operations and financial condition.

In addition, Section 355(e) of the Code generally creates a presumption that the distribution would be taxable to Xerox, but not to shareholders, if we or our shareholders were to engage in transactions that result in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the distribution, unless it were established that such transactions and the distribution were not part of a plan or series of related transactions giving effect to such a change in ownership. If the distribution were taxable to Xerox due to such a 50% or greater change in ownership of our stock, Xerox would recognize gain equal to the excess of the fair market value of our common stock distributed to Xerox shareholders over Xerox's tax basis in our common stock and we generally would be required to indemnify Xerox for the tax on such gain and related expenses. Any such indemnification obligation could materially adversely affect our results of operations and financial condition.

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We agreed to numerous restrictions to preserve the non-recognition treatment of the Distribution, which may reduce our strategic and operating flexibility.

We agreed in the Tax Matters Agreement to covenants and indemnification obligations that address compliance with Section 355 of the Code. These covenants and indemnification obligations may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may otherwise maximize the value of our business, and might discourage or delay a strategic transaction that our shareholders may consider favorable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

We lease and own numerous facilities worldwide with larger concentrations of space in Kentucky, New Jersey, California, Mexico, Guatemala, the Philippines, Jamaica, Romania and India. Our owned and leased facilities house general offices, sales offices, service locations, call centers and distribution centers. The size of our property portfolio as of December 31, 2018 was approximately 8.2 million square feet at an annual operating cost (lease costs and expenses) of approximately $217 million and comprised 260 leased properties and 6 owned properties. We believe that our current facilities are suitable and adequate for our current businesses. Because of the interrelation of our business segments, each of the segments uses substantially all of these properties at least in part.

In addition to the 8.2 million square feet of our real estate property portfolio, we also had 1.4 million square feet of our leased and owned properties that became surplus in 2018 due to the implementation of our strategic transformation program as well as various productivity initiatives to consolidate our real estate footprint. We aggressively managed our surplus properties through early terminations and subleasing of leased properties and the sale of owned properties. As a result, approximately 1.0 million square feet of the surplus property portfolio were resolved as of December 31, 2018. Additional leased and owned properties may become surplus over the next three years as we continue the strategic transformation program. We are obligated to maintain our leased surplus properties through required contractual lease periods and plan to dispose of or sublease these properties.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under Note 14 – Contingencies and Litigation in the Consolidated Financial Statements in Part II, Item 8 is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Exchange Information

The common stock of Conduent Incorporated is listed on the New York Stock Exchange under the ticker symbol "CNDT." Our common stock began trading January 3, 2017.

Conduent Common Stock Prices for 2018

New York Stock Exchange composite prices*	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 20.32	$ 21.06	$ 23.39	$ 22.66
Low	$ 15.06	$ 17.40	$ 17.79	$ 9.68

** Price as of close of business.*

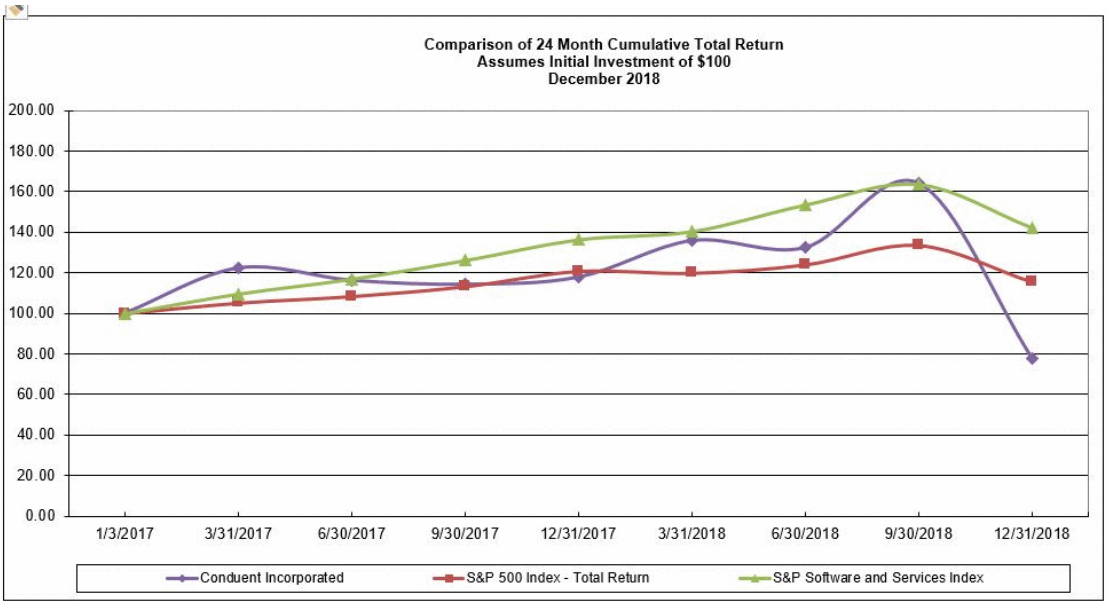
Common Shareholders of Record

Refer to Item 6. Selected Financial Data—Five Years in Review for common shareholders of record at year-end, which is incorporated here by reference.

Conduent Common Stock Dividends

We did not pay any dividends on our common stock in 2018. We intend to retain future earnings for use in the operation of our business and to fund future growth. We do not anticipate paying any dividends on our common stock for the foreseeable future.

Performance Graph



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Sales of Unregistered Securities During the Quarter Ended December 31, 2018

None

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW[1]

(in millions, except per-share and common shareholders of record data)

	2018	2017	2016	2015	2014
Operations					
Revenues	$ 5,393	$ 6,022	$ 6,408	$ 6,662	$ 6,938
Income (loss) income from continuing operations	(416)	177	(983)	(336)	34
Net income (loss)	(416)	181	(983)	(414)	(81)
Per-Share Data					
Income (loss) from continuing operations					
Basic	$ (2.06)	$ 0.82	$ (4.85)	$ (1.65)	$ 0.17
Diluted	(2.06)	0.81	(4.85)	(1.65)	0.17
Net income (loss) attributable to Conduent					
Basic	(2.06)	0.84	(4.85)	(2.04)	(0.40)
Diluted	(2.06)	0.83	(4.85)	(2.04)	(0.40)
Financial Position					
Working capital	$ 767	$ 1,342	$ 515	$ (867)	$ (887)
Total Assets	6,680	7,548	7,709	9,058	10,954
Consolidated Capitalization					
Current portion of long-term debt	$ 55	$ 82	$ 28	$ 24	$ 268
Long-term debt	1,512	1,979	1,913	37	43
Total Debt[2]	1,567	2,061	1,941	61	311
Series A preferred stock	142	142	142	n/a	n/a
Conduent shareholders' equity/former parent investment	3,222	3,529	3,288	5,162	5,411
Total Consolidated Capitalization	$ 4,931	$ 5,732	$ 5,371	$ 5,223	$ 5,722
Selected Data and Ratios[3]					
Common shareholders of record at year-end[3]	26,226	26,936	n/a	n/a	n/a
Book value per common share[3]	$ 15.68	$ 16.77	n/a	n/a	n/a
Year-end common stock market price[3]	$ 10.63	$ 16.16	n/a	n/a	n/a

_____

(1) On December 31, 2016, Conduent spun-off from Xerox Corporation. See Note 1 – Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements included in Item 8 of this 2018 Form 10-K for a discussion concerning the historical financial statements.

(2) Includes capital lease obligations.

(3) Common stock of Conduent Incorporated did not begin trading on the NYSE until January 3, 2017; therefore, selected data and ratios are not available for years prior to 2017.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Conduent Incorporated. This MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying notes. This MD&A provides additional information about our operations, current developments, financial condition, cash flows and results of operations.

Throughout the MD&A, we refer to various notes to our Consolidated Financial Statements which appear in Item 8 of this 2018 Form 10-K, and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Overview

With revenues of $5.4 billion, we are a leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experience.

Headquartered in Florham Park, New Jersey, we have a team of approximately 82,000 people as of December 31, 2018, servicing customers in 26 countries. In 2018, 12% of our revenue was generated outside the U.S.

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate.

During 2018, in an effort to better reflect how we manage our business, we segregated our Public Sector segment into Government Services (including Health Enterprise, which was previously reported in Other segment) and Transportation segments. In addition, the Company also reclassified the operating results of our divestitures from the reportable segments to Other segment and separately reflected Shared IT/Infrastructure & Corporate Costs. All prior periods presented have been revised to reflect these changes.

- **Commercial Industries -** Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include transaction processing, end-user engagement, human resource management, omni-channel communications and finance and accounting services.
- **Government Services -** Our Government Services sector provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance, program administration, transaction processing and payment services.
- **Transportation -** Our Transportation segment provides systems and support services to transportation departments and agencies globally. Offerings include electronic toll collection, public transit, parking and photo enforcement.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

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Significant 2018 Actions

Dispositions

In 2018, we completed divestitures of: (1) our Commercial Vehicle Operations business; (2) our off-street parking business; (3) our U.S. human resource consulting and actuarial business and the human resource consulting and outsourcing business located in Canada and the United Kingdom; and (4) our local and municipal constituent government software solutions business. The aggregate proceeds for these divestitures was $703 million in cash. The businesses sold represented $304 million and $500 million of 2018 and 2017 revenue, respectively. We recorded a pre-tax gain of $78 million on these divestitures for the year ended December 31, 2018.

Significant 2017 Actions

Dispositions

In 2017, we completed divestitures of: (1) our Firehouse business and suite of emergency records management products used by fire departments across the country for their incident reporting and Emergency Management System information and records management; (2) our healthcare provider consulting services business, which advises healthcare organizations on IT application optimization; (3) the Breakaway Group business, which provides advisory project services to assist healthcare organizations optimize their health IT applications; (4) the mobile device management business of Wireless Data Services Limited; and (5) the Global Mobility business. The aggregate proceeds for these divestitures was $56 million in cash. The businesses sold represented $60 million and $82 million of 2017 and 2016 revenue, respectively. We recorded a pre-tax gain of $16 million on these divestitures for the year ended December 31, 2017.

In addition, in 2017, we sold a property located in Dallas, Texas, which was formerly the Affiliated Computer Services (ACS) headquarters, for a pre-tax gain of $24 million. This was part of our effort to consolidate our real estate footprint.

Health Enterprise Settlement

On November 28, 2017, we entered into a definitive settlement agreement with the State of New York regarding resolution of the HE platform project. Under the terms of the settlement: (1) our contract with the State of New York terminated effective December 15, 2017 and we were released from all liabilities and obligations in connection with the contract at such time; and (2) paid or incurred costs on behalf of, the State of New York in the amount of approximately $20 million. As we have previously reserved this amount, we incurred no additional charges as a result of the settlement.

Significant 2016 Actions

Separation

On December 31, 2016, Conduent Incorporated spun-off from Xerox Corporation, pursuant to the Separation and Distribution Agreement. The separation was completed by way of a pro rata distribution of Conduent Incorporated shares held by Xerox to Xerox's shareholders. As a result of the spin-off we operate as an independent, publicly traded company on the New York Stock Exchange under the ticker "CNDT".

Goodwill Impairment Charge

Our Commercial Industries reporting units operating results declined in 2016 versus our expectations, including a weak fourth quarter 2016. In performing our annual impairment test during the fourth quarter of 2016, we determined that the carrying value of the Commercial Industries reporting unit exceeded its fair value by 53%, which resulted in a goodwill impairment of $935 million. This has been presented as Goodwill impairment, a separate line item in the Consolidated Statements of Income (Loss). Refer to Note 6 – Goodwill and Intangible Assets, Net, in the Consolidated Financial Statements for additional information.

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Health Enterprise Charge

In February 2017, we determined that it was not probable that the New York Medicaid Management Information System (NY MMIS) project would be completed. As a result of this determination, we recorded a pre-tax charge (NY MMIS charge) of $161 million ($98 million after-tax) in the fourth quarter of 2016. The charge included $83 million for the write-off of contract receivables which were recorded as a reduction of revenue and $78 million recorded in Cost of services including $36 million for wind-down costs, $28 million related to the non-cash charge for the impairment of software and $14 million for the write-off of deferred contract set-up and transition costs and other related assets and liabilities.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and notes thereto. In preparing our Consolidated Financial Statements, we have made our best estimates and judgments of certain amounts included in the Consolidated Financial Statements giving due consideration to materiality. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Senior management has discussed the development and selection of the critical accounting policies, estimates and related disclosures included herein with the Audit Committee of the Board of Directors. We consider these as critical to understanding our Consolidated Financial Statements, as their application places the most significant demands on management's judgment, since financial reporting results rely on estimates of the effects of matters that are inherently uncertain. In instances where different estimates could have reasonably been used, we disclose the impact of these different estimates on our operations. In certain instances, the accounting rules are prescriptive; therefore, it would not have been possible to reasonably use different estimates. Changes in assumptions and estimates are reflected in the period in which they occur. The impact of such changes could be material to our results of operations and financial condition in any quarterly or annual period.

Specific risks associated with these critical accounting policies are discussed throughout the MD&A, where such policies affect our reported and expected financial results. For a detailed discussion of the application of these and other accounting policies, refer to Note 1 – Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Revenue Recognition

Application of the accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Refer to Note 1 – Basis of Presentation and Summary of Significant Accounting Policies — Revenue Recognition in the Consolidated Financial Statements for additional information regarding our revenue recognition policies.

Held for Sale

We classify assets as held for sale in the period when the following conditions are met: (i) management, having the authority to approve the action, commits to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal group); (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset (disposal group) beyond one year; (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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A long-lived asset (disposal group) that is classified as held for sale is initially measured at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset (disposal group) until the date of sale.

The fair value of a long-lived asset (disposal group) less any costs to sell is assessed each reporting period it remains classified as held for sale and any subsequent changes are reported as an adjustment to the carrying value of the asset (disposal group), as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale. Upon determining that a long-lived asset (disposal group) meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group in the line items Assets held for sale and Liabilities held for sale, respectively, in the Consolidated Balance Sheets.

In 2018, management approved the disposal through sale of certain assets and businesses, which were a mix of both Commercial Industries, Government Services and Transportation. This action was taken as a result of our evaluation of these businesses as they represent businesses in markets or with services that we did not see as strategic or core. As of December 31, 2018, most of these businesses have been sold. At December 31, 2018, we reclassified $15 million to assets held for sale and $40 million to liabilities held for sale relating to a portfolio of select standalone customer care contracts that was not yet sold. See Note 3 – Assets/Liabilities Held for Sale and Divestitures for additional information.

Intangible Assets

The fair values of identifiable intangible assets are primarily estimated using an income approach. These estimates include market participant assumptions and require projected financial information, including assumptions about future revenue growth and costs necessary to facilitate the projected growth. Other key inputs include assumptions about technological obsolescence, customer attrition rates, brand recognition, the allocation of projected cash flows to identifiable intangible assets and discount rates. We regularly review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
- significant negative industry or economic trends.

When we determine that the carrying value of intangibles and long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has occurred based on whether net book value of the assets exceeds the related projected undiscounted cash flows from these assets. We consider a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles in estimating future cash flows. Differing estimates and assumptions as to any of the factors described above could result in a materially different impairment charge, if any, and thus materially different results of operations.

Goodwill

Goodwill is not amortized but rather tested for impairment annually, or more frequently if an event or circumstance indicates that impairment may have been incurred. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors, supply costs, unanticipated competitive activities and acts by governments and courts.

Application of the annual goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and the assessment of the fair value of each reporting unit. We determined that our reporting units were the same as our operating segments and, therefore, our business is comprised of three reporting units. Our annual quantitative impairment test of goodwill was performed in the fourth quarter of 2018.

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In our quantitative test, we estimate the fair value of each reporting unit by weighting the results from the income approach (discounted cash flow methodology) and market approach. These valuation approaches require significant judgment and consider a number of factors that include, but are not limited to, expected future cash flows, growth rates and discount rates and comparable multiples from publicly traded companies in our industry. In addition, we are required to make certain assumptions and estimates regarding the current economic environment, industry factors and the future profitability of our businesses.

When performing our discounted cash flow analysis for each reporting unit, we incorporate the use of projected financial information and discount rates that are developed using market participant-based assumptions. The cash-flow projections are based on three-year financial forecasts developed by management that include revenue and expense projections, restructuring and strategic transformation activities, capital spending trends and investment in working capital to support anticipated revenue growth or other changes in the business. The selected discount rates consider the risk and nature of the respective reporting units' cash flows, appropriate capital structure and rates of return that market participants would require to invest their capital in our reporting units.

We believe these assumptions are appropriate and reflect our forecasted long-term business model and give appropriate consideration to our historical results as well as the current economic environment and markets that we serve.

Based on our quantitative assessments, we concluded that the fair value of our reporting units (which are the Financial Services & Healthcare, Consumer & Industrial and Europe operating segments, together comprising Commercial Industries, Government Services operating segment and the Transportation operating segment) exceeded their respective carrying values by approximately $600 million (for all Commercial Industries), $285 million for Government Services and $120 million for Transportation, respectively. The most significant assumption used in the goodwill analysis relates to the long-term organic growth rate for the operating segments comprising Commercial Industries, Government Services and Transportation segments. For example, the EBITDA long term growth rates for the Commercial Industries operating segments, Government Services and Transportation segments were 3%, 2.5% and 4%, respectively. The growth rates are consistent with industry long term growth rates and contemplate that Conduent will grow, on a long term basis, at least consistent with its peers. To the extent that Conduent losses a significant contract or multiple significant contracts, such that its growth rates are negatively impacted, its goodwill could be impaired. Specifically, if Conduent’s EBITDA long term growth rates were zero for the Commercial and Government operating segments and 3% for the Transportation operating segment, the fair values of the operating segments would approximate the book values of the operating segments.

Refer to Note 6 – Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding goodwill by reportable segment.

Income Taxes

We are subject to income taxes in the United States and numerous foreign jurisdictions. The determination of our provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. Our provision is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our provision will change based on discrete or other nonrecurring events such as audit settlements, tax law changes, changes in valuation allowances and other factors, that may not be predictable. In the event that there is a significant unusual or one-time item recognized in our operating results, the taxes attributable to that item would be separately calculated and recorded at the same time as an unusual or one-time item.

We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in our Consolidated Balance Sheets, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded in our Consolidated Balance Sheets and provide valuation allowances as required. We regularly review our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Gross deferred tax assets of $210 million and $245 million had valuation allowances of $44 million and $35 million at December 31, 2018 and 2017, respectively.

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On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (Tax Reform). The Tax Reform includes a tax on global intangible low-taxed income ("GILTI"), which imposes a U.S. tax on certain income earned by the Company's foreign subsidiaries. In January 2018, the FASB released guidance on the accounting for tax on GILTI. The guidance indicates that either accounting for deferred taxes on GILTI or treating GILTI as a period cost are both acceptable accounting elections. The Company elected to treat the tax on GILTI as a period cost when incurred and therefore, no deferred taxes for GILTI have been recognized for the year ended December 31, 2018.

We are subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon our assessment of the more-likely-than-not outcomes of such matters. In addition, when applicable, we adjust previously recorded tax expense to reflect examination results. Our ongoing assessments of the more-likely-than-not outcomes of examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results. Unrecognized tax benefits were $20 million, $15 million and $14 million at December 31, 2018, 2017 and 2016, respectively.

Refer to Note 13 – Income Taxes in the Consolidated Financial Statements for additional information regarding deferred income taxes and unrecognized tax benefits.

Loss Contingencies

We are currently involved in various claims and legal proceedings. At least quarterly, we review the status of each significant matter and assess its potential financial exposure considering all available information including, but not limited to, the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events pertaining to a particular matter. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims and litigation, and may revise estimates. These revisions in the estimates of the potential liabilities could have a material impact on the results of operations and financial position.

Refer to Note 14 – Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding loss contingencies.

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Financial Information

Financial information for the three years ended December 31, 2018 was as follows:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
(in millions)	2018	2017	2016	$ Change	% Change	$ Change	% Change
Revenue	$ 5,393	$ 6,022	$ 6,408	$ (629)	(10)%	$ (386)	(6)%
Operating Costs and Expenses							
Cost of Services (excluding depreciation and amortization)	4,182	4,730	5,174	$ (548)	(12)%	$ (444)	(9)%
Selling, general and administrative (excluding depreciation and amortization)	560	611	679	$ (51)	(8)%	(68)	(10)%
Research and development (excluding depreciation and amortization)	11	12	31	(1)	(8)%	(19)	(61)%
Depreciation and amortization	460	495	611	(35)	(7)%	(116)	(19)%
Restructuring and related costs	81	101	101	(20)	(20)%	—	— %
Interest expense	112	137	40	(25)	(18)%	97	243 %
(Gain) loss on divestitures and transaction costs	42	(42)	2	84	(200)%	(44)	
Litigation costs (recoveries), net	227	(11)	40	238		(51)	(128)%
(Gain) loss on extinguishment of debt	108	—	—	108	100 %	—	— %
Goodwill impairment	—	—	935	—	— %	(935)	(100)%
Separation costs	—	12	44	(12)	(100)%	(32)	(73)%
Other (income) expenses, net	5	(7)	(22)	12	(171)%	15	(68)%
Total Operating Costs and Expenses	**$ 5,788**	**$ 6,038**	**$ 7,635**	**$ (250)**		**$ (1,597)**	
Income (Loss) Before Income Taxes	$ (395)	$ (16)	$ (1,227)	$ (379)		$ 1,211	
Income tax expense (benefit)	21	(193)	(244)	214	(111)%	51	(21)%
Income (Loss) From Continuing Operations	**$ (416)**	**$ 177**	**$ (983)**	**$ (593)**		**$ 1,160**	

Revenue

Revenue for 2018 decreased, compared to the prior year period, mainly due to the impact from adopting the accounting guidance related to revenue recognition, which is also referred to herein as the "new revenue standard", divestitures completed in 2017 and 2018, strategic decisions by management as part of our portfolio rationalization, including exiting certain unprofitable contracts and contract losses. Partially offsetting these declines were increases from the ramp of new business. Excluding the impact of the new revenue standard and divestitures, the 2018 revenue decreased by 3.8% mainly due to strategic decisions by management as part of our portfolio rationalization, including exiting certain unprofitable contracts and contract losses, partially offset by the ramp of new business.

Revenue for 2017 decreased, compared to the prior year period, mainly due to the impact from strategic decisions by management as part of our portfolio rationalization, including exiting certain unprofitable contracts, the run-off of our Student Loan business and contract losses. Partially offsetting these declines were new contracts in the Government Services and the Transportation segments.

Cost of Services (excluding depreciation and amortization)

Cost of services for 2018 decreased, compared to the prior year period, mainly driven by the impact from adopting the new revenue standard, reductions in real estate, information technology and labor costs from our strategic transformation initiatives, lost business, strategic contract actions taken by management as part of portfolio management, lower volumes and divestitures completed in 2017 and 2018.

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Cost of services for 2017 decreased, compared to the prior year period, primarily due to cost transformation, lost business, wind-down of the NY MMIS contract, run-off of our Student Loan business, strategic contract actions taken by management as part of portfolio management and lower volumes.

Selling, General and Administrative (SG&A) (excluding depreciation and amortization)

Lower SG&A for 2018, compared to the prior year period, was reflective of the impact of our strategic transformation initiatives, primarily due to reductions in labor costs.

Lower SG&A for 2017, compared to the prior year period, was reflective of the impact of our strategic transformation initiatives driving lower wages and benefits, partially offset by the expansion and investment in our sales force.

Depreciation and Amortization

Depreciation and amortization decreased in 2018, compared to the prior year period, primarily due to the divestitures in 2018. The decrease in Depreciation and amortization for 2017, compared to the prior year period, was primarily due to the acceleration of amortization of certain trade-names in 2016. Refer to Note 6 – Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding our intangible assets.

Restructuring and Related Costs

Restructuring and related costs for the year ended December 31, 2018, include $34 million of severance costs due to headcount reductions of approximately 3,000 employees worldwide, $40 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint as well as $7 million of costs primarily related to data center migration and professional support services associated with the implementation of the strategic transformation program.

Restructuring and related costs for the year ended December 31, 2017 include $41 million of severance costs due to headcount reductions of approximately 3,200 employees worldwide, $51 million of lease cancellation costs as part of our effort to consolidate our real estate footprint and $9 million of costs primarily related to professional support services associated with the implementation of the strategic transformation program.

Restructuring and related costs for the year ended December 31, 2016 include $54 million of severance costs due to headcount reductions of approximately 3,600 employees worldwide, $28 million of costs primarily related to professional support services associated with the implementation of the strategic transformation program and $19 million of lease cancellation costs as part of our effort to consolidate our real estate footprint.

Refer to Note 7 – Restructuring Programs and Related Costs in the Consolidated Financial Statements for additional information regarding our restructuring programs.

Interest Expense

The decrease in Interest expense for 2018, compared to the prior year period, was driven primarily by the repayment of the Senior Notes and repricing of the term loans in 2018, partially offset by the write-off of debt issuance costs for certain loans that were refinanced in June 2018, amortization of debt issuance costs associated with the repricing of the loans and interest rate increases in 2018. Refer to Note 9 – Debt in the Consolidated Financial Statements for additional information.

Increase in interest expense for 2017, compared to the prior year period, was primarily due to the issuance of debt with the capitalization of the Company during the spin-off in December 2016 and subsequent borrowing under Term Loan B in January 2017, as well as amounts outstanding at various times throughout the year and interest rate increases.

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(Gain) Loss on Divestitures and Transaction Costs

The loss for 2018, compared to the prior year period gain, was driven primarily by an impairment charge related to the anticipated sale of a portfolio of select standalone customer care contracts that was completed in February 2019, partially offset by net gains from divestitures and transaction costs. The gain for 2017, compared to the prior year period loss, was due to gains from the sale of property located in Dallas and from divestitures. See Note 3 – Assets/Liabilities Held for Sale and Divestitures for additional information on 2018 divestitures.

Litigation Costs (Recoveries), Net

Increase in net litigation costs for 2018, compared to the prior year period, was primarily due to increases in reserves related to the litigation settlement pursuant to the Texas Agreement ("Texas Agreement"), Student Loan Service exposures and a reserve for certain terminated contracts that are subject to litigation.

Decrease in net litigation costs for 2017, compared to the prior year period, was primarily due to income received from certain customer dispute settlements and adjustment to contingent consideration on a previous acquisition.

Refer to Note 14 – Contingencies and Litigation to the Consolidated Financial Statements for additional information.

(Gain) Loss on Extinguishment of Debt

The loss on extinguishment of debt for 2018, related to the premium paid for the substantial buyback of the 10.5% Senior Notes due 2024.

Refer to Note 9 – Debt to the Consolidated Financial Statements for additional information regarding the debt redemption.

Goodwill Impairment

Our Commercial Industries reporting unit experienced declining operating results in 2016 versus expectations. As a result, we recorded a goodwill impairment of $935 million in 2016. Refer to Note 6 – Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding the Goodwill impairment charge.

Separation Costs

Separation costs are primarily for third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation.

Other (Income) Expenses, Net

Other (income) expenses, net primarily includes foreign currency transaction losses (gains) and other deferred compensation investment results.

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Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Reform) was enacted. The effects of changes in tax rates and laws were recognized in 2017, the period in which the new legislation was enacted. The income tax effects of the Tax Reform were initially accounted for on a provisional basis pursuant to the SEC staff guidance on income taxes. Reasonable estimates for all material tax effects of the Tax Reform were provided. A provisional benefit was recorded for $210 million resulting from a reduction in the tax rate from 35% to 21%. This was partially offset by a $12 million charge from one time tax on undistributed and previously untaxed post-1986 foreign earnings and profits (Transition Tax). The Company finalized its accounting for this matter in the fourth quarter of 2018 and recognized a $2 million additional benefit year to date, included as a component of income tax expense from continuing operations. The 2018 effective tax rate was (5.3)% and was lower than the U.S. statutory rate of 21%, primarily due to pre-tax loss and tax from the impacts of business divestitures, partially offset by U.S. foreign tax credits. As a result of higher U.S. Federal taxable income caused by the divestitures, the Company is not subject to Base Erosion Anti-Abuse Tax (BEAT) in 2018.

Excluding the impact of divestitures, the State of Texas litigation reserve, the loss on extinguishment of debt, charges for amortization of intangible assets, restructuring and divestiture related costs, the normalized effective tax rate without a BEAT tax for 2018 was 25.1%.

The 2017 rate was higher than the U.S. statutory rate of 35% primarily due to the impact of the Tax Reform, which included the reduction of the U.S. statutory rate from 35% to 21% and the Transition Tax.

Excluding primarily the tax impact of the Tax Reform, the termination of the COLI, amortization of intangible assets and gains on U.S divestitures, the adjusted effective tax rate for 2017 was 33.8%.

Operations Review of Segments

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate.

During 2018, in an effort to better reflect how we manage our business, we segregated our Public Sector segment into Government Services (including Health Enterprise, which was previously reported in Other segment) and Transportation segments. In addition, the Company also reclassified the operating results of our divestitures from the reportable segments to Other segment and separately reflected Shared IT/Infrastructure & Corporate Costs. All prior periods presented have been revised to reflect these changes.

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The following are our results of financial performance by segment for the three years ended December 31, 2018:

(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
				Divestitures	Other		
Year Ended December 31, 2018							
Total Revenue	$ 2,547	$ 1,351	$ 729	$ 752	$ 14	$ —	$ 5,393
Profit (Loss)	$ 500	$ 424	$ 113	$ 98	$ (18)	$ (695)	$ 422
Adjusted EBITDA	$ 597	$ 451	$ 149	$ 105	$ (15)	$ (647)	$ 640
% of Total Revenue	47.2%	25.1%	13.5%	13.9%	0.3 %	—%	100.0%
Adjusted EBITDA Margin	23.4%	33.4%	20.4%	14.0%	(107.1)%	—%	11.9%
Year Ended December 31, 2017							
Total Revenue	$ 2,685	$ 1,433	$ 767	$ 1,062	$ 75	$ —	$ 6,022
Profit (Loss)	$ 563	$ 398	$ 114	$ 128	$ 16	$ (802)	$ 417
Adjusted EBITDA	$ 661	$ 440	$ 157	$ 141	$ 18	$ (745)	$ 672
% of Total Revenue	44.7%	23.8%	12.7%	17.6%	1.2 %	—%	100.0%
Adjusted EBITDA Margin	24.6%	30.7%	20.5%	13.3%	24.0 %	—%	11.2%
Year Ended December 31, 2016							
Total Revenue	$ 2,827	$ 1,575	$ 766	$ 1,109	$ 131	$ —	$ 6,408
Profit (Loss)	$ 520	$ 421	$ 88	$ 166	$ (149)	$ (850)	$ 196
Adjusted EBITDA	$ 623	$ 464	$ 129	$ 190	$ 9	$ (780)	$ 635
% of Total Revenue	44.1%	24.6%	12.0%	17.3%	2.0 %	—%	100.0%
Adjusted EBITDA Margin	22.0%	29.5%	16.8%	17.1%	6.9 %	—%	9.9%

Commercial Industries Segment

Revenue

Commercial Industries revenue for 2018 decreased, compared to the prior year period, primarily driven by strategic contract actions and contract losses, businesses divested in 2018 and the impact of the new revenue standard, partially offset by revenue from new contracts and price increases from existing accounts.

Commercial Industries revenue 2017 decreased, compared to the prior year period, primarily driven by strategic contract actions and contract losses, lower volumes in our customer care offerings and lost business, partially offset by revenue from new contracts and price increases with existing clients.

Segment Profit and Adjusted EBITDA

Decrease in the Commercial Industries segment profit and adjusted EBITDA margin for 2018, compared to the prior year period, was mainly driven by the overall revenue decline from strategic actions and investments in technology platforms, partially offset by reductions in real estate, information technology and labor costs from our strategic transformation initiatives and from increases in new business.

Increase in the Commercial Industries segment profit and adjusted EBITDA margin for 2017, compared to the prior year period, was primarily driven by reduced costs as a result of reductions in real estate, information technology and labor costs from our strategic transformation initiatives, as well as contract remediation and strategic contract actions, partially offset by the overall revenue decline and investments in technology platforms.

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Government Services Segment

Revenue

Government Services revenue for 2018 decreased, compared to the prior year period, primarily driven by strategic contract actions and the impact of the new revenue standard, contract losses and lower volumes, partially offset by certain price increases from contract remediation and ramp of new business.

Government Services revenue for 2017 decreased, compared to the prior year period, primarily driven by strategic contract actions, contract losses and lower volumes, partially offset by certain price increases from contract remediation and ramp of new business.

Segment Profit and Adjusted EBITDA

Increase in the Government Services segment profit and adjusted EBITDA margin for 2018, compared to the prior year period, was mainly driven by reductions in real estate, information technology and labor costs from our strategic transformation initiatives and contract remediation, as well as price increases on certain accounts, partially offset by investments in technology platforms.

Decrease in the Government Services segment profit and adjusted EBITDA for 2017, compared to the prior year period, was primarily driven by strategic contract actions, contract losses in healthcare and payment services businesses, partially offset by our strategic transformation initiative.

Transportation Segment

Revenue

Transportation revenue for 2018 decreased, compared to the prior year period, primarily driven by the impact of the new revenue standard, contract losses, service level penalties and lower volumes, partially offset by certain price increases from contract remediation and ramp of new business.

Transportation revenue for 2017 was flat, compared to the prior year period, primarily driven by ramp of new business, offset by strategic decisions and contract losses.

Segment Profit and Adjusted EBITDA

Transportation segment profit and adjusted EBITDA margin for 2018, compared to the prior year period, was flat. This was mainly driven by reductions in real estate, information technology and labor costs from our strategic transformation initiatives, offset by investments in technology platforms.

Increase in the Transportation segment profit and adjusted EBITDA for 2017, compared to the prior year period, was mainly due to our strategic transformation initiative, partially offset by strategic decisions and contract losses.

Other

Revenue

Other revenue for 2018 decreased, compared to the prior year period, driven mainly by the divestitures completed in 2017 and 2018 and the run-off of our Student Loan Services business.

Other revenue for 2017 decreased, compared to the prior year period, driven mainly by the divestitures completed in 2017 and the run-off of our Student Loan Services business.

Segment Profit (Loss) and Adjusted EBITDA

Decrease in Other segment profit and adjusted EBITDA for 2018 were primarily due to divestitures completed in 2017 and 2018 and the run-off of our Student Loan Services business.

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Increase in Other segment profit for 2017 was primarily due to nonrecurring NY MMIS and HE charges in 2016. Decrease in Other segment adjusted EBITDA for 2017 was primarily due to divestitures completed in 2017 and the run-off of our Student Loan Services business.

Shared IT / Infrastructure & Corporate Costs

Improvements in Shared IT/Infrastructure and Corporate costs for both 2018 and 2017, compared to the prior year periods, were primarily driven by reduced costs as a result of reductions in real estate, information technology and labor costs from our strategic transformation initiatives.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts. The amounts in the following table reflect the impact of our adoption of the new revenue recognition standard on January 1, 2018 and also excludes divestitures. Refer to Note 1 – Basis of Presentation and Summary of Significant Accounting Policies for further discussion of the estimated impact of the adoption of this standard.

	Year Ended December 31,		2018 vs. 2017	
(in millions)	2018	2017	$ Change	% Change
New business TCV	$ 1,598	$ 2,031	$ (433)	(21)%
Renewals TCV	3,847	2,297	1,550	67 %
Total Signings	$ 5,445	$ 4,328	$ 1,117	26 %
Annual recurring revenue signings[1]	$ 365	$ 471	$ (106)	(23)%
Non-recurring revenue signings[2]	$ 234	$ 326	$ (92)	(28)%

(1) Recurring revenue signings are for new business contracts longer than one year.

(2) Non-recurring revenue signings are for contracts shorter than one year.

Signings for the 2018 increased, compared to the prior year, mainly due to increased renewal activities, partially offset by new business signings decline due to a continued focus on strategic wins with acceptable margins.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period, excluding any contracts that were not renewed and where a strategic action to improve the risk or profitability had been initiated.

Excluding our strategic decision not to renew certain contracts, renewal rates for 2018 and 2017 were 95% and 94%, respectively.

Capital Resources and Liquidity

As of December 31, 2018 and 2017, total cash and cash equivalents were $756 million (of which approximately $100 million was cash in foreign locations) and $658 million, respectively. Subsequent to December 31, 2018, the Company purchased the HSP business for approximately $90 million and entered into an agreement to settle the Texas litigation, $20 million of which is payable in the first quarter of 2019. Also, it is anticipated that our working capital in the first quarter of 2019 will be a net use of cash. Regarding the Texas litigation, the Settlement Agreement does not prevent the Company from prepaying the foregoing amounts and the Company is currently considering whether to do so. The Company also has a $750 million revolving line of credit for its various cash needs, of which $12 million has been utilized for letters of credit.

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As of December 31, 2018, there were $1.5 billion outstanding borrowings under our Credit Agreement of which $55 million was due within one year. Refer to Note 9 – Debt in the Consolidated Financial Statements for additional debt information.

Refer to the *Capital Market Activity* section below for additional information regarding our capital activity.

Cash Flow Analysis

The following summarizes our cash flows for the three years ended December 31, 2018, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

	Year Ended December 31,			Change	
(in millions)	2018	2017	2016	2018	2017
Net cash provided by operating activities	$ 283	$ 300	$ 95	$ (17)	$ 205
Net cash provided by investing activities	460	74	16	386	58
Net cash provided by (used in) financing activities	(637)	(124)	150	(513)	(274)

Operating Activities

The decrease in cash generated from operating activities for 2018, compared to the prior year period, was primarily attributable to increased tax payments and increased deferred compensation payments, partially offset by other working capital amounts.

The increase in cash generated from operating activities for 2017, compared to the prior year period, was primarily attributable to improvements in working capital and reduced wind-down payments associated with implementations in California, Montana and New York, partially offset by higher interest payments on our outstanding debt.

Investing Activities

The increase in cash generated from investing activities for 2018, compared to the prior year period, was primarily due to the proceeds from the divestitures, partially offset by increased spending for capital expenditures related to modernizing our information technology infrastructure.

The increase in cash provided by investing activities for 2017, compared to the prior year period, was primarily related to proceeds received on the liquidation of investments related to the termination of the deferred compensation plan, proceeds from the sale of business and assets and lower net additions to land, buildings and equipment, partially offset by non-recurring proceeds from related party notes receivable in 2016.

Financing Activities

The increase in cash used from financing activities for 2018, compared to the prior year period, was related to net debt repayments, premium on debt redemption and repayments of capital leases, partially offset by payments to former parent company in 2017.

The decrease in cash used in financing activities for 2017, compared to the prior year period, was primarily related to a decrease in proceeds from long term debt and an increase in debt payments, partially offset by a reduction in payments to former parent.

Capital Market Activity

On June 28, 2018, the Company entered into Amendment No. 3 (Amendment) to the December 7, 2016 Credit Agreement and in July 2018, the Company redeemed $476 million of its $510 million 10.5% Senior Notes due 2024.

Refer to Note 9 – Debt in the Consolidated Financial Statements for additional information on both Amendment No. 3 and the partial redemption of the Senior Notes.

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Financial Instruments

Refer to Note 10 – Financial Instruments in the Consolidated Financial Statements for additional information.

Contractual Cash Obligations and Other Commercial Commitments and Contingencies

At December 31, 2018, we had the following contractual cash obligations and other commercial commitments and contingencies:

(in millions)	2019	2020	2021	2022	2023	Thereafter
Total debt, including capital lease obligations[1]	$ 55	$ 50	$ 84	$ 576	$ 800	$ 33
Interest on debt[2]	90	89	86	56	4	3
Minimum operating lease commitments[3]	153	113	78	53	33	76
Defined benefit pension plans	2	—	—	—	—	—
Estimated Purchase Commitments[4]	87	58	34	3	—	1
Total	$ 387	$ 310	$ 282	$ 688	$ 837	$ 113

_____

(1) Total debt represents principal debt and capital leases. Refer to Note 9 – Debt in the Consolidated Financial Statements for additional information regarding debt.
(2) Represents interest on debt. Refer to Note 9 – Debt in the Consolidated Financial Statements for additional information.
(3) Refer to Note 5 – Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements for additional information.
(4) Other purchase commitments: We enter into other purchase commitments with vendors in the ordinary course of business. Our policy with respect to all purchase commitments is to record losses, if any, when they are probable and reasonably estimable. We currently do not have, nor do we anticipate, material loss contracts.

The table above does not include the amounts payable under the Texas Agreement. Refer to Note 14 – Contingencies and Litigation for additional information.

Other Contingencies and Commitments

As more fully discussed in Note 14 – Contingencies and Litigation in the Consolidated Financial Statements, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. In addition, guarantees, indemnifications and claims may arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates. Nonperformance under a contract including a guarantee, indemnification or claim could trigger an obligation of the Company.

We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Should developments in any of these areas cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Off-Balance Sheet Arrangements

As of December 31, 2018, we do not believe we have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In addition, refer to the preceding table for the Company's contractual cash obligations and other commercial commitments and Note 14 – Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding contingencies, guarantees and indemnifications.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risk from foreign currency exchange rates, which could affect operating results, financial position and cash flows. We manage our exposure to this market risk through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilized derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates. We also hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market events have not caused us to materially modify or change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 10 – Financial Instruments in the Consolidated Financial Statements for additional discussion on our financial risk management.

Foreign Exchange Risk Management

Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates at December 31, 2018, the potential change in the fair value of foreign currency-denominated assets and liabilities in each entity would not be significant because all material currency asset and liability exposures were economically hedged as of December 31, 2018. A 10% appreciation or depreciation of the U.S. Dollar against all currencies from the quoted foreign currency exchange rates at December 31, 2018 would have an impact on our cumulative translation adjustment portion of equity of approximately $50 million. The net amount invested in foreign subsidiaries and affiliates, primarily in the U.K. and Europe, and translated into U.S. Dollars using the year-end exchange rates, was approximately $504 million at December 31, 2018.

Interest Rate Risk Management

The consolidated weighted-average interest rates related to our total debt for 2018 approximated 3.42% for Term A Loan due 2021, 5.44% for Term B Loan due 2023, 7.71% for Senior Notes due 2024 and 2.08% for capital lease obligations. As of December 31, 2018, $1,564 million of our total debt of $1,598 million carried variable interest rates. The fair values of our fixed rate financial instruments are sensitive to changes in interest rates and at December 31, 2018, a 10% increase in market interest rates would decrease the fair values of such financial instruments by approximately $1.5 million. A 10% decrease in market interest rates would increase the fair values of such financial instruments by approximately $4 million.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Conduent Incorporated

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Conduent Incorporated and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2018, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2018 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey
February 28, 2019

We have served as the Company's auditor since 2016.

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REPORTS OF MANAGEMENT

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent registered public accountants, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent registered public accountants. The independent registered public accountants and internal auditors have free access to the Audit Committee.

/s/ ASHOK VEMURI	/s/ BRIAN WEBB-WALSH	/s/ ALLAN COHEN
Chief Executive Officer	**Chief Financial Officer**	**Chief Accounting Officer**

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CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in millions, except per-share data)	Year Ended December 31, 2018	2017	2016
Revenue	$ 5,393	$ 6,022	$ 6,408
Operating Costs and Expenses			
Cost of Services (excluding depreciation and amortization)	4,182	4,730	5,174
Selling, general and administrative (excluding depreciation and amortization)	560	611	679
Research and development (excluding depreciation and amortization)	11	12	31
Depreciation and amortization	460	495	611
Restructuring and related costs	81	101	101
Interest expense	112	137	40
(Gain) loss on divestitures and transaction costs	42	(42)	2
Litigation costs (recoveries), net	227	(11)	40
(Gain) loss on extinguishment of debt	108	—	—
Goodwill impairment	—	—	935
Separation costs	—	12	44
Other (income) expenses, net	5	(7)	(22)
Total Operating Costs and Expenses	5,788	6,038	7,635
Income (Loss) Before Income Taxes	(395)	(16)	(1,227)
Income tax expense (benefit)	21	(193)	(244)
Income (Loss) From Continuing Operations	(416)	177	(983)
Income (loss) from discontinued operations, net of tax	—	4	—
Net Income (Loss)	$ (416)	$ 181	$ (983)
Basic Earnings (Loss) per Share:			
Continuing operations	$ (2.06)	$ 0.82	$ (4.85)
Discontinued operations	—	0.02	—
Total Basic Earnings (Loss) per Share	$ (2.06)	$ 0.84	$ (4.85)
Diluted Earnings (Loss) per Share:			
Continuing operations	$ (2.06)	$ 0.81	$ (4.85)
Discontinued operations	—	0.02	—
Total Diluted Earnings (Loss) per Share	$ (2.06)	$ 0.83	$ (4.85)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Year Ended December 31, 2018	2017	2016
Net Income (Loss)	$ (416)	$ 181	$ (983)
Other Comprehensive Income (Loss), Net[1]			
Currency translation adjustments, net	(31)	35	(135)
Reclassification of currency translation adjustments on divestitures	42	—	—
Reclassification of divested benefit plans and other	62	—	—
Unrecognized gains (loss), net	1	2	—
Changes in benefit plans, net	—	(5)	(20)
Other Comprehensive Income (Loss), Net	74	32	(155)
Comprehensive Income (Loss), Net	$ (342)	$ 213	$ (1,138)

(1) *All amounts are net of tax. Tax effects were immaterial. See Note 17 – Other Comprehensive Income (Loss) for information about pre-tax amounts.*

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CONDUENT INCORPORATED
CONSOLIDATED BALANCE SHEETS

(in millions, except share data in thousands)	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 756	$ 658
Accounts receivable, net	782	1,114
Assets held for sale	15	757
Contract assets	177	—
Other current assets	234	181
Total current assets	1,964	2,710
Land, buildings and equipment, net	328	257
Intangible assets, net	651	891
Goodwill	3,408	3,366
Other long-term assets	329	324
Total Assets	$ 6,680	$ 7,548
Liabilities and Equity		
Current portion of long-term debt	$ 55	$ 82
Accounts payable	230	118
Accrued compensation and benefits costs	193	355
Unearned income	112	151
Liabilities held for sale	40	169
Other current liabilities	567	493
Total current liabilities	1,197	1,368
Long-term debt	1,512	1,979
Deferred taxes	327	384
Other long-term liabilities	280	146
Total Liabilities	3,316	3,877
Contingencies (See Note 14)		
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,878	3,850
Retained earnings (deficit)	(233)	171
Accumulated other comprehensive loss	(425)	(494)
Total Equity	3,222	3,529
Total Liabilities and Equity	$ 6,680	$ 7,548
Shares of common stock issued and outstanding	211,306	210,440
Shares of series A convertible preferred stock issued and outstanding	120	120

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2018	2017	2016
Cash Flows from Operating Activities:			
Net income (loss)	$ (416)	$ 181	$ (983)
Adjustments required to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	460	495	611
Contract inducement amortization	3	2	2
Goodwill impairment	—	—	935
Deferred income taxes	(75)	(230)	(160)
(Gain) loss from investments	(2)	(10)	(7)
Amortization of debt financing costs	11	9	—
(Gain) loss on extinguishment of debt	108	—	—
(Gain) loss on divestitures and transaction costs	42	(42)	2
Stock-based compensation	38	40	23
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	133	31	(23)
(Increase) decrease in other current and long-term assets	(111)	(32)	(96)
Increase (decrease) in accounts payable and accrued compensation	(56)	(49)	(60)
Increase (decrease) in restructuring liabilities	8	34	27
Increase (decrease) in other current and long-term liabilities	161	(125)	(210)
Net change in income tax assets and liabilities	(17)	11	39
Other operating, net	(4)	(15)	(5)
Net cash provided by (used in) operating activities	283	300	95
Cash Flows from Investing Activities:			
Cost of additions to land, buildings and equipment	(179)	(96)	(149)
Proceeds from sale of land, buildings and equipment	13	33	—
Cost of additions to internal use software	(45)	(36)	(39)
Proceeds from investments	1	117	11
Proceeds from divestitures and sale of assets, net of cash	675	56	(54)
Net proceeds on notes receivable	—	—	248
Other investing, net	(5)	—	(1)
Net cash provided by (used in) investing activities	460	74	16
Cash Flows from Financing Activities:			
Proceeds on long-term debt	—	306	1,969
Debt issuance fee payments	(3)	(8)	(67)
Payments on debt	(519)	(241)	(32)
Premium on debt redemption	(95)	—	—
Net payments to former parent company	—	(161)	(1,720)
Taxes paid for settlement of stock based compensation	(10)	(5)	—
Dividends paid on preferred stock	(10)	(10)	—
Other financing	—	(5)	—
Net cash provided by (used in) financing activities	(637)	(124)	150
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(8)	1	(6)
Increase (decrease) in cash, cash equivalents and restricted cash	98	251	255
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	667	416	161
Cash, Cash Equivalents and Restricted Cash at End of period[1]	$ 765	$ 667	$ 416

(1) *Includes $9 million, $9 million and $26 million of restricted cash as of December 31, 2018, 2017 and 2016, respectively, that were included in Other current assets on the Consolidated Balance Sheets.*

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCL[1]	Former Parent Company Investment	Conduent Shareholders' Equity
Balance at December 31, 2015	$ —	$ —	$ —	$ (181)	$ 5,343	$ 5,162
Series A preferred stock transfer	—	—	—	—	(142)	(142)
Capitalization of Company	2	3,812	—	—	(3,814)	—
Net transfers from former parent company	—	—	—	(190)	(404)	(594)
Comprehensive Income (Loss):						
Net Income (Loss)	—	—	—	—	(983)	(983)
Other comprehensive income (loss), net	—	—	—	(155)	—	(155)
Total Comprehensive Income (Loss), Net	—	—	—	(155)	(983)	(1,138)
Balance at December 31, 2016	$ 2	$ 3,812	$ —	$ (526)	$ —	$ 3,288
Cash dividends paid - preferred stock[2]	—	—	(10)	—	—	(10)
Stock option and incentive plans, net	—	38	—	—	—	38
Comprehensive Income (Loss):						
Net Income (Loss)	—	—	181	—	—	181
Other comprehensive income (loss), net	—	—	—	32	—	32
Total Comprehensive Income (Loss), Net	—	—	181	32	—	213
Balance at December 31, 2017	$ 2	$ 3,850	$ 171	$ (494)	$ —	$ 3,529
Cash dividends paid - preferred stock[2]	—	—	(10)	—	—	(10)
Cumulative impact of adopting the new revenue standard	—	—	17	—	—	17
Reclassification of amounts impacted by Tax Reform	—	—	5	(5)	—	—
Stock option and incentive plans, net	—	28	—	—	—	28
Comprehensive Income (Loss):						
Net Income (Loss)	—	—	(416)	—	—	(416)
Other comprehensive income (loss), net	—	—	—	74	—	74
Total Comprehensive Income (Loss), Net	—	—	(416)	74	—	(342)
Balance at December 31, 2018	$ 2	$ 3,878	$ (233)	$ (425)	$ —	$ 3,222

(1) AOCL - Accumulated other comprehensive loss.

(2) Cash dividend on preferred stock of $80.00 per share for 2018 and 2017.

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CONDUENT INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

We are a global enterprise and leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experience. We create value for our commercial and government clients by applying our expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. Our portfolio includes industry-focused service offerings in attractive growth markets such as healthcare and transportation, as well as multi-industry service offerings such as transaction processing, customer care and payment services.

Basis of Presentation

Our Consolidated Financial Statements included the historical basis of assets, liabilities, revenues and expenses of the individual businesses of the Company, including joint ventures and partnerships over which the Company has a controlling financial interest. We have prepared the Consolidated Financial Statements pursuant to the rules and regulations of the SEC. Certain reclassifications have been made to prior years' amounts to conform to the current year presentation. All intercompany transactions and balances have been eliminated.

We have also considered the impact of subsequent events on these consolidated financial statements.

Separation from Xerox Corporation

On December 31, 2016, Conduent spun-off from Xerox Corporation (Xerox), pursuant to the Separation and Distribution Agreement (Separation). The Separation was completed by way of a pro rata distribution of Conduent shares held by Xerox to Xerox’s shareholders. As a result, we operate as an independent, publicly traded company on the New York Stock Exchange, under the ticker "CNDT".

Prior to December 31, 2016, the Financial Statements of the Company were derived from the financial statements and accounting records of Xerox as if Conduent operated on a standalone basis. Historically, the Company consisted of the Business Process Outsourcing Operating segment within Xerox’s reportable Services segment and did not operate as a separate, standalone company. Accordingly, Xerox performed certain corporate overhead functions for the Company. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the Company, were allocated from Xerox. It is not practicable to estimate actual costs that would have been incurred had the Company been a separate standalone company. Allocations for management costs and corporate support services provided to the Company totaled $165 million for year ended December 31, 2016. Management of the Company believes the assumptions regarding the allocated expenses reasonably reflect the utilization of services provided to or the benefit received by the Company during the period prior to the Separation. The Consolidated Financial Statements for the period prior to the Separation does not necessarily include all the expenses that would have been incurred or held by the Company had it been a separate, standalone company.

Use of Estimates

We prepared the Consolidated Financial Statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the intangible and long-lived assets, valuation of goodwill, contingencies and litigation, income taxes and corporate allocations (for year ended December 31, 2016). Our estimates are based on management's best knowledge of current events, historical experience, and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

New Accounting Standards

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Leases: In February 2016, the FASB updated the accounting guidance related to leases requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with a lease term greater than 12 months. The accounting for lessors is largely unchanged. This updated guidance is effective for the Company beginning January 1, 2019. The Company adopted this updated accounting guidance beginning January 1, 2019 using the optional transition approach, which allows entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Comparative periods will continue to be presented under existing lease guidance. This updated standard will have a significant impact on its Consolidated Balance Sheets by increasing its assets and liabilities. The Company does not expect the adoption to have a material impact on its Consolidated Statements of Income (Loss) and Consolidated Statements of Cash Flows.

Credit Losses: In June 2016, the FASB updated the accounting guidance related to measurement of credit losses on financial instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. This updated guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact on the Company's Consolidated Financial Statements.

Recently Adopted Accounting Standards

Cloud Computing Arrangements: In August 2018, the Financial Accounting Standards Board (FASB) issued an accounting update which aligns the requirements for capitalizing implementation costs incurred in a hosting cloud computing arrangement that is a service contract with the existing capitalization requirements for implementation costs incurred to develop or obtain internal-use software (and hosting cloud computing arrangements that include an internal-use software license). The Company elected to early adopt this standard on July 1, 2018 on a prospective basis. The adoption of this guidance did not have a material impact on the Company’s Consolidated Financial Statements.

Reclassifying Certain Tax Effects From Accumulated Other Comprehensive Income: On December 22, 2017, the Tax Cuts and Jobs Act (Tax Reform) was enacted, lowering the U.S. corporate tax rate from 35% to 21%. The U.S. deferred tax assets and liabilities, including the balances originally recorded to Accumulated Other Comprehensive Income (AOCI), were adjusted to the new tax rate through net income from continuing operations in December 2017. In February 2018, the FASB issued guidance permitting companies, on an elective basis, to reclassify the disproportionate income tax effects of Tax Reform on items within AOCI to retained earnings. The only disproportionate income tax effects in the Company’s AOCI balance in December 2017 related to the U.S. pension plan. The plan was transferred to H.I.G. Capital as part of the U.S. human resource consulting and actuarial business divestiture completed in August 2018. In light of this, the Company adopted this accounting policy effective July 1, 2018 and has reclassified $5 million from AOCI to retained earnings as of September 30, 2018. Refer to the Consolidated Statements of Shareholders' Equity for additional information regarding this reclassification.

Cash Flows: In November 2016, the FASB issued updated accounting guidance regarding the presentation of restricted cash in the Consolidated Statements of Cash Flows. Specifically, this update requires that restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statements of Cash Flows. The Company adopted this updated accounting guidance on January 1, 2018 using the retrospective method. The adoption of this guidance resulted in a reclassification of restricted cash of $9 million and $26 million for the years ended December 31, 2017 and 2016, respectively, in the Consolidated Statements of Cash Flows.

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Revenue Recognition: In May 2014, the FASB updated the accounting guidance related to revenue recognition, which is also referred to herein as "the new revenue standard" to clarify the principles for recognizing revenue and replaced all existing revenue recognition guidance in U.S. GAAP with one accounting model. The core principle of the guidance is that an entity should recognize revenue when the promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The updated guidance also requires additional qualitative and quantitative disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers largely on a disaggregated basis. The Company adopted the new revenue standard as of January 1, 2018, using the modified retrospective method. The Company has applied the new revenue standard only to contracts not completed as of the date of initial application. The adoption has primarily impacted the following: (1) revenue associated with postage recognized on a net basis versus previously being recognized on a gross basis; (2) the timing of revenue recognition associated with fixed fees for certain contracts with more than one performance obligation; and (3) the timing of recognition of certain pricing discounts and credits.

The Company recorded a net increase to opening retained earnings of $17 million, a decrease to current and long-term unearned income of $9 million and $6 million, respectively, and increase to contract assets of $7 million and an increase to deferred taxes of $5 million as of January 1, 2018, due to the cumulative impact of adopting this new guidance. The comparative information has not been restated and continues to be reported under the accounting standards in effect for the periods presented.

The impact of the new revenue standard for the year ended December 31, 2018, was a decrease in Revenue of approximately $150 million, primarily as a result of recognizing postage receipts on a net basis, in the Company's Consolidated Statements of Income (Loss). The impact of the new revenue standard, as of and for the period ended December 31, 2018, on the Company's pre-tax income (loss), Consolidated Balance Sheets and Statements of Cash Flows was not material.

Summary of Accounting Policies

Revenue recognition

The Company recognizes revenue when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services.

The Company's contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately, versus together, may require judgment. Typically, the Company's contracts include performance obligation(s) to stand-ready on a daily or monthly basis to provide services to the customers. Under a stand-ready obligation, the evaluation of the nature of our performance obligation is focused on each time increment rather than the underlying activities. Accordingly, the promise to stand-ready is accounted for as a single-series performance obligation.

Once the Company determines the performance obligations, the Company estimates the amount of variable consideration, if any, to be included in determining the transaction price. Typical forms of variable consideration include variable pricing based on the number of transactions processed or usage-based pricing arrangements. Variable consideration is also present in the form of volume discounts, tiered and declining pricing, penalties for service level agreements, performance bonuses and credits. In circumstances where we meet certain requirements to allocate variable consideration to a distinct service within a series of related services, we allocate variable consideration to each distinct period of service within the series. If we do not meet those requirements, we include an estimate of variable consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty is resolved. For contracts with multiple performance obligations, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company generally determines standalone selling prices based on the prices charged to customers or by using expected cost plus margin.

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The Company typically satisfies its performance obligations over time as the services are provided. A time-elapsed output method is used to measure progress because the nature of the Company's promise is a stand-ready service and efforts are expended evenly throughout the period. In limited circumstances, such as contracts for implementation or development projects, the Company also uses a cost-to-cost based input method. The Company has determined that the above methods provide a faithful depiction of the transfer of services to the customer.

Estimates of revenue expected to be recognized in future periods exclude unexercised customer options to purchase additional services that do not represent material rights to the customer. Customer options that do not represent a material right are only accounted for when the customer exercises its option to purchase additional goods or services. The Company recognizes revenue for non-refundable upfront implementation fees on a straight-line basis over the period between the initiation of the services through the end of the contract term.

When more than one party is involved in providing services to a customer, the Company evaluates whether it is the principal, and reports revenue on a gross basis, or an agent, and reports revenue on a net basis. In this assessment, the Company considers the following: if it obtains control of the specified services before they are transferred to the customer; is primarily responsible for fulfillment and inventory risk; and has discretion in establishing price.

The Company reports revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions. The primary revenue-based taxes are sales tax and value-added tax (VAT).

The Company's payment terms vary by type of services offered. The time between invoicing and when payment is due is not significant. For certain services and customer types, the Company requires payment before services are rendered.

From time to time, the Company's contracts are modified to account for additions or changes to existing performance obligations. The Company's contract modifications related to stand-ready performance obligations are generally accounted for prospectively.

Disaggregation of Revenue

During the second quarter of 2018, the Company changed how it presents the disaggregated revenue by major service line to reflect the core businesses separate from the non-core businesses. This change had no impact on disaggregated revenue by reportable segment or the timing of revenue recognition.

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The following table provides information about disaggregated revenue by major service line, the timing of revenue recognition and a reconciliation of the disaggregated revenue by reportable segments. Refer to Note 2 – Segment Reporting for additional information on the Company's reportable segments.

(in millions)	Year Ended December 31, 2018
Commercial Industries:	
Omni-channel communications	$ 852
Human resource services	754
Industry services	941
Total Commercial Industries	2,547
Government Services	1,351
Transportation	729
Other:	
Divestitures	752
Education	14
Total Other	766
Total Consolidated Revenue	$ 5,393
Timing of Revenue Recognition:	
Point in time	$ 142
Over time	5,251
Total Revenue	$ 5,393

The Company's contracts with customers are broadly similar in nature throughout the Company's major service lines. The following is a description of the major service lines:

- **Omni-Channel Communications:** The Company offers a range of services that help its clients support their end-users. This includes in-bound and out-bound call support for both simple and complex transactions, technical support and patient assistance. The Company also provides multi-channel communication support (both print and digital) across a range of industries.

- **Human Resource Services:** The Company helps its clients support their employees at all stages of employment from initial on-boarding through retirement as well as health savings account (HSA) administration. The Company offers clients a range of customized advisory, technology and administrative services that improve the ability of employees to manage their benefits, professional development and retirement planning. Also, the Company assists its clients with workers' compensation claims management.

- **Industry Services:** The Company leverages technology to assist its clients with transaction processing as well as providing platform solutions. This includes offerings such as finance and accounting, transaction processing, learning, legal and payment integrity services, among others.

- **Government Services:** The Company's services include public assistance program administration such as child support, pension administration, records management, electronic benefits, eligibility and payment cards, unclaimed property, disease management and software offerings in support of federal, state and local government agencies. The Company also provides payment services, which include prepaid cards, child support disbursements and other government support programs, disbursement of electronic payments directly to end-users, collections and transfer of payments.

- **Transportation:** The Company provides systems and support services to transportation departments and agencies globally. Offerings include support for electronic toll collection, public transit, parking and photo enforcement.

- **Divestitures:** This represents divestitures that were previously reported as Commercial Industries Non-core and Public Sector Non-core.

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Contract Balances

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are the Company's rights to consideration for services provided when the right is conditioned on something other than passage of time (for example, meeting a milestone for the right to bill under the cost-to-cost measure of progress). Contract assets are transferred to Accounts receivable when the rights become unconditional. Unearned income includes payments received in advance of performance under the contract, which are realized when the associated revenue is recognized under the contract.

The following table provides information about the balances of the Company's contract assets, unearned income and receivables from contracts with customers:

(in millions)	December 31, 2018	January 1, 2018
Contract Assets (Unearned Income)		
Current contract assets[1]	$ 177	$ 191
Long-term contract assets[2]	7	2
Current unearned income	(112)	(128)
Long-term unearned income[3]	(32)	(46)
Net Contract Assets (Unearned Income)	$ 40	$ 19
Accounts receivable, net	$ 782	$ 908

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(1) Prior to the adoption of the new revenue standard, these amounts were recorded in Accounts receivable, net and represented unbilled amounts.

(2) Presented in Other long-term assets in the Consolidated Balance Sheets

(3) Presented in Other long-term liabilities in the Consolidated Balance Sheets

Revenue of $134 million was recognized during the year ended December 31, 2018 related to the Company's unearned income at January 1, 2018. The Company had no asset impairment charges related to contract assets for the year ended December 31, 2018.

Transaction Price Allocated to the Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at December 31, 2018, was approximately $2 billion. The Company expects to recognize approximately 67% of the revenues over the next two years and the remainder thereafter.

Costs to Obtain and Fulfill a Contract

The Company capitalizes commission expenses paid to internal sales personnel that are incremental to obtaining customer contracts. The net book value of these costs, which was $24 million as of December 31, 2018, are included in Other long-term assets. The judgments made in determining the amount of costs incurred include whether the commissions are incremental and directly related to a successful acquisition of a customer contract. These costs are amortized in Depreciation and amortization over the term of the contract or the estimated life of the customer relationship, if renewals are expected and the renewal commission is not commensurate with the initial commission. These costs are periodically reviewed for impairment. The Company expenses sales commissions when incurred if the amortization period of the sales commission is one year or less.

In addition, the Company may provide inducement payments to secure customer contracts. These inducement payments are capitalized and amortized to expense over the term of the customer contract. The net book value of these costs totaled $23 million as of December 31, 2018 and are included in Other long-term assets.

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Also, the Company capitalizes costs incurred to fulfill its contracts that (i) relate directly to the contract, (ii) are expected to generate resources that will be used to satisfy the Company's performance obligation under the contract and (iii) are expected to be recovered through revenue generated under the contract. The net book value of these costs, which comprise set-up/transition activities, was $53 million as of December 31, 2018, and are classified in Other long-term assets on the Consolidated Balance Sheets. Contract fulfillment costs are expensed to Cost of services as the Company satisfies its performance obligations by transferring the service to the customer. These costs are amortized on a systematic basis over the expected period of benefit.

The amortization of costs incurred to obtain and fulfill a contract for the year ended December 31, 2018, was approximately $50 million.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, including money market funds and investments with original maturities of three months or less.

Receivable Sales

In 2018, 2017 and 2016, the Company sold certain accounts receivable and derecognized the corresponding receivable balance. Refer to Note 4 – Accounts Receivable, Net for more details on our receivable sales.

Assets/Liabilities Held for Sale

We classify assets as held for sale in the period when the following conditions are met: (i) management, having the authority to approve the action, commits to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal group); (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset (disposal group) beyond one year; (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A long-lived asset (disposal group) that is classified as held for sale is initially measured at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset (disposal group) until the date of sale.

The fair value of a long-lived asset (disposal group) less any costs to sell is assessed each reporting period it remains classified as held for sale and any subsequent changes are reported as an adjustment to the carrying value of the asset (disposal group), as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

In both 2018 and 2017, management approved the disposal through sale of certain assets and businesses. This action was taken as a result of our strategic evaluation of these businesses. As of December 31, 2018 and 2017, these businesses qualified as assets held for sale and we reclassified $15 million and $757 million to assets held for sale for 2018 and 2017, respectively, and $40 million and $169 million to liabilities held for sale for 2018 and 2017, respectively.

Refer to Note 3 – Assets/Liabilities Held for Sale and Divestitures for further discussion.

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Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life. Significant improvements are capitalized and maintenance and repairs are expensed when incurred.

Refer to Note 5 – Land, Buildings, Equipment and Software, Net for further discussion.

Software - Internal Use and Product

Internal Use: We capitalize direct costs associated with developing, purchasing or otherwise acquiring software for internal use and amortize these costs on a straight-line basis over the expected useful life of the software, beginning when the software is implemented. Costs for upgrades and enhancements that will not result in additional functionality are expensed as incurred. Amounts incurred for Internal Use Software are included in Cash Flows from Investing.

Refer to Note 5 – Land, Buildings, Equipment and Software, Net for further information.

Goodwill

For acquired businesses, the Company records the acquired assets and assumed liabilities based on their relative fair values at the date of acquisitions (commonly referred to as the purchase price allocation). Goodwill represents the excess of the purchase price paid in excess of the fair value of net tangible and intangible assets acquired. For the Company's business acquisitions, the purchase price is allocated to identifiable intangible assets separate from goodwill if they are from contractual or other legal rights, or if they could be separated from the acquired business and sold, transferred, licensed, rented or exchanged.

We test goodwill for impairment annually or more frequently if an event or change in circumstances indicate the asset may be impaired. Impairment testing for goodwill is done at the reporting unit level. We determined the fair value of our reporting units utilizing a combination of both an Income Approach and a Market Approach. The Income Approach utilizes a discounted cash flow analysis based upon the forecasted future business results of our reporting units. The Market Approach utilizes the guideline public company method. If the fair value of a reporting unit is less than its carrying amount, an impairment charge would be recognized for amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

Refer to Note 6 – Goodwill and Intangible Assets, Net for further information.

Other Intangible Assets

Other intangible assets primarily consist of assets acquired through business combinations, including installed customer base and distribution network relationships, patents and trademarks. Other intangible assets are amortized on a straight-line basis over their estimated economic lives unless impairment is identified.

Refer to Note 6 – Goodwill and Intangible Assets, Net for further information.

Impairment of Long-Lived Assets

We review the recoverability of our long-lived assets, including buildings, equipment, internal use software, product software and other intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on forecasted cash flows.

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Income Taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are based on differences between U.S. GAAP reporting and tax bases of assets or liabilities and based on current tax laws, regulations and rates.

The recognition of deferred tax assets requires an assessment to determine the realization of such assets. Management establishes valuation allowances on deferred tax assets when it is determined “more-likely-than-not” that some portion or all of the deferred tax assets may not be realized. Management considers positive and negative evidence in evaluating the ability of the Company to realize its deferred tax assets, including its historical results and forecasts of future ability to realize its deferred tax assets, including projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies.

We are subject to ongoing tax examinations and assessments in various jurisdictions. We have unrecognized tax benefits for uncertain tax positions. We follow U.S. GAAP which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results.

On December 22, 2017, the US enacted the Tax Cuts and Jobs Act (Tax Reform). The Tax Reform includes a tax on global intangible low-taxed income (“GILTI”), which imposes a U.S. tax on certain income earned by the Company’s foreign subsidiaries. In January 2018, the FASB released guidance on the accounting for tax on GILTI. The guidance indicates that either accounting for deferred taxes on GILTI or treating GILTI as a period cost are both acceptable accounting elections. The Company elected to treat the tax on GILTI as a period cost when incurred and therefore, no deferred taxes for GILTI have been recognized for the year ended December 31, 2018.

Refer to Note 13 – Income Taxes for further discussion.

Foreign Currency Translation and Re-measurement

The functional currency for most foreign operations is the local currency. Net assets are translated at current rates of exchange and income, expense and cash flow items are translated at average exchange rates for the applicable period. The translation adjustments are recorded in Accumulated other comprehensive loss.

The U.S. Dollar is used as the functional currency for certain foreign subsidiaries that conduct their business in U.S. Dollars. A combination of current and historical exchange rates is used in re-measuring the local currency transactions of these subsidiaries and the resulting exchange adjustments are recorded in Currency (gains) and losses within other expenses, net together with other foreign currency re-measurements.

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Note 2 – Segment Reporting

Our reportable segments correspond to how we organize and manage the business, as defined by our CEO who is also our Chief Operating Decision Maker, and are aligned to the industries in which our clients operate. Our segments involve the delivery of business process services and include service arrangements where we manage a customer's business activity or process.

During 2018, in an effort to better reflect how we manage our business, we segregated our Public Sector segment into Government Services (including Health Enterprise, which was previously reported in Other segment) and Transportation segments. In addition, the Company also reclassified the operating results of our divestitures from the reportable segments to Other segment and separately reflected Shared IT/Infrastructure & Corporate Costs. All prior periods presented have been revised to reflect these changes.

We report our financial performance based on the three reportable segments: Commercial Industries, Government Services and Transportation.

- **Commercial Industries:** Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include omni-channel communications, human resource management and finance and accounting services.

- **Government Services:** Our Government Services segment provides government-centric business process services to U.S. federal, state and local and foreign governments for, public assistance, program administration, transaction processing and payment services.

- **Transportation:** Our Transportation segment provides systems and support services to transportation departments and agencies globally. Offerings include support for electronic toll collection, public transit, parking and photo enforcement.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

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Selected financial information for our reportable segments was as follows:

(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
				Divestitures	Other		
2018							
Revenue	$ 2,547	$ 1,351	$ 729	$ 752	$ 14	$ —	$ 5,393
Segment profit (loss)	$ 500	$ 424	$ 113	$ 98	$ (18)	$ (695)	$ 422
Segment depreciation and amortization	$ 97	$ 30	$ 36	$ 7	$ 3	$ 48	$ 221
Adjusted EBITDA	$ 597	$ 451	$ 149	$ 105	$ (15)	$ (647)	$ 640
2017							
Revenue	$ 2,685	$ 1,433	$ 767	$ 1,062	$ 75	$ —	$ 6,022
Segment profit (loss)	$ 563	$ 398	$ 114	$ 128	$ 16	$ (802)	$ 417
Segment depreciation and amortization	$ 98	$ 41	$ 43	$ 13	$ 2	$ 57	$ 254
Adjusted EBITDA	$ 661	$ 440	$ 157	$ 141	$ 18	$ (745)	$ 672
2016							
Revenue	$ 2,827	$ 1,575	$ 766	$ 1,109	$ 131	$ —	$ 6,408
Segment profit (loss)	$ 520	$ 421	$ 88	$ 166	$ (149)	$ (850)	$ 196
Segment depreciation and amortization	$ 103	$ 43	$ 41	$ 24	$ 52	$ 70	$ 333
Adjusted EBITDA	$ 623	$ 464	$ 129	$ 190	$ 9	$ (780)	$ 635

The following is a reconciliation of segment profit (loss) profit to pre-tax (loss) income:

(in millions)	Year Ended December 31,		
Segment Profit (Loss) Reconciliation to Pre-tax Income (Loss)	2018	2017	2016
Income (Loss) Before Income Taxes	$ (395)	$ (16)	$ (1,227)
Reconciling items:			
Restructuring and related costs	81	101	101
Amortization of acquired intangible assets	242	243	280
Goodwill impairment	—	—	935
Interest expense	112	137	40
Separation costs	—	12	44
(Gain) loss on divestitures and transaction costs	42	(42)	2
Litigation costs (recoveries), net	227	(11)	40
(Gain) loss on extinguishment of debt	108	—	—
Other (income) expenses, net	5	(7)	(22)
Business transformation costs	—	—	3
Segment Pre-Tax Income (Loss)	$ 422	$ 417	$ 196
Segment depreciation and amortization	221	254	333
NY MMIS depreciation	—	—	(52)
Business transformation costs	—	—	(3)
NY MMIS charge (credit)	(2)	9	161
HE charge (credit)	(1)	(8)	—
Adjusted EBITDA	$ 640	$ 672	$ 635

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Geographic area data is based upon the location of the subsidiary reporting the revenue or long-lived assets and is as follows for each of the years ended December 31:

	Revenues			Long-Lived Assets [1]	
(in millions)	2018	2017	2016	2018	2017
United States	$ 4,748	$ 5,303	$ 5,686	$ 375	$ 289
Europe	497	538	547	28	42
Other areas	148	181	175	62	54
Total Revenues and Long-Lived Assets	$ 5,393	$ 6,022	$ 6,408	$ 465	$ 385

(1) Long-lived assets are comprised of (i) Land, buildings and equipment, net, (ii) Internal use software, net and (iii) Product software, net.

In 2016, our methodology to disclose revenue on a geographic basis changed to reflect where the work is contracted.

Note 3 – Assets/Liabilities Held for Sale and Divestitures

In September 2018, the Company entered into an agreement (subject to regulatory approval) to sell a portfolio of select standalone customer care contracts to Skyview Capital LLC. The assets and liabilities related to this portfolio, collectively referred to as the Disposal Group, have been reclassified to held for sale and measured at the lower of carrying value or fair value less cost to sell. The fair value less estimated cost to sell, as measured by the terms of the sale's agreement, was less than the carrying amount by $66 million. Accordingly, the Company recorded a $66 million impairment charge, which included a write-off of goodwill of $11 million and long-lived assets of $11 million. This impairment charge was included in the (Gain) loss on divestitures and transaction costs line in the Consolidated Statements of Income (Loss). This Disposal Group is reported in Other segment. The revenues generated from this business were $439 million and $483 million for the years ended December 31, 2018 and 2017, respectively.

Following is a summary of the major categories of assets and liabilities that have been reclassified to held for sale.

(in millions)	December 31, 2018
Accounts Receivable, net	$ 15
Total Assets held for sale	$ 15
Accounts payable	$ 1
Accrued compensation	16
Unearned revenue	8
Other	15
Total Liabilities held for sale	$ 40

In September 2018, the Company completed the sale of its local and municipal constituent government software solutions business to Avenu Insights & Analytics. The proceeds from this divestiture were $106 million in cash and the transaction generated a pre-tax gain of $0 million. The revenues generated from this business were $81 million and $113 million for the nine months ended September 30, 2018 and for the year ended December 31, 2017, respectively.

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In August 2018, the Company completed the sale of its U.S. human resource consulting and actuarial business and the human resource consulting and outsourcing business located in Canada and the United Kingdom (U.K.) to H.I.G. Capital. The proceeds from this divestiture include $168 million in cash paid at closing, $20 million to be collected in installments over four years and a contingent consideration of $6 million. The transaction generated a pre-tax loss of $7 million. The revenues generated from this business were $172 million, which includes $6 million of intercompany revenue and $279 million for the nine months ended September 30, 2018 and for the year ended December 31, 2017, respectively.

In July 2018, the Company completed the sale of its off-street parking business, including the Multipark System in France and the U.K., along with its U.S. Airport Parking business to Andera Partners. The proceeds from this divestiture were $26 million in cash and the transaction generated a pre-tax gain of $8 million. The revenues generated from this business were $18 million and $42 million for the nine months ended September 30, 2018 and for the year ended December 31, 2017, respectively.

In June 2018, the Company completed the sale of its Commercial Vehicle Operations (CVO) business to Alinda Capital Partners. During the third quarter of 2018, the Company recorded a final working capital adjustment for the sale of the CVO business in the amount of $3 million, increasing the total cash proceeds received and pre-tax gain recorded to $403 million and $77 million, respectively. The revenue generated from this business was $33 million and $66 million for the six months ended June 30, 2018 and for the year ended December 31, 2017, respectively.

Note 4 – Accounts Receivable, Net

The Accounts receivable, net balance of $782 million and $1,114 million at December 31, 2018 and 2017, respectively, included allowance for doubtful accounts of $1 million and $2 million at December 31, 2018 and 2017, respectively.

The Company enters into supply chain financing programs from time to time to sell certain accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the Consolidated Balance Sheets and the proceeds are included in cash flow from operating activities in the Consolidated Statements of Cash Flows.

Accounts receivable sales were as follows:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Accounts receivable sales	$ 119	$ 94	$ 259

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Note 5 - Land, Buildings, Equipment and Software, Net

Land, buildings and equipment, net were as follows:

(in millions except as noted)	Estimated Useful Lives (Years)	December 31, 2018	December 31, 2017
Land		$ 2	$ 3
Building and building equipment	25 to 50	7	17
Leasehold improvements	Varies	246	247
Office furniture and equipment	3 to 15	901	784
Other	4 to 20	2	1
Construction in progress		64	24
Subtotal		1,222	1,076
Accumulated depreciation		(894)	(819)
Land, Buildings and Equipment, Net		$ 328	$ 257

Depreciation expense and operating lease rent expense were as follows:

(in millions)	Year Ended December 31, 2018	2017	2016
Depreciation expense	$ 121	$ 125	$ 130
Operating lease rent expense	$ 208	$ 267	$ 299

We lease buildings and equipment, substantially all of which are accounted for as operating leases. Certain leases were accounted for as capital leases and the remaining net book value of those assets, included in Land, Buildings and Equipment, net were approximately $24 million and $32 million at December 31, 2018 and 2017, respectively.

Future minimum operating lease commitments that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2018 were as follows (in millions):

2019	2020	2021	2022	2023	Thereafter
$ 153	$ 113	$ 78	$ 53	$ 33	$ 76

Internal Use and Product Software

Internal use and product software are included in Other long-term assets on the Company's Consolidated Balance Sheets. Additions to Internal Use and Product Software as well as year-end balances for these assets were as follows:

(in millions) Additions to:	Year Ended December 31, 2018	2017	2016
Internal use software	$ 47	$ 36	$ 39
Product software	8	10	10

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(in millions)	December 31,	
Capitalized Costs, Net	2018	2017
Internal use software[1]	$ 123	$ 106
Product software[1]	18	22

(1) See Note 8 – Supplementary Financial Information for additional information.

Useful lives of our internal use and product software generally vary from one to seven years.

During 2016 we determined that it was probable that we would not fully complete our NY MMIS project in its current form. As a result of this decision an impairment charge of approximately $28 million was recorded in Cost of services. We also recorded an additional impairment charge in 2016 related to the 2015 HE charge of approximately $9 million in Restructuring and asset impairment.

Note 6 - Goodwill and Intangible Assets, Net

Goodwill

The following table presents the changes in the carrying amount of goodwill, by reportable segments:

(in millions)	Commercial Industries	Government Services	Transportation	Total
Balance at December 31, 2016	$ 1,504	$ 1,738	$ 647	$ 3,889
Foreign currency translation	19	—	28	47
Disposition	(19)	(14)	—	(33)
Assets held-for-sale	(105)	(414)	(18)	(537)
Balance at December 31, 2017	**$ 1,399**	**$ 1,310**	**$ 657**	**$ 3,366**
Foreign currency translation	(10)	—	(16)	(26)
Assets held-for-sale	(12)	—	—	(12)
Other[1]	14	66	—	80
Balance at December 31, 2018	**$ 1,391**	**$ 1,376**	**$ 641**	**$ 3,408**

(1) Represents 2018 true-up to the 2017 Assets held for sale.

Impairment Charge

There was no impairment identified for the years ended December 31, 2018 and 2017. In 2016, due to the declining trends and projections in the Commercial Industries reporting unit, we concluded that the fair value of our Commercial Industries reporting unit was less than its carrying value. Accordingly, we recorded a pre-tax goodwill impairment charge of $935 million during the fourth quarter of 2016, which is separately presented in the Consolidated Statements of Income (Loss). There was no impairment identified for the Public Sector in 2016.

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Intangible Assets, Net

Net intangible assets were $651 million at December 31, 2018 of which $417 million, $160 million and $74 million relate to our Commercial Industries, Government Services and Transportation segments, respectively. Intangible assets were comprised of the following:

		December 31, 2018			December 31, 2017		
(in millions except years)	Weighted Average Amortization	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	11 years	$ 2,914	$ 2,264	$ 650	$ 2,907	$ 2,022	$ 885
Technology, patents and non-compete	4 years	6	5	1	11	5	6
Total Intangible Assets		$ 2,920	$ 2,269	$ 651	$ 2,918	$ 2,027	$ 891

Amortization expense related to intangible assets was $242 million, $243 million and $280 million for the years ended December 31, 2018, 2017 and 2016, respectively. Amortization expense is expected to approximate $241 million in 2019, $238 million in 2020, $134 million in 2021, $12 million in 2022 and $6 million in 2023.

Note 7 – Restructuring Programs and Related Costs

The Company engages in a series of restructuring programs related to downsizing its employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce its cost structure and improve productivity. The implementation of the Company's strategic transformation program and various productivity initiatives have reduced the Company's real estate footprint across all geographies and segments resulting in increased lease cancellation and other related costs. Also included in Restructuring and Related Costs are incremental, non-recurring costs related to the consolidation of our data centers. Management continues to evaluate the Company's business and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made or actions are completed.

Costs associated with restructuring, including employee severance and lease termination costs, are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of our restructuring program activity during the two years ended December 31, 2018 is as follows:

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Balance at December 31, 2016	$ 15	$ 6	$ 21
Restructuring provision	49	54	103
Adjustments to prior accruals	(8)	(3)	(11)
Total Net Current Period Charges	41	51	92
Payments against reserve and currency	(42)	(23)	(65)
Other	—	(4)	(4)
Balance at December 31, 2017	$ 14	$ 30	$ 44
Restructuring provision	39	39	78
Adjustments to prior accruals	(5)	5	—
Total Net Current Period Charges	34	44	78
Payments against reserve and currency	(35)	(40)	(75)
Other	—	2	2
Balance at Balance at December 31, 2018	$ 13	$ 36	$ 49

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We also recorded costs related to professional support services associated with the implementation of the strategic transformation program of $3 million, $9 million and $28 million during the years ended December 31, 2018, 2017 and 2016, respectively.

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by reportable and non-reportable segments:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Commercial Industries	$ 26	$ 15	$ 27
Government Services	1	2	3
Transportation	3	1	2
Other	6	4	17
Corporate	42	70	24
Total Net Restructuring Charges	$ 78	$ 92	$ 73

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Note 8 – Supplementary Financial Information

The components of Other assets and liabilities were as follows:

(in millions)	December 31, 2018	December 31, 2017
Other Current Assets		
Prepaid expenses	$ 87	$ 73
Income taxes receivable	40	13
Value-added tax (VAT) receivable	22	18
Restricted cash	9	9
Other	76	68
Total Other Current Assets	$ 234	$ 181
Other Current Liabilities		
Accrued liabilities	$ 307	$ 320
Legal settlements	147	62
Software accruals	23	17
Restructure reserves	36	32
Income tax payable	3	6
Other taxes payable	15	7
Other	36	49
Total Other Current Liabilities	$ 567	$ 493
Other Long-term Assets		
Internal use software, net	$ 123	$ 106
Deferred contract costs, net[(1)]	100	126
Product software, net	18	22
Other	88	70
Total Other Long-term Assets	$ 329	$ 324
Other Long-term Liabilities		
Legal settlements	$ 144	$ —
Income tax liabilities	29	20
Unearned income	32	54
Restructuring reserves	13	12
Other	62	60
Total Other Long-term Liabilities	$ 280	$ 146

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(1) The balances at December 31, 2018 and 2017 are expected to be amortized over a weighted average remaining life of approximately 10 and 9 years, respectively.

Amortization expense for the next five years and thereafter for deferred contract costs is expected as follows:

2019	2020	2021	2022	2023	Thereafter
$ 41	$ 13	$ 8	$ 6	$ 2	$ 30

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Note 9 – Debt

We classify our debt based on the contractual maturity dates of the underlying debt instruments or as of the earliest put date available to the debt holders. We defer costs associated with debt issuance over the applicable term. These costs are amortized as interest expense in our Consolidated Statements of Income (Loss).

Long-term debt was as follows:

(in millions)	Weighted Average Interest Rates at December 31, 2018[1]	December 31, 2018	December 31, 2017
Term loan A due 2022	3.42%	$ 705	$ 732
Term loan B due 2023	5.44%	833	842
Senior notes due 2024	7.71%	34	510
Capital lease obligations	2.08%	26	33
Principal Debt Balance		$ 1,598	$ 2,117
Debt issuance costs and unamortized discounts		(31)	(56)
Less: current maturities		(55)	(82)
Total Long-term Debt		$ 1,512	$ 1,979

(1) Represents weighted average effective interest rate which includes the effect of discounts and premiums on issued debt.

Scheduled principal payments due on our long-term debt for the next five years and thereafter are as follows:

2019	2020	2021	2022	2023	Thereafter	Total
$ 55	$ 50	$ 84	$ 576	$ 800	$ 33	$ 1,598

Credit Facility

On December 7, 2016, we entered into a senior secured credit agreement (Credit Agreement) among the Company, its subsidiaries: Conduent Business Services, LLC (CBS), Affiliated Computer Services International B.V. and Conduent Finance, Inc. (CFI), the lenders party and JP Morgan Chase Bank, N.A., as the administrative agent. The Credit Agreement contains senior secured credit facilities (Senior Credit Facilities) consisting of:

(i) Senior Secured Term Loan A (Term Loan A) with an aggregate principal amount of $700 million;
(ii) Senior Secured Term Loan B (Term Loan B) with an aggregate principal amount of $850 million;
(iii) Senior Revolving Credit Facility (Revolving Credit Facility) with an aggregate available amount of $750 million including a sub-limit for up to $300 million million available for the issuance of letters of credit.

As of December 31, 2018, we have utilized $12 million of our revolving credit facility capacity to issue letters of credit.

The Credit Agreement permits us to incur incremental term loan borrowings and /or increase commitments under the revolving credit facility, subject to certain limitations and satisfaction of certain conditions, in an aggregate amount not to exceed (i) $300 million plus, (ii) if the senior secured net leverage ratio of Conduent Business Services (CBS) and its subsidiaries does not exceed 2.25 to 1.00 on a pro forma basis (without giving effect to any incurrence under clause (i) that is incurred substantially simultaneously with amounts incurred under clause (ii)), an unlimited amount.

All obligations under the Credit Agreement are unconditionally guaranteed by the Company, CBS, Conduent Finance, Inc. (CFI) and the existing and future direct and indirect wholly owned domestic subsidiaries of CBS (subject to certain exceptions). All obligations under the Credit Agreement, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of CBS and the guarantors under the Credit Agreement (other than the Company and CFI), including a first-priority pledge of all the capital stock of CBS and the subsidiaries of CBS directly held by CBS or the guarantors (other than the Company and CFI) under the

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Credit Agreement (which pledges, in the case of any foreign subsidiary, will be limited to 65% of the capital stock of any first-tier foreign subsidiary).

The Credit Agreement contains certain customary affirmative and negative covenants, restrictions and events of default. The Credit Agreement requires total net leverage ratio for December 31, 2018 and thereafter not to exceed 3.75 to 1.00.

Senior Notes

The Senior Notes are jointly and severally guaranteed on a senior unsecured basis by the Company and each of the existing and future domestic subsidiaries of CFI or CBS that guarantee the obligations under the Senior Credit Facilities.

Interest is payable semi-annually. At the option of the Issuers, the Senior Notes are redeemable in whole or in part, at any time prior to December 15, 2020, at a price equal to 100% of the aggregate principal amount of the Senior Notes plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a “make-whole” premium. The Issuers may also redeem the Senior Notes, in whole or in part, at any time on or after December 15, 2020, at the redemption prices specified in the Indenture, plus accrued and unpaid interest, if any, to but excluding the redemption date. Additionally, at any time prior to December 15, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Senior Notes, subject to certain conditions, with the net cash proceeds from certain equity offerings at a price equal to 110.50% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Loans Repricing and Redemption

On June 28, 2018, the Company entered into Amendment No. 3 (Amendment) to the December 7, 2016 Credit Agreement, which (i) extended the revolving credit maturity from December 7, 2021 to December 7, 2022 and reduced the interest rate on the revolving credit by 0.5% from 2.25% over LIBOR to 1.75% over LIBOR; (ii) extended the maturity date of the Term A Loans from December 7, 2021 to December 7, 2022 and reduced the interest rate by 0.5% from 2.25% over LIBOR to 1.75% over LIBOR, and (iii) reduced the interest rate on the Term B Loans by 0.5% from 3.0% over LIBOR to 2.5% over LIBOR. These transactions resulted in a write-off of unamortized discount and issuance costs of $3 million.

In July 2018, the Company redeemed $476 million of its $510 million 10.50% Senior Notes due 2024. As part of the redemption, the Company paid a premium of $95 million and wrote off the associated unamortized discount and issuance costs of $13 million.

Interest

Interest paid on our short-term and long-term debt amounted to $100 million, $129 million, $5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Interest expense and interest income was as follows:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Interest expense	$ 112	$ 137	$ 40
Interest income	7	3	3

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Note 10 – Financial Instruments

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts to manage foreign currency exposures that we hedge. Our primary foreign currency market exposures include the Philippine Peso, Indian Rupee and Mexican Peso. The fair market values of all our derivative contracts change with fluctuations in interest rates or currency exchange rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

We do not believe there is significant risk of loss in the event of non-performance by the counterparty associated with our derivative instruments because these transactions are executed with a major financial institution. Further, our policy is to deal only with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

Summary of Foreign Exchange Hedging Positions

At December 31, 2018 and 2017, we had outstanding forward exchange with gross notional values of $167 million and $160 million, respectively. At December 31, 2018, approximately 65% of these contracts mature within three months, 14% in three to six months, 17% in six to twelve months and 4% in greater than 12 months.

The following is a summary of the primary hedging positions and corresponding fair values:

	December 31, 2018		December 31, 2017	
(in millions)	Gross Notional Value	Fair Value Asset (Liability)[1]	Gross Notional Value	Fair Value Asset (Liability)[1]
Currencies Hedged (Buy/Sell)				
Philippine Peso/U.S. Dollar	$ 53	$ —	$ 62	$ —
Indian Rupee/U.S. Dollar	69	2	68	1
Mexican Peso/U.S. Dollar	8	—	9	—
All Other	37	—	21	—
Total Foreign Exchange Hedging	$ 167	$ 2	$ 160	$ 1

(1) Represents the net receivable (payable) amount included in the Consolidated Balance Sheet.

Note 11 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value based on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities.

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Summary of Financial Assets and Liabilities Accounted for at Fair Value on a Recurring Basis

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases was Level 2.

(in millions)	December 31, 2018	December 31, 2017
Assets:		
Foreign exchange contract - forward	$ 3	$ 2
Total Assets	$ 3	$ 2
Liabilities:		
Foreign exchange contracts - forwards	$ 1	$ 1
Deferred compensation plan liabilities[1]	—	99
Total Liabilities	$ 1	$ 100

(1) In September 2017, the Company terminated the legacy deferred compensation plans (Plans) and the Company Owned Life Insurance (COLI), which held the Plans' investments. The Company made the payments to Plan participants in 2018.

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

	December 31, 2018		December 31, 2017	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Assets held for sale	$ 15	$ 15	$ 757	$ 757
Liabilities:				
Long-term debt	$ 1,512	$ 1,463	$ 1,979	$ 2,070
Liabilities held for sale	$ 40	$ 40	$ 169	$ 169

The fair value amounts for Cash and cash equivalents, Restricted cash, Accounts receivable, net and Short-term debt approximate carrying amounts due to the short-term maturities of these instruments.

The fair value of the Assets held for sale and the Liabilities held for sale were measured based on the sale's price less estimated transactions costs (Level 3). Refer to Note 3 – Assets/Liabilities Held for Sale and Divestitures to the Consolidated Financial Statements for additional information.

The fair value of Long-term debt was estimated based on the current rates offered to the Company for debt of similar maturities (Level 2).

Note 12 – Employee Benefit Plans

Defined Benefit Plans

In 2018, all of the U.S. and the majority of the international plan assets and obligations were part of the divestiture of the U.S. human resource consulting and actuarial business and the human resource consulting and outsourcing business located in Canada and the U.K. The company's remaining benefit obligations and plan assets in 2018 were $12 million and $3 million, respectively.

As of December 31, 2017 the Company had a pension benefit obligation of $280 million ($102 million in the US and $178 million from non-US plans). The plans also had assets of approximately $222 million ($62 million in the US and $160 million from non-US plans), in which the assets were invested primarily in equity and fixed income securities (level 1 and level 2).

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Defined Contribution Plans

We have post-retirement savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans employees are allowed to contribute a portion of their salaries and bonuses to the plans, and we match a portion of the employee contributions. We recorded charges related to our defined contribution plans of $28 million in 2018, $35 million in 2017 and $35 million in 2016.

Note 13 - Income Taxes

Prior to the Separation, Conduent's operating results were included in Xerox Corporation's various consolidated U.S. federal and state income tax returns, as well as non-U.S. tax filings. For the purposes of the Company's Consolidated Financial Statements for periods prior to the Separation, income tax expense and deferred tax balances have been recorded as if the Company filed tax returns on a standalone basis separate from Xerox. The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for fiscal 2016.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (Tax Reform). The Tax Reform significantly changes the U.S. corporate income tax laws by, among other things, reducing the corporate income tax rate to 21% starting in 2018 and creating a territorial tax system with a one-time mandatory tax on previous deferred foreign earnings of U.S. subsidiaries. With respect to this legislation, the Company recorded a provisional tax benefit of $198 million in the fourth quarter of 2017, which included a $210 million tax benefit due to the re-measurement of deferred tax assets and liabilities resulting from the decrease in the corporate U.S. federal income tax rate from 35% to 21% and $12 million as a one-time-charge on the transition tax for Post-1986 undistributed and not previously taxed foreign earnings and profits. The Company finalized its accounting for this legislation in the fourth quarter of 2018 and recognized a $2 million additional benefit year to date, included as a component of income tax expense from continuing operations. The true-up of the provisional benefit includes $5 million additional benefit due to re-measurement of deferred tax assets and liabilities resulting from the decrease in the U.S. corporate federal income tax rate, a $1 million reduction in the one-time charge on the transition tax and a $4 million charge due to change in recognition of deferred tax assets related to deductibility of certain expenses.

Income (loss) before income taxes (pre-tax income (loss)) was as follows:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Domestic loss	$ (411)	$ (91)	$ (1,329)
Foreign income	16	75	102
Loss Before Income Taxes	$ (395)	$ (16)	$ (1,227)

Provision (benefit) for income taxes were as follows:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Federal Income Taxes			
Current	$ 35	$ 4	$ (116)
Deferred	(62)	(233)	(132)
Foreign Income Taxes			
Current	41	25	31
Deferred	(6)	(3)	(3)
State Income Taxes			
Current	20	8	1
Deferred	(7)	6	(25)
Total Benefit	$ 21	$ (193)	$ (244)

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A reconciliation of the U.S. federal statutory income tax rate to the consolidated effective income tax rate was as follows:

	Year Ended December 31,		
	2018	2017	2016
U.S. federal statutory income tax rate	21.0 %	35.0 %	35.0 %
Nondeductible expenses[1]	(3.7)%	(104.0)%	(19.0)%
Effect of tax law changes	0.5 %	1,282.4 %	— %
Change in valuation allowance for deferred tax assets	(1.7)%	(39.5)%	0.1 %
State taxes, net of federal benefit	(2.3)%	1.2 %	1.8 %
Audit and other tax return adjustments	— %	— %	1.4 %
Tax-exempt income, credits and incentives	2.2 %	38.9 %	0.7 %
Foreign rate differential adjusted for U.S. taxation of foreign profits[2]	1.9 %	47.7 %	0.7 %
Divestitures[3]	(20.3)%	(51.9)%	— %
Unrecognized tax benefits and other	(2.9)%	(3.5)%	(0.8)%
Effective Income Tax Rate	(5.3)%	1,206.3 %	19.9 %

(1) In 2017, nondeductible expenses primarily related to officers life insurance.
(2) The "U.S. taxation of foreign profits" represents the U.S. tax, net of foreign tax credits, associated with actual and deemed repatriations of earnings from our non-U.S. subsidiaries.
(3) 2018 and 2017 divestitures include nondeductible goodwill allocated to divested businesses.

On a consolidated basis, we paid/(received) a total of $108 million, $29 million and $(123) million in income taxes to federal, foreign and state jurisdictions during the three years ended December 31, 2018, 2017 and 2016, respectively.

Total income tax expense (benefit) was allocated as follows:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Pre-tax income	$ 21	$ (193)	$ (244)
Discontinued operations	—	3	—
Common shareholders' equity:			
Changes in defined benefit plans	—	—	8
Stock option and incentive plans, net	—	—	—
Total Income Tax Expense (Benefit)	$ 21	$ (190)	$ (236)

Unrecognized Tax Benefits and Audit Resolutions

We recognize tax liabilities when, despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. Each period we assess uncertain tax positions for recognition, measurement and effective settlement. Benefits from uncertain tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Where we have determined that our tax return filing position does not satisfy the more-likely-than-not recognition threshold, we have recorded no tax benefits.

We are also subject to ongoing tax examinations in numerous jurisdictions due to the extensive geographical scope of our operations. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can increase or decrease our effective tax rate, as well as impact our operating results. The specific timing of when the resolution of each tax position will be reached is uncertain. As of December 31, 2018, we do not believe that there are any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

(in millions)	2018	2017	2016
Balance at January 1	$ 15	$ 14	$ 24
Additions related to current year	3	—	1
Additions related to prior years positions	5	—	—
Reductions related to prior years positions	—	—	(5)
Settlements with taxing authorities[1]	(1)	—	(5)
Currency	(2)	1	(1)
Balance at December 31	$ 20	$ 15	$ 14

(1) 2018 and 2016 settlement resulted in $1 million and $5 million cash paid, respectively.

We maintain offsetting benefits from other jurisdictions of $15 million, $16 million and $16 million, at December 31, 2018, 2017 and 2016, respectively. We recognized interest and penalties accrued on unrecognized tax benefits, as well as interest received from favorable settlements within income tax expense. We had $10 million, $6 million and $4 million accrued for the payment of interest and penalties associated with unrecognized tax benefits at December 31, 2018, 2017 and 2016, respectively. In the U.S., we are no longer subject to U.S. federal income tax examinations for years before 2012. With respect to our major foreign jurisdictions, the years generally remain open back to 2006.

Deferred Income Taxes

The Company is indefinitely reinvested in the undistributed earnings of its foreign subsidiaries with respect to the U.S. These foreign subsidiaries have aggregate cumulative undistributed earnings of $164 million as of December 31, 2018. For years after 2017, the Tax Reform does allow for certain earnings to be repatriated free from U.S. Federal taxes. However, the repatriation of earnings could give rise to additional tax liabilities. We have also not provided for deferred taxes on outside basis differences in our investments in our foreign subsidiaries that are unrelated to unremitted earnings. These other basis differences will also be indefinitely reinvested. A determination of the unrecognized deferred taxes related to these other components of our outside basis differences is not practicable. We have provided for deferred taxes with respect to certain unremitted earnings of foreign subsidiaries that are not indefinitely reinvested between foreign subsidiaries outside of the U.S.

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The tax effects of temporary differences that give rise to significant portions of the deferred taxes were as follows:

(in millions)	December 31, 2018	December 31, 2017
Deferred Tax Assets		
Net operating losses	$ 46	$ 41
Operating reserves, accruals and deferrals	68	85
Deferred compensation	16	59
Pension	2	15
Settlement reserves	67	18
Other	11	27
Subtotal	210	245
Valuation allowance	(44)	(35)
Total	$ 166	$ 210
Deferred Tax Liabilities		
Unearned income	$ 86	$ 134
Intangibles and goodwill	341	413
Depreciation	30	5
Other	24	25
Total	$ 481	$ 577
Total Deferred Taxes, Net	$ (315)	$ (367)

The deferred tax assets for the respective periods were assessed for recoverability and, where applicable, a valuation allowance was recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. The net change in the total valuation allowance for the years ended December 31, 2018 and 2017 was an increase of $9 million and $11 million, respectively. The valuation allowance relates primarily to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

Although realization is not assured, we have concluded that it is more-likely-than-not that the deferred tax assets, for which a valuation allowance was determined to be unnecessary, will be realized in the ordinary course of operations based on the available positive and negative evidence, including scheduling of deferred tax liabilities and projected income from operating activities. The amount of the net deferred tax assets considered realizable, however, could be reduced in the near term if actual future income or income tax rates are lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

At December 31, 2018, we had tax credit carryforwards of $9 million available to offset future income taxes which will expire between 2019 and 2038 if not utilized. We also had net operating loss carryforwards for income tax purposes of $417 million that will expire between 2019 and 2038, if not utilized; and $54 million available to offset future taxable income indefinitely.

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Note 14 – Contingencies and Litigation

As more fully discussed below, the Company is involved in a variety of claims, lawsuits, investigations and proceedings concerning: governmental entity contracting, servicing and procurement law; intellectual property law; employment law; commercial and contracts law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its view on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts in excess of any accrual for such matter or matters, this could have a material adverse effect on the Company's results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters as of December 31, 2018. Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters and such outcome in any such matters could be in excess of any amounts accrued and could be material to the Company's results of operations, cash flows or financial position in any reporting period.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the consolidated financial position or liquidity. As of December 31, 2018, the Company had accrued its estimate of liability incurred under its indemnification arrangements and guarantees.

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Litigation Against the Company

State of Texas v. Xerox Corporation, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Conduent State Healthcare, LLC (f/k/a Xerox State Healthcare, LLC, f/k/a ACS State Healthcare, LLC) and Conduent Incorporated: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the “State”), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Xerox Corporation, Xerox State Healthcare, LLC and ACS State Healthcare (collectively, the "Xerox Defendants") violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services (“HHSC”). The State alleges that the Xerox Defendants made false representations of material facts regarding the processes, procedures, implementation and results regarding the prior authorization of orthodontic claims. The State seeks recovery of amounts paid for orthodontic treatment under the Texas Medicaid program for the period from approximately 2004 to 2012, three times the amount of the payments made as a result of the alleged unlawful acts, civil penalties, pre- and post-judgment interest and all costs and attorneys’ fees. The Xerox Defendants filed their Answer in June, 2014 denying all allegations. A trial date was originally scheduled for November, 2018. During the first quarter of 2018, the State notified the Xerox Defendants in the litigation discovery process that its claim is in excess of two billion dollars based primarily on the assertion of treble damages and civil penalties per illegal act for almost two hundred thousand purported illegal acts. During the second quarter of 2018, the trial date was rescheduled for May, 2019. During October of 2018, discussions with the State were undertaken to determine if a mutually acceptable settlement might be reached. Those discussions were not productive. In the wake of those discussions, we recorded an additional $72 million reserve during the third quarter of 2018, increasing our aggregate reserve for this matter as of September 30, 2018, to $110 million. During December 2018, we re-engaged with the State in discussions to settle the matter. In February 2019, those discussions culminated in a settlement agreement and release among the Xerox Defendants, the State and HHSC. Pursuant to the terms of the Texas Agreement ("Texas Agreement"), the Company will pay the State of Texas $236 million in full settlement of the claims asserted against the Xerox Defendants. This amount is payable in installments of: (1) $20 million within 10 days of execution of the settlement agreement; (2) $20 million by April 15, 2019; (3) $38 million by July 31, 2019; (4) $79 million by July 31, 2020; and (5) $79 million by July 31, 2021. The Agreement does not prevent the Company from prepaying the foregoing amounts and the Company is currently considering whether to do so. The Company does not intend to make further disclosure regarding a possible prepayment unless it actually prepays such amounts in whole or in part. As part of the settlement, all proceedings in the lawsuit are suspended and the State and the HHSC will dismiss the lawsuit with prejudice and release the Xerox Defendants from all of the State’s claims after all settlement payments are made. As a result of entering into the Texas Agreement, the Company recorded an additional reserve of $113 million in the quarter ended December 31, 2018 which is net of a $13 million discount to reflect the fair value of the liability. The Defendants’ have not made any admission of liability or wrongdoing in entering into the Texas Agreement.

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Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC ("Buck"), which was a wholly-owned subsidiary of Conduent, for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association ("StanCERA"). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck's valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court's ruling and remanded the case back to the trial court as to Buck only, and only with respect to Plaintiff's claim of aiding and abetting StanCERA in breaching its fiduciary duty. This case has been stayed pending the outcome of parallel litigation the plaintiffs are pursuing against StanCERA. The parallel litigation was tried before the bench in June 2018, and on January 24, 2019, the court found in favor of StanCERA, holding that it had not breached its fiduciary duty to plaintiffs. Plaintiffs in the parallel litigation have the right to file an appeal, which we expect. Nasrawi remains stayed until the parallel litigation is finally concluded. Absent the court finding that StanCERA breached its fiduciary duty, plaintiffs' claim against Buck for aiding and abetting said breach would not appear viable. Buck will continue to aggressively defend these lawsuits. In August 2018, Conduent sold Buck Consultants, LLC; however, the Company retained this liability after the sale. The Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome or loss, if any.

Conduent Business Services, LLC v. Cognizant Business Services, LLC: On April 12, 2017, Conduent Business Services LLC ("Conduent") filed a lawsuit against Cognizant Business Services Corporation ("Cognizant") in the Supreme Court of New York County, New York. The lawsuit relates to the Amended and Restated Master Outsourcing Services Agreement effective as of October 24, 2012, and the service delivery contracts and work orders thereunder, between Conduent and Cognizant, as amended and supplemented (the "Contract"). The Contract contains certain minimum purchase obligations by Conduent through the date of expiration. The lawsuit alleges that Cognizant committed multiple breaches of the Contract, including Cognizant's failure to properly perform its obligations as subcontractor to Conduent under Conduent's contract with the New York Department of Health to provide a Medicaid Management Information Systems (the "NY MMIS Contract"). In the lawsuit, Conduent seeks damages in excess of one hundred fifty million dollars. During the first quarter of 2018, Conduent provided notice to Cognizant that it was terminating the Contract for cause and recorded in the same period certain charges associated with the termination. Cognizant asserted two counterclaims for breach of contract seeking recovery of damages in excess of forty-seven million dollars, which includes amounts alleged not paid to Cognizant under the contract and an alleged twenty-five million dollars of termination fee. Conduent has responded to Cognizant's counterclaims by denying the allegations. Conduent will continue to vigorously defend itself against the counterclaims but the Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome.

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Other Matters:

On January 5, 2016, the Consumer Financial Protection Bureau (the "CFPB") notified Xerox Education Services, Inc. (XES) that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise (NORA) process, the CFPB's Office of Enforcement is considering recommending that the CFPB take legal action against XES, alleging that XES violated the Consumer Financial Protection Act's prohibition of unfair practices. Should the CFPB commence an action, it may seek restitution, civil monetary penalties, injunctive relief, or other corrective action. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action is recommended or commenced. XES submitted its response to the NORA. The CFPB's NORA stems from an inquiry that commenced in 2014 when XES received and responded to a CFPB Civil Investigative Demand containing a broad request for information. During this process, XES self-disclosed to the U.S. Department of Education (the "Department") and the CFPB certain adjustments of which it had become aware that had not been timely made relating to its servicing of a small percentage of third-party student loans under outsourcing arrangements for various financial institutions. The CFPB, the U.S. Department of Education, the U.S. Department of Justice, the New York Office of the Attorney General, the New York Department of Financial Services and the Massachusetts Office of the Attorney General began similar reviews. XES has cooperated and continues to fully cooperate with all regulatory agencies. It resolved the Massachusetts Office of the Attorney General investigation in November 2016 and the investigations by both the New York agencies in January 2019. Both as a result of these inquiries, its own reviews of operations and work performed by external auditors, XES has identified certain other operational issues requiring remediation, and this remediation work has commenced. XES disclosed these additional operational projects to the Department at the end of the second quarter of 2018 and is working to complete these projects. In the third quarter of 2018, the Company exited the Student Loan Services business. The Company cannot provide assurance that the CFPB, another regulator, a financial institution on behalf of which the Company serviced third-party student loans, or another party will not ultimately commence a legal action against XES in which fines, penalties or other liabilities are sought from XES. Nor is the Company able to predict the likely outcome of these matters, should any such matter be commenced, or reasonably provide an estimate or range of estimates of any loss in excess of current reserves. The Company could in future periods incur judgments or enter into settlements to resolve these potential matters for amounts in excess of current reserves and there could be a material adverse effect on the Company's results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Guarantees and Indemnifications

Indemnifications Provided as Part of Contracts and Agreements

Acquisitions/Divestitures:

We have indemnified, subject to certain deductibles and limits, the purchasers of businesses or divested assets for the occurrence of specified events under certain of our divestiture agreements. In addition, we customarily agree to hold the other party harmless against losses arising from a breach of representations and covenants, including such matters as adequate title to assets sold, intellectual property rights and certain income taxes arising prior to the date of acquisition. Where appropriate, an obligation for such indemnifications is recorded as a liability at the time of the acquisition or divestiture. Since the obligated amounts of these types of indemnifications are often not explicitly stated or are contingent on the occurrence of future events, the overall maximum amount, or range of amount of the obligation under such indemnifications cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not historically made significant payments for these indemnifications. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved within specific timeframes post-closing. We have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

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Other Agreements:

We are also party to the following types of agreements pursuant to which we may be obligated to indemnify the other party with respect to certain matters:

- Guarantees on behalf of our subsidiaries with respect to real estate leases. These lease guarantees may remain in effect subsequent to the sale of the subsidiary.
- Agreements to indemnify various service providers, trustees and bank agents from any third-party claims related to their performance on our behalf, with the exception of claims that result from the third-party's own willful misconduct or gross negligence.
- Guarantees of our performance in certain services contracts to our customers and indirectly the performance of third parties with whom we have subcontracted for their services. This includes indemnifications to customers for losses that may be sustained as a result of our performance of services at a customer's location.

In each of these circumstances, our payment is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract and such procedures also typically allow us to challenge the other party's claims. In the case of lease guarantees, we may contest the liabilities asserted under the lease. Further, our obligations under these agreements and guarantees may be limited in terms of time and/or amount, and in some instances, we may have recourse against third parties for certain payments we made.

Intellectual Property Indemnifications

We do not own most of the software that we use to run our business. Instead, we license this software from a small number of primary vendors. We indemnify certain software providers against claims that may arise as a result of our use or our subsidiaries', customers' or resellers' use of their software in our services and solutions. These indemnities usually do not include limits on the claims, provided the claim is made pursuant to the procedures required in the services contract.

Indemnification of Officers and Directors

Our corporate by-laws require that, except to the extent expressly prohibited by law, we must indemnify our officers and directors against judgments, fines, penalties and amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred in connection with civil or criminal action or proceedings or any appeal, as it relates to their services to our Company and our subsidiaries. Although the by-laws provide no limit on the amount of indemnification, we may have recourse against our insurance carriers for certain payments made by us. However, certain indemnification payments (such as those related to "clawback" provisions in certain compensation arrangements) may not be covered under our directors' and officers' insurance coverage. We also indemnify certain fiduciaries of our employee benefit plans for liabilities incurred in their service as fiduciary whether or not they are officers of the Company. Finally, in connection with our acquisition of businesses, we may become contractually obligated to indemnify certain former and current directors, officers and employees of those businesses in accordance with pre-acquisition by-laws or indemnification agreements or applicable state law.

Other Contingencies

Certain contracts, primarily in the Company's Public Sector segment, require the Company to provide a surety bond or a letter of credit as a guarantee of performance. As of December 31, 2018, the Company had $646 million of outstanding surety bonds used to secure its performance of contractual obligations with its clients and $344 million of outstanding letters of credit issued to secure the Company's performance of contractual obligations to its clients as well as other corporate obligations. In general, the Company would only be liable for the amount of these guarantees in the event of default in the Company's performance of its obligations under each contract. The Company believes it has sufficient capacity in the surety markets and liquidity from its cash flow and its various credit arrangements (including its Credit Facility) to allow it to respond to future requests for proposals that require such credit support.

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Note 15 - Preferred Stock

Series A Preferred Stock

In connection with the December 31, 2016 spin-off from Xerox Corporation, we issued 120 thousand shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $120 million and an initial fair value of $142 million. The Series A convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($9.6 million per year). Each share of the Series A convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393 thousand shares (reflecting an initial conversion price of approximately $22.250 per share of common stock), subject to customary anti-dilution adjustments.

If the closing price of our common stock exceeds 137% of the initial conversion price for 20 out of 30 trading days, we have the right to cause any or all of the Series A convertible preferred stock to be converted into shares of common stock at the then applicable conversion rate. The Series A convertible preferred stock is also convertible, at the option of the holder, upon a change in control, at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for our common stock upon such change in control. In addition, upon the occurrence of certain fundamental change events, including a change in control or the delisting of Conduent's common stock, the holder of Series A convertible preferred stock has the right to require us to redeem any or all of the Series A convertible preferred stock in cash at a redemption price per share equal to the liquidation preference and any accrued and unpaid dividends to, but not including, the redemption date. As a result of the contingent redemption feature, the Series A convertible preferred stock is classified as temporary equity and reflected separately from permanent equity in the Consolidated Balance Sheets.

Note 16 – Shareholders' Equity

Preferred Stock

As of December 31, 2018, we had one class of preferred stock outstanding. See Note 15 – Preferred Stock for further information. We are authorized to issue approximately 100 million shares of cumulative preferred stock at $0.01 par value per share.

Common Stock

We have 1 billion authorized shares of common stock at $0.01 par value per share. At December 31, 2018, 15 million shares were reserved for issuance under our incentive compensation plans and 5.4 million shares were reserved for conversion of the Series A convertible preferred stock.

Stock Compensation Plans

Certain of our employees participate in a long-term incentive plan. Our long-term incentive plan authorizes the issuance of restricted stock units / shares (RSU), performance stock units / share (PSU) and non-qualified stock options to employees. All awards for these plans prior to 2017 were made in Xerox stock and therefore converted into Conduent stock effective upon the Separation. Using a formula designed to preserve the value of the award immediately prior to the Separation, all of these awards will be settled and are reflected in the Company's Consolidated Statements of Shareholders' Equity. Stock-based compensation expense includes expense based on the awards and terms previously granted to the employees.

Stock-based compensation expense was as follows:

	Year Ended December 31,		
(in millions)	2018	2017	2016
Stock-based compensation expense, pre-tax	$ 38	$ 42	$ 23
Income tax benefit recognized in earnings	7	17	9

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Restricted Stock Units / Shares Compensation expense is based upon the grant date market price. The compensation expense is recorded over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest.

Performance Stock Units / Shares: The Company granted PSUs that vest contingent upon its achievement of certain specified financial performance criteria over a three-year period. If the three-year actual results exceed the stated targets, then the plan participants have the potential to earn additional shares of common stock, which cannot exceed 100% of the original grant.

The fair value of PSUs is based upon the market price of Conduent's common stock on the date of the grant. Compensation expense is recognized over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest. If the stated targets are not met, any recognized compensation cost would be reversed.

Employee Stock Options: Stock options were issued by a former parent company and were converted to Conduent's common stock upon the Separation. These options generally expire within the next one year. Other than these options, Conduent has not issued any new stock options.

Summary of Stock-based Compensation Activity

	2018		2017		2016	
(shares in thousands)	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Restricted Stock Units / Shares						
Outstanding at January 1	3,125	$ 16.29	1,961	$ 13.99	782	$ 11.70
Granted	1,246	18.82	1,988	16.75	2,602	9.61
Vested	(1,501)	17.30	(215)	19.98	(119)	9.43
Canceled	(471)	16.62	(609)	15.88	(121)	10.55
Impact of spin-off[1]	—	n/a	—	n/a	(1,183)	n/a
Outstanding at December 31	2,399	16.90	3,125	16.29	1,961	13.99
Performance Stock Units / Shares						
Outstanding at January 1	5,429	$ 16.55	4,926	$ 13.99	7,522	$ 11.57
Granted	730	18.64	3,933	16.76	1,850	9.35
Vested	(980)	17.12	(1,696)	19.67	—	—
Canceled	(622)	16.59	(1,734)	17.46	(1,478)	11.96
Impact of spin-off[1]	—	n/a	—	n/a	(2,968)	n/a
Outstanding at December 31	4,557	16.76	5,429	16.55	4,926	13.99

(1) Stock-based compensation was converted from former parent stock into Conduent common stock at spin-off.

The Company issued 96 thousand Deferred Stock Units (DSU) to non-employee members of the Board of Directors. These DSUs are fully vested and will be issued when the directors leave the Board.

The Company has 119 thousand stock options outstanding as of December 31, 2018 at a strike price of $10.15. These stock options are fully vested and exercisable.

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The total unrecognized compensation cost related to non-vested stock-based awards at December 31, 2018 was as follows (in millions):

Awards	Unrecognized Compensation	Remaining Weighted-Average Vesting Period (Years)
Restricted Stock Units / Shares	$ 21	0.9
Performance Stock Units / Shares	15	0.8
Total	$ 36	

The aggregate intrinsic value of outstanding RSUs and PSUs awards were as follows (in millions):

Awards	December 31, 2018
Restricted Stock Units / Shares	$ 26
Performance Stock Units / Shares	48

Information related to stock options outstanding and exercisable at December 31, 2018 was as follows

(in millions)	Options	
	Outstanding	Exercisable
Aggregate intrinsic value	$ 1	$ 1
Weighted-average remaining contractual life (years)	0.6	0.6

The total intrinsic value and actual tax benefit realized for vested and exercised stock-based awards were as follows:

(in millions)	December 31, 2018			December 31, 2017			December 31, 2016		
Awards	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit
Restricted Stock Units / Shares	$ 20	$ —	$ 4	$ 3	$ —	$ 1	$ 1	$ —	$ —
Performance Stock Units / Shares	18	—	4	25	—	10	—	—	—
Stock Options	2	2	—	3	6	1	3	9	1

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Note 17 – Other Comprehensive Income (Loss)

Other Comprehensive Loss is comprised of the following:

	Year Ended December 31,					
	2018		2017		2016	
(in millions)	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Currency Translation						
Currency translation adjustments, net	$ (31)	$ (31)	$ 35	$ 35	$ (135)	$ (135)
Reclassification of currency translation adjustments on divestitures	42	42	—	—	—	—
Translation adjustments gains(losses)	$ 11	$ 11	$ 35	$ 35	$ (135)	$ (135)
Unrealized Gains (Losses)						
Changes in fair value of cash flow hedges gains (losses)	$ 2	$ 1	$ 1	$ 1	$ (2)	$ (1)
Changes in cash flow hedges reclassed to earnings[1]	(1)	—	2	1	2	1
Net Unrealized Gains (Losses)	$ 1	$ 1	$ 3	$ 2	$ —	$ —
Defined Benefit Plans Gains (Losses)						
Reclassification of divested benefit plans and other	$ 65	$ 62	$ —	$ —	$ —	$ —
Net actuarial/prior service gains (losses)	—	—	(5)	(4)	(31)	(23)
Actuarial loss amortization/settlement[2]	—	—	2	2	1	1
Other gains (losses)[3]	—	—	(4)	(3)	3	2
Changes in Defined Benefit Plans Gains (Losses)	$ 65	$ 62	$ (7)	$ (5)	$ (27)	$ (20)
Other Comprehensive Income (Loss)	$ 77	$ 74	$ 31	$ 32	$ (162)	$ (155)

(1) Reclassified to Cost of sales - refer to Note 10 – Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to total net periodic benefit cost.
(3) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

Below are the balances and changes in AOCL[1]:

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2017	$ (437)	$ 1	$ (58)	$ (494)
Reclassification of amounts impacted by Tax Reform	—	—	(5)	(5)
Other comprehensive income (loss) before reclassifications	(31)	1	—	(30)
Amounts reclassified from accumulated other comprehensive loss	42	—	62	104
Net current period other comprehensive income (loss)	11	1	62	74
Balance at December 31, 2018	$ (426)	$ 2	$ (1)	$ (425)

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(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2016	$ (472)	$ (1)	$ (53)	$ (526)
Other comprehensive income (loss) before reclassifications	35	2	(5)	32
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—
Net current period other comprehensive income (loss)	35	2	(5)	32
Balance at December 31, 2017	$ (437)	$ 1	$ (58)	$ (494)

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2015	$ (147)	$ (1)	$ (33)	$ (181)
Net transfers from former parent company	(190)	—	—	(190)
Other comprehensive income (loss) before reclassifications	(135)	—	(20)	(155)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—
Net current period other comprehensive income (loss)	(135)	—	(20)	(155)
Balance at December 31, 2016	$ (472)	$ (1)	$ (53)	$ (526)

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(1) All amounts are net of tax. Tax effects were immaterial.

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Note 18 – Earnings per Share

We did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

	Year Ended December 31,		
(in millions, except per share data. Shares in thousands)	2018	2017	2016
Basic Earnings (Loss) per Share:			
Net income (loss) from continuing operations	$ (416)	$ 177	$ (983)
Accrued dividends on preferred stock	(10)	(10)	—
Adjusted Net Income (Loss) From Continuing Operations Available to Common Shareholders	(426)	167	(983)
Net income (loss) from discontinued operations	—	4	—
Adjusted Net Income (Loss) Available to Common Shareholders	$ (426)	$ 171	$ (983)
Weighted average common shares outstanding	206,056	204,007	202,875
Basic Earnings (Loss) per Share:			
Continuing operations	$ (2.06)	$ 0.82	$ (4.85)
Discontinued operations	—	0.02	—
Basic Earnings (Loss) per Share	$ (2.06)	$ 0.84	$ (4.85)
Diluted Earnings (Loss) per Share:			
Net income (loss) from continuing operations	$ (416)	$ 177	$ (983)
Accrued dividends on preferred stock	(10)	(10)	—
Adjusted Net Income (Loss) From Continuing Operations Available to Common Shareholders	(426)	167	(983)
Net income (loss) from discontinued operations	—	4	—
Adjusted Net Income (Loss) Available to Common Shareholders	$ (426)	$ 171	$ (983)
Weighted average common shares outstanding	206,056	204,007	202,875
Common shares issuable with respect to:			
Stock options	—	195	—
Restricted stock and performance units / shares	—	2,591	—
8% Convertible preferred stock	—	—	—
Adjusted Weighted Average Common Shares Outstanding	206,056	206,793	202,875
Diluted Earnings (Loss) per Share:			
Continuing operations	$ (2.06)	$ 0.81	$ (4.85)
Discontinued operations	—	0.02	—
Diluted Earnings (Loss) per Share	$ (2.06)	$ 0.83	$ (4.85)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):			
Stock Options	119	—	857
Restricted stock and performance shares/units	5,242	2,568	5,719
Convertible preferred stock	5,393	5,393	5,393
Total Anti-Dilutive Securities	10,754	7,961	11,969

Note 19 – Subsequent Events

In January 2019, the Company completed the acquisition of Health Solutions Plus (HSP), a software provider of healthcare payer administration solutions for $90 million and a maximum contingent consideration payment of $7.8 million over two years.

In February 2019, the Company completed the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC for $25 million, subject to delayed transfer of certain assets in some countries pending fulfillment of legal requirements.

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QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(in millions, except per-share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2018					
Revenues	$ 1,420	$ 1,387	$ 1,304	$ 1,282	$ 5,393
Costs and Expenses	1,474	1,333	1,556	1,425	5,788
(Loss) Income before Income Taxes	(54)	54	(252)	(143)	(395)
Income tax (benefit) expense	(4)	43	(15)	(3)	21
(Loss) Income from Continuing Operations	(50)	11	(237)	(140)	(416)
Income from discontinued operations, net of tax	—	—	—	—	—
Net (Loss) Income	$ (50)	$ 11	$ (237)	$ (140)	$ (416)
Basic Earnings (Loss) per Share[1]:					
Continuing operations	$ (0.26)	$ 0.05	$ (1.16)	$ (0.69)	$ (2.06)
Discontinued operations	—	—	—	—	—
Total Basic (Loss) Earnings per Share:	$ (0.26)	$ 0.05	$ (1.16)	$ (0.69)	$ (2.06)
Diluted Earnings (Loss) per Share[1]:					
Continuing operations	$ (0.26)	$ 0.04	$ (1.16)	$ (0.69)	$ (2.06)
Discontinued operations	—	—	—	—	—
Total Diluted (Loss) Earnings per Share	$ (0.26)	$ 0.04	$ (1.16)	$ (0.69)	$ (2.06)
2017					
Revenues	$ 1,553	$ 1,496	$ 1,480	$ 1,493	$ 6,022
Costs and Expenses	1,575	1,507	1,467	1,489	6,038
(Loss) Income before Income Taxes	(22)	(11)	13	4	(16)
Income tax (benefit) expense	(12)	(7)	30	(204)	(193)
(Loss) Income from Continuing Operations	(10)	(4)	(17)	208	177
Income (loss) from discontinued operations, net of tax	4	—	—	—	4
Net (Loss) Income	$ (6)	$ (4)	$ (17)	$ 208	$ 181
Basic Earnings (Loss) per Share[1]:					
Continuing operations	$ (0.06)	$ (0.03)	$ (0.09)	$ 1.00	$ 0.82
Discontinued operations	$ 0.02	$ —	$ —	$ —	$ 0.02
Total Basic (Loss) Earnings per Share:	$ (0.04)	$ (0.03)	$ (0.09)	$ 1.00	$ 0.84
Diluted Earnings (Loss) per Share[1]:					
Continuing operations	$ (0.06)	$ (0.03)	$ (0.09)	$ 0.98	$ 0.81
Discontinued operations	$ 0.02	$ —	$ —	$ —	$ 0.02
Total Diluted (Loss) Earnings per Share	$ (0.04)	$ (0.03)	$ (0.09)	$ 0.98	$ 0.83

(1) *The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.*

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

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ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements

Management is responsible for the integrity and objectivity of all information presented in this Annual Report on Form 10-K. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent registered public accountants, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent registered public accountants. The independent registered public accountants and internal auditors have access to the Audit Committee.

Disclosure Controls and Procedures

The Company’s management evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of December 31, 2018, the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Conduent Incorporated, including our consolidated subsidiaries, and was accumulated and communicated to the Company’s management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our principal executive officer, principal financial officer and principal accounting officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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ITEM 9B. OTHER INFORMATION

None

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding directors is incorporated herein by reference to the section entitled “Proposal 1 - Election of Directors” in our definitive Proxy Statement (2019 Proxy Statement) to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, for our 2019 Annual Meeting of Stockholders. The Proxy Statement is expected to be filed within 120 days after the end of our fiscal year ended December 31, 2018.

The information regarding compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated herein by reference to the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” of our 2019 Proxy Statement.

The information required by this Item regarding the Audit Committee, its members and the Audit Committee financial experts is incorporated by reference herein from the subsection entitled “Committee Functions, Membership and Meetings” in the section entitled “Proposal 1 - Election of Directors” in our 2019 Proxy Statement.

We have adopted a code of ethics applicable to our principal executive officer, principal financial officer and principal accounting officer. The Finance Code of Conduct can be found on our website at: https://www.conduent.com/corporate-governance/ethics-and-compliance/. Information concerning our Finance Code of Conduct can be found under "Corporate Governance" in our 2019 Proxy Statement and is incorporated here by reference.

Executive Officers of Conduent

The following is a list of the executive officers of Conduent, their current ages, their present positions and the year appointed to their present positions.

Each officer is elected to hold office until the meeting of the Board of Directors held on the day of the next annual meeting of shareholders, subject to the provisions of the by-laws.

Name	Age	Present Position	Year Appointed to Present Position	Conduent Officer Since
Ashok Vemuri*	50	Chief Executive Officer	2017	2017
Allan Cohen	49	Vice President & Chief Accounting Officer	2017	2017
Jeffrey Friedel	54	Executive Vice President & Chief People Officer	2017	2017
James Michael Peffer	57	Executive Vice President, General Counsel & Secretary	2017	2017
Brian J. Webb-Walsh	43	Executive Vice President & Chief Financial Officer	2017	2017

* Member of Conduent Board of Directors

Each of the officers named above has been an officer or an executive of Conduent or its subsidiaries for less than five years.

Mr. Vemuri served as Chief Executive Officer of Xerox Business Services, LLC and an Executive Vice President of Xerox Corporation since July 2016. Mr. Vemuri previously was President, Chief Executive Officer and a member of the Board of Directors of IGATE Corporation. Prior to IGATE, Mr. Vemuri spent 14 years at Infosys Limited, a multinational consulting and IT services company, in a variety of leadership and business development roles.

Prior to joining Conduent, Mr. Cohen served as Senior Vice President and Controller of NBC Universal since 2011. Mr. Cohen also previously served as Vice President, Assistant Controller at Time Warner, Professional Accounting Fellow in the Division of Corporate Finance at the SEC and Senior Manager at PriceWaterhouseCoopers.

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Prior to joining Conduent, Mr. Friedel served as Vice President and Head of the Office of Integrity and Compliance at Infosys Limited from January 2016 to September 2016, a global leader in technology services and consulting, where he oversaw SEC compliance, internal investigations, code of conduct, whistleblower, and anti-bribery and export regulations. Mr. Friedel has also previously served as Senior Vice President and General Counsel at IGATE Corporation from June 2014 to December 2015, an IT services and business process outsourcing company which was acquired by CapGemini. Prior to June 2014, Mr. Friedel held a variety of leadership roles at Infosys Limited.

Mr. Peffer served as Vice President, General Counsel and Secretary for Xerox Corporation from August 2016 to December 2016. Prior to this, Mr. Peffer served as Associate General Counsel of Xerox Corporation and Executive Vice President of Xerox Business Services, LLC since 2010. Prior to 2010, Mr. Peffer was Senior Vice President and Deputy General Counsel of ACS from May 2009.

Mr. Webb-Walsh served as the Chief Financial Officer of Xerox Services since January 2016. Prior to this, Mr. Webb-Walsh was Senior Vice President of Finance for the Government Healthcare Group and the Platform Development and Systems Integration Group of Xerox Services. Mr. Webb-Walsh joined Xerox Corporation in 1997 and has held a variety of leadership positions.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item included under the following captions under “Proposal 1 - Election of Directors” in our 2019 Proxy Statement is incorporated herein by reference: “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Grants of Plan-Based Awards in 2018”, “Outstanding Equity Awards at 2018 Fiscal Year-End”, “Option Exercises and Stock Vested in 2018”, “Pension Benefits for the 2018 Fiscal Year”, “Nonqualified Deferred Compensation for the 2018 Fiscal Year”, “Potential Payments upon Termination or Change in Control”, “Summary of Annual Director Annual Compensation, "Compensation Committee Interlocks and Insider Participation” and “Compensation Committee”. The information included under the heading “Compensation Committee Report” in our 2019 Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item regarding security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans is incorporated herein by reference to the subsections entitled “Ownership of Company Securities,” and “Equity Compensation Plan Information” under “Proposal 1 - Election of Directors” in our 2019 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information required by this Item regarding certain relationships and related transactions is incorporated herein by reference to the subsection entitled “Certain Relationships and Related Person Transactions” under “Proposal 1 - Election of Directors” in our 2019 Proxy Statement. The information regarding director independence is incorporated herein by reference to the subsections entitled “Corporate Governance” and “Director Independence” in the section entitled “Proposal 1 - Election of Directors” in our 2019 Proxy Statement.

ITEM 14. PRINCIPAL AUDITOR FEES AND SERVICES

The information required by this Item regarding principal auditor fees and services is incorporated herein by reference to the section entitled “Proposal 2 - Ratification of Election of Independent Registered Public Accounting Firm” in our 2019 Proxy Statement.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Index to Financial Statements and Financial Statement Schedule, incorporated by reference or filed as part of this report:

- Report of Independent Registered Public Accounting Firm including Report on Financial Statement Schedule;
- Consolidated Statements of Income (Loss) for each of the years in the three-year period ended December 31, 2018;
- Consolidated Statements of Comprehensive Income (Loss) for each of the years in the three-year period ended December 31, 2018;
- Consolidated Balance Sheets as of December 31, 2018 and 2017;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2018;
- Consolidated Statements of Shareholders' Equity for each of the years in the three-year period ended December 31, 2018;
- Notes to the Consolidated Financial Statements;
- Schedule II - Valuation and Qualifying Accounts for the three years ended December 31, 2018; and
- All other schedules are omitted as they are not applicable, or the information required is included in the financial statements or notes thereto.

(2) Supplementary Data:

- Quarterly Results of Operations (unaudited).
- SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

For the three years ended December 31, 2018

(in millions)	Balance at beginning of period	Additions charged to expense[1]	Amounts (credited) charged to other income statement accounts [2]	Deductions and other, net of recoveries [3][4]	Balance at end of period
Allowance for Losses:					
2018 Accounts Receivable	$ 2	$ —	$ —	$ (1)	$ 1
2017 Accounts Receivable	7	(1)	—	(4)	2
2016 Accounts Receivable	6	4	—	(3)	7
Tax Valuation Allowance:					
2018 Tax Valuation	35	9	—	—	44
2017 Tax Valuation	24	11	—	—	35
2016 Tax Valuation	38	—	—	(14)	24

(1) Account Receivables: additions charged to expense represent bad debt provisions relate to estimated losses due to credit and similar collectibility issues.
(2) Account Receivables: Other charges (credits) relate to adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

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(3) Account Receivables: Deductions and other, net of recoveries primarily relates to receivable write-offs, but also includes the impact of foreign currency translation adjustments and recoveries of previously written off receivables.

(4) Tax Valuation: Reductions to tax valuation allowance are primarily related to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

(3) The exhibits listed below are filed or incorporated by reference are part of this Form 10-K.

Management contracts or compensatory plans or arrangements listed that are applicable to the executive officers named in the Summary Compensation Table which appears in Registrant's 2019 Proxy Statement or to our directors are preceded by an asterisk (*).

Exhibit No.	
2.1	Separation and Distribution Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
3.1	Restated Certificate of Incorporation of Registrant as of December 23, 2016.
	Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated December 23, 2016. (See SEC File Number 001-37817).
3.2	Amended and Restated By-Laws of Registrant as amended through December 31, 2016.
	Incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K dated December 23, 2016. (See SEC File Number 001-37817).
4.1(a)	Indenture, dated as of December 7, 2016, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated December 9, 2016. (See SEC File Number 001-37817).
4.1(b)	First Supplemental Indenture, dated as of January 9, 2018, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1(a) to the Registrant's Quarterly Report on Form 10-Q dated August 8, 2018. (See SEC File Number 001-37817).
4.1(c)	Second Supplemental Indenture, dated as of June 1, 2018, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1(b) to the Registrant's Quarterly Report on Form 10-Q dated August 8, 2018. (See SEC File Number 001-37817).
4.1(d)	Third Supplemental Indenture, dated as of June 1, 2018, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1(c) to the Registrant's Quarterly Report on Form 10-Q dated August 8, 2018. (See SEC File Number 001-37817).
4.1(e)	Fourth Supplemental Indenture, dated as of June 1, 2018, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1(d) to the Registrant's Quarterly Report on Form 10-Q dated August 8, 2018. (See SEC File Number 001-37817).
4.1(f)	Fifth Supplemental Indenture, dated as of July 12, 2018, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated July 12, 2018. (See SEC File Number 001-37817).
10.1(a)	Credit Agreement, dated as of December 7, 2016, among Conduent Incorporated, Xerox Business Services, LLC, Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated December 9, 2016. (See SEC File Number 001-37817).

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10.1(b)	Amendment No. 1 to Credit Agreement, dated as of April 1, 2017, among Conduent Incorporated, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated April 11, 2017. (See SEC File Number 001-37817).
10.1(c)	Amendment No. 2 to Credit Agreement, dated as of October 10, 2017, among Conduent Incorporated, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated October 10, 2017. (See SEC File Number 001-37817).
10.1(d)	Amendment No. 3 to Credit Agreement, dated as of June 28, 2018, among Conduent Incorporated, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated June 28, 2018. (See SEC File Number 001-37817).
10.1(d)	First Incremental Agreement, dated as of January 3, 2017, among JPMorgan Chase Bank, N.A., as Administrative Agent and Xerox Business Services, LLC.
	Incorporated by reference to Exhibit 10.1(b) to the Registrant's Annual Report on Form 10-K dated March 10, 2017, (See SEC File Number 001-37817).
10.3(a)	Transition Services Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(b)	Tax Matters Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(c)	Employee Matters Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(d)	Intellectual Property Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(e)	Trademark License Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.5 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.4(a)	Joinder Agreement to Agreement, dated December 31, 2016, among Conduent Incorporated, Xerox Corporation, Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn.
	Incorporated by reference to Exhibit 10.6 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.4(b)	Agreement, dated January 28, 2016, among Xerox Corporation, Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn.
	Incorporated by reference to Exhibit 10.6 to Registrant's Amendment No. 1 to Form 10 dated August 15, 2016. (See SEC File Number 001-37817).
10.5(a)	Exchange Agreement dated October 27, 2016 by and among Darwin A. Deason, Conduent Incorporated and Xerox Corporation.

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	Incorporated by reference to Exhibit 10.14 to Registrant's Amendment No. 5 to Form 10 dated October 28, 2016. (See SEC File Number 001-37817).
10.5(b)	Shareholders Agreement dated December 18, 2018 by and between Darwin Deason and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated December 18, 2018. (See SEC File Number 001-37817).
The management contracts or compensatory plans or arrangements listed below that are applicable to the executive officers named in the Summary Compensation Table which will appear in the Registrant's 2019 Proxy Statement or to our directors are preceded by an asterisk (*).	
*10.6(a)(i)	Registrant's Performance Incentive Plan dated as of December 15, 2016 ("PIP").
	Incorporated by reference to Exhibit 4.3 to Registrant's Registration Statement No. 333-215361 dated December 29, 2016. (See SEC File Number 001-37817).
*10.6(a)(ii)	Form of Restricted Stock Award Agreement under the PIP.
	Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated March 29, 2017. (See SEC File Number 001-37817).
*10.6(a)(iii)	Form of Performance Share Award Agreement (ELTIP) under the PIP.
	Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated March 29, 2017. (See SEC File Number 001-37817).
*10.6(a)(iv)	Form of Performance Share Award Agreement (SIG) under the PIP.
	Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated March 29, 2017. (See SEC File Number 001-37817).
*10.6(a)(v)	Forms of Performance Stock Unit Award Agreement 2017 under the PIP
	Incorporated by reference to Exhibit 10.6(a)(v) to the Registrant's Annual Report on Form 10-K dated March 1, 2018. (See SEC File Number 001-37817).
*10.6(a)(vi)	Forms of Restricted Stock Unit Award Agreement 2017 under the PIP.
	Incorporated by reference to Exhibit 10.6(a)(vi) to the Registrant's Annual Report on Form 10-K dated March 1, 2018. (See SEC File Number 001-37817)
*10.6(a)(vii)	Form of Restricted Stock Unit Award Agreement 2018 under the PIP Severance Plan, dated as of October 1, 2017.
	Incorporated by reference to Exhibit 10.6(a)(vii) to the Registrant's Quarterly Report on Form 10-Q dated May 9, 2018. (See SEC File Number 001-37817).
*10.6(a)(viii)	Form of Performance Stock Unit Award Agreement 2018 under the PIP Severance Plan, dated as of October 1, 2017.
	Incorporated by reference to Exhibit 10.6(a)(viii) to the Registrant's Quarterly Report on Form 10-Q dated May 9, 2018. (See SEC File Number 001-37817).
*10.6(a)(ix)	Form of Restricted Stock Unit Award Agreement 2019 under the PIP Severance Plan.
*10.6(a)(x)	Form of Performance Stock Unit Award Agreement 2019 under the PIP Severance Plan.
*10.6(b)(i)	Registrant's Equity Compensation Plan for Non-Employee Directors dated as of December 15, 2016 ("ECPNED").
	Incorporated by reference to Exhibit 4.4 to Registrant's Registration Statement No. 333-215361 dated December 29, 2016. (See SEC File Number 001-37817).
*10.6(b)(ii)	Form of Agreement under the ECPNED.
	Incorporated by reference to Exhibit 10.6(b)(ii) to the Registrant's Annual Report on From 10-K dated March 10, 2017. (See SEC File Number 001-37817).
*10.6.(c)	Registrant's Executive Change in Control Severance Plan dated as of April 25, 2017.
	Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated August 28, 2017. (See SEC File Number 001-37817).
*10.6(d)	Letter Agreement dated June 10, 2016 between Xerox Corporation and Ashok Vemuri regarding compensation arrangements.
	Incorporated by reference to Exhibit 99.2 to Xerox Corporation's Current Report on Form 8-K dated June 14, 2016. (See SEC File Number 001-04471).
*10.6(e)	Letter Agreement dated July 22, 2016 between Xerox Corporation and J. Michael Peffer regarding compensation arrangements.

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	Incorporated by reference to Exhibit 10.12 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(f)	Letter Agreement dated September 6, 2016 between Xerox Corporation and Brian Webb-Walsh regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.13 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(g)	Letter Agreement dated September 28, 2017 between Conduent Incorporated and Allan Cohen regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.6(g) to the Registrant's Annual Report on Form 10-K dated March 1, 2018. (See SEC File Number 001-37817).
10.7(a)	Settlement Agreement and Release between the State of Texas, the Texas Health and Human Services Commission, Xerox Corporation, Conduent Incorporated, Conduent Business Services, LLC and Conduent State Healthcare, LLC dated February 18, 2019.
	Incorporated by reference to the Registrant's Current Report on Form 8-K dated February 19, 2019. (See SEC File Number 001-37817).
21.1	List of subsidiaries of Registrant.
23	Consent of PricewaterhouseCoopers LLP.
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.INS	XBRL Instance Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONDUENT INCORPORATED

/s/ ASHOK VEMURI

Ashok Vemuri
Chief Executive Officer

February 28, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

February 28, 2019

Signature	Title
Principal Executive Officer:	
/S/ ASHOK VEMURI **Ashok Vemuri**	Chief Executive Officer and Director
Principal Financial Officer:	
/S/ BRIAN WEBB-WALSH **Brian Webb-Walsh**	Executive Vice President and Chief Financial Officer
Principal Accounting Officer:	
/S/ ALLAN COHEN **Allan Cohen**	Vice President and Chief Accounting Officer
/S/ NICHOLAS GRAZIANO **Nicholas Graziano**	Director
/S/ JOIE A. GREGOR **Joie A. Gregor**	Director
/s/ SCOTT LETIER **Scott Letier**	Director
/S/ COURTNEY MATHER **Courtney Mather**	Director
/S/ MICHAEL NEVIN **Michael Nevin**	Director
/S/ MICHAEL A. NUTTER **Michael A. Nutter**	Director
/s/ WILLIAM G. PARRETT **William G. Parrett**	Director and Chairman of the Board
/S/ VIRGINIA M. WILSON **Virginia M. Wilson**	Director

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RESTRICTED STOCK UNIT AWARD AGREEMENT PURSUANT TO CONDUENT INCORPORATED PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Conduent Incorporated, a New York corporation (the "Company"), dated as of the date that appears in the award summary that provides the number of Restricted Stock Units and vesting provisions of the award (the "Award Summary"), in favor of the individual whose name appears on the Award Summary (the "Employee"), who is an employee of the Company, one of the Company's subsidiaries or one of its affiliates (the Company, or such subsidiary or affiliate, the "Employer").

In accordance with the provisions of the Conduent Performance Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO") has authorized the execution and delivery of this Agreement.

Terms used herein that are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the Company agrees as follows:

AWARDS

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary the number of Restricted Stock Units (individually, a "RSU") as shown on the Award Summary. Notwithstanding anything herein to the contrary, only active employees and those employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE RESTRICTED STOCK UNITS

2. Entitlement to Shares. As soon as practicable on or after each applicable Vesting Date (as defined below) (or such earlier date provided in Section 9), the Company shall deliver to the Employee, in such manner as the Company shall determine, a number of shares of Common Stock equal to the number of vested RSUs (subject to reduction for withholding of the Employee's taxes in relation to the award as described in Section 11) within 60 days following each applicable Vesting Date (or, if earlier, a distribution event set forth in Section 9 that satisfies the requirements of Section 409A(a)(2) of the Code).

No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes. Notwithstanding the foregoing, the Company shall be entitled to delay delivery of such shares of Common Stock (or cash payment in lieu thereof, as applicable) until it shall have received from the Employee a duly executed Form W-8 or W-9, as applicable, and any other information or completed forms the Company may reasonably require.

3. Vesting. Except as otherwise determined by the Committee in its sole discretion (subject to Section 23 of the Plan) or as otherwise provided in this Section 3 or Section 9, the vesting of RSUs covered hereby shall be subject to the Employee's continued employment with the Company or a subsidiary or affiliate through the applicable Vesting Date. The Employee shall be eligible to vest in one-third of the shares of Common Stock covered by this Agreement as set forth in the Award Summary on each of December 31, 2019, December 31, 2020 and December 31, 2021 (each, a "Vesting Date").

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Upon the occurrence of an event constituting a Change in Control, notwithstanding anything to the contrary in Section 22(b) of the Plan, the RSUs outstanding on the date of such Change in Control, and any dividend equivalents with respect thereto, shall remain outstanding and thereafter the vesting of such RSUs, and any dividend equivalents with respect thereto, shall be subject to Employee's continued employment with the Company or a subsidiary or an affiliate through each applicable Vesting Date as provided in this Section 3, at which time such RSUs shall vest and shall be paid in cash in accordance with Section 22(f) of the Plan at the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee; provided that the RSUs, and any dividend equivalents with respect thereto, shall vest and shall be paid to the extent provided in Section 9 in the event of the Employee's termination of employment following such Change in Control and prior to a Vesting Date. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

4. Dividend Equivalents. The Employee shall become entitled to receive from the Company on each applicable Vesting Date (or such earlier date provided in Section 9) a cash payment equaling the same amount(s) that the holder of record of a number of shares of Common Stock equal to the number of vested RSUs (if any) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on each applicable Vesting Date (or such earlier date provided in Section 9) as provided under Section 3. Payments under this Section shall be net of any required withholding taxes.

OTHER TERMS

5. Ownership Guidelines. Guidelines pertaining to the Employee's required ownership of Common Stock (the "Stock Ownership Guidelines") shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to the Employee in writing.

6. Holding Requirements. In the event of non-compliance with the Stock Ownership Guidelines under Section 5 hereof, following a five-year noncompliance period as described in the Stock Ownership Guidelines, the Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the vesting of RSUs (net of withholding tax and any applicable fees) until the threshold set forth in the Stock Ownership Guidelines is satisfied. Such shares shall be held in the Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain the Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

7. Voting Rights/Dividends. Except as otherwise provided herein, the Employee shall have no rights as a shareholder with respect to the RSUs until the date of issuance of a stock certificate to him for such RSUs and no adjustment shall be made for dividends or other rights for which the record date is prior to the date the RSUs become vested.

8. Non-Assignability. Unless otherwise provided by the Committee in its discretion, RSUs may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 11 of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of a RSU in violation of the provisions of this Section 8 and Section 11 of the Plan shall be void.

9. Effect of Termination of Employment or Death.

(a) Effect on RSUs. In the event the Employee

(i) voluntarily ceases to be an employee of the Employer for any reason other than Termination For Good Reason following a Change in Control, the RSUs that have not vested in accordance with Section 3 shall be canceled and forfeited on the date of such voluntary termination of employment;

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(ii) involuntarily ceases to be an employee of the Employer on or after the nine-month anniversary of the grant date of the RSUs and prior to a Change in Control for any reason other than due to death, Disability or a termination for Cause, the number of RSUs scheduled to vest on the Vesting Date immediately following such termination, and any dividend equivalents with respect thereto, shall be prorated based on a fraction, the numerator of which is the number of full months elapsed since the most recent Vesting Date immediately preceding such date of termination (or since January 1, 2018, in the case of a termination of employment prior to the first Vesting Date) and the denominator of which is 12, and any remaining RSUs shall be forfeited. Such prorated number of RSUs, and any dividend equivalents with respect thereto, shall immediately vest and shall be settled in accordance with Section 2 within 60 days following the Vesting Date immediately following such termination; provided that such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity in a form acceptable to the Company) and such release becoming effective and irrevocable within the 60-day period following such termination;

(iii) involuntarily ceases to be an employee of the Employer following a Change in Control for any reason other than due to death, Disability or termination for Cause, then the RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest (without proration based on the portion of the vesting period elapsed prior to such termination) and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within the 60-day period following such termination;

(iv) involuntarily ceases to be an employee of the Employer by reason of death or Disability, (1) the RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest if such termination of employment occurs prior to a Change in Control and shall be settled within 60 days following the Vesting Date immediately following such termination] in accordance with Section 2, and (2) if such termination of employment occurs following a Change in Control, then the number of RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan at the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee, in either case without proration based on the portion of the vesting period elapsed prior to such termination;

(v) involuntarily ceases to be an employee of the Employer (A) due to termination for Cause or (B) prior to the nine-month anniversary of the grant date of the RSUs and prior to a Change in Control for any reason other than due to death or Disability, the RSUs shall be cancelled and forfeited on the date of such termination of employment; and

(vi) voluntarily ceases to be an employee due to a Termination for Good Reason following a Change in Control, the number of RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest (without proration based on the portion of the vesting period elapsed prior to such termination) and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within the 60-day period following such termination.

(b) Definitions. “Cause” means (i) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company’s Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (ii) any conduct which qualifies for “immediate discharge” under the Employer’s Human Resource Policies as in effect from time to time (iii) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests of the Employer; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

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"Termination For Good Reason" has the meaning set forth in Section 22(a)(vi) of the Plan.

"Disability" shall include cessation of active employment due to commencement of long-term disability under the Employer's long-term disability plan or under a disability policy of any subsidiary or Affiliate, as applicable; provided that a Disability shall not be deemed to have occurred for such purposes unless the circumstances would also result in a "disability" within the meaning of Section 409A of the Code.

(c) Divestiture. Notwithstanding the above, the termination of Employee's employment with Employer in connection with the Employer's sale (whether by sale of assets or a subsidiary, or both) of a line of business within which the Employee was employed immediately prior to such sale as determined by the Committee in its sole discretion, that does not constitute a Change in Control, shall be treated as an involuntary termination of employment for purposes of this Agreement and the RSUs shall vest and be paid as provided in Section 9(a)(ii) above, whether or not such termination occurs after the nine-month anniversary of the grant date of the RSUs; provided, however, that, in the event the Employee is offered a comparable position (as determined by the Committee in accordance with the Company's severance policy) with the acquirer of such line of business and does not accept such offer, the RSUs shall be cancelled and forfeited on the date of termination of employment.

10. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its discretion, that the listing, registration or qualification of any shares of Common Stock subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of the RSUs or the issue or purchase of shares of Common Stock hereunder, the certificates for shares of Common Stock may not be issued in respect of RSUs in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable, and any delay caused thereby shall in no way affect the date of termination of the RSUs.

11. Responsibility for Taxes. The Employee acknowledges that the ultimate responsibility for the Employee's Federal, state and municipal individual income taxes, the Employee's portion of social security and other payroll taxes, and any other taxes related to the Employee's participation in the Plan and legally applicable to the Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. In the event that there is withholding tax liability in connection with the vesting or settlement of RSUs, the Employee may satisfy, in whole or in part, any withholding tax liability: (a) by cash payment of an amount equal to such withholding liability; or (b) by having the Company withhold from the number of RSUs in which the Employee would be entitled to vest a number of shares of Common Stock having a fair value equal to such withholding tax liability in accordance with the Company's share withholding procedures.

12. Nature of Award. In accepting the award, the Employee acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the RSUs are subject to modification and adjustment under Section 6 of the Plan.

(a) the award of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;
(b) all decisions with respect to future RSU awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;
(c) The Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the RSU award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;
(d) The Employee is voluntarily participating in the Plan;
(e) the RSUs and the shares of Common Stock subject to the RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Employee's employment contract, if any;
(f) the RSUs and the shares of Common Stock subject to the RSUs are not intended to replace any pension rights or compensation;

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(g) the RSUs and the shares of Common Stock subject to the RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

(h) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(i) in consideration of the award of the RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs, including, but not limited to, forfeiture resulting from termination of the Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, the Employee shall be deemed irrevocably to have waived the Employee's entitlement to pursue such claim; and

(j) subject to the provisions in the Plan regarding Change in Control, RSUs and the benefits under the Plan, if any, will not auto-matically transfer to another company in the case of a merger, take-over or transfer of liability.

13. No Advice Regarding Award. Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or Employer making any recommendations regarding the Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. The Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her partici-pation in the Plan before taking any action related to the Plan.

14. Amendment of This Agreement. With the consent of the Em-ployee, the Committee or its authorized delegate, as applicable, may amend this Agree-ment in a manner not inconsistent with the Plan.

15. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corpora-tion" of the Com-pany as the term is defined in Section 425 of the Internal Revenue Code (the "Code") of 1986 on the date of award.

16. Affiliate. As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as deter-mined by the Committee.

17. Recoupments.

(a) If an employee or former employee of the Employer is reasonably deemed by the Committee or its authorized delegate, as applicable, to have engaged in detrimental activity against the Employer, any awards granted to such employee or former employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

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(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares of Common Stock that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

18. Cancellation and Rescission of Award. Without limiting the foregoing Section regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if the Employee is not in compliance with all of the following conditions:

(a) The Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) The Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer's business, any confidential information or material, as specified in any agreement between the Employer and the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, this Agreement does not in any manner restrict the Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity, and shall not, and not be interpreted to, impair the participant from exercising any legally protected whistleblower rights (including under Rule 21F under the Exchange Act). Similarly, the Employer does not in any manner restrict the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

(c) The Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions, shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by the Employee during employment with the Employer, relating in any manner to the actual or anticipated busi-ness, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

(d) Failure to comply with the provision of subparagraphs (a), (b) or (c) of this Section 18 prior to, or during the six months after, any payment or delivery shall cause such payment or delivery to be rescinded. The Company shall notify the Employee in writing of any such rescission within two years after such payment or delivery. Within ten days after receiving such a notice from the Company, the Employee shall pay to the Company the amount of any payment received as a result of the rescinded payment or delivery pursuant to an award. Such payment to the Company by the Employee shall be made either in cash or by returning to the Company the number of shares of Common Stock that the Employee received in connection with the rescinded payment or delivery.

19. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 100 Campus Dr. Suite 200 Florham Park, NJ 07932 USA, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the Employee at his address as the same appears on the records of the Company.

20. Language. If the Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

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21. Electronic Delivery and Acceptance. The Company will deliver any documents related to current or future participation in the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery, and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Electronic acceptance by the Employee is required and the award will be cancelled for any employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

22. Interpretation of This Agreement. The Committee or its authorized delegate, as applicable, shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and the Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

23. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Section 11 of the Plan to the personal representatives, legatees and heirs of the Employee.

24. Governing Law and Venue. The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law.

This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, agree that such litigation shall be conducted in the state or federal courts located in New York.

25. Section 409A. It is intended that the provisions of this Agreement comply with, or are exempt from, Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

Neither the Employee nor any of the Employee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to the Employee or for the Employee's benefit under this Agreement may not be reduced by, or offset against, any amount owing by the Employee to the Company or any of its Affiliates. In the event that any 60-day period described in Section 9 of this Agreement straddles two calendar years, then any RSUs, and any dividends with respect thereto, that are settled within such 60-day period in accordance with this Agreement shall be settled in the second calendar year.

If, at the time of the Employee's separation from service (within the meaning of Section 409A), (a) the Employee shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (b) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first business day after such six-month period.

Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, the Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Employee or for the Employee's account in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Employee harmless from any or all of such taxes or penalties.

26. Separability. In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

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27. Integration of Terms. Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

28. Appendix for Non-U.S. Countries. Notwithstanding any provisions in this Agreement, the RSU award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for the Employee's country (the "Appendix"). Moreover, if the Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

29. Imposition of Other Requirements. The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on the Employee's participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is nec-essary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

CONDUENT INCORPORATED

B

Signature

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PERFORMANCE STOCK UNIT AWARD AGREEMENT PURSUANT TO CONDUENT INCORPORATED PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Conduent Incorporated, a New York corporation (the "Company"), dated as of the date that appears in the award summary that provides the number of Performance Stock Units and vesting provisions of the award (the "Award Summary"), in favor of the individual whose name appears on the Award Summary (the "Employee"), who is an employee of the Company, one of the Company's subsidiaries or one of its affiliates (the Company, or such subsidiary or affiliate, the "Employer").

In accordance with the provisions of the Conduent Performance Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO") has authorized the execution and delivery of this Agreement.

Terms used herein that are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the Company agrees as follows:

AWARDS

1. Award of Performance Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary Performance Stock Units (individually, a "PS") as shown on the Award Summary, representing the target number of shares of Common Stock covered by this Agreement (the "Target PSs"). Notwithstanding anything herein to the contrary, only active employees and those employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE PERFORMANCE STOCK UNITS

2. Entitlement to Shares. As soon as practicable on or after the Vesting Date (as defined below) (or such earlier date provided in Section 9) in connection with the PSs, the Company shall deliver to the Employee, in such manner as the Company shall determine, a number of shares of Common Stock equal to the number of vested PSs (subject to reduction for withholding of the Employee's taxes in relation to the award as described in Section 11) within 60 days following the Vesting Date (or, if earlier, a distribution event set forth in Section 9 that satisfies the requirements of Section 409A(a)(2) of the Code).

No fractional shares shall be issued pursuant to this Agreement. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes. Notwithstanding the foregoing, the Company shall be entitled to delay delivery of such shares of Common Stock (or cash payment in lieu thereof, as applicable) until it shall have received from the Employee a duly executed Form W-8 or W-9, as applicable, and any other information or completed forms the Company may reasonably require.

3. Vesting. Except as otherwise determined by the Committee in its sole discretion (subject to Section 23 of the Plan) or as otherwise provided in this Section 3 or Section 9, the vesting of the PSs covered hereby shall be subject to (i) the achievement of the performance goals as set forth in the Award Summary (the "Performance Goals") as determined by the Committee and (ii) the Employee's continued employment with the Company or a subsidiary or affiliate through December 31, 2021 (the "Vesting Date"). In the event the achievement of the Performance Goals is "below threshold" level, then all of the PSs will be forfeited; in the event that achievement of the Performance Goals is between "threshold" and "target" level, then no less than 50% and no more than 100% of the Target PSs will vest; and in the event achievement of the Performance Goals is between "target" and "maximum" level, then no less than 100% and no more than 200% of the Target PSs will vest, in each case as set forth in the Award Summary and subject to the Employee's continued employment through the Vesting Date as described in clause (ii) of the immediately preceding sentence.

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Upon the occurrence of an event constituting a Change in Control prior to the Vesting Date, notwithstanding anything to the contrary in Section 22(b) of the Plan, the Performance Goals shall be deemed achieved at target level, but thereafter the PSs, and any dividend equivalents with respect thereto, shall remain outstanding and thereafter the vesting of such PSs, and any dividend equivalents with respect thereto, shall be subject to the Employee's continued employment with the Company or a subsidiary or an affiliate through the Vesting Date, at which time such PSs shall be paid in cash in accordance with Section 22(f) of the Plan at the earliest time set forth in Section 22(c) of the Plan that will not trigger tax or penalty under Section 409A of the Code, as determined by the Committee; provided that such PSs, and any dividend equivalents with respect thereto, shall vest and shall be paid to the extent provided in Section 9 in the event of the Employee's termination of employment following such Change in Control and prior to the Vesting Date or in the event such Change in Control occurs following a termination of the Employee's employment. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

4. Dividend Equivalents. The Employee shall become entitled to receive from the Company on the Vesting Date (or such earlier date provided in Section 9) a cash payment equaling the same amount(s) that the holder of record of a number of shares of Common Stock equal to the number of vested PSs (if any) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the Vesting Date (or such earlier date provided in Section 9) as provided under Section 3. Payments under this Section shall be net of any required withholding taxes.

OTHER TERMS

5 . Ownership Guidelines. Guidelines pertaining to the Employee's required ownership of Common Stock (the "Stock Ownership Guidelines") shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to the Employee in writing.

6 . Holding Requirements. In the event of non-compliance with the Stock Ownership Guidelines under Section 5 hereof, following a five-year noncompliance period as described in the Stock Ownership Guidelines, the Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the vesting of PSs (net of withholding tax and any applicable fees) until the threshold set forth in the Stock Ownership Guidelines is satisfied. Such shares shall be held in the Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain the Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

7. Voting Rights/ Dividends. Except as otherwise provided herein, the Employee shall have no rights as a shareholder with respect to the PSs until the date of issuance of a stock certificate to him for such PSs and no adjustment shall be made for dividends or other rights for which the record date is prior to the date the PSs become vested.

8. Non-Assignability. Unless otherwise provided by the Committee in its discretion, PSs may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 11 of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of a PS in violation of the provisions of this Section 8 and Section 11 of the Plan shall be void.

9. Effect of Termination of Employment or Death.

(a) Effect on PSs. In the event the Employee

(i) voluntarily ceases to be an employee of the Employer for any reason other than Termination For Good Reason following a Change in Control, the PSs that have not vested in accordance with Section 3 shall be canceled and forfeited on the date of such voluntary termination of employment;

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(ii) involuntarily ceases to be an employee of the Employer on or after the nine-month anniversary of the grant date of PSs and prior to a Change in Control for any reason other than due to death, Disability or a termination for Cause, the number of PSs covered by this Agreement, and any dividend equivalents with respect thereto, shall be prorated based on a fraction, the numerator of which is the number of full months elapsed during the three-year performance period prior to such termination of employment and the denominator of which is 36, and any remaining PSs shall be forfeited. The vesting of such prorated number of PSs, and any dividend equivalents with respect thereto, shall remain subject to the achievement of the Performance Goals in accordance with Section 3 and shall be settled within 60 days following the Vesting Date in accordance with Section 2. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within the 60-day period following such termination;

(iii) involuntarily ceases to be an employee of the Employer following a Change in Control for any reason other than due to death, Disability or termination for Cause, then the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), and any dividend equivalents with respect thereto, shall immediately vest (without proration based on the portion of the three-year performance period elapsed prior to such termination) and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within the 60-day period following such termination;

(iv) involuntarily ceases to be an employee of the Employer by reason of death or Disability, (1) the vesting of the PSs shall remain subject to the achievement of the Performance Goals in accordance with Section 3, if such termination of employment occurs prior to a Change in Control and shall be settled on the Vesting Date in accordance with Section 2, and (2) if such termination of employment occurs following a Change in Control, then the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan at the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee, in either case without proration based on the portion of the three-year performance period elapsed prior to such termination;

(v) involuntarily ceases to be an employee of the Employer (A) due to termination for Cause or (B) prior to the nine-month anniversary of the grant date of the PSs and prior to a Change in Control for any reason other than due to death or Disability, the PSs shall be cancelled and forfeited on the date of such termination of employment; and

(vi) voluntarily ceases to be an employee due to a Termination for Good Reason following a Change in Control, the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee, without proration based on the portion of the three-year performance period elapsed prior to such termination. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within the 60-day period following such termination.

(b) Definitions. "Cause" means (i) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company's Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests of the Employer; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

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"Termination For Good Reason" has the meaning set forth in Section 22(a)(vi) of the Plan.

"Disability" shall include cessation of active employment due to commencement of long-term disability under the Employer's long-term disability plan or under a disability policy of any subsidiary or Affiliate, as applicable; provided that a Disability shall not be deemed to have occurred for such purposes unless the circumstances would also result in a "disability" within the meaning of Section 409A of the Code.

(c) Divestiture. Notwithstanding the above, the termination of Employee's employment with Employer in connection with the Employer's sale (whether by sale of assets or a subsidiary, or both) of a line of business within which the Employee was employed immediately prior to such sale as determined by the Committee in its sole discretion, that does not constitute a Change in Control, shall be treated as an involuntary termination of employment for purposes of this Agreement and the PSs shall vest and be paid as provided in Section 9(a)(ii) above, whether or not such termination occurs after the nine-month anniversary of the grant date of the PSs; provided, however, that, in the event the Employee is offered a comparable position (as determined by the Committee in accordance with the Company's severance policy) with the acquirer of such line of business and does not accept such offer, the PSs shall be cancelled and forfeited on the date of termination of employment.

10. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its discretion, that the listing, registration or qualification of any shares of Common Stock subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of the PSs or the issue or purchase of shares of Common Stock hereunder, the certificates for shares of Common Stock may not be issued in respect of PSs in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable, and any delay caused thereby shall in no way affect the date of termination of the PSs.

11. Responsibility for Taxes. The Employee acknowledges that the ultimate responsibility for the Employee's Federal, state and municipal individual income taxes, the Employee's portion of social security and other payroll taxes, and any other taxes related to the Employee's participation in the Plan and legally applicable to the Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. In the event that there is withholding tax liability in connection with the vesting or settlement of the PSs, the Employee may satisfy, in whole or in part, any withholding tax liability: (a) by cash payment of an amount equal to such withholding liability; or (b) by having the Company withhold from the number of PSs in which the Employee would be entitled to vest a number of shares of Common Stock having a fair value equal to such withholding tax liability in accordance with the Company's share withholding procedures.

12. Nature of Award. In accepting the award, the Employee acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the PSs are subject to modification and adjustment under Section 6 of the Plan.

(a) the award of the PSs is voluntary and occasional and does not create any contractual or other right to receive future grants of PSs, or benefits in lieu of PSs, even if PSs have been granted repeatedly in the past;
(b) all decisions with respect to future PS awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;
(c) The Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the PS award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;
(d) The Employee is voluntarily participating in the Plan;
(e) the PSs and the shares of Common Stock subject to the PSs are an extraordinary item that does not constitute compensa-tion of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Employee's employment contract, if any;
(f) the PSs and the shares of Common Stock subject to the PSs are not intended to replace any pension rights or compensation;

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(g) the PSs and the shares of Common Stock subject to the PSs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

(h) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(i) in consideration of the award of the PSs, no claim or entitlement to compensation or damages shall arise from forfeiture of the PSs, including, but not limited to, forfeiture resulting from termination of the Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, the Employee shall be deemed irrevocably to have waived the Employee's entitlement to pursue such claim; and

(j) subject to the provisions in the Plan regarding Change in Control, PSs and the benefits under the Plan, if any, will not auto-matically transfer to another company in the case of a merger, take-over or transfer of liability.

13. No Advice Regarding Award. Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or Employer making any recommendations regarding the Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. The Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her partici-pation in the Plan before taking any action related to the Plan.

14. Amendment of This Agreement. With the consent of the Em-ployee, the Committee or its authorized delegate, as applicable, may amend this Agree-ment in a manner not inconsistent with the Plan.

15. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corpora-tion" of the Com-pany as the term is defined in Section 425 of the Internal Revenue Code (the "Code") of 1986 on the date of award.

16. Affiliate. As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as deter-mined by the Committee.

17. Recoupments.

(a) If an employee or former employee of the Employer is reasonably deemed by the Committee or its authorized delegate, as applicable, to have engaged in detrimental activity against the Employer, any awards granted to such employee or former employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

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(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares of Common Stock that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

18. Cancellation and Rescission of Award. Without limiting the foregoing Section regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if the Employee is not in compliance with all of the following conditions:

(a) The Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) The Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer's business, any confidential information or material, as specified in any agreement between the Employer and the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, this Agreement does not in any manner restrict the Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity, and shall not, and not be interpreted to, impair the participant from exercising any legally protected whistleblower rights (including under Rule 21F under the Exchange Act). Similarly, the Employer does not in any manner restrict the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

(c) The Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions, shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by the Employee during employment with the Employer, relating in any manner to the actual or anticipated busi-ness, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

(d) Failure to comply with the provision of subparagraphs (a), (b) or (c) of this Section 18 prior to, or during the six months after, any payment or delivery shall cause such payment or delivery to be rescinded. The Company shall notify the Employee in writing of any such rescission within two years after such payment or delivery. Within ten days after receiving such a notice from the Company, the Employee shall pay to the Company the amount of any payment received as a result of the rescinded payment or delivery pursuant to an award. Such payment to the Company by the Employee shall be made either in cash or by returning to the Company the number of shares of Common Stock that the Employee received in connection with the rescinded payment or delivery.

19. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 100 Campus Dr. Suite 200 Florham Park, NJ 07932 USA, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the Employee at his address as the same appears on the records of the Company.

20. Language. If the Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

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21. Electronic Delivery and Acceptance. The Company will deliver any documents related to current or future participation in the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery, and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Electronic acceptance by the Employee is required and the award will be cancelled for any employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

22. Interpretation of This Agreement. The Committee or its authorized delegate, as applicable, shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and the Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

23. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Section 11 of the Plan to the personal representatives, legatees and heirs of the Employee.

24. Governing Law and Venue. The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law.

This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, agree that such litigation shall be conducted in the state or federal courts located in New York.

25. Section 409A. It is intended that the provisions of this Agreement comply with, or are exempt from, Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

Neither the Employee nor any of the Employee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to the Employee or for the Employee's benefit under this Agreement may not be reduced by, or offset against, any amount owing by the Employee to the Company or any of its Affiliates. In the event that any 60-day period described in Section 9 of this Agreement straddles two calendar years, then any PSs, and any dividends with respect thereto, that are settled within such 60-day period in accordance with this Agreement shall be settled in the second calendar year

If, at the time of the Employee's separation from service (within the meaning of Section 409A), (a) the Employee shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (b) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first business day after such six-month period.

Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, the Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Employee or for the Employee's account in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Employee harmless from any or all of such taxes or penalties.

26. Separability. In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

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27. Integration of Terms. Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

28. Appendix for Non-U.S. Countries. Notwithstanding any provisions in this Agreement, the PS award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for the Employee's country (the "Appendix"). Moreover, if the Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

29. Imposition of Other Requirements. The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on the Employee's participation in the Plan, on the PSs and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is nec-essary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

CONDUENT INCORPORATED

B

Signature

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EXHIBIT 21.1

SUBSIDIARIES OF CONDUENT INCORORATED

The following companies are subsidiaries of Conduent Incorporated as of December 31, 2018. Unless otherwise noted, a subsidiary is a company in which Conduent Incorporated or a subsidiary of Conduent Incorporated holds 50% or more of the voting stock. The names of other subsidiaries have been omitted as they would not, if considered in the aggregate as a single subsidiary, constitute a significant subsidiary:

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Conduent Care Management, Inc.	Arizona
Conduent Healthy Communities Corporation	California
Conduent Asset Management Group, LLC	Delaware
Conduent BPO Services, Inc.	Delaware
Conduent Workers Compensation Holdings, Inc.	Delaware
Conduent Defense, LLC	Delaware
Conduent EDI Solutions, Inc.	Delaware
Conduent Education Loan Services LLC	Delaware
Conduent Global, Inc.	Delaware
Conduent Health Administration, Inc.	Delaware
Conduent Human Resources Services, LLC	Delaware
Conduent Lending, Inc.	Delaware
Conduent Middle East, Inc.	Delaware
Conduent TradeOne Marketing, Inc.	Delaware
Conduent Securities LLC	Delaware
Conduent Care Solutions, LLC	Delaware
Conduent Card Service LLC	Delaware
Conduent Finance, Inc.	Delaware
Conduent Education Industry Services, LLC	Delaware
Conduent Payment Integrity Solutions, Inc	Delaware
Conduent Public Health Solutions, Inc.	Delaware
Conduent ParkIndy, LLC	Delaware
Conduent Health Assessments, LLC	Delaware
The National Abandoned Property Processing Corporation	Delaware
Conduent Business Services, LLC	Delaware
Conduent Education Services, LLC	Delaware
Conduent Education Solutions, LLC	Delaware
Conduent European Funding LLC	Delaware
Conduent Export LLC	Delaware
Conduent Federal Solutions, LLC	Delaware
Conduent Helpline LLC	Delaware
Conduent Helpline Holdings, LLC	Delaware
Conduent Mortgage Services, Inc.	Delaware
Conduent Public Health Solutions, Inc.	Delaware
Conduent Credit Balance Solutions, LLC.	Delaware
Conduent Workers Compensation, LLC	Delaware
Conduent State Healthcare, LLC	Delaware
Integrated Call Center Solutions LLC	Delaware
United Call Center Solutions LLC	Delaware

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Conduent Healthcare Knowledge Solutions LLC	Florida
Conduent Transport Solutions, Inc.	Georgia
Conduent Wireless Data Services (Operations) Inc.	Idaho
Conduent Human Services, LLC	Indiana
Conduent Healthcare Information Services, Inc.	Indiana
Conduent Image Solutions, Inc.	Louisiana
Conduent Bill Review Corporation	Nevada
Conduent Commercial Solutions, LLC	Nevada
Conduent Patient Access Solutions, LLC	New Jersey
Conduent Compliance & Risk Consulting Corporation	New York
Conduent State & Local Solutions, Inc.	New York
Conduent Performance Improvement Solutions, Inc.	Oregon
Conduent Customer Care Solutions, Inc.	Oregon
Conduent HR Services, LLC	Pennsylvania
Conduent Healthcare Data Management, Inc.	Tennessee
Conduent Securities Services, Inc.	Texas
ACS Welfare Benefit Trust	Texas
Conduent Legal & Compliance Solutions, LLC	Texas
Mercury Fund II, Ltd.	Texas
Conduent Business Process Optimization Services, Inc.	Texas
Conduent WDS Global—Texas, Inc.	Texas
Conduent Heritage, LLC	Virginia
Conduent Learning Services, Inc.	Washington
Conduent Wireless Data Services North America Inc.	Washington
Conduent Care and Quality Solutions, Inc.	Wisconsin
Eagle Connect Sh.p.k.	Albania
Voice Star Sh.p.k.	Albania
Market Line S.A.	Argentina
Consilience Software Australasia Pty Ltd	Australia
Conduent Business Services (Australasia) PTY. LTD.	Australia
Wireless Data Services PTY Limited	Australia
Affiliated Computer Services Austria GmbH	Austria
Affiliated Computer Services International (Barbados) Limited	Barbados
Conduent (Belgium)	Belgium
ACS Transportation Services Participacoes Ltda	Brazil
Conduent Servicos de Terceirizacao de Processos de Negocios Ltda.	Brazil
Conduent Consultoria e Servicos de Recursos Humanos Ltda	Brazil
Conduent do Brasil Servicos de Call Center Ltda.	Brazil
Conduent Business Services Canada, Inc./Services D'affaires Conduent Canada Inc.	Canada
Conduent Solutions Chile SA	Chile

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ACS Road Technology Services (Beijing) Co. Ltd.	China
Affiliated Computer Services (Tianjin) Co., Ltd.	China
Customer Helpline Colombia S.A.S.	Colombia
ML Colombia S.A.	Colombia
Conduent Czech Republic s.r.o.	Czech Republic
Customer Helpline (Czech Republic), s.r.o.	Czech Republic
Conduent Solutions Dominican Republic, S.A.S.	Dominican Republic
Affiliated Computer Services (Fiji) Limited	Fiji
Conduent Business Process (France) Solutions (France) SAS	France
Conduent Business Solutions (France) SAS	France
Affiliated Computer Services of Germany GmbH	Germany
ACS Holdings (Germany) GmbH	Germany
Invoco Holding GmbH	Germany
Invoco Business Solutions GmbH	Germany
Invoco Communication Center GmbH	Germany
Invoco Customer Service GmbH	Germany
Invoco Helpline Communication GmbH	Germany
Invoco Helpline GmbH	Germany
Invoco Marketing & Vetrieb GmbH	Germany
Invoco Media Sales GmbH	Germany
Invoco Multimeida GmbH	Germany
Invoco Sales GmbH	Germany
Invoco Service Center GmbH	Germany
Invoco Services & Sales GmbH	Germany
Invoco Technical Service GmbH	Germany
ACS-BPS (Ghana) Limited	Ghana
Conduent Business Services de Guatemala, Sociedad Anonima	Guatemala
Customer Helpline (Guatemala), Sociedad Anonima	Guatemala
ACS China Solutions Hong Kong Limited	Hong Kong
Conduent Business Solutions (Hong Kong) Limited	Hong Kong
Bereichem Helpline India Private Limited	India
Conduent Business Services India LLP	India
Conduent Ireland Limited	Ireland
Conduent Business Services Italy S.r.l.	Italy
Nuova Karel Soluzioni S.r.l. unipersonale	Italy
Conduent Business Solutions Italia, S.p.A.	Italy
Conduent Solutions (Jamaica) Limited	Jamaica
Conduent Jamaica Limited	Jamaica
United Call Solutions (Jamaica) Limited	Jamaica
Sia Rigas Karte	Latvia
Affiliated Computer Services Holdings (Luxembourg) S.A.R.L.	Luxembourg
Conduent Business Services Malaysia Sdn. Bhd.	Malaysia
ACS Malta Limited	Malta

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Conduent de Mexico, S.A. de C.V.	Mexico
Conduent Helpline Mexico, S. de R.L. de C.V.	Mexico
Conduent Solutions de Mexico, S. de R.L. de C.V.	Mexico
Affiliated Computer Services International B.V.	Netherlands
Continuum Global Solutions Holdings B.V.	Netherlands
Customer Helpline (Netherland) B.V.	Netherlands
Customer Helpline Holdings (Netherlands) B.V.	Netherlands
Wilhaave Groep BV	Netherlands
Unamic Holding BV	Netherlands
Unamic/HCN BV	Netherlands
Conduent Business Services (Netherlands) B.V.	Netherlands
Market Line Peru S.A.C.	Peru
ACS Solutions Peru S.A.	Peru
Conduent Business Services Philippines, Inc.	Philippines
Conduent Solutions Philippines, Inc.	Philippines
Integrated Call Center Solutions (Philippines), Inc.	Philippines
ACS Solutions Poland Sp. Z.o.o.	Poland
Affiliated Computer Services of Poland Sp. z.o.o.	Poland
ACS Puerto Rico, LLC	Puerto Rico
Conduent Business Solutions of Puerto Rico, Inc.	Puerto Rico
Conduent Business Services Romania S.r.l.	Romania
Continuum Global Solutions Limited	Scotland
Conduent Europe Finance Limited Partnership	Scotland
Wireless Data Services (Asia Pacific) PTE Ltd.	Singapore
Conduent (PTY) LTD	South Africa
Affiliated Computer Services of Spain, S.L., Sociedad Unipersonal	Spain
Xerox Business Solutions Spain, S.L.	Spain
Conduent Holdings (St. Lucia) Ltd.	St. Lucia
Affiliated Computer Services GmbH	Switzerland
Conduent Business Solutions AG	Switzerland
Comtinuum Global Musteri Hizmetleri Limited Sirketi	Turkey
Unamic HCN Musteri Hizmetleri Limited Sirketi	Turkey
Conduent Business Process Solutions Limited	United Kingdom
Conduent Parking Enforcement Solutions Limited	United Kingdom
Wireless Data Services Limited	United Kingdom

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EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-215361) of Conduent Incorporated of our report dated February 28, 2019, relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/S/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Florham Park, New Jersey
February 28, 2019

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CEO CERTIFICATIONS

I, Ashok Vemuri, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2019

/s/ ASHOK VEMURI

Ashok Vemuri
Principal Executive Officer

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CFO CERTIFICATIONS

I, Brian Webb-Walsh, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2019

/S/ BRIAN WEBB-WALSH

Brian Webb-Walsh
Principal Financial Officer

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CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-K of Conduent Incorporated, a New York corporation (the "Company"), for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ashok Vemuri, Chief Executive Officer of the Company, and Brian Webb-Walsh, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ASHOK VEMURI

Ashok Vemuri
Chief Executive Officer

February 28, 2019

/s/ BRIAN WEBB-WALSH

Brian Webb-Walsh
Chief Financial Officer

February 28, 2019

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2017

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: _____ to: _____

Commission File Number 001-37817

CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State of incorporation)	(IRS Employer Identification No.)
100 Campus Drive, Suite 200 **Florham Park, New Jersey 07932**	**(844) 663-2638**
(Address of principal executive offices)	**(Registrants telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging Growth ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock of the registrant held by non-affiliates as of June 30, 2017 was $3,323,804,990 .

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at January 31, 2018
Common Stock, $0.01 par value	210,469,177

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated herein by reference:

Document	Part of Form 10-K in which Incorporated
Conduent Incorporated Notice of 2018 Annual Meeting of Shareholders and Proxy Statement (to be filed no later than 120 days after the close of the fiscal year covered by this report on Form 10-K)	III

FORWARD-LOOKING STATEMENTS

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Annual Report on Form 10-K, which are deemed to be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Litigation Reform Act"). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Annual Report on Form 10-K, any exhibits to this Form 10-K and other public statements we make.

Such factors include, but are not limited to: termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our security systems and service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We do not intend to update these forward-looking statements, except as required by law.

CONDUENT INCORPORATED
FORM 10-K
December 31, 2017

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PART I

ITEM 1. BUSINESS

In this Annual Report on Form 10-K, unless the content otherwise dictates, "Conduent", the "Company", "we" or "our" mean Conduent Inc. and its consolidated subsidiaries.

Our Business

Conduent is a leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experiences.

On December 31, 2016, Conduent Incorporated (formerly known as the BPO business) spun-off from Xerox Corporation, pursuant to the Separation and Distribution Agreement between the Company and Xerox Corporation (Separation). As a result of the spin-off, we now operate as an independent, publicly traded company on the New York Stock Exchange, under the ticker "CNDT".

We create value for our Commercial and Public Sector clients by applying our expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics.

Our portfolio includes industry-focused service offerings in attractive growth markets such as Healthcare and Transportation, as well as multi-industry service offerings such as Transaction Processing, Human Resources Solutions and Payment Services.

Our strategy is to drive portfolio focus, operational discipline, sales and delivery excellence and innovation,
complemented by tightly aligned investments. As a result, we aim to deliver profitable growth and margin expansion and to deploy a disciplined capital allocation strategy.

With approximately 90,000 employees globally as of December 31, 2017 , we provide differentiated services to clients spanning small, medium and large businesses and to governments around the world.

Our Transformation

We have a portfolio of businesses that we are optimizing and effectively targeting attractive growth areas in a rapidly evolving business process services industry. We have taken significant actions to improve our profitability and drive growth with a more focused portfolio of services.

Key initiatives include:

- ***Realigned Delivery.*** During 2017 we reorganized the business to better align to our vertical go-to-market strategy and to our global delivery capabilities. We believe this operating structure will allow us to better integrate and tailor business solutions for our customers.
- ***Divested Non-Core Assets.*** We divested five businesses in 2017 for aggregate proceeds of $56 million in cash. These sales enabled us to increase our focus on areas where we have a competitive advantage.
- ***Increased Use of Automation.*** We have developed and deployed a set of advanced software-based automation tools as part of our service delivery operations. These tools reduce the amount of repetitive, manual labor required to deliver many of our services and improve service quality through lower error rates and faster processing times.
- ***Real Estate, Infrastructure and Selling, General and Administrative (SG&A).*** We have significantly reduced the number of leased and owned properties from 462 to 339, reduced our information technology infrastructure costs by streamlining our operations and reduced our SG&A costs from $686 million in 2016 to $615 million in 2017.

We continue to execute on our strategic transformation program to deliver cost savings through infrastructure optimization, labor productivity and automation initiatives, restructuring of unprofitable contracts and other efficiencies. This transformation program has and will enable us to better capitalize on our differentiated service offerings, industry expertise and global delivery excellence and position us for long-term shareholder value creation.

Our Market Opportunity

We estimate our addressable market size in the global business process service industry at approximately $243 billion in 2017 , according to third party industry reports, and we are a leader across several segments of this large, diverse and growing market. Providing business process services is complex and multi-faceted with services that span many industries.

Ongoing competitive pressures and increasing demand for further productivity gains have motivated businesses to outsource elements of their day-to-day operations to accelerate performance and innovation. As a result, our clients have become more focused on their core businesses and the range of outsourced activities has expanded greatly. Increasing globalization has also required many companies to optimize cost structures to retain competitiveness and business process services have become a key component of this strategy.

The ongoing shift to next-generation software and automation technologies is driving greater demand for, and expectation of, efficiency and personalization by the constituents and customers of the businesses and governments we serve. Addressing these business and operational challenges is necessary for business process services companies to capitalize on these trends. In addition, business process services have the potential to meaningfully enhance productivity for businesses and governments and satisfaction for their constituents and customers.

Segments

Our reportable segments correspond to how management organizes and manages the business and are aligned to the industries in which our clients operate, which are Commercial Industries and Public Sector.

- Our *Commercial Industries* segment provides business process services and customized solutions to clients in a variety of industries.
- Our *Public Sector* segment provides government-centric business process services and subject matter experts to U.S. federal, state and local and foreign governments.

Other represents our Government Health Enterprise (HE) Medicaid Platform for all current state clients and our Education business, including our Student Loan business, as well as inter-segment eliminations.

We present segment financial information in Note 2 – Segment Reporting to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated herein by reference. The discussion below highlights our segment revenues for the year ended December 31, 2017 .

Commercial Industries

Our Commercial Industries segment is our largest segment, with $3.5 billion in revenues in 2017 , representing 59% of total revenues. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include Customer Care, Human Resource Management, Worker's Compensation process management, Finance and Accounting, Workforce Learning Services and Legal Business Services. These services are complemented by innovative industry-specific services such as payment integrity solutions to clients in the Healthcare payer space, care and quality analytics, workflow solutions and software adoption services to Healthcare provider clients, personalized product information for clients in the Automotive industry, digitized source-to-pay solutions for clients in the Manufacturing industry, revenue generation and clinical services for clients in the Pharmaceutical and Life Sciences industries, customer experience and marketing services for clients in the Retail industry, and mortgage and consumer loan processing for clients in the Financial Services industry.

Public Sector

Our Public Sector segment generated revenues of $2.2 billion in 2017 , representing 36% of the total revenues. This segment provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance program administration, transaction processing and payment services. In order to provide targeted support to our government clients, our Public Sector segment is organized into several primary businesses:

- ***Transportation:*** We provide revenue-generating transportation services to government clients in 27 countries. Our services include support for electronic toll collection, public transit, parking, photo enforcement and commercial vehicle operations. Across these offerings, we manage key processes on behalf of our clients including fee collection, compliance and violation management, notifications, statements and reporting. These innovative services significantly improve individual travel experiences, optimize how vehicles and goods move efficiently within cities, digitize integrated modes of transportation and help our government clients to better serve their constituents.
- ***Federal, State and Local Government:*** We support our government clients with services targeting key civilian agencies within federal, state and local governments, as well as government administrative offices. Our depth of agency-specific expertise combined with our scale allows us to deliver and manage programs at all levels of government. Our broad set of public sector services includes public assistance program administration such as child support, pension administration, records management, electronic benefits, eligibility and payment cards, unclaimed property, disease management and software offerings in support of federal, state and local government agencies.
- ***Payments:*** With more than $87 billion disbursed annually, we are a leader in government payment disbursements for federally sponsored programs like Supplemental Nutritional Assistance Program (SNAP, a.k.a Food Stamps) and Women, Infant and Children (WIC) as well as government initiated cash disbursements such as child support, unemployment and federal social security. We provide our payment card services which include branded prepaid debit card (Visa and Mastercard), Electronic Benefit Transfer (EBT for SNAP and WIC) and Electronic Child Care to 36 states and the US Treasury with a diversified portfolio consisting of 147 different payment programs nationwide.
- ***Government Healthcare:*** We provide medical management and fiscal agent care management services to Medicaid programs and federally-funded U.S. government healthcare programs in 24 states, Puerto Rico and the District of Columbia. Our services include a range of innovative solutions such as Medicaid management fiscal agent, pharmacy benefits management and clinical program management. These services help states optimize their costs by streamlining access to care and improve patient health outcomes through population health management and help families in need by improving beneficiary support.

Other

Other includes our Government HE Medicaid Platform business, where we are limiting our focus to maintaining systems for our current clients, our Education Business inclusive of our Student Loan business, which is in runoff; and inter-segment eliminations. In 2017 , Other accounted for $311 million of revenues, representing 5% of total revenues.

Our Service Offerings

Our portfolio of business process services includes a combination of industry-specific and multi-industry
services. We have subject matter experts who are responsible for implementing each of these services, delivering service excellence to clients, ensuring best practices to improve cost competitiveness, innovating our next generation offerings and supporting worldwide sales.

Industry-Specific Services

Commercial Industry-Specific Services
Examples of the services we offer include personalized product information for automotive clients, digitized source to pay solutions for manufacturing clients, care integration and coordination, member health risk assessments and payment integrity (such as recovering claims from the appropriate payers) for healthcare clients, mortgage and consumer loan processing for financial institution clients and customized workforce learning solutions for aerospace clients.

Public Sector-Specific Services

Transportation Services : The transportation services we offer include support for electronic toll collection, public transit, parking, photo enforcement and commercial vehicle operations. Across these offerings, we manage key processes on behalf of our clients including fee collection, compliance and violation management, notifications, statements and reporting.

Other Public Sector Services : Our broad set of public sector services includes public assistance program administration, pension administration, records management, disease management and software offerings in support of federal, state and local government agencies. It also includes fiscal agent administrative services and providing management information systems in support of Medicaid programs or pharmacy benefits management for Government Healthcare clients.

Multi-Industry Services

Transaction Processing Services
We help our clients to improve communications with their customers and constituents, whether it is on paper, on-line or through other communication channels. By supporting our clients' customer communication processes, we help our clients deliver a better experience to their customers and operate with improved efficiency and greater effectiveness.

We offer a broad array of flexible transaction processing services that include data entry, scanning, image processing, enrollment processing, claims processing, high volume offsite print and mail services and file indexing. Our multi-channel communication capabilities (including secure print, email, text and web) enable the delivery of personalized and targeted communications that are designed to elicit the desired response from customers or other end-users (*e.g.* , on-time bill payment and increased marketing response rates). Our service offerings utilize both proprietary and commercially available third-party technologies, combined with our expertise to ensure continued quality and innovation for our clients.

Payment Services
Prepaid Cards : We are an extensive provider of VISA and MasterCard prepaid debit cards, as well as other electronic payment cards in support of U.S. government benefit programs including Social Security, the Supplemental Nutrition Assistance Program (formerly known as food stamps), the Special Supplemental Nutrition Program for Women, Infants and Children and other specialized Electronic Benefits Transfer programs. Our secure payment services reduce fraud and eliminate paper checks by disbursing electronic payments directly to end users, even those without bank accounts. Our proprietary processing platform, significant operational expertise, advanced fraud analytics and adoption of Europay, MasterCard and Visa chip-enabled technology put us in the forefront of the Prepaid Card industry.

Health Savings Accounts (HSA) : We provide clients with a simplified approach to help their employees manage their health care costs and accumulate wealth with tax-advantaged accounts. We consolidate administration of all health spending accounts onto one common platform, including Health Savings Accounts, Health Reimbursement Arrangements, Flexible Spending Accounts and Health Incentive Accounts. By consolidating and integrating the management of health spending accounts, we help our clients improve benefit enrollment and account opening, consolidate customer service, simplify communications and streamline account funding and management. As of December 31, 2017, we had approximately 1 million active HSA accounts and $2.3 billion of assets under management within our HSA offering.

Child Support Payments : We are an industry leader of U.S. State Government Disbursement Units for child support payments. We collect payments from non-custodial parents via check, credit card and transfers from employee payroll systems and disburse payments to the beneficiaries.

Customer Care Services
We offer customer care services that help our clients provide their own customers with a superior experience. Our service offerings range from answering simple billing questions to providing complex technical and customer support. We also offer both inbound and outbound sales and cross-selling programs through our contact center operations. We provide these services through multiple channels, including phone, SMS, chat, interactive voice response, social networks and email. We augment our customer care agents' efficiency and effectiveness with advanced technologies that help them resolve customer needs quickly and with consistent high quality.

Human Resources Services
We help our clients to support their employees at all stages of employment from initial on-boarding through retirement. We offer clients customized advisory, technology and administrative services that help them more effectively involve employees in their health insurance, retirement plan and compensation programs. We design
and administer employee benefit programs that attract, reward and retain workforce talent through engaging technologies and decision support tools. Our service offerings include; cloud-based HR outsourcing; payroll and benefits administration; health savings and tax efficient account administration; and administration of, and consultation regarding, our proprietary private health care exchange, which allows employees to select from a set of predefined providers and also provides market-leading health and benefit decision support tools and ongoing health and wellness management.

Finance and Accounting Services
We serve clients by managing their critical finance, accounting and procurement processes. Our services include general accounting and reporting, billing and accounts receivable and purchasing, accounts payable and expense management services. We also offer wholesale and retail lockbox services and process auto and mortgage loans in the United States. With a global, dedicated team, we manage the core, end-to-end process areas of finance, accounting and procurement for some of the world's most recognized brands.

Legal Business Services
We have been providing client support to law firms and corporate legal departments for over 20 years. We work across the litigation lifecycle, with particular focus on the legal discovery and review process. Our offerings include litigation support services, compliance and risk review and managed services support.

Workforce Learning Services
We are a provider of end-to-end learning services, designed to accelerate the productivity and development of our clients' employees and extended work forces. Our global presence, superior innovation and expertise allow us to deliver performance-based learning services tailored to our clients' unique strategic business goals. Our offerings include learning strategy and assessment, instructor management and learning administration.

Applied Automation and Analytics Solutions
Many of our service offerings described above incorporate our applied automation and analytics solutions to increase their value and effectiveness to clients across all industries. We deploy these solutions to personalize millions of interactions, optimize service delivery and simplify complex processes. For example, our customer care services harness the power of applied analytics and automation to help our customer service agents work more efficiently across different communication channels. Our applied automation solutions track and learn the most efficient means to address common customer service needs as they occur in real time so that we can solve the same problem faster the next time around. The combination of applied automation and analytics allows us to identify new service demand patterns and opportunities quickly so that we can proactively address them on behalf of our clients.

Our Competitive Strengths

We possess a number of competitive strengths that distinguish us from our competitors, including:

Leadership in attractive growth markets. We are a leader in business process services. Our clients continue to outsource key business processes to accelerate performance and innovation. Additionally, clients are moving beyond services for back-office functions in order to drive customer satisfaction and loyalty, as well as productivity and efficiency. The increase in globalization and cost competition continues to accelerate, forcing companies to seek ways to stay ahead of the competition. These factors, along with clients and their customers demanding more personalized, seamless and secure solutions, are collectively driving the ongoing shift to next-generation software and automation technologies.

- ***Healthcare.*** U.S. healthcare spending is estimated to have represented greater than 17.9% of GDP in 2016 and is continuing to grow. As one of the most regulated industries, healthcare providers must balance increased utilization with heightened complexity and new financial pressures such as government budget challenges to significantly reduce reimbursements, reimbursement penalties for hospital readmissions and a shift from fee-for-service to “value-based” population health management. We are widely recognized by industry analysts as a leader in healthcare payer operations, serving all 20 of the top 20 U.S. managed healthcare plans and providing administrative and care management solutions to Medicaid programs and federally funded U.S. government healthcare programs in 24 states, Puerto Rico and the District of Columbia.

- ***Transportation.*** Traffic congestion continues to increase as urbanization and changing demographics take hold globally. As a result, optimized transportation systems are becoming critical to increase efficiency while maintaining strict safety requirements. Electronic toll collection, public transit and parking all represent key growth drivers as governments at all levels increasingly focus on transportation infrastructure. We maintain approximately 54% market share position in electronic toll collection in the United States based on toll revenues collected through our systems in 2017. We are also one of the largest U.S.-based commercial vehicle operations service providers in the United States with approximately 51% market share based on 2017 revenues, and we are an award-winning innovator in parking management.

- ***Transaction Processing.*** We provide high volume print and mail services, enrollment processing and personalized and targeted marketing and communications, to large corporations and we believe we are a leading provider in this market.

- ***Prepaid Cards*** : We are the leading provider of prepaid payment card services in support of the U.S. government prepaid card services market.

Global delivery expertise. Our scale and global delivery network enables us to deliver our proprietary technology, differentiated service offerings and service capabilities expertly to clients around the world. We have operations in India, Philippines, Jamaica, Guatemala, Mexico, Romania, Dominican Republic and several locations within the United States, giving our customers the option for "onshore" or "offshore" outsourced business process services. This global delivery model enables us to leverage lower-cost production locations, consistent methodologies and processes, time zone advantages and business continuity plans. As of December 31, 2017 , our employee location mix was approximately 48% in North America, 20% in Latin America / Caribbean, 22% in Asia Pacific and 10% in Europe / Middle East / Africa .

Differentiated suite of multi-industry service offerings at scale. We manage transaction-intensive processes and work directly with end-users to meet their needs often in real-time. We are unique in our ability to offer our clients these business process services on a large scale and with high quality. Additionally, we are able to leverage our multi-industry services to bring the same scale and quality to our portfolio of industry-specific service offerings, such as healthcare claims management, employee benefits management and public transit fare collection.

Innovation and development. We innovate by developing and acquiring new technologies and capabilities that improve business processes. We are constantly creating the next generation of simple, automated and touchless business processes to drive lower costs, higher quality and increased end-user satisfaction. Analytics allow us to transform big data into useful information that helps identify operational improvements and constituent insights. Additionally, we leverage robotic process automation and predictive analytics and combine this with our deep subject matter expertise to create intelligent services that improve security, increase speed and improve accuracy, quality and regulatory compliance, and uncover insights that support better decision making and outcomes for our clients.

Stable recurring revenue model supported by a loyal, diverse client base. We have a broad and diverse base of clients in 31 countries across geographies and industries, including Fortune 1000 companies, small and midsize businesses and governmental entities. Our close client relationships and successful client execution support our stable recurring revenue model and high renewal rates. Excluding our strategic decision not to renew certain contracts, the renewal rate for the year ended December 31, 2017 was 94% and above our target range of 85%-90%. Including all contracts, renewal rate would have been approximately 87% .

Our Strategies

Our strategy is to drive leadership in attractive markets by leveraging and building on our competitive strengths. We intend to execute our strategy through increased business portfolio focus and operating discipline, enhanced sales and delivery capabilities and tightly aligned investments. Our strategy is designed to deliver value by delivering profitable growth, expanding operating margins and deploying a disciplined capital allocation strategy.

Specific elements of our strategy include the following:

Expand within attractive industries. The industries in which we operate have attractive revenue growth rates, generally in the mid-single digits. We intend to sharpen our focus and expand our business in industries with strong growth and profitability characteristics. We will employ a disciplined approach to portfolio management to complement our competitive strengths and build depth and breadth in our core businesses. Within the Healthcare industry, we intend to leverage our data analytics, differentiated service offerings and industry know-how to continue to service payer, provider and core government healthcare clients. Within the Transportation industry, we will leverage our global, end-to-end platforms to continue to deliver seamless travel experiences while providing back-end Transaction Processing and Call Center services for government clients globally.

Optimize and strengthen our services capabilities. We plan to optimize our services capabilities and strengthen several core areas, including Transaction Processing, Finance and Accounting and Prepaid Card services by building out our services offerings and continuing to improve our competitive strengths. We have begun to divest non-core assets, refocused our business towards higher margin growing segments and consolidated delivery operations to enable greater productivity. Within Transaction Processing, we intend to continue to build industry-specific service offerings and advance inbound and outbound processing capabilities. Within Customer Experience, we intend to capitalize on our global scale, cost efficiencies and our ability to provide seamless communications between our clients and their end-users through traditional (e.g., voice) and digital (e.g . , web, mobile and Internet of Things) channels. In Prepaid Cards, we plan to continue to leverage our scalable platform to help our clients simplify their payment disbursement processes.

Continue to advance next-generation platforms and capabilities. We intend to maintain our focus on innovation to create next-generation solutions aligned with our clients' future needs and our growth strategies. We plan to advance our current platforms, further automate and personalize business processes and enhance data analytics capabilities to deliver value-added services for our clients.

Engage, develop and support our people. We intend to increasingly develop our employees by investing in training, processes and systems to equip them with modern tools that enable them to perform their jobs more efficiently. Furthermore, we plan to strengthen our sales teams throughout improved and optimized coverage and effective talent management.

Competition

Although we encounter competition in all areas of our portfolio, we lead across many areas of our principal businesses. We compete on the basis of technology, performance, price, quality, reliability and customer service and support. In the current political environment in the U.S. and other territories, we also consider our "onshore" delivery capacity to be a competitive advantage. We participate in a highly competitive and rapidly evolving market, driven by changes in industry standards and demands of customers to become more efficient. Our competitors range from large international companies to relatively small firms. Our competitors include:

- Large multinational service providers such as CGI Group, Accenture, Aon Hewitt, Cognizant, Hewlett-Packard Enterprise, IBM, Teletech and Teleperformance;
- Traditional Business Process Outsourcing companies such as Genpact, ELX Services, Exela Technologies and WNS Global Services;
- Payroll processing and human capital management providers such as ADP and Paychex;
- Healthcare-focused IT and service solutions providers such as Cerner and Maximus;
- U.S. Federal focused government services such as CACI International and DXC Technology;
- Transportation multi-nationals such as Roper/Transcore, Cubic and Kaptsh; and
- Smaller niche business processing service providers and in-house departments that perform functions that could be outsourced to us.

Sales and Marketing

We market our business process services to both potential and existing clients through our worldwide sales force and our business development team. Additionally, we have dedicated “solution architects” who work with clients to better understand their situation and develop a custom-tailored solution to meet their unique needs.

Our sales and marketing strategy is to go to market by industry to deliver key industry-specific and multi-industry service offerings to our clients. We focus on developing new prospects through market research and analysis, renewing expiring contracts and leveraging existing client relationships to offer additional services. We leverage our broad, multi-industry service offerings to package solutions through enterprise selling, while maintaining a disciplined approach to pricing and contracting. Our sales efforts typically involve extended selling cycles and our expertise in specific industries is critical to winning new business.

Our Geographies

We provide services globally and we have a diversified geographic delivery network, including a significant presence within the U.S. In 2017 , approximately 12% of our revenues were generated by clients outside the United States. In 2017 , our revenues by geography were as follows: $5,303 million in the United States (88% of total revenues), $538 million in Europe (9% of total revenues) and $181 million from the rest of the world (3% of total revenues). We present geographical information in Note 2 – Segment Reporting to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated herein by reference.

Innovation and Research and Development

Our innovation and research and development (R&D) capabilities are critical to our client value proposition and competitive positioning. Our investments in innovation align with our growth strategies and are driven by a view of future needs and required competencies developed in close partnership with our clients and R&D partners. We are investing in attractive markets, such as healthcare and transportation, and building on proven platforms to create services that distinguish us from our competitors.

Our innovation and R&D are focused on three key areas: automation, personalization and analytics.

Automation—Create simple, automated and touchless business processes to drive lower cost, higher quality and increased agility. Businesses require agility to quickly respond to market changes and new customer requirements. To enable greater business process agility, our R&D goals are to simplify, automate and enable business processes via flexible platforms that run on robust and scalable infrastructures. Automation of business processes benefits from our strong image, video and robotic processing, as well as our machine learning capabilities. Application of these methods to business processes enables technology to perform tasks that today are performed manually. Examples include providing automation solutions in transportation by aggregating and automatically applying business rules to simplify toll payments, using our state-of-the-art video and image analytics to reduce the need for manual review of license plates in tolling and toll adjustment scenarios, analyzing data on eligibility claims and checking for correctness on applications. The scope of automation is applied across our portfolio of services and is a key element of our ongoing strategy of modern, efficient services.

Personalization—Augment humans by providing secure, real-time and context-aware personalized products and services. Whether business correspondence, personal communication, manufactured items or information service, personalization increases the value to the recipient. Our R&D investments lead to technologies that improve the efficiency, economics and relevance of business services, such as customer care and health and welfare services. In our current customer care service offerings, the human touch is seamlessly added as our software automatically takes telephony data and merges it with customer records pulled from multiple sources to seamlessly create targeted scripts and flows. This allows the agent to have the caller's data at their fingertips and provide a more personal experience to the customer—whether on the phone or online. In toll systems, our systems automatically pull up a customer's name, verify their information and prompt them for unpaid tolls. In transit systems, our mobile app aggregates and calculates the time, cost, carbon footprint and health benefits from walking, biking, driving, parking and taking public transit. For health and welfare, our systems provide state of the art personalized delivery to ensure the best utilization of funds for the neediest populations.

Analytics—Transform big data into useful information to support better decision making. Competitive advantage can be achieved by better utilizing available and real-time information. Today, information resides in an ever increasing universe of servers, repositories and formats. The vast majority of information is unstructured, including text, images, voice and videos. We seek to better manage large data systems in order to extract business insights to provide our clients with actionable recommendations and new services. Tailoring these methods to various industry applications leads to new customer value propositions. In hospitals, we mine usage and clinical indicators to improve patient experiences. We also help our healthcare clients identify waste and fraud by identifying networks of providers and patients with suspicious behavior, such as sudden and dramatic increases in a provider's level of business or unusual or illogical patient treatment sequences. In transportation, we enable transport and parking operators to better understand and predict commuter needs, including adherence to schedules, passenger loading levels, car park utilization rates and the impact of varying factors such as weather and schedule variations. In our card payment services business, we perform geo location analytics to predict potential fraud behaviors to assure monies are being distributed to the intended recipients.

Intellectual Property

Our general policy is to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. We own approximately 1,024 patents and pending applications. Our patent portfolio evolves as new patents are awarded to us and as older patents expire. These patents expire at various dates, generally 20 years from their original filing dates. While we believe that our portfolio of patents and applications has value, in general no single patent is essential to our business or any individual segment. In addition, any of our proprietary rights could be challenged, invalidated or circumvented, or may not provide significant competitive advantages.

Our business relies on software provided to an approximately equal extent, by both internal development and external sourcing to deliver our services in our businesses. With respect to internally developed software, we claim copyright on all such software, registering works which may be accessible to third parties. In addition, we rely on maintaining source code confidentiality to assure our market competitiveness. With respect to externally sourced software, we rely on contracts assuring our continued access for our business usage.

In the United States, we own 132 trademarks, which are either registered or applied for, reflecting the many businesses we participate in. These trademarks may have a perpetual life, subject to renewal every 10 years and may be subject to cancellation or invalidation based on certain use requirements and third-party challenges, or on other grounds. We vigorously enforce and protect our trademarks.

People and Culture

We draw on the business and technical expertise of our talented and diverse global workforce to provide our clients with high-quality services. Our business leaders bring a strong diversity of experience in our industry and a track record of successful performance and execution.

Conduent established its own diversity and inclusion program post-separation, which is overseen by Conduent's human resources department. Conduent promotes understanding and inclusion through a comprehensive set of diversity initiatives and strategies, including addressing under-representation by identifying shortfalls and developing action plans to close those gaps and through work-life programs that assist employees in certain aspects of their personal lives. Additionally, Conduent informs and educates all employees on diversity programs, policies and achievements. As an independent company, we intend to continue our commitment to diversity and inclusion and implement similar policies and programs.

In the United States, Conduent complies with Equal Employment Opportunity guidelines and all applicable federal, state and local laws that govern the hiring and treatment of its employees.

As of December 31, 2017 , we had approximately 90,000 employees globally, with 48% located in the United States and the remainder located primarily in India, Philippines, Jamaica, Guatemala and Mexico.

Training and Talent Development
We believe our people are our most important asset, which is why we invest in employee growth and development programs. We are focused on building a workplace where our people can do their best work and have access to the tools and resources they need to perform their jobs more effectively. We are building a culture of learning and have shifted from delivering training to incorporating learning into day-to-day work.

We have a strong performance management system in place that requires all employees to engage with their managers on goal-setting and performance feedback, enabling personal and professional development. There is a strong emphasis on mentorship and coaching, both formal and informal, to help employees get to the next level in their careers. We enable this by developing management capability for our front line leaders to ensure they are able to coach and mentor their teams and engage in constructive and continuous two-way dialogue.

Corporate Ethics
Our commitment to business ethics represents more than a declaration to do the right thing. It has become an integral part of the way we do business. We operate according to our ethics and compliance program, which is designed to meet general governance and specific industry and regulatory requirements with a focus on values, culture and performance with integrity. Conduent has a business ethics program, which is overseen by the business ethics office, and a code of business conduct (Code), which serves as the foundation of our business ethics program. The Code makes clear Conduent’s expectations for ethical leadership, performance with integrity and compliance with company policies and the law. In addition, the Code embodies and reinforces Conduent’s commitment to integrity and helps employees resolve ethics and compliance concerns consistent with operating principles and legal and policy controls. In addition, as Conduent employees, our employees are required to complete business ethics training annually and we periodically solicit their input to gauge the state of Conduent’s ethical culture and help identify areas for improvement.

Our directors must act in accordance with our Code of Business Conduct and Ethics for Members of the Board; our principal executive officer, principal financial officer and principal accounting officer, among others, must act in accordance with our Finance Code of Conduct; and all of our executives and employees must act in accordance with our Code of Business Conduct. Each of these codes of conduct can be accessed through our website at www.conduent.com/corporate-governance. They are also available to any shareholder who requests them in writing addressed to Conduent Incorporated, 100 Campus Drive Suite 200, Florham Park, NJ 07932, Attention: Corporate Secretary. We will disclose any future amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics for members of the Board and, our Code of Business Conduct and our Finance Code of Conduct for our officers on our website as promptly as practicable, and consistent with the requirements of applicable SEC and NYSE rules.

Seasonality

Our revenues can be affected by various factors such as our clients' demand pattern for our services. These factors have historically resulted in higher revenues and profits in the fourth quarter.

Other

Conduent Incorporated is a New York corporation, organized in 2016. Our principal executive offices are located at 100 Campus Drive, Florham Park, New Jersey 07932. Our telephone number is (844) 663-2638.

In the Investor Information section of our Internet website, you will find our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports. We make these documents available as soon as we can after we have filed them with, or furnished them to the U.S. Securities and Exchange Commission (SEC).

Our Internet address is www.conduent.com.

ITEM 1A. RISK FACTORS

Our government contracts are subject to termination rights, audits and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts.

A significant portion of our revenues is derived from contracts with U.S. federal, state and local governments and their agencies, and some of our revenues are derived from contracts with foreign governments and their agencies. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions (e.g., Congressional sequestration of funds under the Budget Control Act of 2011) or other debt or funding constraints, such as those recently experienced in the United States and Europe, could result in lower governmental sales and in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination. Additionally, if the government discovers improper or illegal activities or contractual non-compliance (including improper billing), we may be subject to various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could materially adversely affect our results of operations and financial condition. Moreover, government contracts are generally subject to audits and investigations by government agencies. If the government finds that we inappropriately charged any costs to a contract, the costs are not reimbursable or, if already reimbursed, the cost must be refunded to the government. Further, the negative publicity that could arise from any such penalties, sanctions or findings in such audits or investigations could have an adverse effect on our reputation in the industry and reduce our ability to compete for new contracts and could materially adversely affect our results of operations and financial condition.

We derive significant revenue and profit from commercial and government contracts awarded through competitive bidding processes, including renewals, which can impose substantial costs on us, and we will not achieve revenue and profit objectives if we fail to accurately and effectively bid on such projects.

Many of these contracts are extremely complex and require the investment of significant resources in order to prepare accurate bids and proposals. Competitive bidding imposes substantial costs and presents a number of risks, including: (i) the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us; (ii) the need to estimate accurately the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design; (iii) the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding and the risk that such protests or challenges could result in the requirement to resubmit bids and in the termination, reduction or modification of the awarded contracts; and (iv) the opportunity cost of not bidding on and winning other contracts we might otherwise pursue. If our competitors protest or challenge an award made to us on a government contract, the costs to defend such an award may be significant and could involve subsequent litigation that could take years to resolve.

Our ability to recover capital and other investments in connection with our contracts is subject to risk.

In order to attract and retain large outsourcing contracts, we sometimes make significant capital and other investments to enable us to perform our services under those contracts, such as purchases of information technology equipment, facility costs, labor resources and costs incurred to develop and implement software. The net book value of certain assets recorded, including a portion of our intangible assets, could be impaired, and our results of operations and financial condition could be materially adversely affected in the event of the early termination of all or a part of such a contract or a reduction in volumes and services thereunder for reasons such as a customer's or client's merger or acquisition, divestiture of assets or businesses, business failure or deterioration or a customer's or client's exercise of contract termination rights.

We rely to a significant extent on third-party providers, such as subcontractors, a relatively small number of primary software vendors, utility providers and network providers; if they cannot deliver or perform as expected or if our relationships with them are terminated or otherwise change, our results of operations and financial condition could be materially adversely affected.

Our ability to service our customers and clients and deliver and implement solutions depends to a large extent on third-party providers such as subcontractors, a relatively small number of primary software vendors, software application developers, utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities if any of our third-party providers do not meet these obligations or our or our clients' expectations or if they terminate or refuse to renew their relationships with us or were to offer their products to us with less advantageous prices and other terms than we previously had.

Failure to deliver on our contractual obligations properly and on time could materially adversely affect our results of operations and financial condition.

Our business model depends in large part on our ability to retain existing and attract new work from our base of existing clients, as well as on relationships we develop with our clients so that we can understand our clients' needs and deliver solutions and services that are tailored to meet those needs. In order for our business to grow, we must successfully manage the provision of services under our contracts. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, then we could incur additional costs to address the situation, the profitability of that work might be impaired and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client or obtain new work from other potential clients. In particular, many of our contracts with non-government clients may be terminated by the client, without cause, upon specified advance notice, so clients who are not satisfied might seek to terminate existing contracts prior to their scheduled expiration date, which may result in our inability to fully recover our up-front investments. In addition, clients could direct future business to our competitors. We could also trigger contractual credits to clients or a contractual default. Failure to properly transition new clients to our systems, properly budget transition costs or accurately estimate contract operational costs could result in delays in our contract performance, trigger service level penalties, impair fixed or intangible assets or result in contract profit margins that do not meet our expectations or our historical profit margins.

In addition, we incur significant expenditures for the development and construction of system software platforms needed to support our clients' needs. Our failure to fully understand client requirements or implement the appropriate operating systems or databases or solutions which enable the use of other supporting software may delay the project and result in cost overruns or potential impairment of the related software platforms, which could materially adversely affect our results of operations and financial condition.

We face significant competition and our failure to compete successfully could materially adversely affect our results of operations and financial condition.

To remain competitive, we must develop services and applications; periodically enhance our existing offerings; remain cost efficient; and attract and retain key personnel and management. If we are unable to compete successfully, we could lose market share and important customers to our competitors and that could materially adversely affect our results of operations and financial condition.

Our significant indebtedness could materially adversely affect our results of operations and financial condition.

We have and will continue to have a significant amount of debt and other obligations. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations thereby reducing the availability of our cash flows from operations for other purposes; (iv) limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; (v) place us at a competitive disadvantage compared to our competitors that have less debt; and (vi) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase.

Our ability to make payments on and to refinance our indebtedness, including the debt incurred in connection with our spin-off, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

The terms of our indebtedness may restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations.

The terms of our indebtedness include a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests. These may restrict our and our subsidiaries' ability to take some or all of the following actions:

- incur or guarantee additional indebtedness or sell disqualified or preferred stock;
- pay dividends on, make distributions in respect of, repurchase or redeem, capital stock;
- make investments or acquisitions;
- sell, transfer or otherwise dispose of certain assets, including accounts receivable;
- create liens;
- enter into sale/leaseback transactions;
- enter into agreements restricting the ability to pay dividends or make other intercompany transfers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets;
- enter into transactions with affiliates;
- prepay, repurchase or redeem certain kinds of indebtedness;
- issue or sell stock of our subsidiaries; and/or
- significantly change the nature of our business.

As a result of all of these restrictions, we may be:

- limited in how we conduct our business and pursue our strategy; unable to raise additional debt financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

A breach of any of these covenants, if applicable, could result in an event of default under the terms of this indebtedness. If an event of default occurs, the lenders would have the right to accelerate the repayment of such debt and the event of default or acceleration may result in the acceleration of the repayment of any other of our debt to which a cross-default or cross-acceleration provision applies. Furthermore, the lenders of this indebtedness may require that we pledge our assets as collateral as security for our repayment obligations. If we were unable to repay any amount of this indebtedness when due and payable, the lenders could proceed against the collateral that secures this indebtedness. In the event our creditors accelerate the repayment of our borrowings, we may not have sufficient assets to repay such indebtedness, which could materially adversely affect our results of operations and financial condition.

Our business is dependent on continued interest in outsourcing.

Our business and growth depend in large part on continued interest in outsourced business process services. Outsourcing means that an entity contracts with a third party, such as us, to provide business process services rather than perform such services in-house. There can be no assurance that this interest will continue, as organizations may elect to perform such services themselves and/or the business process outsourcing industry could move to an as-a-Service model, thereby eliminating traditional business process outsourcing tasks. A significant change in this interest in outsourcing could materially adversely affect our results of operations and financial condition. Additionally, there can be no assurance that our cross-selling efforts will cause clients to purchase additional services from us or adopt a single-source outsourcing approach.

Our profitability is dependent upon our ability to obtain adequate pricing for our services and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our services that will provide a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our services may decline from previous levels. If we are unable to obtain adequate pricing for our services, it could materially adversely affect our results of operations and financial condition. In addition, our contracts are increasingly requiring tighter timelines for implementation as well as more stringent service level metrics. This makes the bidding process for new contracts much more difficult and requires us to adequately consider these requirements in the pricing of our services.

In order to meet the service requirements of our customers, which often includes 24/7 service, and to optimize our employee cost base, including our back-office support, we often locate our delivery service and back-office support centers in lower-cost locations, including several developing countries. Concentrating our centers in these locations presents a number of operational risks, many of which are beyond our control, including the risks of political instability, natural disasters, safety and security risks, labor disruptions, excessive employee turnover and rising labor rates. Additionally, a change in the political environment in the United States or the adoption and enforcement of legislation and regulations curbing the use of such centers outside of the United States could materially adversely affect our results of operations and financial condition. These risks could impair our ability to effectively provide services to our customers and keep our costs aligned to our associated revenues and market requirements.

Our ability to sustain and improve profit margins is dependent on a number of factors, including our ability to continue to improve the cost efficiency of our operations through such programs as robotic process automation, to absorb the level of pricing pressures on our services through cost improvements and to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain productivity improvements through restructuring actions or information technology initiatives, our ability to offset labor cost inflation and competitive price pressures would be impaired, each of which could materially adversely affect our results of operations and financial condition.

We may be subject to claims of infringement of third-party intellectual property rights which could adversely affect our results of operation and financial condition.

We rely heavily on the use of intellectual property. We do not own a significant portion of the software that we use to run our business; instead we license this software from a small number of primary vendors. If these vendors assert claims that we or our clients are infringing on their software or related intellectual property, we could incur substantial costs to defend these claims, which could materially adversely affect our results of operations and financial condition. In addition, if any of our vendors' infringement claims are ultimately successful, our vendors could require us to (i) cease selling or using products or services that incorporate the challenged software or technology, (ii) obtain a license or additional licenses from our vendors or (iii) redesign our services which rely on the challenged software or technology. In addition, we may be exposed to claims for monetary damages. If we are unsuccessful in defending an infringement claim and our vendors require us to initiate any of the above actions, or we are required to pay monetary damages, then such actions could materially adversely affect our results of operations and financial condition.

We are subject to laws of the United States and foreign jurisdictions relating to individually identifiable information and personal health information, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and negatively impact our operations.

We receive, process, transmit and store information relating to identifiable individuals, both in our role as a service provider and as an employer. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations designed to protect both individually identifiable information as well as personal health information, including the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA") and the HIPAA regulations governing, among other things, the privacy, security and electronic transmission of individually identifiable health information, and the European Union Directive on Data Protection (Directive 95/46/EC). The EU General Data Protection Regulation (GDPR) replaces the Data Protection Directive 95/46/EC (with an enforcement date of May 25, 2018) and is designed to harmonize data privacy laws across Europe, to protect and empower all EU citizens data privacy, to reshape the way organizations across the region approach data privacy and will have a significant impact on how we process and handle certain data. Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of individually identifiable information and these laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. For example, the invalidation of the U.S.-EU Safe Harbor regime and the emerging GDPR will require us to implement alternative mechanisms in order for some of our data flows from Europe to the United States to comply with applicable law. Changes to existing laws, introduction of new laws in this area or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which could materially adversely affect our results of operations and financial condition.

We are subject to laws of the United States and foreign jurisdictions relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and materially adversely affect our results of operations and financial condition.

We process, support and execute financial transactions, and disburse funds, on behalf of both government and commercial customers, often in partnership with financial institutions. This activity includes receiving debit and credit card information, processing payments for and due to our customers and disbursing funds on payment or debit cards to payees of our customers. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations, including the Electronic Fund Transfer Act, as amended, the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (including the so-called Durbin Amendment), as amended, the Gramm-Leach-Bliley Act (also known as the Financial Modernization Act of 1999), as amended, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended. Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of certain financial transactions and related support services. These laws are subject to frequent changes, and new statutes and regulations in this area may be enacted at any time. Changes to existing laws, introduction of new laws in this area or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to process and support financial transactions and allegations by our customers, partners and clients that we have not performed our contractual obligations. Any of these could materially adversely affect our results of operations and financial condition.

Our data systems, information systems and network infrastructure may be subject to hacking or other cyber security threats and other service interruptions, which could expose us to liability, impair our reputation or temporarily render us unable to fulfill our service obligations under our contracts.

We are a leading provider of business processing services concentrated in transaction-intensive processing, analytics and automation. We act as a trusted business partner in both front office and back office platforms, providing interactions on a substantial scale with our customers and other third parties. Our customers include global commercial clients and government clients who depend upon our operational efficiency, non-interruption of service, and accuracy and security of information. We also use third party providers such as subcontractors, software vendors, utility providers and network providers, upon whom we rely for our business processing services, to deliver uninterrupted, secure service. As part of our business processing services we also develop system software platforms necessary to support our customers' needs, with significant ongoing investment in developing and operating customer-appropriate operating systems, data bases and system software solutions. We also receive, process, transmit and store substantial volumes of information relating to identifiable individuals, both in our role as a service provider and as an employer, and we are subject to numerous laws, rules and regulations in the United States (both federal and state) and foreign jurisdictions designed to protect both individually identifiable information as well as personal health information. We also receive, process and implement financial transactions, and disburse funds, on behalf of both commercial and government customers, which activity includes receiving debit and credit card information to process payments due to our customers as well as disbursing funds to payees of our customers. As a result of these and other business processing services, the integrity, security, accuracy and non-interruption of our systems and information technology and that of our third-party providers and our interfaces with our customers are extremely important to our business, operating results, growth, prospects and reputation.

We have implemented security systems and controls, both directly and with third-party subcontractors and service providers, with the intent of maintaining both the physical security of our facilities and the data security of our customers', clients' and suppliers' confidential information and information related to identifiable individuals (including payment card and debit and credit card information and health information) against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft or loss of physical media. These include, for example, the appropriate encryption of information. Despite such efforts, we are subject to breach of security systems which may result in unauthorized access to our facilities and those of our customers and/or the information we and our customers are trying to protect. Cyber security failure might be caused by computer hacking, malware, computer viruses, worms and other destructive software, "cyber-attacks" and other malicious activity, as well as natural disasters, power outages, terrorist attacks and similar events. Operational or business delays may also result from the disruption of network or information systems and subsequent remediation activities.

Because the techniques used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we or our third-party service providers may be unable to anticipate these techniques or implement sufficient preventative measures. Hacking, malware, phishing, viruses and other "cyber-attacks" have become more prevalent, have occurred in our systems in the past, and may occur in our systems in the future. Although we have implemented and intend to continue to implement what we believe to be appropriate cyber practices and cyber security systems, these systems may prove to be inadequate and result in the disruption, failure, misappropriation or corruption of our network and information systems.

Additionally, with advances in computer capabilities and data protection requirements to address ongoing threats, we may be required to expend significant capital and other resources to protect against potential security breaches or to alleviate problems caused by security breaches. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a defeat of our or our third-party service providers' security measures and a breach of our or our third-party service providers' information systems (whether digital, cloud-based or otherwise).

If unauthorized parties gain physical access to one of our or one of our third-party service providers' facilities or electronic access to our or one of our third-party service providers' information systems or such sensitive or confidential information is misdirected, lost or stolen during transmission or transport, any theft or misuse of such information could result in, among other things, unfavorable publicity and significant damage to our brand, governmental inquiry, oversight and possible regulatory action, difficulty in marketing our services, loss of existing and potential customers, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for substantial damages related to the theft or misuse of such information, any of which could materially adversely affect our results of operations and financial condition. Moreover, a security breach could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures that we employ to guard such personal information against "cyber attacks" and to maintain various systems and data centers for our customers. Often these systems and data centers must be maintained worldwide and on a 24/7 basis. Although we endeavor to ensure that there is adequate backup and maintenance of these systems and centers, we could experience service interruptions that could result in curtailed operations and loss of existing and potential customers, which could significantly reduce our revenues and profits in addition to significantly impairing our reputation. If our information systems and our back-up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer interruptions in our operations in the interim, each of which could materially adversely affect our results of operations and financial condition and diminish the value of our shares.

In addition, our and our customers' systems and networks are subject to continued threats of terrorism, which could disrupt our operations as well as disrupt the utilities and telecommunications infrastructure on which our business depends. To the extent any such disruptions were to occur, our business, operating results and financial condition could be materially adversely affected.

If we underestimate the scope of work or the costs of performance in our contracts, or we mis-perform our contracts, our results of operations and financial condition could be materially adversely affected.

In order to stay competitive in our industry, we must also keep pace with changing technologies and customer preferences. Many of our contracts require us to design, develop and implement new technological and operating systems for our customers. Many of these systems involve detailed and complex computer source code which must be created and integrated into a working system that meets contract specifications. The accounting for these contracts requires judgment relative to assessing risks, estimating contract revenues and costs and making assumptions for schedule and technical issues. To varying degrees, each contract type involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. In each case, our failure to accurately estimate costs or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of our work could result, and in some instances has resulted, in reduced profits or in losses. In addition, in many of our contracts, we have complicated performance obligations, including, without limitation, designing and building new integrated computer systems or doing actuarial work for pension, medical and other plans with beneficiaries that can rely on future projection of obligations to determine appropriate levels of funding. These contracts carry potential financial penalties or could result in financial damages or exposures if we fail to properly perform those obligations and could result in our results of operations and financial condition being materially adversely affected.

If we are unable to collect our receivables for unbilled services, our results of operations and financial condition could be materially adversely affected.

The profitability of certain of our large contracts depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. Actual losses on client balances could differ from current estimates and, as a result, may require adjustment of our receivables for unbilled services. Our receivables include long-term contracts and over the course of a long-term contract, our customers' financial condition may change such that their ability to pay their obligations, and our ability to collect our fees for services rendered, is adversely affected. Additionally, we may perform work for the federal, state and local governments, with respect to which we must file requests for equitable adjustment or claims with the proper agency to seek recovery in whole or in part, for out-of-scope work directed or caused by the government customer in support of its project, and the amounts of such recoveries may not meet our expectations or cover our costs. Timely collection of client balances also depends on our ability to complete our contractual commitments (for example, achieve specified milestones in percentage-of-completion contracts) and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our results of operations and financial condition could be materially adversely affected.

A decline in revenues from or a loss or failure of significant clients could materially adversely affect our results of operations and financial condition.

Our results of operations and financial condition could be materially adversely affected by the loss or failure of significant clients. Some of our clients are in business sectors which have experienced significant financial difficulties or consolidation, and/or the reduction of volumes or their inability to make payments to us, as a result of, among other things, their merger or acquisition, divestiture of assets or businesses, contract expiration, nonrenewal or early termination (including termination for convenience) or business or financial failure or deterioration. Economic and political conditions could affect our clients' businesses and the markets they serve.

We have non-recurring revenue, which subjects us to a risk that our revenues and cash flows from operations may fluctuate from period to period.

Revenue generated from our non-recurring services may fluctuate due to factors both within and outside of our control. Our mix of non-recurring and recurring revenues is impacted by acquisitions as well as growth in our non-recurring lines of business. There is less predictability and certainty in the timing and amount of revenues generated by our non-recurring services and, accordingly, our results of operations and financial condition could be materially adversely affected by the timing and amount of revenues generated from our non-recurring services.

The failure to obtain or maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs, access to capital markets and ability to post surety or performance bonds to support clients' contracts.

Any future downgrades to our credit rating could negatively impact our ability to renew contracts with our existing clients, limit our ability to compete for new clients, result in increased premiums for surety or performance bonds to support our clients' contracts and/or result in a requirement that we provide collateral to secure our surety or performance bonds. Further, certain of our commercial outsourcing contracts provide that, in the event our credit ratings are downgraded to specified levels, the client may elect to terminate its contract with us and either pay a reduced termination fee or, in some limited instances, no termination fee. Such a credit rating downgrade could adversely affect these client relationships.

There can be no assurance that we will be able to maintain our credit ratings. Any additional actual or anticipated downgrades of our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

A failure to attract and retain necessary technical personnel and qualified subcontractors could materially adversely affect our results of operations and financial condition.

Because we operate in intensely competitive markets, our success depends to a significant extent upon our ability to attract, retain and motivate highly skilled and qualified technical personnel and to subcontract with qualified, competent subcontractors. If we fail to attract, train and retain sufficient numbers of qualified engineers, technical staff and sales and marketing representatives or are unable to contract with qualified, competent subcontractors, our results of operations and financial condition could be materially adversely affected. Experienced and capable personnel in the services industry remain in high demand, and there is continual competition for their talents. Additionally, we may be required to increase our hiring in geographic areas outside of the United States, which could subject us to increased geopolitical and exchange rate risk. The loss of any key technical employee or the loss of a key subcontractor relationship could materially adversely affect our results of operations and financial condition.

Increases in the cost of telephone and data services or significant interruptions in such services could materially adversely affect our results of operations and financial condition.

Our business is significantly dependent on telephone and data service provided by various local and long distance telephone and data service providers around the world. Accordingly, any disruption of these services could materially adversely affect our results of operations and financial condition. We have taken steps to mitigate our exposure to service disruptions by investing in redundant circuits, although there is no assurance that the redundant circuits would not also suffer disruption. Any inability to obtain telephone or data services at favorable rates could materially adversely affect our results of operations and financial condition. Where possible, we have entered into long-term contracts with various providers to mitigate short-term rate increases and fluctuations. There is no obligation, however, for the vendors to renew their contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of telephone or data services that is not recoverable through an increase in the price of our services could materially adversely affect our results of operations and financial condition. In addition, a number of our facilities are located in jurisdictions outside of the United States where the provision of utility services, including electricity and water, may not be consistently reliable, and while there are backup systems in many of our operating facilities, an extended outage of utility or network services could materially adversely affect our results of operations and financial condition.

We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries.

Our principal assets are the shares of capital stock and indebtedness of our subsidiaries. We rely on dividends, interest and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying corporate expenses and, if determined by our Board, paying dividends to shareholders and repurchasing common shares. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that these subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions or other circumstances that could restrict the ability of our subsidiaries to pay dividends to us. In addition, due to differences in tax rates, repatriation of funds from certain countries into the United States could have unfavorable tax ramifications for us.

Our results of operations and financial condition could be materially adversely affected by legal and regulatory matters.

We are potentially subject to various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental and non-governmental entity contracting, servicing and governmental entity procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act of 1974 (ERISA); and other laws, regulations and contractual undertakings, as discussed under Note 13 – Contingencies and Litigation in our Consolidated Financial Statements. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or materially increase an existing accrual, or should any of these matters result in an adverse judgment or be settled for significant amounts above any existing accruals, it could materially adversely affect our results of operations and financial condition in the period or periods in which such change in determination, judgment or settlement occurs. There can be no assurances as to the favorable outcome of any claim, lawsuit, investigation or proceeding. It is possible that a resolution of one or more such proceedings could require us to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could materially adversely affect our results of operations and financial condition. These proceedings could also result in reputational harm, criminal sanctions, consent decrees or orders preventing us from offering certain services, requiring a change in our business practices in costly ways or requiring development of non-infringing or otherwise altered products or technologies. In addition, it can be very costly to defend litigation and these costs could materially adversely affect our results of operations and financial condition. See Note 13 – Contingencies and Litigation to our Consolidated Financial Statements.

Our results of operations and financial condition may be materially adversely affected by conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes.

A portion of our revenues is generated from operations outside the United States. In addition, we maintain significant operations outside the United States. Our results of operations and financial condition could be materially adversely affected by changes in foreign currency exchange rates, as well as by a number of other factors, including, without limitation, changes in economic conditions from country to country, changes in a country's political conditions, trade controls and protection measures, financial sanctions, licensing requirements, local tax issues, capitalization and other related legal matters. We generally hedge foreign currency denominated assets, liabilities and anticipated transactions primarily through the use of currency derivative contracts. The use of derivative contracts is intended to mitigate or reduce transactional level volatility in the results of foreign operations, but does not completely eliminate volatility. We do not hedge the translation effect of international revenues and expenses, which are denominated in currencies other than our U.S. parent functional currency, within our Consolidated Financial Statements. If we are unable to effectively hedge these risks, our results of operations and financial condition could be materially adversely affected.

If we fail to successfully develop new service offerings, including new technology components, and protect our intellectual property rights, we may be unable to retain current customers and gain new customers and our revenues would decline.

The process of developing new service offerings, including new technology components, is inherently complex and uncertain. It requires accurate anticipation of customers' changing needs and emerging technological trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in service offerings that achieve customer acceptance and generate the revenues required to provide desired returns. For example, establishing internal automation processes to help us develop new service offerings will require significant up-front costs and resources, which, if not monetized effectively, could materially adversely affect our revenues. In addition, some of our service offerings rely on technologies developed by and licensed from third parties. We may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property. It is also possible that our intellectual property rights could be challenged, invalidated or circumvented, allowing others to use our intellectual property to our competitive detriment. We also must ensure that all of our service offerings comply with both existing and newly enacted regulatory requirements in the countries in which they are sold. If we fail to accurately anticipate and meet our customers' needs through the development of new service offerings (including technology components) or if we fail to adequately protect our intellectual property rights or if our new service offerings are not widely accepted or if our current or future service offerings fail to meet applicable worldwide regulatory requirements, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition.

Risks related to the spin-off:

We may be unable to achieve some or all of the benefits that we expect to achieve from the spin-off.

We believe that, as an independent, publicly traded company, we will be able to, among other things, design and implement corporate strategies and policies that are targeted to our business, better focus our financial and operational resources on our specific business, create effective incentives for our management and employees that are more closely tied to our business performance, provide investors more flexibility and enable us to achieve alignment with a more natural shareholder base and implement and maintain a capital structure designed to meet our specific needs. However, as a result of separating from Xerox, we may be more susceptible to market fluctuations and other adverse events. As an independent entity, we have an arm's-length relationship with Xerox and we may not be able to obtain supplies from Xerox on terms as favorable to us as those we had as a wholly owned subsidiary of Xerox prior to the spin-off. As a smaller, independent company, Conduent has a narrower business focus and may be more vulnerable to changing market conditions as well as the risk of takeover by third parties. In addition, we may be unable to achieve some or all of the benefits that we expected to achieve as an independent company in the time we expect, if at all. Furthermore, Xerox used to guarantee our and our subsidiaries' performance under certain services contracts and real estate leases. Following the spin-off, we expect that Conduent will provide such performance guarantees, and we may be unable to retain or renew contracts or real estate leases or a failure to renew such contracts or leases on favorable terms and conditions could materially adversely affect our results of operations and financial condition. If we fail to achieve some or all of the benefits that we expected to achieve as an independent company, or do not achieve them in the time we expect, our results of operations and financial condition could be materially adversely affected.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly traded company, and we may experience increased costs after the spin-off.

We had historically operated as part of Xerox's corporate organization, and Xerox had provided us with various corporate functions. Following the spin-off, Xerox has no obligation to provide us with assistance other than the transition services described under "Certain Relationships and Related Party Transactions —Transition Services Agreement." These services do not include every service that we have received from Xerox in the past, and Xerox is only obligated to provide these services for limited periods following completion of the spin-off. Accordingly, following the spin-off, we have needed to provide internally or obtain from unaffiliated third parties the services we had received from Xerox. These services include senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services, the effective and appropriate performance of which are critical to our operations. We may be unable to replace these services on terms and conditions as favorable as those we received from Xerox. Because our business had operated as part of the wider Xerox organization, we may incur additional costs that could adversely affect our business. If we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining these services, our results of operations and financial condition could be materially adversely affected.

We have no recent operating history as an independent, publicly traded company, and our historical and pro forma financial data are not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

We derived certain of the historical financial data included in this Annual Report from Xerox's consolidated financial statements, and this data does not necessarily reflect the results of operations and financial condition we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. This is primarily because of the following factors:

- Prior to the spin-off, we operated as part of Xerox's broader corporate organization and Xerox performed various corporate functions for us, including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services. Our historical financial data reflect allocations of corporate expenses from Xerox for these and similar functions. These allocations may not reflect the costs we have incurred and in the future will incur for similar services as an independent, publicly traded company.
- We entered into transactions with Xerox that did not exist prior to the spin-off, such as Xerox's provision of transition services, which will cause us to incur new costs.
- Such historical financial data does not and in the future may not reflect changes that we have experienced and expect to experience in the future as a result of our separation from Xerox. As part of Xerox, we enjoyed certain benefits from Xerox's operating diversity, size, purchasing power, credit rating, borrowing leverage and available capital for investments. Many of our services contracts, particularly those for our transportation service offerings in our Public Sector business, require significant capital investments, and after the spin-off, we may not have access to the capital (from both internal and external sources) necessary to fund these services contracts. As an independent entity, we may be unable to purchase goods, services and technologies, such as insurance and health care benefits and computer software licenses, or access capital markets on terms as favorable to us as those we obtained as part of Xerox prior to the spin-off.

Following the spin-off, we are now responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance, investor and public relations and public reporting. For additional information about our past financial performance and the basis of presentation of our financial statements, see "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and the notes thereto included in this annual report on Form 10-K.

We may have been able to receive better terms from unaffiliated third parties than the terms we receive in our agreements with Xerox.

We entered into agreements with Xerox related to our separation from Xerox, including the Separation and Distribution Agreement, Transition Services Agreement, Tax Matters Agreement, Employee Matters Agreement and any other agreements, while we were still part of Xerox. Accordingly, these agreements may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of these agreements relate to, among other things, allocations of assets, liabilities, rights, indemnifications and other obligations between Xerox and us. We may have received better terms from third parties. See "Certain Relationships and Related Party Transactions—Agreements with Xerox."

The spin-off could result in significant tax liability to Xerox and its shareholders.

Completion of the spin-off required Xerox's receipt of a written opinion of Cravath, Swaine & Moore LLP to the effect that the Distribution should qualify for non-recognition of gain and loss under Section 355 of the Internal Revenue Code (the "Code") and the receipt and continuing effectiveness and validity of the IRS Ruling.

The opinion of counsel did not address any U.S. state or local or foreign tax consequences of the spin-off. The opinion assumed that the spin-off was completed according to the terms of the Separation and Distribution Agreement and relied on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the other ancillary agreements, the Information Statement included in our registration statement on Form 10 and a number of other documents. In addition, the opinion was based on certain representations as to factual matters from, and certain covenants by, Xerox and us. The opinion cannot be relied on if any of the assumptions, representations or covenants are incorrect, incomplete or inaccurate or are violated in any material respect.

Xerox received an IRS ruling in connection with the spin-off (the "IRS Ruling"). The IRS Ruling relies on certain facts, assumptions, representations and undertakings from Xerox and us regarding the past and future conduct of Xerox's and our businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not otherwise satisfied, Xerox may not be able to rely on the IRS Ruling. In addition, the IRS Ruling is not a comprehensive ruling from the IRS regarding all aspects of the U.S. federal income tax consequences of the transactions.

Accordingly, notwithstanding the opinion of counsel and the IRS Ruling, there can be no assurance that the IRS will not assert, or that a court would not sustain, a contrary position.

If the distribution in connection with the spin-off were determined not to qualify for non-recognition of gain and loss for U.S. federal income tax purposes, U.S. holders who received our common stock could be subject to tax. In this case, each U.S. holder who received our common stock in the distribution would generally, for U.S. federal income tax purposes, be treated as having received a distribution in an amount equal to the fair market value of our common stock received, which would generally result in (i) a taxable dividend to the U.S. holder to the extent of that U.S. holder's pro rata share of Xerox's current and accumulated earnings and profits; (ii) a reduction in the U.S. holder's basis (but not below zero) in Xerox common stock to the extent the amount received exceeds the shareholder's share of Xerox's earnings and profits; and (iii) a taxable gain from the exchange of Xerox common stock to the extent the amount received exceeds the sum of the U.S. holder's share of Xerox's earnings and profits and the U.S. holder's basis in its Xerox common stock.

We could have an indemnification obligation to Xerox if the Distribution were determined not to qualify for non-recognition treatment, which could materially adversely affect our results of operations and financial condition.

If it were determined that the distribution in connection with the spin-off did not qualify for non-recognition of gain and loss under Section 355 of the Code, we could, under certain circumstances, be required to indemnify Xerox for the resulting taxes and related expenses. Any such indemnification obligation could materially adversely affect our results of operations and financial condition.

In addition, Section 355(e) of the Code generally creates a presumption that the distribution would be taxable to Xerox, but not to shareholders, if we or our shareholders were to engage in transactions that result in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the distribution, unless it were established that such transactions and the distribution were not part of a plan or series of related transactions giving effect to such a change in ownership. If the distribution were taxable to Xerox due to such a 50% or greater change in ownership of our stock, Xerox would recognize gain equal to the excess of the fair market value of our common stock distributed to Xerox shareholders over Xerox's tax basis in our common stock and we generally would be required to indemnify Xerox for the tax on such gain and related expenses. Any such indemnification obligation could materially adversely affect our results of operations and financial condition.

We agreed to numerous restrictions to preserve the non-recognition treatment of the Distribution, which may reduce our strategic and operating flexibility.

We agreed in the Tax Matters Agreement to covenants and indemnification obligations that address compliance with Section 355 of the Code. These covenants and indemnification obligations may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may otherwise maximize the value of our business, and might discourage or delay a strategic transaction that our shareholders may consider favorable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

We lease and own numerous facilities worldwide with larger concentrations of space in Kentucky, New Jersey, California, Mexico, Guatemala, the Philippines, Jamaica, Romania and India. Our owned and leased facilities house general offices, sales offices, service locations, call centers and distribution centers. The size of our property portfolio as of December 31, 2017 was approximately 9.7 million square feet at an annual operating cost (lease costs and expenses) of approximately $247 million and comprised 330 leased properties and 9 owned properties. We believe that our current facilities are suitable and adequate for our current businesses. Because of the interrelation of our business segments, each of the segments uses substantially all of these properties at least in part.

In addition to the 9.7 million square feet of our real estate property portfolio, we also had 2.7 million square feet of our leased and owned properties that became surplus in 2017 due to the implementation of our strategic transformation program as well as various productivity initiatives to consolidate our real estate footprint. We aggressively managed our surplus properties through early terminations and subleasing of leased properties and the sale of owned properties. As a result, approximately 1.7 million square feet of the surplus property portfolio were resolved as of December 31, 2017. Additional leased and owned properties may become surplus over the next three years as we continue the strategic transformation program. We are obligated to maintain our leased surplus properties through required contractual lease periods and plan to dispose of or sublease these properties.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under Note 13 – Contingencies and Litigation in the Consolidated Financial Statements in Part II, Item 8, which is incorporated here by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Exchange Information

The common stock of Conduent Incorporated is listed on the New York Stock Exchange under the ticker symbol "CNDT." Our common stock began trading January 3, 2017.

Conduent Common Stock Prices for 2017

New York Stock Exchange composite prices*	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 17.44	$ 18.15	$ 17.20	$ 16.39
Low	$ 13.10	$ 15.50	$ 15.38	$ 14.95

** Price as of close of business.*

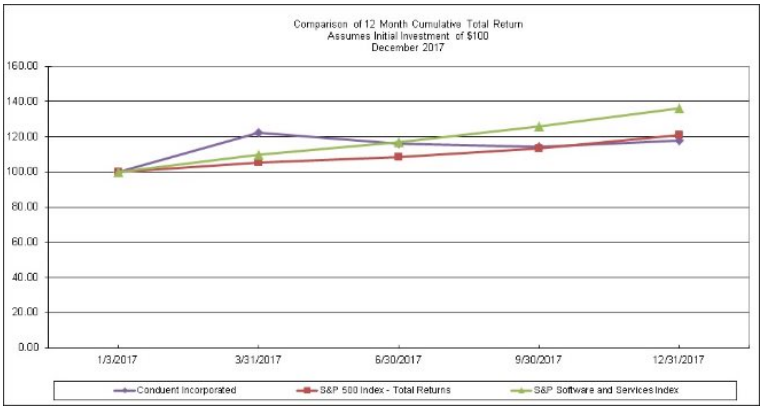
Common Shareholders of Record

Refer to Item 6. Selected Financial Data—Five Years in Review for common shareholders of record at year-end, which is incorporated here by reference.

Conduent Common Stock Dividends

We did not pay any dividends on our common stock in 2017. We intend to retain future earnings for use in the operation of our business and to fund future growth. We do not anticipate paying any dividends on our common stock for the foreseeable future.

Performance Graph



Sales of Unregistered Securities During the Quarter Ended December 31, 2017

None

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW [1]

(in millions, except per-share data)

	2017	2016	2015	2014	2013
Operations					
Revenues	$ 6,022	$ 6,408	$ 6,662	$ 6,938	$ 6,879
Income (loss) income from continuing operations	177	(983)	(336)	34	135
Net income (loss)	181	(983)	(414)	(81)	182
Per-Share Data					
Income (loss) from continuing operations					
Basic	$ 0.82	$ (4.85)	$ (1.65)	$ 0.17	$ 0.67
Diluted	0.81	(4.85)	(1.65)	0.17	0.67
Net income (loss) attributable to Conduent					
Basic	0.84	(4.85)	(2.04)	(0.40)	0.90
Diluted	0.83	(4.85)	(2.04)	(0.40)	0.90
Financial Position					
Working capital	$ 1,342	$ 515	$ (867)	$ (887)	$ (1,450)
Total Assets	7,548	7,709	9,058	10,954	11,205
Consolidated Capitalization					
Short-term debt and current portion of long-term debt	$ 82	$ 28	$ 24	$ 268	$ 42
Long-term debt	1,979	1,913	37	43	310
Total Debt [2]	2,061	1,941	61	311	352
Series A preferred stock	142	142	n/a	n/a	n/a
Conduent shareholders' equity/former parent investment	3,529	3,288	5,162	5,411	5,579
Total Consolidated Capitalization	$ 5,732	$ 5,371	$ 5,223	$ 5,722	$ 5,931
Selected Data and Ratios [3]					
Common shareholders of record at year-end [3]	26,936	n/a	n/a	n/a	n/a
Book value per common share [3]	$ 16.77	n/a	n/a	n/a	n/a
Year-end common stock market price [3]	$ 16.16	n/a	n/a	n/a	n/a

(1) On December 31, 2016, Conduent spun-off from Xerox Corporation. See Note 1 – Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements included in Item 8 of this 2017 Form 10-K for a discussion concerning the historical financial statements.

(2) Includes capital lease obligations.

(3) Common stock of Conduent Incorporated did not begin trading on the NYSE until January 3, 2017; therefore, selected data and ratios are not available for years prior to 2017.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Conduent Incorporated. This MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying notes. This MD&A provides additional information about our operations, current developments, financial condition, cash flows and results of operations.

Throughout the MD&A, we refer to various notes to our Consolidated Financial Statements which appear in Item 8 of this 2017 Form 10-K, and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Overview

With revenues of $6.0 billion , we are a leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experience.

Headquartered in Florham Park, New Jersey, we, have a team of approximately 90,000 people as of December 31, 2017 , who serves customers in 31 countries. In 2017 , 12% of our revenue was generated outside the U.S.

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate.

Beginning in 2017, in an effort to better reflect how we manage our business, we changed our reporting segments to align the Healthcare business based upon customer focus between Commercial Industries and Public Sector.

- **Commercial Industries -** Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include transaction processing, customer experience, human resource management, omni-channel communications and finance and accounting services.
- **Public Sector -** Our Public Sector segment provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance, program administration, transaction processing and payment services.

Other includes our Government HE Medicaid Platform business, where we are limiting our focus to maintaining systems for our current clients; our Education Business inclusive of our Student Loan business, which is in runoff; and inter-segment eliminations.

Significant 2017 Actions

Dispositions

In 2017, we completed divestitures of: (1) our Firehouse business and suite of emergency records management products used by fire departments across the country for their incident reporting and Emergency Management System information and records management; (2) our healthcare provider consulting services business, which advises healthcare organizations on IT application optimization; (3) the Breakaway Group business, which provides advisory project services to assist healthcare organizations optimize their health IT applications; (4) the mobile device management business of Wireless Data Services Limited; and (5) the Global Mobility business. The aggregate proceeds for these divestitures was $56 million in cash. The businesses sold represent $60 million and $82 million of 2017 and 2016 revenue, respectively. We recorded a pre-tax gain of $16 million on these divestitures for the year ended December 31, 2017.

In addition, in 2017, we sold a property located in Dallas, Texas, which was formerly the Affiliated Computer Services (ACS) headquarters, for a pre-tax gain of $24 million. This was part of our effort to consolidate our real estate footprint.

Health Enterprise Settlement

On November 28, 2017, we entered into a definitive settlement agreement with the State of New York regarding resolution of the HE platform project. Under the terms of the settlement: (1) our contract with the State of New York terminated effective December 15, 2017 and we were released from all liabilities and obligations in connection with the contract at such time; and (2) we will pay, or incur costs on behalf of, the State of New York in the amount of approximately $20 million. As we have previously reserved this amount, we will incur no additional charges as a result of the settlement.

Significant 2016 Actions

Separation

On December 31, 2016, Conduent Incorporated spun-off from Xerox Corporation, pursuant to the Separation and Distribution Agreement. The separation was completed by way of a pro rata distribution of Conduent Incorporated shares held by Xerox to Xerox's shareholders. As a result of the spin-off we operate as an independent, publicly traded company on the New York Stock Exchange under the ticker "CNDT".

Goodwill Impairment Charge

Our Commercial Industries reporting units operating results declined in 2016 versus our expectations, including a weak fourth quarter 2016. In performing our annual impairment test during the fourth quarter of 2016, we determined that the carrying value of the Commercial Industries reporting unit exceeded its fair value by 53%, which resulted in a goodwill impairment of $935 million. This has been presented as Goodwill impairment, a separate line item in the Consolidated Statements of Income (Loss). Refer to Note 6 – Goodwill and Intangible Assets, Net , in the Consolidated Financial Statements for additional information.

Health Enterprise Charge

In February 2017, we determined that it was not probable that the New York Medicaid Management Information System (NY MMIS) project would be completed. As a result of this determination, we recorded a pre-tax charge (NY MMIS charge) of $161 million ($98 million after-tax) in the fourth quarter of 2016. The charge included $83 million for the write-off of contract receivables which were recorded as a reduction of revenue and $78 million recorded in Cost of services including $36 million for wind-down costs, $28 million related to the non-cash charge for the impairment of software and $14 million for the write-off of deferred contract set-up and transition costs and other related assets and liabilities.

Significant 2015 Actions

Health Enterprise Charge

In 2015, we determined that we would not fully complete the HE platform implementation projects in California and Montana. However, we would continue to process Medicaid claims using existing legacy systems in those states, thus providing uninterrupted service for the states' healthcare providers and constituents.

As a result of this determination, we recorded a pre-tax HE charge of $389 million ($237 million after-tax). The charge included $116 million for the write-off of contract receivables (primarily non-current), $34 million related to the non-cash impairment of the HE software and deferred contract set-up transition costs and $23 million for other related assets and liabilities. The remainder of the charge was primarily related to settlement costs including payments to subcontractors resulting in cash outflows in future periods. Of the $389 million charge, $116 million was recorded as a reduction to revenue and the remaining $273 million recorded to Cost of services.

This development resulted from the Government Healthcare strategy change announced in July 2015, regarding our decision to focus our future HE implementations on current Medicaid customers and to discontinue investment in and sales of our Integrated Eligibility System. This resulted in a pre-tax non-cash software platform impairment charge of $146 million ($89 million after-tax).

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and notes thereto. In preparing our Consolidated Financial Statements, we have made our best estimates and judgments of certain amounts included in the Consolidated Financial Statements giving due consideration to materiality. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Senior management has discussed the development and selection of the critical accounting policies, estimates and related disclosures included herein with the Audit Committee of the Board of Directors. We consider these as critical to understanding our Consolidated Financial Statements, as their application places the most significant demands on management's judgment, since financial reporting results rely on estimates of the effects of matters that are inherently uncertain. In instances where different estimates could have reasonably been used, we disclose the impact of these different estimates on our operations. In certain instances, the accounting rules are prescriptive; therefore, it would not have been possible to reasonably use different estimates. Changes in assumptions and estimates are reflected in the period in which they occur. The impact of such changes could be material to our results of operations and financial condition in any quarterly or annual period.

Specific risks associated with these critical accounting policies are discussed throughout the MD&A, where such policies affect our reported and expected financial results. For a detailed discussion of the application of these and other accounting policies, refer to Note 1 – Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Revenue Recognition

Application of the various accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Refer to Note 1 – Basis of Presentation and Summary of Significant Accounting Policies — Revenue Recognition in the Consolidated Financial Statements for additional information regarding our revenue recognition policies .

A significant portion of our revenue is recognized based on objective criteria that do not require significant estimates or uncertainties. For example, transaction volumes, time and material and cost reimbursable arrangements are based on specific, objective criteria under the contracts. Accordingly, revenues recognized under these contracts do not require the use of significant estimates that are susceptible to change. Revenue recognized using the percentage-of completion (POC) accounting method does require the use of estimates and judgment as discussed below.

We recognize revenues when we have persuasive evidence of an arrangement, the services have been provided, the transaction price is fixed or determinable and collectability is reasonably assured. During 2017 , approximately 80% of our revenue was recognized based on transaction volumes, approximately 13% was recognized on a fixed fee basis (wherein our revenue is earned as we fulfill our performance obligations under the arrangement), approximately 1% was related to cost reimbursable contracts, approximately 2% recognized using POC accounting and the remaining 4% was related to time and material contracts. Our revenue mix is subject to change due to the impact of changing customer requirements, acquisitions, divestitures, new business and lost business.

Percentage-of-Completion : The POC method requires the use of estimates and judgment. Although not significant to total revenue, the POC methodology is normally applied to certain of our larger and longer term outsourcing contracts involving system development and implementation, primarily in government healthcare and certain government transportation contracts. In addition, we had unbilled receivables totaling $187 million and $279 million at December 31, 2017 and 2016 , respectively, representing revenues recognized but not yet billable under the terms of our POC contracts.

The POC accounting methodology involves recognizing probable and reasonably estimable revenue using the percentage of services completed based on a current cumulative cost incurred to estimated total cost basis and a reasonably consistent profit margin over the period. Due to the long-term nature of these arrangements, developing the estimates of cost often requires significant judgment. Factors that must be considered in estimating the progress of work completed and ultimate cost of the projects include, but are not limited to, the availability of labor and labor productivity, the nature and complexity of the work to be performed and the impact of delayed performance. If changes occur in delivery, productivity or other factors used in developing the estimates of costs or revenues, we revise our cost and revenue estimates, which may result in increases or decreases in revenues. Such revisions are reflected in income in the period in which the facts that give rise to that revision become known. We perform ongoing profitability analysis of our POC services contracts in order to determine whether the latest estimates require updating. Key factors reviewed by the Company to estimate the future costs to complete each contract are future labor costs, future product costs, expected productivity efficiencies, achievement of contracted milestones and performance goals, as well as potential penalties for milestone and system implementation delays.

If at any time our estimates indicate the POC contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately in cost of services. This results in the contract being recorded at a zero profit margin going forward with recognition of an equal amount of revenues and costs over the remaining contract term. A zero profit margin may also be applied when it is impractical to estimate specific amounts or ranges of contract revenues and costs; however, we can at least determine that we will not incur a loss on a particular contract.

Capitalization of Outsourcing Contract Costs

In connection with our services arrangements, we incur and capitalize costs to originate these long-term contracts and to perform the migration, transition and setup activities necessary to enable us to perform under the terms of the arrangement. Certain initial direct costs of an arrangement are capitalized and amortized over the contractual service period of the arrangement to cost of services. From time to time, we also provide inducements to customers in various forms, including contractual credits, which are capitalized and amortized as a reduction of revenue over the term of the contract. We regularly review costs to determine appropriateness for deferral in accordance with the relevant accounting guidance. Key estimates and assumptions that we must make include projecting future cash flows in order to assess the recoverability of deferred costs. To assess recoverability, undiscounted estimated cash flows of the contract are projected over its remaining life and compared to the carrying amount of contract related assets, including the unamortized deferred cost balance. Key factors that are considered in estimating the undiscounted cash flows include projected labor costs and productivity efficiencies. A significant change in an estimate or assumption on one or more contracts could have a material effect on our results of operations.

Capitalization of Software Development Costs

We capitalize certain costs incurred to develop commercial software products to be sold, leased or otherwise marketed after establishing technological feasibility, and we capitalize costs to develop or purchase internal-use software. Significant estimates and assumptions include: determining the appropriate period over which to amortize the capitalized costs based on estimated useful lives, estimating the marketability of the commercial software products and related future revenues and assessing the unamortized cost balances for impairment. For commercial software products, determining the appropriate amortization period is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete. For internal-use software, the appropriate amortization period is based on estimates of our ability to utilize the software on an ongoing basis. To assess the recoverability of capitalized software costs, we consider estimates of future revenue, costs and cash flows. Such estimates require assumptions about future cash inflows and outflows, and are primarily based on the historical experience and expectations regarding future revenues. A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

Refer to Note 5 – Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements for additional information regarding capitalized software costs.

Held for Sale

We classify assets as held for sale in the period when the following conditions are met: (i) management, having the authority to approve the action, commits to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal group); (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset (disposal group) beyond one year; (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A long-lived asset (disposal group) that is classified as held for sale is initially measured at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset (disposal group) until the date of sale.

The fair value of a long-lived asset (disposal group) less any costs to sell is assessed each reporting period it remains classified as held for sale and any subsequent changes are reported as an adjustment to the carrying value of the asset (disposal group), as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale. Upon determining that a long-lived asset (disposal group) meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group in the line items Assets held for sale and Liabilities held for sale, respectively, in the Consolidated Balance Sheets.

In the fourth quarter of 2017, management approved the disposal through sale of certain assets and businesses, which is a mix of both Commercial Industries and Public Sectors. This action was taken as a result of our evaluation of these businesses as they represent businesses in markets or with services that we did not see as strategic or core. As of December 31, 2017, these businesses qualified as assets held for sale. During the year ended December 31, 2017, we reclassified $757 million to assets held for sale and $169 million to liabilities held for sale, as we have an active program to locate buyers for these businesses and we expect these businesses to be sold within one year.

Intangible Assets

The fair values of identifiable intangible assets are primarily estimated using an income approach. These estimates include market participant assumptions and require projected financial information, including assumptions about future revenue growth and costs necessary to facilitate the projected growth. Other key inputs include assumptions about technological obsolescence, customer attrition rates, brand recognition, the allocation of projected cash flows to identifiable intangible assets and discount rates. We regularly review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
- significant negative industry or economic trends.

When we determine that the carrying value of intangibles and long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has occurred based on whether net book value of the assets exceeds the related projected undiscounted cash flows from these assets. We consider a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles in estimating future cash flows. Differing estimates and assumptions as to any of the factors described above could result in a materially different impairment charge, if any, and thus materially different results of operations.

Goodwill

Goodwill is not amortized but rather tested for impairment annually, or more frequently, if an event or circumstance indicates that impairment may have been incurred. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors, supply costs, unanticipated competitive activities and acts by governments and courts.

Application of the annual goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and the assessment of the fair value of each reporting unit. We determined that our reporting units were the same as our operating segments and, therefore, our business is comprised of two reporting units. Our annual quantitative impairment test of goodwill was performed in the fourth quarter of 2017 .

In our quantitative test, we estimate the fair value of each reporting unit by weighting the results from the income approach (discounted cash flow methodology) and market approach. These valuation approaches require significant judgment and consider a number of factors that include, but are not limited to, expected future cash flows, growth rates and discount rates and comparable multiples from publicly traded companies in our industry. In addition, we are required to make certain assumptions and estimates regarding the current economic environment, industry factors and the future profitability of our businesses.

When performing our discounted cash flow analysis for each reporting unit, we incorporate the use of projected financial information and discount rates that are developed using market participant-based assumptions. The cash-flow projections are based on three-year financial forecasts developed by management that include revenue and expense projections, restructuring and strategic transformation activities, capital spending trends and investment in working capital to support anticipated revenue growth or other changes in the business. The selected discount rates consider the risk and nature of the respective reporting units' cash flows, appropriate capital structure and rates of return that market participants would require to invest their capital in our reporting units.

We believe these assumptions are appropriate and reflect our forecasted long-term business model and give appropriate consideration to our historical results as well as the current economic environment and markets that we serve.

Based on our quantitative assessments, we concluded that the fair value of our Commercial Industries and Public Sector reporting units exceeded their respective carrying values by 72% and 13% , respectively, at December 31, 2017. The most significant assumptions used in the goodwill analysis relate to a 3% long-term organic growth rate for both the Commercial Industries and Public Sector segments as well as a 9.25% and a 8.75% discount rate for the Commercial Industries and Public Sector segments, respectively. The fair values of the Commercial Industries and Public Sector segments are sensitive to changes in the long-term growth rates and the discount rates. A decrease of 50 basis points to the long-term growth rate or an increase to the discount rate of 50 basis points would result in an approximate reduction of fair value of $200 million and $250 million, respectively, in the Public Sector segment.

Refer to Note 6 – Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding goodwill by reportable segment.

Restructuring and Asset Impairments

We have engaged in restructuring actions, which require management to estimate the timing and amount of severance and other employee separation costs for workforce reduction, the fair value of assets made redundant or obsolete and the lease cancellation and other exit costs. We accrue for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements.

For additional information regarding our restructuring actions, refer to the "Restructuring and Related Costs" section in the MD&A and Note 7 – Restructuring Programs and Asset Impairment Charges in the Consolidated Financial Statements.

Income Taxes

We are subject to income taxes in the United States and numerous foreign jurisdictions. The determination of our provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. Our provision is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our provision will change based on discrete or other nonrecurring events such as audit settlements, tax law changes, changes in valuation allowances and other factors, that may not be predictable. In the event that there is a significant unusual or one-time item recognized in our operating results, the taxes attributable to that item would be separately calculated and recorded at the same time as an unusual or one-time item.

We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in our Consolidated Balance Sheets, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded in our Consolidated Balance Sheets and provide valuation allowances as required. We regularly review our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Gross deferred tax assets of $250 million and $360 million had valuation allowances of $35 million and $24 million at December 31, 2017 and 2016 , respectively. As a result of the 2017 tax law changes in the United States, we recorded provisional amounts for a one-time non-cash $210 million income tax benefit related to adjusting our deferred tax liabilities from a 35% Federal tax rate to a 21% Federal tax rate and the transition tax expense of $12 million .

We are subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon our assessment of the more-likely-than-not outcomes of such matters. In addition, when applicable, we adjust previously recorded tax expense to reflect examination results. Our ongoing assessments of the more-likely-than-not outcomes of examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results. Unrecognized tax benefits were $15 million, $14 million and $24 million at December 31, 2017 , 2016 and 2015 , respectively.

Refer to Note 12 – Income Taxes in the Consolidated Financial Statements for additional information regarding deferred income taxes and unrecognized tax benefits.

Loss Contingencies

We are currently involved in various claims and legal proceedings. At least quarterly, we review the status of each significant matter and assess its potential financial exposure considering all available information including, but not limited to, the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events pertaining to a particular matter. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims and litigation, and may revise estimates. These revisions in the estimates of the potential liabilities could have a material impact on the results of operations and financial position.

Refer to Note 13 – Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding loss contingencies.

Financial Information

Financial information for the three years ended December 31, 2017 was as follows:

	Year Ended December 31,			2017 vs. 2016		2016 vs. 2015	
(in millions)	2017	2016	2015	$ Change	% Change	$ Change	% Change
Total Revenues	$ 6,022	$ 6,408	$ 6,662	$ (386)	(6)%	$ (254)	(4)%
Total Cost of services	4,977	5,498	5,977	(521)	(9)%	(479)	(8)%
Gross Margin	**$ 1,045**	**$ 910**	**$ 685**	**$ 135**	**15 %**	**$ 225**	**33 %**
Operating Costs and Expenses							
Research and development	$ 13	$ 31	$ 52	$ (18)	(58)%	$ (21)	(40)%
Selling, general and administrative	615	686	699	(71)	(10)%	(13)	(2)%
Restructuring and related costs	101	101	159	—	— %	(58)	(36)%
Amortization of intangible assets	243	280	250	(37)	(13)%	30	12 %
Goodwill impairment	—	935	—	(935)	(100)%	935	100 %
Separation costs	12	44	—	(32)	(73)%	44	100 %
Interest expense	137	14	8	123	879 %	6	75 %
Related party interest	—	26	61	(26)	(100)%	(35)	(57)%
(Gain) loss on sale of asset and businesses	(42)	2	—	(44)	(2,200)%	2	100 %
Other (income) expenses, net	(18)	18	30	(36)	(200)%	(12)	(40)%
Total Operating Costs and Expenses	**$ 1,061**	**$ 2,137**	**$ 1,259**	**$ (1,076)**	**(50)%**	**$ 878**	**70 %**
Loss Before Income Taxes	$ (16)	$ (1,227)	$ (574)	$ 1,211	(99)%	$ (653)	114 %
Income tax benefit	(193)	(244)	(238)	51	(21)%	(6)	3 %
Income (Loss) From Continuing Operations	**$ 177**	**$ (983)**	**$ (336)**	**$ 1,160**	**(118)%**	**$ (647)**	**193 %**

Revenue

Total revenues for 2017 decreased mainly due to the impact from strategic decisions by management as part of our portfolio rationalization, including exiting certain unprofitable contracts, the run-off of our Student Loan business and contract losses. Partially offsetting these declines was an increase from the ramping of new business.

Total revenues for 2016 decreased compared to the prior year as a result of the NY MMIS charge of $83 million, lower volumes, delayed ramping of new business and contract exits, primarily in customer care contracts within our Commercial Industries segment, the run off of our Student Loan business and overall price declines that were consistent with prior-period trends. Partially offsetting these declines were new contracts in the Public Sector.

Cost of Services

Cost of services for 2017 decreased compared to the prior year period primarily due to cost transformation, lost business, wind-down of the NY MMIS contract, run-off of our Student Loan business, strategic contract actions taken by management as part of portfolio management and lower volumes.

Cost of services for 2016 decreased compared to the prior year period primarily due to lost business, the NY MMIS contract, run-off of our Student Loan business and lower volumes.

Gross Margin

Increase in gross margin in 2017 compared to the prior year period was driven primarily by the impact of cost and productivity improvements, including benefits from our strategic transformation program, exiting or remediating certain underperforming contracts and lower costs associated with our Student Loan business. This was partially offset by the run-off of our Student Loan business, contract losses and lower volumes with existing clients.

Increase in gross margin in 2016 compared to the prior year period reflected cost benefits from our strategic transformation initiatives offset by lost business and margin pressures in our customer service offerings and price declines.

Selling, General and Administrative (SG&A)

Lower SG&A compared to the prior years reflected the impact of our strategic transformation initiatives driving lower wages and benefits, partially offset by the expansion and investment in our sales force.

Restructuring and Related Costs

Restructuring and related costs for the year ended December 31, 2017 include $46 million of lease cancellation costs as part of our effort to consolidate our real estate footprint, $41 million of severance costs due to headcount reductions of approximately 3,200 employees worldwide, $9 million of costs primarily related to professional support services associated with the implementation of the strategic transformation program and $5 million of asset impairments charges.

Restructuring and related costs for the year ended December 31, 2016 include $54 million of severance costs due to headcount reductions of approximately 3,600 employees worldwide, $28 million of costs primarily related to professional support services associated with the implementation of the strategic transformation program, $12 million of asset impairment charges and $7 million of lease cancellation costs.

Refer to Note 7 – Restructuring Programs and Asset Impairment Charges in the Consolidated Financial Statements for additional information regarding our restructuring programs.

Amortization of Intangible Assets

Amortization of intangible asset decreased in 2017 from the prior year primarily due to the acceleration of amortization of certain trade-names in 2016.

Amortization of intangible assets was higher in 2016 as compared to 2015, primarily due to the acceleration of amortization of certain trade-names associated with prior acquisitions.

Refer to Note 6 – Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding our intangible assets.

Goodwill Impairment

Our Commercial Industries reporting unit experienced declining operating results in 2016 versus expectations. As a result, we recorded a goodwill impairment of $935 million. Refer to Note 6 – Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding the Goodwill impairment charge.

Separation Costs

Separation costs are primarily for third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation.

Interest Expense

Interest expense represents interest on long-term debt and the amortization of debt issuance costs. Interest expense for the year ended December 31, 2017 increased compared to the prior year, primarily due to the issuance of debt with the capitalization of the Company during the spin-off in December 2016 and subsequent borrowing under Term Loan B in January 2017, as well as amounts outstanding at various times throughout the year under the Company's credit facility.

In 2017, the Company successfully repriced its Term Loan B in April and October (Amendments No.1 and No. 2, respectively), which overall resulted in lowering the total interest rate on this loan by 250 basis points to LIBOR plus 3.0%.

Refer to Note 8 – Debt in the Consolidated Financial Statements for additional information.

Related Party Interest

In January 2017, in connection with the spin-off from Xerox Corporation, we paid Xerox $161 million for the final settlement per the Separation and Distribution Agreement.

Related-party interest expense for the year ended December 31, 2016 was lower than the prior year primarily due to the payment of certain related party notes payable in 2015, as a result of the proceeds received from the sale of the ITO business.

Refer to Note 18 – Related Party Transactions and Former Parent Company Investment in the Consolidated Financial Statements for additional information.

(Gain) Loss on Sale of Asset

As disclosed under Item 7. MD&A— Divestiture, we completed five divestitures in 2017 with aggregate proceeds of $56 million . We recorded a pre-tax gain of $16 million on these divestitures. In addition, in 2017 we sold a property located in Dallas, TX, which was formerly the ACS headquarters, for a pre-tax gain of $24 million.

Other (Income) Expense, Net

Other (income) expense, net primarily includes foreign currency transaction losses (gains), litigation and other contingent matters and deferred compensation investment results.

Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Reform) was enacted. The effects of changes in tax rates and laws are recognized in the period in which the new legislation is enacted. In the case of US federal income taxes, the enactment date is the date the bill becomes law. The income tax effects of the Tax Reform have been initially accounted for on a provisional basis pursuant to the SEC staff guidance on income taxes. Reasonable estimates for all material tax effects of the Tax Reform have been provided and adjustments to provisional amounts will be made in subsequent reporting periods as information becomes available to complete provisional computations.

The 2017 effective tax rate was 1,206.3% as compared with 19.9% for the prior year. The 2017 rate was higher than the U.S. statutory tax rate of 35% primarily due to the impact of the Tax Reform, which included the reduction of the U.S. statutory rate from 35% to 21% and a one-time tax on undistributed and previously untaxed post-1986 foreign earnings and profits. Excluding primarily the tax impact of the Tax Reform, the termination of the COLI, amortization of intangible assets and gains on U.S divestitures, the adjusted effective tax rate for 2017 was 33.8% . The Tax Reform is the most significant change to U.S. federal income tax legislation in over 30 years and, as a result, has a disproportionate effect on our 2017 effective tax rate. See Note 12 – Income Taxes for further information regarding the impact of the Tax Reform on our Consolidated Financial Statements.

Deferred tax assets and liabilities are measured and recorded using the enacted tax rates for the periods during which the related temporary differences are expected to reverse or deferred tax attributes are expected to be realized. As a result of the change in future federal statutory tax rate due to the passing of the Tax Reform, the deferred tax assets and liabilities should no longer be valued at a federal statutory rate of 35%, but rather at the rate in which the benefit of the deferred tax liabilities will be realized by the Company. As such, the U.S. federal statutory rate used to value the Company's deferred tax assets and liabilities was 21%, which resulted in a $210 million tax benefit.

The 2016 effective tax rate was lower than the U.S. statutory tax rate due primarily to the impact of the non-deductible Goodwill impairment charge. Excluding primarily the goodwill impairment, NY MMIS, amortization of intangible assets, and restructuring costs, the 2016 normalized effective rate was 29.0% .

Operations Review of Segments

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate. Beginning in 2017, in an effort to better reflect how we organize and manage our business, we changed our reporting segments to align the Healthcare business based on customer focus between Commercial Industries and Public Sector. All prior years have been adjusted to reflect the new reporting segments.

The following are our results of financial performance by segment for the three years ended December 31, 2017 :

(in millions)	Commercial Industries	Public Sector	Other	Total
Year Ended December 31, 2017				
Total Revenue	$ 3,548	$ 2,163	$ 311	$ 6,022
Profit (Loss)	$ 182	$ 245	$ (10)	$ 417
EBITDA [1]	$ 344	$ 330	$ (3)	$ 671
Adjusted EBITDA(1)	$ 344	$ 330	$ (2)	$ 672
% of Total Revenue	58.9%	35.9%	5.2 %	100.0%
EBITDA Margin [1]	9.7%	15.3%	(1.0)%	11.1%
Adjusted EBITDA Margin [1]	9.7%	15.3%	(0.6)%	11.2%
Year Ended December 31, 2016				
Total Revenue	$ 3,805	$ 2,308	$ 295	$ 6,408
Adjusted Revenue [1]	$ 3,805	$ 2,308	$ 378	$ 6,491
Profit (Loss)	$ 151	$ 293	$ (248)	$ 196
EBITDA [1]	$ 313	$ 395	$ (182)	$ 526
Adjusted EBITDA [1]	$ 313	$ 395	$ (73)	$ 635
% of Total Revenue	59.4%	36.0%	4.6 %	100.0%
EBITDA Margin [1]	8.2%	17.1%	(61.7)%	8.2%
Adjusted EBITDA Margin [1]	8.2%	17.1%	(19.3)%	9.8%
Year Ended December 31, 2015				
Total Revenue	$ 4,059	$ 2,331	$ 272	$ 6,662
Adjusted Revenue [1]	$ 4,059	$ 2,331	$ 388	$ 6,778
Profit (Loss)	$ 148	$ 298	$ (509)	$ (63)
EBITDA [1]	$ 308	$ 416	$ (440)	$ 284
Adjusted EBITDA [1]	$ 308	$ 416	$ (85)	$ 639
% of Total Revenue	60.9%	35.0%	4.1 %	100.0%
EBITDA Margin [1]	7.6%	17.8%	(161.8)%	4.3%
Adjusted EBITDA Margin [1]	7.6%	17.8%	(21.9)%	9.4%

(1) Refer to the reconciliations table in the "Non-GAAP Financial Measures" section.

Commercial Industries Segment

Revenue

Commercial Industries revenue 2017 as compared to prior year decreased, primarily driven by strategic contract actions, lower volumes in our customer care offerings and lost business, partially offset by revenue from new contracts and price increases with existing clients. Commercial Industries revenue for 2016 decreased from the prior year, mainly driven by lost business, lower volumes in our customer care offerings and reduced level of project work as a result of fewer large cases in our litigation services offering, negative impacts from currency and strategic contract exits. Partially offsetting the decline were new contract signings, primarily in our high-tech business area.

Segment Profit

Increase in the Commercial Industries segment profit for 2017 as compared to the prior year, was primarily driven by reduced costs as a result of our strategic transformation initiatives, including contract remediation and strategic contract actions, partially offset by the overall revenue decline. The Commercial Industries segment profit for 2016 as compared to the prior year was largely flat, primarily due to overall benefits from costs and productivity initiatives, partially offset by margin pressure in our customer care services offering and reduced project work in our litigation services offering.

Public Sector Segment

Revenue

Public Sector revenue for 2017 as compared to prior year decreased, primarily driven by strategic decisions and contract losses in State & Local, Government Healthcare and Payment Services. Public Sector revenue for 2016 decreased as compared to the prior year, primarily due to lower volumes and lost business in State Government Services, partially offset by new business.

Segment Profit

Decrease in the Public Sector segment profit for 2017 as compared to the prior year was mainly due to strategic decisions, contract losses in Government Healthcare, as well as losses in our Payment Services business, partially mitigated by our strategic transformation initiative. Decrease in the Public Sector segment profit for 2016 as compared to prior year was primarily due to the impact of lost business in State Government Services, partially offset by costs and productivity initiatives and improved performance in our transportation offering.

Other

Revenue

Other revenue for 2017 improved compared to 2016, primarily due to improved pricing and performance from two large Health Enterprise clients, partially offset by the exit from the NY MMIS contract and the strategic run-off of the Student Loan business. Other revenue for 2016 increased compared to 2015 as a result of the non-recurring $116 million HE charge in 2015, partially offset by the $83 million write-off of NY MMIS in 2016, the continued run-off of the Student Loan business, partially offset by our prior-year decision to not complete the HE implementations in California and Montana.

Segment Loss

Other loss for 2017 improved, primarily due to improved profitability in the student loan business, improved pricing from a contract extension with a large Health Enterprise client and general operational efficiencies in the HE business. Other loss for 2016 improved as a result of the non-recurring $389 million HE charge in 2015, partially offset by the $161 million write-off of the NY MMIS, partially offset by improvements in HE platform implementation expenses resulting from the decision to not fully complete the HE platform implementation in California and Montana.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts. The amounts in the following table do not reflect the impact of our adoption of the new revenue recognition standard on January 1, 2018. Refer to Note 1 – Basis of Presentation and Summary of Significant Accounting Policies for further discussion of the estimated impact of the adoption of this standard.

(in millions)	Year Ended December 31, 2017	2016	2015	2017 vs. 2016 $ Change	2017 vs. 2016 % Change	2016 vs. 2015 $ Change	2016 vs. 2015 % Change
New business TCV	$ 2,260	$ 2,527	$ 4,345	$ (267)	(11)%	$ (1,818)	(42)%
Renewals TCV	2,692	4,325	3,637	(1,633)	(38)%	688	19 %
Total Signings	$ 4,952	$ 6,852	$ 7,982	$ (1,900)	(28)%	$ (1,130)	(14)%
Annual recurring revenue signings	$ 533	$ 589	$ 883	$ (56)	(10)%	$ (294)	(33)%
Non-recurring revenue signings	$ 383	$ 438	$ 451	$ (55)	(13)%	$ (13)	(3)%

Signings for 2017 decreased compared to the prior year mainly due to strategic decisions by management to streamline our portfolio which impacted both new business and renewal volume. Partially offsetting these declines were new business wins in targeted offerings and expansion with certain existing clients.

Signings for 2016 decreased compared to the prior year, primarily reflecting lower contribution from new business, due in part to our decision not to pursue opportunities with lower margins and the prior year large NY MMIS new business signing.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period, excluding any contracts that were not renewed and where a strategic action to improve the risk or profitability had been initiated.

Excluding our strategic decision not to renew certain contracts, renewal rate for 2017 was 94% and above our target range of 85%-90%. Including all contracts, renewals would have been 87% .

Capital Resources and Liquidity

As of December 31, 2017 and 2016 , total cash and cash equivalents were $658 million and $390 million , respectively. As of December 31, 2017, there were $1,574 million outstanding borrowings under our credit facility and we utilized $12 million of our revolving credit facility capacity to issue letters of credit. In addition, we will make payments in 2018 of $99 million to participants of the terminated deferred compensation plans.

Refer to the *Capital Market Activity* section below for additional information regarding our capital activity.

Cash Flow Analysis

The following summarizes our cash flows for the three years ended December 31, 2017 , as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

(in millions)	Year Ended December 31, 2017	2016	2015	Change 2017	Change 2016
Net cash provided by operating activities	$ 302	$ 108	$ 493	$ 194	$ (385)
Net cash provided by investing activities	74	16	522	58	(506)
Net cash provided by (used in) financing activities	(109)	132	(1,023)	(241)	1,155

Operating Activities

The increase in cash generated from operating activities for the year ended December 31, 2017 was primarily attributable to improvements in working capital and reduced wind-down payments associated with implementations in California, Montana and New York, partially offset by a higher interest payments on our outstanding debt.

The decrease in cash generated from operating activities for the year ended December 31, 2016 was primarily attributable to reduced factoring, HE settlement payments and working capital partially offset by lower net income tax payments due to income tax refunds.

Investing Activities

The increase in cash provided by investing activities for the year ended December 31, 2017 compared to the year ended December 31, 2016 was primarily related to $117 million in proceeds received on the liquidation of investments related to the termination of the deferred compensation plan, $56 million of proceeds from the sale of business and assets as compared to payments of $54 million in 2016, $86 million of lower net additions to land, buildings and equipment, partially offset by non-recurring proceeds of $248 million on related party notes receivable in 2016.

The decrease in cash provided by investing activities for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily related to $54 million of payments for the sale of business and assets as compared to proceeds of $742 million in 2015, partially offset by proceeds of $248 million from related party notes receivable in 2016.

Financing Activities

The change to cash used in financing activities for the year ended December 31, 2017 compared to cash provided by for the year ended December 31, 2016 was primarily related to a decrease of $1.7 billion in proceeds from long term debt and an increase in debt payments of $209 million, partially offset by a reduction in payments to former parent of $1.6 billion.

The change to cash provided by financing activities for the year ended December 31, 2016 compared to cash used for the year ended December 31, 2015 was primarily related to an increase of $1.9 billion in proceeds from long term debt and a reduction in payments on debt of $261 million, partially offset by an increase in payments to former parent of $957 million.

Capital Market Activity

In April 2017, we entered into Amendment No. 1 to the Credit Agreement, which reduced the interest rate on our Term Loan B by 1.5% from 5.5% over LIBOR to 4.0% over LIBOR. Subsequently in October 2017, we entered into Amendment No. 2, which reduced the interest rate on our Term Loan B by 1.0% from 4.0% over LIBOR to 3.0% over LIBOR.

In January 2017, we borrowed an additional $100 million on Term Loan B with proceeds used for general corporate purposes.

Refer to Note 8 – Debt in the Consolidated Financial Statements for additional information.

Financial Instruments

Refer to Note 9 – Financial Instruments in the Consolidated Financial Statements for additional information.

Contractual Cash Obligations and Other Commercial Commitments and Contingencies

At December 31, 2017 , we had the following contractual cash obligations and other commercial commitments and contingencies:

(in millions)	2018	2019	2020	2021	2022	Thereafter
Total debt, including capital lease obligations [1]	$ 82	$ 72	$ 85	$ 560	$ 9	$ 1,309
Interest on debt [2]	115	113	110	107	91	156
Minimum operating lease commitments [3]	163	119	80	53	31	52
Defined benefit pension plans	8	—	—	—	—	—
Estimated Purchase Commitments [4]	116	100	68	38	21	—
Total	$ 484	$ 404	$ 343	$ 758	$ 152	$ 1,517

(1) Total debt represents principal debt and capital leases. Refer to Note 8 – Debt in the Consolidated Financial Statements for additional information regarding debt.
(2) Represents interest on debt. Refer to Note 8 – Debt in the Consolidated Financial Statements for additional information.
(3) Refer to Note 5 – Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements for additional information.

(4) Other purchase commitments: We enter into other purchase commitments with vendors in the ordinary course of business. Our policy with respect to all purchase commitments is to record losses, if any, when they are probable and reasonably estimable. We currently do not have, nor do we anticipate, material loss contracts.

Pension Benefit Plans

We sponsor defined benefit pension plans that require periodic cash contributions. Our 2017 cash contributions for these plans were $8 million . In 2018 , based on current actuarial calculations, we expect to make contributions of approximately $8 million to our worldwide defined benefit pension plans.

Contributions to our defined benefit pension plans in subsequent years will depend on a number of factors, including the investment performance of plan assets and discount rates as well as potential legislative and plan changes. At December 31, 2017 , the unfunded and underfunded balances of our U.S. and non-U.S. defined benefit pension plans were $40 million and $19 million , respectively.

Refer to Note 11 – Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding contributions to our defined benefit pension and post-retirement plans.

Other Contingencies and Commitments

As more fully discussed in Note 13 – Contingencies and Litigation in the Consolidated Financial Statements, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. In addition, guarantees, indemnifications and claims may arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates. Nonperformance under a contract including a guarantee, indemnification or claim could trigger an obligation of the Company.

We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Should developments in any of these areas cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Off-Balance Sheet Arrangements

As of December 31, 2017 , we do not believe we have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In addition, refer to the preceding table for the Company's contractual cash obligations and other commercial commitments and Note 13 – Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding contingencies, guarantees, indemnifications and warranty liabilities.

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (GAAP). In addition, we have discussed our results using the non-GAAP measures described below.

We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related tax effects. Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods' results against the corresponding prior periods' results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions and providing such non-GAAP financial measures to investors allows for a further level of transparency as the factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures.

A reconciliation of the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP are provided in the tables below.

These reconciliations also include the income tax effects of our non-GAAP performance measures in total, to the extent applicable. The income tax effects are calculated under the same accounting principles as applied to our reported pre-tax performance measures under ASC 740, which employs an annual effective tax rate method. The income tax effect for our non-GAAP performance measures is effectively the difference in income taxes for reported and adjusted pre-tax income calculated under the annual effective tax rate method. The tax effect of the non-GAAP adjustments was calculated based upon evaluation of the statutory tax treatment and the applicable statutory tax rate in the jurisdictions in which such charges were incurred.

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin*

We make adjustments to Revenue and Pre-tax income (Loss) for the following items for the purpose of calculating Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

- Goodwill Impairment. Represents Goodwill Impairment charge of $935 million .
- Amortization of intangible assets. The amortization of intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry and from period to period.
- NY MMIS. Revenue and costs associated with the Company not fully completing the State of New York Health Enterprise Platform project.
- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- HE charge. Revenue and costs associated with not fully completing the Health Enterprise Medical Platform projects in California and Montana.
- Separation costs. Separation costs are expenses incurred in connection with separation from Xerox Corporation into a separate, independent, publicly traded company. These costs primarily relate to third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- Related party interest. Related party interest relates interest on related party Notes payable from Xerox prior to the Separation.
- Other (income) expenses, net. Other (income) expenses, net includes currency (gains) losses, net, litigation matters and all other (income) expenses, net.
- (Gain) loss on sale of asset and businesses.

** Applies to both consolidated and segment disclosures.*

We provide our investors with adjusted operating income and adjusted operating margin information, as supplemental information, because we believe it offers added insight, by itself and for comparability between periods, by adjusting for certain non-cash items as well as certain other identified items which we do not believe are indicative of our ongoing business and may also provide added insight on trends in our ongoing business.

Adjusted Net Income (Loss), Adjusted Earnings per Share and Adjusted Effective Tax Rate

We made adjustments to Income (Loss) before Income Taxes for the following items for the purpose of calculating Adjusted Net Income (Loss), Adjusted Earnings per Share and Adjusted Effective Tax Rate:

- Goodwill Impairment.
- Amortization of intangible assets.
- NY MMIS.
- Restructuring and related costs.
- HE charge.
- Separation costs.
- (Gain) loss on sale of asset and businesses.
- Other (income) expenses, net.

The Company provides adjusted net income and adjusted EPS financial measures to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions.

Management believes that adjusted effective tax rate, provided as supplemental information, facilitates a comparison by investors of our actual effective tax rate with an adjusted effective tax rate which reflects the impact of the items which are excluded in providing adjusted net income, and may provide added insight into our underlying business results and how effective tax rates impact our ongoing business.

Segment and Consolidated Adjusted EBITDA and EBITDA Margin

We use Adjusted EBITDA and Adjusted EBITDA Margin as additional way of assessing certain aspects of our operations that, when viewed with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of our on-going business. Adjusted EBITDA represents income (loss) before interest, income taxes, depreciation and amortization adjusted for the following items:

- Goodwill Impairment.
- Restructuring and related costs.
- Separation costs.
- Other (income) expenses, net.
- NY MMIS.
- NY MMIS depreciation
- HE charge.
- HE charge depreciation.
- (Gain) loss on sale of asset and businesses.
- Business transformation costs (Segment only).

Adjusted EBITDA and Adjusted EBITDA Margin are not intended to represent cash flows from operations, operating income (loss) or net income (loss) as defined by U.S. GAAP as indicators of operating performances. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA in the same manner.

Key Financial Ratios

We make adjustments to Gross margin and SG&A as a percentage on Revenue:

- NY MMIS.
- HE charge.

The Company provides adjusted gross margin and adjusted SG&A as a percentage of revenue to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions.

Non-GAAP Reconciliations

Net Income (Loss) and EPS Reconciliation:

	Year Ended December 31, 2017		Year Ended December 31, 2016		Year Ended December 31, 2015	
(in millions; except per share amounts)	Net Income (Loss)	EPS	Net Income (Loss)	EPS	Net Income (Loss)	EPS
GAAP as Reported from Continuing Operations	$ 177	$ 0.81	$ (983)	$ (4.85)	$ (336)	$ (1.65)
Adjustments:						
Goodwill impairment	—		935		—	
Amortization of intangible assets	243		280		250	
NY MMIS	9		161		—	
Restructuring and related costs	101		101		159	
HE charge	(8)		—		389	
Separation costs	12		44		—	
(Gain) loss on sale of asset and businesses	(42)		2		—	
Other (income) expenses, net	(18)		18		30	
Less: Income tax adjustments (1)	(288)		(335)		(318)	
Adjusted Net Income (Loss) and EPS	$ 186	$ 0.85	$ 223	$ 1.06	$ 174	$ 0.83
(GAAP Shares in thousand)						
Weighted average common shares outstanding		204,007		202,875		202,875
Stock options		195		—		—
Restricted stock and performance shares		2,491		—		—
Adjusted Weighted Average Shares Outstanding (2)		206,693		202,875		202,875
(Non-GAAP Shares in thousand)						
Weighted average common shares outstanding		204,007		202,875		202,875
Stock options		195		374		374
Restricted stock and performance shares		2,491		2,132		2,132
8% Convertible preferred stock		—		5,393		5,393
Adjusted Weighted Average Shares Outstanding (2)		206,693		210,774		210,774

(1) Reflects the income tax (expense) benefit of the adjustments. Refer to Effective Tax Rate reconciliation below for details.
(2) Average shares for the 2017 calculation of adjusted EPS excludes 5 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of $10 million for the year ended December 31, 2017. Average shares for the 2016 and 2015 calculation of adjusted EPS includes 5 million shares associated with our Series A convertible preferred stock and excludes the impact of the preferred stock quarterly dividend. Shares associated with our stock compensation plan are included in the calculation of adjusted EPS for all years presented.

Effective Tax Reconciliation:

	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
(in millions)	Pre-Tax Income (loss)	Income Tax (Benefit)Expense	Effective Tax Rate	Pre-Tax Income (loss)	Income Tax (Benefit)Expense	Effective Tax Rate	Pre-Tax Income (loss)	Income Tax (Benefit)Expense	Effective Tax Rate
GAAP as Reported from Continuing Operations	$ (16)	$ (193)	1,206.3%	$ (1,227)	$ (244)	19.9%	$ (574)	$ (238)	41.5%
Non-GAAP adjustments									
Benefit from tax law changes	—	198		—	—		—	—	
Termination of COLI plan	—	(19)		—	—		—	—	
Other non-GAAP adjustments	297	109		1,541	335		828	318	
Total non-GAAP adjustments (1)	297	288		1,541	335		828	318	
Adjusted (2)	$ 281	$ 95	33.8%	$ 314	$ 91	29.0%	$ 254	$ 80	31.5%

(1) Refer to Net Income (Loss) reconciliation for details of non-GAAP adjustments.
(2) The tax impact of Adjusted Pre-tax income (Loss) from continuing operations is calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results.

Revenue and Operating Income / Margin Reconciliations:

(in millions)	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
	Pre-Tax Income (Loss)	Revenue	Margin	Pre-Tax Income (Loss)	Revenue	Margin	Pre-Tax Income (Loss)	Revenue	Margin
GAAP as Reported from Continuing Operations	$ (16)	$ 6,022	(0.3)%	$ (1,227)	$ 6,408	(19.1)%	$ (574)	$ 6,662	(8.6)%
Adjustments:									
Goodwill impairment	—			935			—		
Amortization of intangible assets	243			280			250		
NY MMIS	9	—		161	83		—	—	
Restructuring and related costs	101			101			159		
HE charge	(8)	—		—	—		389	116	
Separation costs	12			44			—		
Interest expense	137			14			8		
Related party interest	—			26			61		
(Gain) loss on sale of asset and businesses	(42)			2			—		
Other (income) expenses, net	(18)			18			30		
Adjusted Revenue / Operating Income / Margin	$ 418	$ 6,022	6.9 %	$ 354	$ 6,491	5.5 %	$ 323	$ 6,778	4.8 %

(in millions)	Three Months Ended March 31, 2017			Three Months Ended June 30, 2017		
	Pre-Tax Income (Loss)	Revenue	Margin	Pre-Tax Income (Loss)	Revenue	Margin
GAAP as Reported from Continuing Operations	$ (22)	$ 1,553	(1.4)%	$ (11)	$ 1,496	(0.7)%
Adjustments:						
Amortization of intangible assets	61			61		
NY MMIS	8			1		
Restructuring and related costs	18			36		
HE charge	(5)			—		
Separation costs	5			1		
Interest expense	36			34		
(Gain) loss on sale of asset and businesses	—			(25)		
Other (income) expenses, net	(12)			(9)		
Adjusted Operating Income / Margin	$ 89	$ 1,553	5.7 %	$ 88	$ 1,496	5.9 %

(in millions)	Three Months Ended September 30, 2017			Three Months Ended December 31, 2017		
	Pre-Tax Income (Loss)	Revenue	Margin	Pre-Tax Income (Loss)	Revenue	Margin
GAAP as Reported from Continuing Operations	$ 13	$ 1,480	0.9%	$ 4	$ 1,493	0.3%
Adjustments:						
Amortization of intangible assets	60			61		
NY MMIS	1			(1)		
Restructuring and related costs	22			25		
HE charge	(3)			—		
Separation costs	2			4		
Interest expense	35			32		
(Gain) loss on sale of asset and businesses	(16)			(1)		
Other (income) expenses, net	(3)			6		
Adjusted Operating Income / Margin	$ 111	$ 1,480	7.5%	$ 130	$ 1,493	8.7%

Segment and Consolidated Revenue / Profit / Adjusted EBITDA / Adjusted EBITDA Margin Reconciliations:

(in millions)	Years Ended December 31		
Commercial Industries	2017	2016	2015
Segment revenue	$ 3,548	$ 3,805	$ 4,059
Segment profit	$ 182	$ 151	$ 148
Depreciation & amortization	162	162	160
Adjusted Segment EBITDA	$ 344	$ 313	$ 308
Adjusted EBITDA Margin	*9.7 %*	*8.2 %*	*7.6 %*
Public Sector			
Segment revenue	$ 2,163	$ 2,308	$ 2,331
Segment profit	$ 245	$ 293	$ 298
Depreciation & amortization	85	102	118
Adjusted Segment EBITDA	$ 330	$ 395	$ 416
Adjusted EBITDA Margin	15.3 %	17.1 %	17.8 %
Other Segment			
Segment revenue	$ 311	$ 295	$ 272
NY MMIS charge	—	83	—
HE charge	—	—	116
Adjusted Segment Revenue	$ 311	$ 378	$ 388
Segment (loss)	$ (10)	$ (248)	$ (509)
Business transformation costs	—	(3)	(3)
Depreciation & amortization	7	69	72
Segment EBITDA	(3)	(182)	(440)
Segment EBITDA Margin	(1.0)%	(61.7)%	(161.8)%
NY MMIS charge	9	161	—
HE charge	(8)	—	389
NY MMIS depreciation	—	(52)	—
HE depreciation	—	—	(34)
Adjusted Segment EBITDA	$ (2)	$ (73)	$ (85)
Adjusted EBITDA Margin	(0.6)%	(19.3)%	*(21.9)%*

Segment and Consolidated Revenue / Profit / Adjusted EBITDA / Adjusted EBITDA Margin Reconciliations (Cont.):

(in millions)	Years Ended December 31		
	2017	2016	2015
Consolidated			
Reconciliation to Adjusted Revenue			
Revenue	$ 6,022	$ 6,408	$ 6,662
NY MMIS adjustment	—	83	—
HE charge	—	—	116
Adjusted Revenue	$ 6,022	$ 6,491	$ 6,778
Reconciliation to Adjusted EBITDA			
Net Income (Loss) from Continuing Operations	$ 177	$ (983)	$ (336)
Goodwill impairment	—	935	—
Restructuring and related costs	101	101	159
Separation costs	12	44	—
Interest Expense	137	14	8
Related Party Interest	—	26	61
Income tax benefits	(193)	(244)	(238)
(Gain) Loss on sale of assets and business	(42)	2	—
Other (income) expenses, net	(18)	18	30
Depreciation	125	128	126
Amortization	372	485	474
EBITDA	$ 671	$ 526	$ 284
EBITDA Margin	*11.1%*	*8.2%*	*4.3%*
EBITDA	$ 671	$ 526	$ 284
Adjustments:			
NY MMIS	9	161	—
NY MMIS depreciation	—	(52)	—
HE charge	(8)	—	389
HE charge depreciation	—	—	(34)
Adjusted EBITDA	$ 672	$ 635	$ 639
Adjusted EBITDA Margin	11.2%	9.8%	9.4%

Key Financial Ratios Reconciliation:

	Year Ended December 31, 2017		Year Ended December 31, 2016		Year Ended December 31, 2015	
(in millions)	Gross Margin	SG&A as % of Revenue	Gross Margin	SG&A as % of Revenue	Gross Margin	SG&A as % of Revenue
GAAP As Reported	17.4 %	10.2%	14.2%	10.7 %	10.3%	10.5 %
Adjustments:						
NY MMIS charge	0.1	—	2.3	(0.1)	—	—
HE charge	(0.1)	—	—		5.5	(0.2)
Adjusted	17.4 %	10.2%	16.5%	10.6 %	15.8%	10.3 %

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risk from foreign currency exchange rates, which could affect operating results, financial position and cash flows. We manage our exposure to this market risk through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilized derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates. We also hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market events have not caused us to materially modify or change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 9 – Financial Instruments in the Consolidated Financial Statements for additional discussion on our financial risk management.

Foreign Exchange Risk Management

Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates at December 31, 2017 , the potential change in the fair value of foreign currency-denominated assets and liabilities in each entity would not be significant because all material currency asset and liability exposures were economically hedged as of December 31, 2017 . A 10% appreciation or depreciation of the U.S. Dollar against all currencies from the quoted foreign currency exchange rates at December 31, 2017 would have an impact on our cumulative translation adjustment portion of equity of approximately $54 million. The net amount invested in foreign subsidiaries and affiliates, primarily in the U.K. and Europe, and translated into U.S. Dollars using the year-end exchange rates, was approximately $542 million at December 31, 2017 .

Interest Rate Risk Management

The consolidated weighted-average interest rates related to our total debt for 2017 approximated 3.11% for Term A Loan due 2021, 6.79% for Term B Loan due 2023, 10.91% for Senior Notes due 2024 and 4.39% for capital lease obligations. As of December 31, 2017 , $1,607 million of our total debt of $2,117 million carried variable interest rates. The fair values of our fixed rate financial instruments are sensitive to changes in interest rates and at December 31, 2017 , a 10% increase in market interest rates would decrease the fair values of such financial instruments by approximately $19 million. A 10% decrease in market interest rates would increase the fair values of such financial instruments by approximately $52 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Conduent Incorporated

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Conduent Incorporated and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2017, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2017 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016 **,** and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey

March 1, 2018

We have served as the Company's auditor since 2016.

REPORTS OF MANAGEMENT

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent registered public accountants, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent registered public accountants. The independent registered public accountants and internal auditors have free access to the Audit Committee.

/s/ ASHOK VEMURI	/s/ BRIAN WEBB-WALSH	/s/ ALLAN COHEN
Chief Executive Officer	**Chief Financial Officer**	**Chief Accounting Officer**

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in millions, except per-share data)	Year Ended December 31, 2017	2016	2015
Revenue			
Revenue	$ 5,980	$ 6,358	$ 6,609
Former parent company revenue	42	50	53
Total Revenues	6,022	6,408	6,662
Cost of Services			
Cost of services	4,945	5,462	5,937
Former parent company cost of services	32	36	40
Gross Margin	1,045	910	685
Operating Costs and Expenses			
Research and development	13	31	52
Selling, general and administrative	615	686	699
Restructuring and related costs	101	101	159
Amortization of intangible assets	243	280	250
Goodwill impairment	—	935	—
Separation costs	12	44	—
Interest expense	137	14	8
Related party interest	—	26	61
(Gain) loss on sale of asset and businesses	(42)	2	—
Other (income) expenses, net	(18)	18	30
Total Operating Costs and Expenses	1,061	2,137	1,259
Loss Before Income Taxes	(16)	(1,227)	(574)
Income tax benefit	(193)	(244)	(238)
Income (Loss) From Continuing Operations	177	(983)	(336)
Income (loss) from discontinued operations, net of tax	4	—	(78)
Net Income (Loss)	$ 181	$ (983)	$ (414)
Basic Earnings (Loss) per Share:			
Continuing operations	$ 0.82	$ (4.85)	$ (1.65)
Discontinued operations	0.02	—	(0.39)
Total Basic Earnings (Loss) per Share	$ 0.84	$ (4.85)	$ (2.04)
Diluted Earnings (Loss) per Share:			
Continuing operations	$ 0.81	$ (4.85)	$ (1.65)
Discontinued operations	0.02	—	(0.39)
Total Diluted Earnings (Loss) per Share	$ 0.83	$ (4.85)	$ (2.04)

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Year Ended December 31, 2017	2016	2015
Net Income (Loss)	$ 181	$ (983)	$ (414)
Other Comprehensive Income (Loss), Net [1]			
Translation adjustments, net	35	(135)	(60)
Unrecognized gains, net	2	—	1
Changes in benefit plans, net	(5)	(20)	7
Other Comprehensive Income (Loss), Net	32	(155)	(52)
Comprehensive Income (Loss), Net	$ 213	$ (1,138)	$ (466)

(1) Refer to Note 16 – Other Comprehensive Income (Loss) for gross components of Other Comprehensive Income (Loss), reclassification adjustments out of Accumulated other comprehensive loss and related tax effects.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED BALANCE SHEETS

(in millions, except share data in thousands)	December 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 658	$ 390
Accounts receivable, net	1,104	1,286
Net receivable from former parent company	11	—
Assets held for sale	757	—
Other current assets	180	241
Total current assets	2,710	1,917
Land, buildings and equipment, net	257	283
Intangible assets, net	891	1,144
Goodwill	3,366	3,889
Long-term receivable from former parent company	11	—
Other long-term assets	313	476
Total Assets	$ 7,548	$ 7,709
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 82	$ 28
Accounts payable	138	164
Accrued compensation and benefits costs	335	269
Unearned income	151	206
Net payable to former parent company	—	124
Liabilities held for sale	169	—
Other current liabilities	493	611
Total current liabilities	1,368	1,402
Long-term debt	1,979	1,913
Pension and other benefit liabilities	4	172
Deferred taxes	384	619
Other long-term liabilities	142	173
Total Liabilities	3,877	4,279
Contingencies (See Note 13)		
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,850	3,812
Retained earnings	171	—
Accumulated other comprehensive loss	(494)	(526)
Total Equity	3,529	3,288
Total Liabilities and Equity	$ 7,548	$ 7,709
Shares of common stock issued and outstanding	210,440	202,875
Shares of series A convertible preferred stock issued and outstanding	120	120

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2017	2016	2015
Cash Flows from Operating Activities:			
Net income (loss)	$ 181	$ (983)	$ (414)
Adjustments required to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	497	613	600
Goodwill impairment	—	935	—
Deferred tax benefit	(230)	(160)	(115)
(Gain) loss from investments	(10)	(7)	—
Amortization of debt financing costs	9	—	—
Net (gain) loss on sales of businesses and assets	(49)	2	100
Stock-based compensation	40	23	19
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	31	(23)	243
(Increase) decrease in other current and long-term assets	(30)	(83)	(86)
Increase (decrease) in accounts payable and accrued compensation	(49)	(60)	22
Increase (decrease) in restructuring liabilities	34	27	140
Increase (decrease) in other current and long-term liabilities	(125)	(210)	228
Net change in income tax assets and liabilities	11	39	(236)
Other operating, net	(8)	(5)	(8)
Net cash provided by operating activities	302	108	493
Cash Flows from Investing Activities:			
Cost of additions to land, buildings and equipment	(96)	(149)	(159)
Proceeds from sales of land, buildings and equipment	33	—	1
Cost of additions to internal use software	(36)	(39)	(27)
Proceeds (payments) from sale (purchase) of businesses	56	(54)	742
Proceeds from investments	117	11	—
Net proceeds (payments) on former parent company notes receivable	—	248	(37)
Other investing, net	—	(1)	2
Net cash provided by investing activities	74	16	522
Cash Flows from Financing Activities:			
Proceeds on long term debt	306	1,969	28
Debt issuance fee payments	(8)	(67)	—
Payments on debt	(241)	(32)	(293)
Net payments to former parent company	(161)	(1,720)	(763)
Issuance of common stock related to employee stock plans	(5)	—	—
Dividends paid on preferred stock	(10)	—	—
Restricted cash - former parent company	15	(18)	—
Other financing	(5)	—	5
Net cash (used in) provided by financing activities	(109)	132	(1,023)
Effect of exchange rate changes on cash and cash equivalents	1	(6)	(11)
Increase (decrease) in cash and cash equivalents	268	250	(19)
Cash and cash equivalents at beginning of Year	390	140	159
Cash and Cash Equivalents at End of Year	$ 658	$ 390	$ 140

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCL [1]	Former Parent Company Investment	Conduent Shareholders' Equity
Balance at December 31, 2014	$ —	$ —	$ —	$ (129)	$ 5,540	$ 5,411
Comprehensive loss, net	—	—	—	(52)	(414)	(466)
Net transfers to former parent	—	—	—	—	217	217
Balance at December 31, 2015	$ —	$ —	$ —	$ (181)	$ 5,343	$ 5,162
Comprehensive loss, net	—	—	—	(155)	(983)	(1,138)
Series A Preferred stock transfer	—	—	—	—	(142)	(142)
Capitalization of Company	2	3,812	—	—	(3,814)	—
Net transfers from former parent	—	—	—	(190)	(404)	(594)
Balance at December 31, 2016	$ 2	$ 3,812	$ —	$ (526)	$ —	$ 3,288
Comprehensive income, net	—	—	181	32	—	213
Cash dividends declared-preferred [2]	—	—	(10)	—	—	(10)
Stock option and incentive plans, net	—	38	—	—	—	38
Balance at December 31, 2017	$ 2	$ 3,850	$ 171	$ (494)	$ —	$ 3,529

(1) AOCL - Accumulated other comprehensive loss.
(2) Cash dividend on preferred stock of $20.00 per share for each quarter of 2017.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

We are a global enterprise and leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end user experience. We create value for our commercial and government clients by applying our expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. Our portfolio includes industry-focused service offerings in attractive growth markets such as healthcare and transportation, as well as multi-industry service offerings such as transaction processing, customer care and payment services.

Basis of Presentation

Our Consolidated Financial Statements included the historical basis of assets, liabilities, revenues and expenses of the individual businesses of the Company, including joint ventures and partnerships over which the Company has a controlling financial interest. We have prepared the Consolidated Financial Statements pursuant to the rules and regulations of the SEC. Certain reclassifications have been made to prior years to conform to the current year presentation. All intercompany transactions and balances have been eliminated.

We have also considered the impact of subsequent events on these consolidated financial statements.

Separation from Xerox Corporation

On December 31, 2016, Conduent spun-off from Xerox Corporation (Xerox), pursuant to the Separation and Distribution Agreement (Separation). The Separation was completed by way of a pro rata distribution of Conduent shares held by Xerox to Xerox’s shareholders. As a result, we operate as an independent, publicly traded company on the New York Stock Exchange, under the ticker "CNDT".

Prior to December 31, 2016, the Financial Statements of the Company were derived from the financial statements and accounting records of Xerox as if the Conduent operated on a standalone basis. Historically, the Company consisted of the Business Process Outsourcing Operating segment within Xerox’s reportable Services segment and did not operate as a separate, standalone company. Accordingly, Xerox performed certain corporate overhead functions for the Company. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the Company, were allocated from Xerox. It is not practicable to estimate actual costs that would have been incurred had the Company been a separate standalone company during the periods presented. Allocations for management costs and corporate support services provided to the Company totaled $165 million and $170 million for years ended December 31, 2016 and December 31, 2015, respectively. Management of the Company believes the assumptions regarding the allocated expenses reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods prior to the Separation. The Consolidated Financial Statements for the periods prior to the Separation do not necessarily include all the expenses that would have been incurred or held by the Company had it been a separate, standalone company.

Use of Estimates

We prepared the Consolidated Financial Statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the recognition of revenue for contracts based on the percentage of completion method of accounting, intangible and long-lived assets, valuation of goodwill, contingencies and litigation, income taxes and corporate allocations (for years ended December 31, 2016 and 2015). Our estimates are based on management's best knowledge of current events, historical experience, and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

New Accounting Standards

Revenue Recognition: In May 2014, the Financial Accounting Standards Board (FASB) updated the accounting guidance related to revenue recognition to clarify the principles for recognizing revenue and replaced all existing revenue recognition guidance in U.S. GAAP with one accounting model. The core principle of the guidance is that an entity should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The updated guidance also requires additional qualitative and quantitative disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers largely on a disaggregated basis. We have evaluated the adoption impact of the updated accounting guidance on our consolidated financial statements and continue to evaluate the impact on disclosures and internal controls. The new guidance will impact: (1) revenue associated with postage, which will be recognized on a net basis versus the current gross treatment; (2) the timing of revenue recognition associated with fixed fees for certain contracts with more than one performance obligation; and (3) the timing of recognition of certain pricing discounts. We adopted this updated accounting guidance beginning January 1, 2018 using the modified retrospective method under which we will recognize a cumulative-effect adjustment of approximately $20 million at the date of adoption (the expected impact to 2018 revenues is approximately $15 million), which excludes changes to our revenue associated with the reimbursement of postage. In addition, we recognized approximately $150 million of postage revenue in 2017 that will be recognized on a net basis (for all future periods) in Cost of services.

Leases: In February 2016, the FASB updated the accounting guidance related to leases requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases except short term leases (lease term of 12 months or less). The accounting for lessors is largely unchanged. This updated guidance is effective for us beginning January 1, 2019. This guidance must be adopted using a modified retrospective approach through a cumulative-effect adjustment for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. While we are currently evaluating the impact of the updated accounting guidance on our consolidated financial statements; we do expect a material impact to the Company's Consolidated Balance Sheets.

Cash Flows: In November 2016 the FASB issued updated accounting guidance regarding the presentation of restricted cash in the statement of cash flows. Specifically, this update requires that restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. At December 31, 2017 and 2016 , we had $9 million and $22 million of restricted cash, respectively, reported in other current assets. This update is effective for us beginning January 1, 2018.

Business Combinations: In January 2017, the FASB issued clarifying accounting guidance related to the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This update is effective for us beginning January 1, 2018, with early adoption permitted. The amendment in this update will be applied prospectively. There will be no material impact from the adoption of this clarifying accounting guidance on our consolidated financial statements.

Recently Adopted Accounting Standards

Goodwill: In January 2017, the FASB issued updated accounting guidance for simplifying the goodwill impairment test. Under the new guidance, an entity does not have to calculate the implied fair value of goodwill at the impairment testing date of its assets and liabilities as if those assets and liabilities had been acquired in a business combination. Instead the goodwill impairment test will compare the fair value of a reporting unit with its carrying amount and recognize as an impairment charge any amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. We have elected to early adopt this new guidance for our goodwill impairment tests performed after January 1, 2017. Adoption did not have any effect on our financial condition, results of operations or cash flows.

Summary of Accounting Policies

Revenue Recognition

We primarily generate revenue through services. Revenue is recognized when it is realized or realizable and earned. We consider revenue realized or realizable and earned when we have persuasive evidence of an arrangement, delivery has occurred, the transaction price is fixed or determinable and collectibility is reasonably assured. Delivery does not occur until services have been provided to the customer, risk of loss has transferred to the customer, and either customer acceptance has been obtained, customer acceptance provisions have lapsed or the company has objective evidence that the criteria specified in the customer acceptance provisions have been satisfied. The transaction price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved.

Outsourcing Services: Revenues associated with outsourcing services are generally recognized as services are rendered, which is generally on the basis of the number of accounts or transactions processed. In service arrangements where final acceptance of a system or solution by the customer is required, revenue is deferred until all acceptance criteria have been met. Revenues on cost reimbursable contracts are recognized by applying an estimated factor to costs as incurred, determined by the contract provisions and prior experience. Revenues on unit-price contracts are recognized at the contractual selling prices as work is completed and accepted by the customer. Revenues on time and material contracts are recognized at the contractual rates as the labor hours and direct expenses are incurred.

Revenues on certain fixed price contracts where we provide system development and implementation services are recognized over the contract term based on the percentage of development and implementation services that are provided during the period compared with the total estimated development and implementation services to be provided over the entire contract using the percentage-of-completion accounting methodology. These services require that we perform significant, extensive and complex design, development, modification or implementation of our customers' systems. Performance will often extend over long periods, and our right to receive future payment depends on our future performance in accordance with the agreement.

The percentage-of-completion methodology involves recognizing probable and reasonably estimable revenue using the percentage of services completed, on a current cumulative cost to an estimated total cost basis, using a reasonably consistent profit margin over the period.

Revenues earned in excess of related billings are accrued, whereas billings in excess of revenues earned are deferred until the related services are provided. We recognize revenues for non-refundable, upfront implementation fees on a straight-line basis over the period between the initiation of the services through the end of the contract term.

In connection with our services arrangements, we incur and capitalize costs to originate these long-term contracts and to perform the migration, transition and setup activities necessary to enable us to perform under the terms of the arrangement. Certain initial direct costs of an arrangement are capitalized and amortized over the contractual service period of the arrangement to cost of services. From time to time, we also provide inducements to customers in various forms, including contractual credits, which are capitalized and amortized as a reduction of revenue over the term of the contract.

Spending associated with customer-related deferred set-up/transition and inducement costs were as follows:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Set-up/transition and inducement expenditures	$ 55	$ 63	$ 65

The capitalized amount of customer contract costs were as follows:

(in millions)	Year Ended December 31, 2017	2016
Capitalized customer contract costs [1]	126	137

(1) The balance at December 31, 2017 and 2016 are expected to be amortized over a weighted average period of approximately nine and eight years, respectively.

Amortization expense for the next five years and thereafter is expected to be as follows (in millions):

2018	2019	2020	2021	2022	Thereafter
$ 54	$ 22	$ 13	$ 9	$ 6	$ 22

Long-lived assets used in the fulfillment of the arrangements are capitalized and depreciated over the shorter of their useful life or the term of the contract if an asset is contract specific.

Multiple Element Arrangements: As described above, we enter into the following revenue arrangements that may consist of multiple deliverables including contracts for multiple types of outsourcing services, as well as professional and value-added services. For instance, we may contract for an implementation or development project and also provide services to operate the system which we implement or develop over a period of time; or we may contract to scan, manage and store customer documents.

In substantially all of our multiple element arrangements, we are able to separate the deliverables since we normally will meet both of the following criteria:

- The delivered item(s) has value to the customer on a stand-alone basis; and
- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in our control.

Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the relative selling price. When applying the relative selling price method, the selling price for each deliverable is primarily determined based on vendor-specific objective evidence (VSOE), third-party evidence (TPE), or our best estimate of the selling price. The above noted revenue policies are then applied to each separated deliverable, as applicable.

Revenue Reporting: Revenue from sales of third-party vendor products or services is recorded net of costs when the Company is acting as an agent between the customer and the vendor or supplier, or gross when the Company is a principal to the transaction. Postage is generally recognized on a gross basis. Several factors are considered to determine whether the company is an agent or principal, most notably whether the Company is the primary obligor to the customer, or has inventory risk. Consideration is also given to whether the Company adds meaningful value to the vendor's product or service, was involved in the selection of the vendor's product or service, has latitude in establishing the sales price or has credit risk.

Revenue-based Taxes: We report revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions. The primary revenue-based taxes are sales tax and value-added tax (VAT).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, including money market funds and investments with original maturities of three months or less.

Receivable Sales

We had transferred certain portions of our receivable portfolios in 2016 and 2015 and accounted for those transfers as sales based on meeting the criteria for derecognition. Losses on the sale of receivables depend, in part, on both (a) the cash proceeds and (b) the net non-cash proceeds received or paid. When we have sold receivables, we normally received beneficial interests in the transferred receivables from the purchasers as part of the proceeds. Refer to Note 4 – Accounts Receivable, Net for more details on our receivable sales .

Assets/Liabilities Held for Sale

We classify assets as held for sale in the period when the following conditions are met: (i) management, having the authority to approve the action, commits to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal group); (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset (disposal group) beyond one year; (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A long-lived asset (disposal group) that is classified as held for sale is initially measured at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset (disposal group) until the date of sale.

The fair value of a long-lived asset (disposal group) less any costs to sell is assessed each reporting period it remains classified as held for sale and any subsequent changes are reported as an adjustment to the carrying value of the asset (disposal group), as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

In the fourth quarter of 2017, Management approved for disposal through sale of certain assets and businesses. This action was taken as a result of our strategic evaluation of these businesses. As of December 31, 2017, these businesses qualified as assets held for sale. During the year ended December 31, 2017, we reclassified $757 million to assets held for sale and $169 million to liabilities held for sale, as we have an active program to locate buyers for these businesses and we expect these businesses to be sold within one year.

Refer to Note 3 – Assets/Liabilities Held for Sale for further discussion.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life. Significant improvements are capitalized and maintenance and repairs are expensed when incurred.

Refer to Note 5 – Land, Buildings, Equipment and Software, Net for further discussion.

Software - Internal Use and Product

Internal Use: We capitalize direct costs associated with developing, purchasing or otherwise acquiring software for internal use and amortize these costs on a straight-line basis over the expected useful life of the software, beginning when the software is implemented (Internal Use Software). Costs incurred for upgrades and enhancements that will not result in additional functionality are expensed as incurred. Amounts expended for Internal Use Software are included in Cash Flows from Investing.

Product: We also capitalize certain costs related to the development of software solutions to be sold to our customers upon reaching technological feasibility (Product Software). These costs are amortized on a straight-line basis over the estimated economic life of the software. Amounts expended for Product Software are included in Cash Flows from Operations. We perform periodic reviews to ensure that unamortized Product Software costs remain recoverable from estimated future operating profits (net realizable value or NRV). Costs to support or service licensed software are charged to Costs of outsourcing as incurred.

Refer to Note 5 – Land, Buildings, Equipment and Software, Net for further information.

Goodwill

For acquired businesses, the Company records the acquired assets and assumed liabilities based on their relative fair values at the date of acquisitions (commonly referred to as the purchase price allocation). Goodwill represents the excess of the purchase price paid in excess of the fair value of net tangible and intangible assets acquired. For the Company's business acquisitions, the purchase price is allocated to identifiable intangible assets separate from goodwill if they are from contractual or other legal rights, or if they could be separated from the acquired business and sold, transferred, licensed, rented or exchanged.

We test goodwill for impairment annually or more frequent if an event or change in circumstances indicate the asset may be impaired. Impairment testing for goodwill is done at the reporting unit level. We determined the fair value of our reporting units utilizing a combination of both an Income Approach and a Market Approach. The Income Approach utilizes a discounted cash flow analysis based upon the forecasted future business results of our reporting units. The Market Approach utilizes the guideline public company method. If the fair value of a reporting unit is less than its carrying amount, an impairment charge would be recognized for amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

Refer to Note 6 – Goodwill and Intangible Assets, Net for further information.

Other Intangible Assets

Other intangible assets primarily consist of assets acquired through business combinations, including installed customer base and distribution network relationships, patents and trademarks. Other intangible assets are amortized on a straight-line basis over their estimated economic lives unless impairment is identified.

Refer to Note 6 – Goodwill and Intangible Assets, Net for further information.

Impairment of Long-Lived Assets

We review the recoverability of our long-lived assets, including buildings, equipment, internal use software, product software and other intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on forecasted cash flows.

Pension Obligations

We sponsor various forms of defined benefit pension plans in several countries covering employees who meet eligibility requirements.

Several statistical and other factors that attempt to anticipate future events are used in calculating the expense, liability and asset values related to our pension plans. These factors include assumptions we make about the discount rate, expected return on plan assets, the rate of future compensation increases and mortality rates.

The discount rate is used to present value our future anticipated benefit obligations. The discount rate reflects the current rate at which benefit liabilities could be effectively settled considering the timing of expected payments for plan participants. In estimating our discount rate, we consider rates of return on high-quality fixed-income investments adjusted to eliminate the effects of call provisions, as well as the expected timing of pension and other benefit payments.

The expected rate of return on plan assets is the long-term rate of return we expect to earn on plan assets. When estimating the expected rate of return, in addition to assessing recent performance, we consider the historical returns earned on plan assets, the rates of return expected in the future, and our investment strategy and asset mix with respect to the plans' funds. The expected rate of return on plan assets is reviewed annually and revised, as necessary, to reflect changes in financial markets and our investment strategy.

Each year, the difference between the actual return on plan assets and the expected return on plan assets, as well as increases or decreases in the benefit obligation as a result of changes in the discount rate and other actuarial assumptions, are added to or subtracted from any cumulative actuarial gain or loss from prior years. This amount is the net actuarial gain or loss recognized in Accumulated other comprehensive loss. We amortize net actuarial gains and losses as a component of net pension cost for a year if, as of the beginning of the year, that net gain or loss (excluding asset gains or losses that have not been recognized in market-related value) exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets (the "corridor" method). This determination is made on a plan-by-plan basis. If amortization is required for a particular plan, we amortize the applicable net gain or loss in excess of the 10% threshold on a straight-line basis in net periodic pension cost over the remaining service period of the employees participating in that pension plan. In plans where substantially all participants are inactive, the amortization period for the excess is the average remaining life expectancy of the plan participants.

All changes are ultimately recognized as components of net periodic benefit cost, except to the extent they may be offset by subsequent changes. At any point, changes that have been identified and quantified but not recognized as components of net periodic benefit cost, are recognized in Accumulated other comprehensive loss, net of tax.

Refer to Note 11 – Employee Benefit Plans for further information regarding our Pension Benefit Obligations .

Income Taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are based on differences between U.S. GAAP reporting and tax bases of assets or liabilities and based on current tax laws, regulations and rates.

The recognition of deferred tax assets requires an assessment to determine the realization of such assets. Management establishes valuation allowances on deferred tax assets when it is determined “more-likely-than-not” that some portion or all of the deferred tax assets may not be realized. Management considers positive and negative evidence in evaluating the ability of the Company to realize its deferred tax assets, including its historical results and forecasts of future ability to realize its deferred tax assets, including projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies.

We are subject to ongoing tax examinations and assessments in various jurisdictions. We have unrecognized tax benefits for uncertain tax positions. We follow U.S. GAAP which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results.

Refer to Note 12 – Income Taxes for further discussion.

Foreign Currency Translation and Re-measurement

The functional currency for most foreign operations is the local currency. Net assets are translated at current rates of exchange and income, expense and cash flow items are translated at average exchange rates for the applicable period. The translation adjustments are recorded in Accumulated other comprehensive loss.

The U.S. Dollar is used as the functional currency for certain foreign subsidiaries that conduct their business in U.S. Dollars. A combination of current and historical exchange rates is used in re-measuring the local currency transactions of these subsidiaries and the resulting exchange adjustments are recorded in Currency (gains) and losses within other expenses, net together with other foreign currency re-measurements.

Note 2 – Segment Reporting

Our reportable segments correspond to how we organize and manage the business, as defined by our CEO who is also our Chief Operating Decision Maker, and are aligned to the industries in which our clients operate. Our segments involve the delivery of business process services and include service arrangements where we manage a customer's business activity or process. We report our financial performance based on the two reportable segments: Commercial Industries and Public Sector.

- **Commercial Industries:** Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries (other than healthcare). Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include customer care, human resource management and finance and accounting services. These services are complemented by innovative industry-specific services such as personalized product information for the automotive industry; digitized source-to-pay solutions for clients in the manufacturing industry; customer experience and marketing services for clients in the retail industry; mortgage and consumer loan processing for clients in the financial services industry; and customized workforce learning solutions for clients in the aerospace industry.
- **Public Sector:** Our Public Sector segment provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance, program administration, transaction processing and payment services.

Other includes our Government Health Enterprise Medicaid Platform business, where we are limiting our focus to maintaining systems for our current clients; our Education Business inclusive of our Student Loan business, which is in runoff; and inter-segment eliminations.

Selected financial information for our reportable segments was as follows:

(in millions)	Year Ended December 31, Commercial Industries	Public Sector	Other	Total
2017				
Revenue	$ 3,486	$ 2,160	$ 334	$ 5,980
Former parent company revenue	42	—	—	42
Inter-segment revenue	20	3	(23)	—
Total Segment Revenue	$ 3,548	$ 2,163	$ 311	$ 6,022
Depreciation and amortization	$ 162	$ 85	$ 7	$ 254
Segment profit (loss)	182	245	(10)	417
2016				
Revenue	$ 3,729	$ 2,300	$ 329	$ 6,358
Former parent company revenue	50	1	(1)	50
Inter-segment revenue	26	7	(33)	—
Total Segment Revenue	$ 3,805	$ 2,308	$ 295	$ 6,408
Depreciation and amortization	$ 162	$ 102	$ 69	$ 333
Segment profit (loss)	151	293	(248)	196
2015				
Revenue	$ 3,970	$ 2,324	$ 315	$ 6,609
Former parent company revenue	54	—	(1)	53
Inter-segment revenue	35	7	(42)	—
Total Segment Revenue	$ 4,059	$ 2,331	$ 272	$ 6,662
Depreciation and amortization	$ 160	$ 118	$ 72	$ 350
Segment profit (loss)	148	298	(509)	(63)

The following is a reconciliation of segment profit (loss) profit to pre-tax (loss) income:

(in millions)	Year Ended December 31,		
Segment Profit (Loss) Reconciliation to Pre-tax Loss	2017	2016	2015
Pre-tax Loss	$ (16)	$ (1,227)	$ (574)
Reconciling items:			
Goodwill impairment	—	935	—
Amortization of intangible assets	243	280	250
Restructuring and related costs	101	101	159
Interest expense	137	14	8
Related party interest	—	26	61
Separation costs	12	44	—
(Gain) Loss on sale of asset and businesses	(42)	2	—
Business transformation costs	—	3	3
Other (income) expenses, net	(18)	18	30
Total Segment Profit (Loss)	$ 417	$ 196	$ (63)

Geographic area data is based upon the location of the subsidiary reporting the revenue or long-lived assets and is as follows for each of the years ended December 31:

	Revenues			Long-Lived Assets [1]	
(in millions)	2017	2016	2015	2017	2016
United States	$ 5,303	$ 5,686	$ 5,849	$ 289	$ 325
Europe	538	547	616	42	47
Other areas	181	175	197	54	64
Total Revenues and Long-Lived Assets	$ 6,022	$ 6,408	$ 6,662	$ 385	$ 436

(1) Long-lived assets are comprised of (i) Land, buildings and equipment, net, (ii) Internal use software, net and (iii) Product software, net.

In 2016, our methodology to disclose revenue on a geographic basis changed to reflect where the work is contracted. All prior years have been adjusted to reflect this change in methodology.

Note 3 – Assets/Liabilities Held for Sale

As of December 31, 2017, there were certain businesses that qualified as assets/liabilities held for sale due to plans for disposal through sale. These assets/liabilities held for sale include a mix of both Commercial Industries and Public Sector that represent businesses in markets or with services that we did not see as strategic or core. The following is a summary of the major categories of assets and liabilities that have been reclassified to held for sale.

(in millions)	Year Ended December 31, 2017
Accounts Receivable, net	$ 160
Other current assets	41
Land, building and equipment, net	6
Product Software, net	3
Intangible assets, net	7
Goodwill	537
Other long-term assets	3
Total Assets held for sale	$ 757
Accounts payable	$ 9
Accrued compensation	20
Unearned revenue	30
Other current liabilities	53
Pension and other benefit obligations	50
Other long-term liabilities	7
Total Liabilities held for sale	$ 169

Information Technology Outsourcing (ITO)

In 2015 we completed the sale of our ITO business to Atos, which represented a discontinued operation.

In February 2016, we reached an agreement with Atos on the final adjustments to the closing balance of net assets sold as well as the settlement of certain indemnifications and recorded an additional pre-tax loss on the disposal in 2015 of $ 24 million ($ 14 million after-tax). The additional loss was recorded in 2015 as the financial statements had not yet been issued when the agreement was reached with Atos. We made a payment in 2016 to Atos of approximately $ 52 million , representing a $ 28 million adjustment to the final sales price as a result of this agreement and a payment of $ 24 million due from closing. The payment is reflected in Investing cash flows as an adjustment of the sales proceeds.

Summarized financial information for our Discontinued Operations is as follows:

(in millions)	Year Ended December 31, 2015
Revenues	$ 619
Income (loss) from operations	$ 104
Loss on disposal	(101)
Net income (loss) before income taxes	$ 3
Income tax expense	(81)
Loss from discontinued operations, net of tax	$ (78)

The following is a summary of selected financial information of the ITO business:

(in millions)	Year Ended December 31, 2015
Expenses:	
Operating lease rent expense	$ 130
Defined contribution plans	4
Interest expense	2
Expenditures:	
Cost of additions to land, buildings and equipment	$ 41
Cost of additions to internal use software	1
Customer-related deferred set-up/transition and inducement costs	10

Note 4 – Accounts Receivable, Net

Accounts receivable, net was as follows:

	December 31,	
(in millions)	2017	2016
Amounts billed or billable	$ 919	$ 1,014
Unbilled amounts	187	279
Allowance for doubtful accounts	(2)	(7)
Accounts Receivable, Net	$ 1,104	$ 1,286

Unbilled amounts include amounts associated with percentage-of-completion accounting and other earned revenues not currently billable due to contractual provisions. Amounts to be invoiced in subsequent months for current services provided are included in amounts billable, and at December 31, 2017 and 2016 were approximately $364 million and $429 million , respectively.

Accounts Receivable Sales Arrangements

Prior to 2017, we sold accounts receivables with payment due dates of less than 60 days.

Under most of the agreements, we continue to service the sold accounts receivable. When applicable, a servicing liability is recorded for the estimated fair value of the servicing. The amounts associated with the servicing liability were not material.

Accounts receivable sales were as follows:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Accounts receivable sales	$ —	$ 250	$ 325
Estimated increase (decrease) to operating cash flows [1]	—	(136)	58

(1) Represents the difference between current and prior year fourth quarter receivable sales adjusted for the effects of: (i) deferred proceeds, (ii) collections prior to the end of the year and (iii) currency.

Note 5 - Land, Buildings, Equipment and Software, Net

Land, buildings and equipment, net were as follows:

(in millions except as noted)	Estimated Useful Lives (Years)	December 31, 2017	December 31, 2016
Land		$ 3	$ 10
Building and building equipment	25 to 50	17	20
Leasehold improvements	Varies	247	236
Office furniture and equipment	3 to 15	784	719
Other	4 to 20	1	1
Construction in progress		24	54
Subtotal		1,076	1,040
Accumulated depreciation		(819)	(757)
Land, Buildings and Equipment, Net		$ 257	$ 283

Depreciation expense and operating lease rent expense were as follows:

(in millions)	Year Ended December 31, 2017	2016	2015
Depreciation expense	$ 125	$ 130	$ 126
Operating lease rent expense	$ 375	$ 378	$ 389

We lease buildings and equipment, substantially all of which are accounted for as operating leases. Certain leases were accounted for as capital leases and the remaining net book value of those assets, included in Land, Buildings and Equipment, net were approximately $32 million and $42 million at December 31, 2017 and 2016 , respectively.

Future minimum operating lease commitments that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2017 were as follows (in millions):

2018	2019	2020	2021	2022	Thereafter
$ 163	$ 119	$ 80	$ 53	$ 31	$ 52

Internal Use and Product Software

Additions to Internal Use and Product Software as well as year-end balances for these assets were as follows:

(in millions) Additions to:	Year Ended December 31, 2017	2016	2015
Internal use software	$ 36	$ 39	$ 27
Product software	10	10	19

(in millions) Capitalized Costs, Net	December 31, 2017	2016
Internal use software	$ 106	$ 115
Product software	22	38

Useful lives of our internal use and product software generally vary from one to seven years.

Included within product software at December 31, 2017 and 2016 were $2 million and $3 million , respectively, of capitalized costs associated with software system platforms developed for use in certain of our government services businesses.

During 2016 we determined that it was probable that we would not fully complete our NY MMIS project in its current form. As a result of this decision an impairment charge of approximately $28 million was recorded in Cost of services. We also recorded an additional impairment charge in 2016 related to the 2015 HE charge of approximately $9 million in Restructuring and asset impairment. In 2015 we decided to discontinue certain future implementations of these software system platforms, and recorded an impairment charge of $160 million ($14 million in Cost of services and $146 million in Restructuring and asset impairments).

Note 6 - Goodwill and Intangible Assets, Net

Goodwill

The following table presents the changes in the carrying amount of goodwill, by reportable segment:

(in millions)	Commercial Industries	Public Sector	Total
Balance at December 31, 2015	$ 2,467	$ 2,405	$ 4,872
Foreign currency translation	(24)	(20)	(44)
Acquisitions	(2)	—	(2)
Disposition	(2)	—	(2)
Impairment	(935)	—	(935)
Balance at December 31, 2016	$ 1,504	$ 2,385	$ 3,889
Foreign currency translation	19	28	47
Dispositions	(19)	(14)	(33)
Assets held for sale	(105)	(432)	(537)
Balance at December 31, 2017	**$ 1,399**	**$ 1,967**	**$ 3,366**

Impairment Charge

There was no impairment identified for the years ended December 31, 2017 and 2015. In 2016, due to the declining trends and projections in the Commercial Industries reporting unit, we concluded that the fair value of our Commercial Industries reporting unit was less than its carrying value. Accordingly, we recorded a pre-tax goodwill impairment charge of $935 million during the fourth quarter of 2016, which is separately presented in the Consolidated Statements of Income (Loss). There was no impairment identified for the Public Sector in 2016.

Based on our quantitative assessments, we concluded that the fair value of our Commercial Industries and Public Sector reporting units exceeded their respective carrying values by 72% and 13% , respectively, at December 31, 2017. The most significant assumptions used in the goodwill analysis relate to a 3% long-term organic growth rate for both the Commercial Industries and Public Sector segments as well as a 9.25% and a 8.75% discount rate for the Commercial Industries and Public Sector segments, respectively.

Intangible Assets, Net

Net intangible assets were $891 million at December 31, 2017 of which $492 million and $399 million relate to our Commercial Industries and Public Sector segments, respectively. Intangible assets were comprised of the following:

		December 31, 2017			December 31, 2016		
(in millions except years)	Weighted Average Amortization	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	12 years	$ 2,907	$ 2,022	$ 885	$ 2,924	$ 1,788	$ 1,136
Technology, patents and non-compete	4 years	11	5	6	11	3	8
Total Intangible Assets		$ 2,918	$ 2,027	$ 891	$ 2,935	$ 1,791	$ 1,144

Amortization expense related to intangible assets was $243 million , $280 million and $250 million for the years ended December 31, 2017 , 2016 and 2015 , respectively. Amortization expense is expected to approximate $241 million in 2018 , $241 million in 2019, $238 million in 2020, $134 million in 2021 and $12 million in 2022 .

Note 7 – Restructuring Programs and Asset Impairment Charges

We engage in a series of restructuring programs related to downsizing our employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce our cost structure and improve productivity. Prior to 2017, these initiatives primarily consist of severance actions that impacted all major geographies and segments. In 2017, the implementation of our strategic transformation program as well as various productivity initiatives reduced our real estate footprint across all geographies and segments resulting in increased lease cancellation and other related costs. Management continues to evaluate our business, therefore, in future years, there may be additional provisions for new plan initiatives as well as changes in previously recorded estimates as payments are made or actions are completed. Asset impairment charges were also incurred in connection with these restructuring actions for those assets sold, abandoned or made obsolete as a result of these programs.

Costs associated with restructuring, including employee severance and lease termination costs are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of our restructuring program activity during the two years ended December 31, 2017 is as follows:

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Asset Impairments	Total
Balance at December 31, 2015	4	—	—	4
Restructuring provision	67	7	12	86
Reversals of prior accruals	(13)	—	—	(13)
Total Net Current Period Charges	54	7	12	73
Charges against reserve and currency	(43)	(2)	(11)	(56)
Balance at December 31, 2016	15	5	1	21
Restructuring provision	49	49	5	103
Reversals of prior accruals	(8)	(3)	—	(11)
Total Net Current Period Charges	41	46	5	92
Charges against reserve and currency	(42)	(17)	(6)	(65)
Liabilities held for sale	—	(4)	—	(4)
Balance at December 31, 2017	$ 14	$ 30	$ —	$ 44

We also recorded costs related to professional support services associated with the implementation of the strategic transformation program of $9 million and $28 million during the years ended December 31, 2017 and 2016 , respectively.

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Commercial Industries	$ 60	$ 57	$ 11
Public Sector	28	12	2
Other [1]	4	4	146
Total Net Restructuring Charges	$ 92	$ 73	$ 159

(1) Refer to Note 5 – Land, Buildings, Equipment and Software, Net for additional information regarding the asset impairment in 2016 and 2015.

Note 8 – Debt

We classify our debt based on the contractual maturity dates of the underlying debt instruments or as of the earliest put date available to the debt holders. We defer costs associated with debt issuance over the applicable term. These costs are amortized as interest expense in our Consolidated Statements of Income (Loss).

Long-term debt was as follows:

(in millions)	Weighted Average Interest Rates at December 31, 2017 [1]	December 31, 2017	December 31, 2016
Term loan A due 2021	3.11%	$ 732	$ 694
Term loan B due 2023	6.79%	842	750
Senior notes due 2024	10.91%	510	510
Capital lease obligations	4.39%	33	43
Principal Debt Balance		$ 2,117	$ 1,997
Debt issuance costs and unamortized discounts		(56)	(56)
Less: current maturities		(82)	(28)
Total Long-term Debt		$ 1,979	$ 1,913

(1) Represents weighted average effective interest rate which includes the effect of discounts and premiums on issued debt.

Scheduled principal payments due on our long-term debt for the next five years and thereafter are as follows:

2018(1)	2019	2020	2021	2022	Thereafter	Total
$ 82	$ 72	$ 85	$ 560	$ 9	$ 1,309	$ 2,117

(1) Quarterly long-term debt maturities for 2018 are $21 million , $21 million , $21 million and $19 million for the first, second, third and fourth quarters, respectively.

Credit Facility

On December 7, 2016 , we entered into a senior secured credit agreement (Credit Agreement) among the Company, its subsidiaries: Conduent Business Services, LLC (CBS), Affiliated Computer Services International B.V. and Conduent Finance, Inc. (CFI), the lenders party and JP Morgan Chase Bank, N.A., as the administrative agent. The Credit Agreement contains senior secured credit facilities (Senior Credit Facilities) consisting of:

(i) Senior Secured Term Loan A (Term Loan A) due 2021 with an aggregate principal amount of $700 million ;
(ii) Senior Secured Term Loan B (Term Loan B) due 2023 with an aggregate principal amount of $850 million ;
(iii) Senior Revolving Credit Facility (Revolving Credit Facility) due 2021 with an aggregate available amount of $750 million including a sub-limit for up to $300 million available for the issuance of letters of credit.

Borrowings under the Term Loan A Facility and the Revolving Credit Facility bears interest at a rate equal to either the sum of a base rate plus a margin ranging from 1.00% and 1.50% or the sum of a Eurocurrency rate plus an applicable rate ranging from 2.00% to 2.50% , with either such margin varying according to the total net leverage ratio of CBS. Borrowing under Term Loan B Facility bears interest at a rate equal to the sum of a base rate plus 2.0% , or the sum of a Eurocurrency rate plus 3.0% . CBS is required to pay a quarterly commitment fee under the Revolving Credit Facility at a rate ranging from 0.35% to 0.40% per annum, with such rate varying according to the total net leverage ratio of CBS and the actual daily unused portion of the commitments during the applicable quarter. CBS is also required to pay a fee equal to the adjusted LIBOR on the aggregate face amount of outstanding letters of credit under the Revolving Credit Facility.

The Credit Agreement permits us to incur incremental term loan borrowings and /or increase commitments under the Revolving Credit Facility, subject to certain limitations and satisfaction of certain conditions, in an aggregate amount not to exceed (i) $200 million plus, (ii) if the senior secured net leverage ratio of CBS and its subsidiaries does not exceed 2.25 to 1.00 on a pro forma basis (without giving effect to any incurrence under clause (i) that is incurred substantially simultaneously with amounts incurred under clause (ii)), an unlimited amount.

All obligations under the Senior Credit Facilities are unconditionally guaranteed by the Company, CBS, CFI and the existing and future direct and indirect wholly owned domestic subsidiaries of CBS (subject to certain exceptions). All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of CBS and the guarantors under the Senior Credit Facilities (other than the Company and CFI), including a first-priority pledge of all the capital stock of CBS and the subsidiaries of CBS directly held by CBS or the guarantors (other than the Company and CFI) under the Senior Credit Facilities (which pledge, in the case of any foreign subsidiary, will be limited to 65% of the capital stock of any first-tier foreign subsidiary).

The Credit Facility contains certain customary affirmative and negative covenants, restrictions and events of default. CBS is required to maintain a total net leverage ratio not to exceed 4.25 to 1.00 (a quarterly test) for each quarter through September 30, 2018 and 3.75 to 1.00 for each quarter thereafter.

The net proceeds of the borrowings under the Term Loan A of $700 million (approximately $278 million borrowed in Euros) and Term Loan B of $850 million , were used to purchase our international subsidiaries from Xerox Corporation, to pay a distribution to Xerox Corporation and for working capital and other general corporate purposes. At December 31, 2017 we had $1,574 million in outstanding borrowings under our Credit Agreement and had utilized $12 million of our Revolving Credit Facility capacity to issue letters of credit. Discounts and debt issuance costs of $47 million were deferred.

Senior Notes

On December 7, 2016 , CBS and CFI, each a wholly owned subsidiary of the Company, issued $510 million Senior Unsecured Notes due 2024 bearing interest at 10.5% (the "Senior Notes"). Interest is payable semi-annually, beginning on June 15, 2017. Discounts and debt issuance costs of $17 million were deferred.

At the option of the Issuers, the Senior Notes are redeemable in whole or in part, at any time prior to December 15, 2020, at a price equal to 100% of the aggregate principal amount of the Senior Notes plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a “make-whole” premium. The Issuers may also redeem the Senior Notes, in whole or in part, at any time on or after December 15, 2020, at the redemption prices specified in the Indenture, plus accrued and unpaid interest, if any, to but excluding the redemption date. Additionally, at any time prior to December 15, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds from certain equity offerings at a price equal to 110.50% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The Senior Notes are jointly and severally guaranteed on a senior unsecured basis by the Company and each of the existing and future domestic subsidiaries of CFI or CBS that guarantee the obligations under the Senior Credit Facilities.

Proceeds from the issuance were used to fund a portion of the transfer of cash to Xerox Corporation in connection with the spin-off.

Interest

Interest paid on our short-term and long-term debt amounted to $129 million , $5 million and $9 million for the years ended December 31, 2017 , 2016 and 2015 , respectively.

Interest expense and interest income was as follows:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Interest expense	$ 137	$ 14	$ 8
Interest income	3	3	3

Note 9 – Financial Instruments

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts to manage foreign currency exposures that we hedge. Our primary foreign currency market exposures include the Philippine Peso, Indian Rupee and Mexican Peso. The fair market values of all our derivative contracts change with fluctuations in interest rates or currency exchange rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

We do not believe there is significant risk of loss in the event of non-performance by the counterparty associated with our derivative instruments because these transactions are executed with a major financial institution. Further, our policy is to deal only with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

Summary of Foreign Exchange Hedging Positions

At December 31, 2017 , we had outstanding forward exchange with gross notional values of $160 million , which is typical of the amounts that are normally outstanding at any point during the year. The impact of our hedging program is not material to our balance sheet or income statement.

Approximately 68% of these contracts mature within three months, 12% in three to six months, 15% in six to twelve months and 5% in greater than 12 months.

The following is a summary of the primary hedging positions and corresponding fair values as of December 31, 2017 :

(in millions)	Gross Notional Value	Fair Value Asset (Liability) [1]
Currencies Hedged (Buy/Sell)		
Philippine Peso/U.S. Dollar	$ 62	$ —
Indian Rupee/U.S. Dollar	68	1
Mexican Peso/U.S. Dollar	9	—
All Other	21	—
Total Foreign Exchange Hedging	$ 160	$ 1

(1) Represents the net receivable (payable) amount included in the Consolidated Balance Sheet at December 31, 2017 .

Note 10 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. US. GAAP establishes a framework for measuring that includes a hierarchy used to classify the inputs used in measuring fair value. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities. As at December 31, 2017 and 2016, the Company did not have any asset or liability that was measured using Level 1 inputs.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. All the Company's assets and liabilities that were measured at fair value on a recurring basis as at December 31, 2017 and 2016, were valued using Level 2 inputs.

Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets. As at December 31, 2017 and 2016, the Company did not have any asset or liability that was measured using Level 3 inputs.

The following table represents assets and liabilities fair value measured on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	As of December 31,	
(in millions)	2017	2016
Assets:		
Foreign exchange contracts - forwards	$ 2	$ 1
Deferred compensation investments in cash surrender life insurance [1]	—	99
Deferred compensation investments in mutual funds [1]	—	10
Total	$ 2	$ 110
Liabilities:		
Foreign exchange contracts - forwards	$ 1	$ 3
Deferred compensation plan liabilities [1]	99	113
Total	$ 100	$ 116

(1) In September 2017, the Company terminated the legacy deferred compensation plans (Plans) and the Company Owned Life Insurance (COLI), which held the Plans' investments. The Company will make payments to Plan participants of approximately $100 million in the fourth quarter 2018.

Fair value for our deferred compensation plan investments in company-owned life insurance is reflected at cash surrender value. Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for actively traded investments similar to those held by the plan. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections, based on quoted prices for similar assets in actively traded markets.

Summary of Other Financial Assets and Liabilities Fair Value Measured on a Nonrecurring Basis

The estimated fair values of our other financial assets and liabilities fair value measured on a nonrecurring basis were as follows:

	December 31, 2017		December 31, 2016	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 658	$ 658	$ 390	$ 390
Restricted cash	9	9	22	22
Accounts receivable, net	1,104	1,104	1,286	1,286
Short-term debt	82	82	28	28
Long-term debt	1,979	2,070	1,913	1,933

The fair value amounts for Cash and cash equivalents, Restricted cash and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short and Long-term debt was estimated based on the current rates offered to us for debt of similar maturities (Level 2). The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at such date.

The fair value of the Goodwill impairment charge of $935 million recorded in 2016, was estimated based on a determination of the implied fair value of goodwill, leveraging discounted cash flows (level 3). Refer to Note 6 – Goodwill and Intangible Assets, Net for additional information regarding this impairment.

Note 11 – Employee Benefit Plans

Our defined benefit pension plans are primarily associated with certain employees in our Human Resources and Consulting business located in the U.S., Canada and the United Kingdom (U.K.). Prior to an amendment to freeze future service benefits, these defined benefit pension plans had provided benefits for participating employees based on years of service and average compensation for a specified period before retirement (see Plan Amendment below for further information).

Certain of our employees participate in post-employment medical plans. These plans are not material to our results of operations or financial position and are not included in the disclosures below.

December 31 is the measurement date for all of our defined benefit pension plans.

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
(in millions)	2017	2016	2017	2016
Change in Benefit Obligation:				
Benefit obligation, January 1	$ 89	$ 74	$ 164	$ 157
Service cost	—	—	2	2
Interest cost	4	3	5	5
Actuarial loss	10	13	5	27
Currency exchange rate changes	—	—	14	(19)
Benefits paid/settlements	(1)	(1)	(12)	(8)
Benefit Obligation, December 31	$ 102	$ 89	$ 178	$ 164
Change in Plan Assets:				
Fair value of plan assets, January 1	$ 52	$ 47	$ 140	$ 150
Actual return on plan assets	8	2	13	15
Employer contribution	3	4	5	2
Currency exchange rate changes	—	—	14	(19)
Benefits paid/settlements	(1)	(1)	(12)	(8)
Fair Value of Plan Assets, December 31	$ 62	$ 52	$ 160	$ 140
Net Funded Status at December 31 [1]	$ (40)	$ (37)	$ (18)	$ (24)
Amounts Recognized in the Consolidated Balance Sheets:				
Asset held for sale	$ —	$ —	$ 1	$ —
Accrued compensation and benefit costs	—	—	—	(2)
Liabilities held for sale	(40)	—	(11)	—
Pension and other benefit liabilities	—	(37)	(8)	(22)
Net Amounts Recognized	$ (40)	$ (37)	$ (18)	$ (24)

(1) Includes under-funded and un-funded plans.

Benefit plans pre-tax amounts recognized in Accumulated other comprehensive loss (AOCL) at December 31:

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
(in millions)	2017	2016	2017	2016
Net actuarial loss	$ 38	$ 31	$ 42	$ 42

Aggregate information for pension plans with an Accumulated benefit obligation in excess of plan assets is presented below:

	December 31, 2017			December 31, 2016		
(in millions)	Projected benefit obligation	Accumulated benefit obligation	Fair value of plan assets	Projected benefit obligation	Accumulated benefit obligation	Fair value of plan assets
Underfunded Plans:						
U.S.	$ 102	$ 102	$ 62	$ 89	$ 89	$ 52
Non U.S.	60	55	46	162	156	140
Unfunded Plans:						
Non U.S.	5	3	—	2	1	—
Total Underfunded and Unfunded Plans:						
U.S.	$ 102	$ 102	$ 62	$ 89	$ 89	$ 52
Non U.S.	65	58	46	164	157	140
Total	$ 167	$ 160	$ 108	$ 253	$ 246	$ 192

Our pension plan assets and benefit obligations at December 31, 2017 were as follows:

(in millions)	Fair Value of Pension Plan Assets	Pension Benefit Obligations	Net Funded Status	Accumulated Benefit Obligation
U.S.	$ 62	$ 102	$ (40)	$ 102
U.K.	114	113	1	114
Canada	44	55	(11)	53
Other	2	10	(8)	5
Total	$ 222	$ 280	$ (58)	$ 274

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

	Year Ended December 31,					
	U.S. Plans			Non-U.S. Plans		
(in millions)	2017	2016	2015	2017	2016	2015
Components of Net Periodic Benefit Costs:						
Service cost	$ —	$ —	$ —	$ 2	$ 2	$ 3
Interest cost	4	3	3	5	5	6
Expected return on plan assets	(5)	(4)	(4)	(8)	(8)	(9)
Recognized net actuarial loss	1	—	—	1	1	2
Net Periodic Benefit Cost	—	(1)	(1)	—	—	2
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income:						
Net actuarial loss (gain)	7	13	4	(2)	18	(9)
Amortization of net actuarial loss	(1)	—	—	(1)	(1)	(2)
Total Recognized in Other Comprehensive Income	6	13	4	(3)	17	(11)
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ 6	$ 12	$ 3	$ (3)	$ 17	$ (9)

The net actuarial loss for the defined benefit pension plans that will be amortized from AOCL into net periodic benefit cost over the next fiscal year is $2 million .

Plan Amendments

Pension Plan Freezes

In 2015, we amended several of our major defined benefit pension plans to freeze current benefits and eliminate benefits accruals for future service, including our plans in the U.S., Canada and the U.K. The freeze of current benefits is the primary driver of the reduction in pension service costs since 2015. In certain non-U.S. plans, we are required to continue to consider salary increases and inflation in determining the benefit obligation related to prior service.

Plan Assets

Current Allocation

As of the 2017 and 2016 measurement dates, the global pension plan assets were $222 million and $192 million , respectively. These assets were invested among several asset classes.

The following tables presents the defined benefit plans assets measured at fair value and the basis for that measurement:

	December 31, 2017									
(in millions)	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Cash and cash equivalents	$ 1	$ —	$ —	$ 1	2%	$ 3	$ —	$ —	$ 3	2%
Equity Securities	12	31	—	43	69%	—	47	—	47	29%
Fixed Income Securities	18	—	—	18	29%	—	46	—	46	29%
Other	—	—	—	—	—%	—	55	9	64	40%
Total Fair Value of Plan Assets	$ 31	$ 31	$ —	$ 62	100%	$ 3	$ 148	$ 9	$ 160	100%

	December 31, 2016									
(in millions)	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Cash and cash equivalents	$ 3	$ —	$ —	$ 3	6%	$ —	$ —	$ —	$ —	—%
Equity Securities	9	24	—	33	63%	—	61	—	61	44%
Fixed Income Securities	10	6	—	16	31%	—	60	—	60	43%
Other	—	—	—	—	—%	—	11	8	19	13%
Total Fair Value of Plan Assets	$ 22	$ 30	$ —	$ 52	100%	$ —	$ 132	$ 8	$ 140	100%

Valuation Method

Our primary Level 3 assets are Real Estate and Guaranteed Investment Contract investments which are individually immaterial. The fair value of our real estate investment funds are based on the Net Asset Value (NAV) of our ownership interest in the funds. NAV information is received from the investment advisers and is primarily derived from third-party real estate appraisals for the properties owned. The fair value for our Guaranteed Investment Contract investments have been determined based on the higher of the surrender value of the contract or the present value of the cash flow of the related pension obligations. The valuation techniques and inputs for our Level 3 assets have been consistently applied for all periods presented.

Investment Strategy

The target asset allocations for our worldwide defined benefit pension plans were:

	2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity investments	55%	28%	55%	41%
Fixed income investments	23%	43%	25%	45%
Real estate	—%	4%	—%	4%
Other	22%	25%	20%	10%
Total Investment Strategy	100%	100%	100%	100%

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by exceeding the interest growth in long-term plan liabilities. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. This consideration involves the use of long-term measures that address both return and risk. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Other assets such as real estate, are used to improve portfolio diversification. Derivatives may be used to hedge market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risks and returns are measured and monitored on an ongoing basis through annual liability measurements and quarterly investment portfolio reviews.

Contributions

In 2017 , we made cash contributions of $8 million ($3 million U.S. and $5 million non-U.S.) to our defined benefit pension plans.

In 2018 , based on current actuarial calculations, we expect to make contributions of approximately $8 million ($8 million non-U.S. and none for U.S.) to our defined benefit pension plans.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the following years:

	Pension Benefits		
(in millions)	U.S.	Non-U.S.	Total
2018	$ 2	$ 4	$ 6
2019	2	5	7
2020	2	5	7
2021	3	5	8
2022	3	5	8
Years 2023-2026	19	30	49

Assumptions

Weighted-average assumptions used to determine benefit obligations at the plan measurement dates:

	Pension Benefits					
	2017		2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.8%	2.9%	4.2%	3.2%	4.3%	3.9%
Rate of compensation increase	n/a	0.8%	n/a	1.0%	n/a	1.0%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:

	Pension Benefits							
	2018		2017		2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.8%	3.1%	4.2%	3.1%	4.3%	3.9%	4.0%	3.4%
Expected return on plan assets	7.8%	4.8%	7.8%	4.8%	7.8%	5.7%	7.8%	5.8%
Rate of compensation increase	n/a	0.8%	n/a	0.8%	n/a	1.0%	n/a	1.1%

Defined Contribution Plans

We have post-retirement savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals (see "Plan Amendments" for additional information) were transitioned to an enhanced defined contribution plan. In these plans employees are allowed to contribute a portion of their salaries and bonuses to the plans, and we match a portion of the employee contributions. We recorded charges related to our defined contribution plans of $35 million in 2017 , $35 million in 2016 and $34 million in 2015 .

Note 12 - Income Taxes

Prior to the spin-off from Xerox Corporation, Conduent's operating results were included in various Xerox consolidated U.S. federal and state income tax returns, as well as non-U.S. tax filings. For the purposes of the Company's Consolidated and Combined Financial Statements for periods prior to the spin-off, income tax expense and deferred tax balances have been recorded as if the Company filed tax returns on a standalone basis, separate from Xerox. The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for fiscal 2016 and prior.

On December 22, 2017, the Tax Reform was enacted. The effects of changes in tax rates and laws are recognized in the period in which the new legislation is enacted. In the case of US federal income taxes, the enactment date is the date the bill becomes law. The income tax effects of the Tax Reform have been initially accounted for on a provisional basis pursuant to the SEC staff guidance on income taxes. Reasonable estimates for all material tax effects of the Tax Reform (other than amounts related to accounting policy elections) have been provided and adjustments to provisional amounts will be made in subsequent reporting periods as information becomes available to complete provisional computations. With respect to this legislation, we recorded a provisional tax benefit of $198 million , which included a $210 million tax benefit due to the re-measurement of deferred tax assets and liabilities resulting from the decrease in the corporate U.S. federal income tax rate from 35% to 21% , and $12 million as a one-time-charge on the transition tax for Post-1986 undistributed and not previously taxed foreign earnings and profits. The impacts of Tax Reform on our 2017 Consolidated Financial Statements are provisional, and could change during 2018 as we further evaluate the impacts of the Tax Reform. The Company has provisionally adopted the policy of treating the Global Intangible Low Taxed Income (GILTI) regime as a period cost. The GILTI regime enacted as part of Tax Reform subjects certain post 2017 foreign earnings (i.e. amounts in excess of deemed return on net tangible assets of non-US subsidiaries) to US tax. In January 2018, the FASB released guidance on the accounting for tax on GILTI. The guidance indicates that either accounting for deferred taxes on GILTI or treating GILTI as a period cost are both acceptable accounting elections.

(Loss) income before income taxes (pre-tax (loss) income) was as follows:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Domestic loss	$ (91)	$ (1,329)	$ (654)
Foreign income	75	102	80
Loss Before Income Taxes	$ (16)	$ (1,227)	$ (574)

(Benefit) provision for income taxes were as follows:

(in millions)	Year Ended December 31, 2017	2016	2015
Federal Income Taxes			
Current	$ 4	$ (116)	$ (130)
Deferred	(233)	(132)	(99)
Foreign Income Taxes			
Current	25	31	24
Deferred	(3)	(3)	6
State Income Taxes			
Current	8	1	(17)
Deferred	6	(25)	(22)
Total Benefit	$ (193)	$ (244)	$ (238)

A reconciliation of the U.S. federal statutory income tax rate to the consolidated effective income tax rate is as follows:

	Year Ended December 31, 2017	2016	2015
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Nondeductible expenses [1]	(155.9)%	(19.0)%	(1.3)%
Effect of tax law changes	1,282.4 %	— %	0.9 %
Change in valuation allowance for deferred tax assets	(39.5)%	0.1 %	(1.0)%
State taxes, net of federal benefit	1.2 %	1.8 %	4.2 %
Audit and other tax return adjustments	— %	1.4 %	0.1 %
Tax-exempt income, credits and incentives	38.9 %	0.7 %	0.7 %
Foreign rate differential adjusted for U.S. taxation of foreign profits [2]	47.7 %	0.7 %	2.4 %
Other	(3.5)%	(0.8)%	0.5 %
Effective Income Tax Rate	1,206.3 %	19.9 %	41.5 %

(1) In 2017, nondeductible expenses primarily related to the nondeductible portion of the goodwill and officers life insurance.
(2) The "U.S. taxation of foreign profits" represents the U.S. tax, net of foreign tax credits, associated with actual and deemed repatriations of earnings from our non-U.S. subsidiaries, except for transition tax, which is reported on the line Effect of tax law changes.

On a consolidated basis, we paid/(received) a total of $29 million , $(123) million and $194 million in income taxes to federal, foreign and state jurisdictions during the three years ended December 31, 2017 , 2016 and 2015 , respectively.

Total income tax expense (benefit) was allocated as follows:

(in millions)	Year Ended December 31, 2017	2016	2015
Pre-tax income	$ (193)	$ (244)	$ (238)
Discontinued operations [1]	3	—	81
Common shareholders' equity:			
Changes in defined benefit plans	—	8	2
Stock option and incentive plans, net	—	—	(6)
Total Income Tax Benefit	$ (190)	$ (236)	$ (161)

(1) Refer to Note 3 – Assets/Liabilities Held for Sale for additional information regarding discontinued operations.

Unrecognized Tax Benefits and Audit Resolutions

We recognize tax liabilities when, despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. Each period we assess uncertain tax positions for recognition, measurement and effective settlement. Benefits from uncertain tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Where we have determined that our tax return filing position does not satisfy the more-likely-than-not recognition threshold, we have recorded no tax benefits.

We are also subject to ongoing tax examinations in numerous jurisdictions due to the extensive geographical scope of our operations. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can increase or decrease our effective tax rate, as well as impact our operating results. The specific timing of when the resolution of each tax position will be reached is uncertain. As of December 31, 2017 , we do not believe that there are any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in millions)	2017	2016	2015
Balance at January 1	$ 14	$ 24	$ 32
Additions related to current year	—	1	3
Additions related to prior years positions	—	—	—
Reductions related to prior years positions	—	(5)	(10)
Settlements with taxing authorities [1]	—	(5)	—
Currency	1	(1)	(1)
Balance at December 31	$ 15	$ 14	$ 24

(1) 2016 settlement results in $5 million cash paid.

Included in the balances at December 31, 2017 , 2016 and 2015 are $0 , $0 and $8 million , respectively, of tax positions that are highly certain of realization but for which there is uncertainty about the timing. Because of the impact of deferred tax accounting, other than for the possible incurrence of interest and penalties, the disallowance of these positions would not affect the annual effective tax rate. In addition, for other uncertain tax positions, we maintain offsetting benefits from other jurisdictions of $16 million , $16 million and $14 million , at December 31, 2017 , 2016 and 2015 , respectively.

We recognized interest and penalties accrued on unrecognized tax benefits, as well as interest received from favorable settlements within income tax expense. We had $6 million , $4 million and $14 million accrued for the payment of interest and penalties associated with unrecognized tax benefits at December 31, 2017 , 2016 and 2015 , respectively.

In the U.S., we are no longer subject to U.S. federal income tax examinations for years before 2005. With respect to our major foreign jurisdictions, the years generally remain open back to 2006.

Deferred Income Taxes

The Company is in the position of having tax basis in excess of book basis in its U.S. investment in foreign subsidiaries. Nonetheless, the Company is indefinitely reinvesting its foreign subsidiaries' undistributed earnings of $253 million . For years after 2017, the Tax Reform does allow for certain earnings to be repatriated free from US Federal taxes. However, the repatriation of earnings could give rise to additional tax liabilities.

The tax effects of temporary differences that give rise to significant portions of the deferred taxes were as follows:

(in millions)	December 31, 2017	2016
Deferred Tax Assets		
Net operating losses	$ 41	$ 42
Operating reserves, accruals and deferrals	90	155
Deferred compensation	59	101
Pension	15	18
Other	45	44
Subtotal	250	360
Valuation allowance	(35)	(24)
Total	$ 215	$ 336
Deferred Tax Liabilities		
Unearned income	$ 134	$ 217
Intangibles and goodwill	413	680
Depreciation	10	15
Other	25	29
Total	$ 582	$ 941
Total Deferred Taxes, Net	$ (367)	$ (605)

The deferred tax assets for the respective periods were assessed for recoverability and, where applicable, a valuation allowance was recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. The net change in the total valuation allowance for the years ended December 31, 2017 and 2016 was an increase of $11 million and a decrease of $14 million , respectively. The valuation allowance relates primarily to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

Although realization is not assured, we have concluded that it is more-likely-than-not that the deferred tax assets, for which a valuation allowance was determined to be unnecessary, will be realized in the ordinary course of operations based on the available positive and negative evidence, including scheduling of deferred tax liabilities and projected income from operating activities. The amount of the net deferred tax assets considered realizable, however, could be reduced in the near term if actual future income or income tax rates are lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

At December 31, 2017 , we had tax credit carryforwards of $27 million available to offset future income taxes which will expire between 2018 and 2037 if not utilized. We also had net operating loss carryforwards for income tax purposes of $422 million that will expire between 2018 and 2037, if not utilized; and $43 million available to offset future taxable income indefinitely.

Note 13 – Contingencies and Litigation

As more fully discussed below, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, this could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. We believe that we have recorded adequate provisions for any such matters as of December 31, 2017 . Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters and such outcome in any such matter could be in excess of any amounts accrued and could be material to our results of operations, cash flows or financial position in any reporting period.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and nonconsolidated affiliates when we undertake an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the consolidated financial position or liquidity. As of December 31, 2017 , we have accrued our estimate of liability incurred under our indemnification arrangements and guarantees.

Litigation Against the Company

State of Texas v. Xerox Corporation, Xerox State Healthcare, LLC, and ACS State Healthcare, LLC: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the “State”), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Xerox Corporation, Xerox State Healthcare, LLC and ACS State Healthcare (collectively, the "Xerox Defendants") violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services (“HHSC”). The State alleges that the Xerox Defendants made false representations of material facts regarding the processes, procedures, implementation and results regarding the prior authorization of orthodontic claims. The State seeks recovery of amounts paid for orthodontic treatment under the Texas Medicaid program for the period from approximately 2004 to 2012, three times the amount of the payments made as a result of the alleged unlawful acts, civil penalties, pre- and post-judgment interest and all costs and attorneys’ fees. The Xerox Defendants filed their Answer in June, 2014 denying all allegations. A trial date is scheduled for November, 2018. During the first quarter of 2018, the State notified the Xerox Defendants in the litigation discovery process that its claim is in excess of two billion dollars based primarily on the assertion of treble damages and civil penalties per illegal act for almost two hundred thousand purported illegal acts. The Xerox Defendants will forcefully contest this assertion and continue to vigorously defend themselves in this matter. We are not able to determine or predict the ultimate outcome of this proceeding or to estimate any reasonably possible loss or range of losses, if any, in excess of the thirty-eight million dollars we have already accrued. In the course of litigation, we periodically engage in discussions with the State's counsel for possible resolution of the matter. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement for a significant amount, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment or settlement occurs.

Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC ("Buck"), a wholly-owned subsidiary of Conduent, for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association ("StanCERA"). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck's valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court's ruling and remanded the case back to the trial court. Buck will continue to aggressively defend these lawsuits. We are not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome or loss, if any.

Conduent Business Services, LLC v. Cognizant Business Services, LLC: On April 12, 2017, Conduent Business Services LLC ("Conduent") filed a lawsuit against Cognizant Business Services Corporation ("Cognizant") in the Supreme Court of New York County, New York. The lawsuit relates to the Amended and Restated Master Outsourcing Services Agreement effective as of October 24, 2012, and the service delivery contracts and work orders thereunder, between Conduent and Cognizant, as amended and supplemented (the "Contract"). The Contract contains certain minimum purchase obligations by Conduent through the date of expiration. The lawsuit alleges that Cognizant committed multiple breaches of the Contract, including Cognizant's failure to properly perform its obligations as subcontractor to Conduent under Conduent's contract with the New York Department of Health to provide a Medicaid Management Information Systems (the "NY MMIS Contract"). In the lawsuit, Conduent seeks damages in excess of one hundred fifty million dollars . During the first quarter of 2018, Conduent provided notice to Cognizant that it was terminating the Contract for cause and will be recording in that period certain charges associated with the termination. Cognizant has asserted counterclaims against Conduent in the lawsuit seeking damages in excess of twenty-two million dollars . Conduent has responded to Cognizant's counterclaims by denying the allegations. Conduent will continue to vigorously defend itself against the counterclaims but we are not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome.

Other Matters:

On January 5, 2016, the Consumer Financial Protection Bureau (the "CFPB") notified Xerox Education Services, Inc. (XES) that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise (NORA) process, the CFPB's Office of Enforcement is considering recommending that the CFPB take legal action against XES, alleging that XES violated the Consumer Financial Protection Act's prohibition of unfair practices. Should the CFPB commence an action, it may seek restitution, civil monetary penalties, injunctive relief or other corrective action. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action is recommended or commenced. This notice stems from an inquiry that commenced in 2014 when XES received and responded to a Civil Investigative Demand containing a broad request for information. During this process, XES self-disclosed to the Department of Education and the CFPB certain adjustments of which it had become aware that had not been timely made relating to its servicing of a small percentage of third-party student loans under outsourcing arrangements for various financial institutions. The CFPB and the Department of Education, as well as certain states' attorney general offices and other regulatory agencies, began similar reviews. XES has cooperated and continues to fully cooperate with all regulatory agencies, and XES has submitted its NORA response. We cannot provide assurance that the CFPB or another party will not ultimately commence a legal action against XES in this matter nor are we able to predict the likely outcome of the investigations into this matter or reasonably provide an estimate or range of estimate of possible outcome or loss, if any. We could in future periods incur judgments or enter into settlements in connection with this matter and there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Guarantees, Indemnifications and Warranty Liabilities

Indemnifications Provided as Part of Contracts and Agreements

Acquisitions/Divestitures:

We have indemnified, subject to certain deductibles and limits, the purchasers of businesses or divested assets for the occurrence of specified events under certain of our divestiture agreements. In addition, we customarily agree to hold the other party harmless against losses arising from a breach of representations and covenants, including such matters as adequate title to assets sold, intellectual property rights, specified environmental matters and certain income taxes arising prior to the date of acquisition. Where appropriate, an obligation for such indemnifications is recorded as a liability at the time of the acquisition or divestiture. Since the obligated amounts of these types of indemnifications are often not explicitly stated or are contingent on the occurrence of future events, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not historically made significant payments for these indemnifications. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing. We have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

Other Agreements:

We are also party to the following types of agreements pursuant to which we may be obligated to indemnify the other party with respect to certain matters:

- Guarantees on behalf of our subsidiaries with respect to real estate leases. These lease guarantees may remain in effect subsequent to the sale of the subsidiary.
- Agreements to indemnify various service providers, trustees and bank agents from any third-party claims related to their performance on our behalf, with the exception of claims that result from the third-party's own willful misconduct or gross negligence.
- Guarantees of our performance in certain services contracts to our customers and indirectly the performance of third parties with whom we have subcontracted for their services. This includes indemnifications to customers for losses that may be sustained as a result of our performance of services at a customer's location.

In each of these circumstances, our payment is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract and such procedures also typically allow us to challenge the other party's claims. In the case of lease guarantees, we may contest the liabilities asserted under the lease. Further, our obligations under these agreements and guarantees may be limited in terms of time and/or amount, and in some instances, we may have recourse against third parties for certain payments we made.

Also in December 2017, a customer released our former parent company from a performance guarantee for a service contract resulting in a release of escrow funds of $15 million to the Company.

Intellectual Property Indemnifications

We do not own most of the software that we use to run our business. Instead, we license this software from a small number of primary vendors. We indemnify certain software providers against claims that may arise as a result of our use or our subsidiaries', customers' or resellers' use of their software in our services and solutions. These indemnities usually do not include limits on the claims, provided the claim is made pursuant to the procedures required in the services contract.

Indemnification of Officers and Directors

Our corporate by-laws require that, except to the extent expressly prohibited by law, we must indemnify our officers and directors against judgments, fines, penalties and amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred in connection with civil or criminal action or proceedings or any appeal, as it relates to their services to our Company and our subsidiaries. Although the by-laws provide no limit on the amount of indemnification, we may have recourse against our insurance carriers for certain payments made by us. However, certain indemnification payments (such as those related to "clawback" provisions in certain compensation arrangements) may not be covered under our directors' and officers' insurance coverage. We also indemnify certain fiduciaries of our employee benefit plans for liabilities incurred in their service as fiduciary whether or not they are officers of the Company. Finally, in connection with our acquisition of businesses, we may become contractually obligated to indemnify certain former and current directors, officers and employees of those businesses in accordance with pre-acquisition by-laws or indemnification agreements or applicable state law.

Other Contingencies

Certain contracts, primarily in our Public Sector segment, require us to provide a surety bond or a letter of credit as a guarantee of performance. As of December 31, 2017 , we had $576 million for outstanding surety and bid bonds used to secure our performance of contractual obligations with our clients, and we had $256 million of outstanding letters of credit issued to secure our performance of contractual obligations to our clients as well as other corporate obligations.

In general, we would only be liable for the amount of these guarantees in the event of default in our performance of our obligations under each contract. We believe we have sufficient capacity in the surety markets and liquidity from our cash flow and our various credit arrangements (including our Credit Facility) to allow us to respond to future requests for proposals that require such credit support.

We have service arrangements where we service third-party student loans in the Federal Family Education Loan program (FFEL) on behalf of various financial institutions. We service these loans for investors under outsourcing arrangements and do not acquire any servicing rights that are transferable by us to a third-party. At December 31, 2017 , we serviced a FFEL portfolio of loans with an outstanding principal balance of approximately $ 5.2 billion . Some servicing agreements contain provisions that, under certain circumstances, require us to purchase the loans from the investor if the loan guaranty has been permanently terminated as a result of a loan default caused by our servicing error. If defaults caused by us are cured during an initial period, any obligation we may have to purchase these loans expires. Loans that we purchase may be subsequently cured, the guaranty reinstated and the loans repackaged for sale to third parties. We evaluate our exposure under our purchase obligations on defaulted loans and establish a reserve for potential losses. The reserve is evaluated periodically and adjusted based upon management’s analysis of the historical performance of the defaulted loans. As of December 31, 2017 , other current liabilities include reserves of approximately $1 million , which we believe to be adequate. In addition to potential purchase obligations arising from servicing errors, various laws and regulations applicable to student loan borrowers could give rise to fines, penalties and other liabilities associated with loan servicing errors.

Note 14 - Preferred Stock

Series A Preferred Stock

In connection with the December 31, 2016 spin-off from Xerox Corporation, we issued 120 thousand shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $120 million and an initial fair value of $142 million . The convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($9.6 million per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393 thousand shares (reflecting an initial conversion price of approximately $22.250 per share of common stock), subject to customary anti-dilution adjustments.

If the closing price of our common stock exceeds 137% of the initial conversion price for 20 out of 30 trading days, we have the right to cause any or all of the convertible preferred stock to be converted into shares of common stock at the then applicable conversion rate. The convertible preferred stock is also convertible, at the option of the holder, upon a change in control, at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for our common stock upon such change in control. In addition, upon the occurrence of certain fundamental change events, including a change in control or the delisting of Conduent's common stock, the holder of convertible preferred stock has the right to require us to redeem any or all of the convertible preferred stock in cash at a redemption price per share equal to the liquidation preference and any accrued and unpaid dividends to, but not including, the redemption date. As a result of the contingent redemption feature, the convertible preferred stock is classified as temporary equity and reflected separately from permanent equity in the Consolidated Balance Sheets.

Note 15 – Shareholders' Equity

Preferred Stock

As of December 31, 2017 , we had one class of preferred stock outstanding. See Note 14 – Preferred Stock for further information. We are authorized to issue approximately 100 million shares of cumulative preferred stock at $0.01 par value per share.

Common Stock

We have 1 billion authorized shares of common stock at $0.01 par value per share. At December 31, 2017 , 15 million shares were reserved for issuance under our incentive compensation plans and 5.4 million shares were reserved for conversion of the Series A convertible preferred stock.

Stock Compensation Plans

Certain of our employees participate in a long-term incentive plan. Our long-term incentive plan authorizes the issuance of restricted stock units / shares (RSU), performance stock units / share (PSU) and non-qualified stock options to employees. All awards for these plans prior to 2017, were made in Xerox stock and therefore converted into Conduent stock effective upon the Separation. Using a formula designed to preserve the value of the award immediately prior to the Separation, all of these awards will be settled and are reflected in Conduent's Consolidated Statements of Stockholders' Equity. Stock-based compensation expense includes expense based on the awards and terms previously granted to the employees.

Stock-based compensation expense was as follows:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Stock-based compensation expense, pre-tax	$ 42	$ 23	$ 19
Income tax benefit recognized in earnings	17	9	7

Restricted Stock Units / Shares Compensation expense is based upon the grant date market price. The compensation expense is recorded over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest.

Performance Stock Units / Shares: The Company granted PSUs that vest contingent upon its achievement of certain specified financial performance criteria over a three -year period. If the three -year actual results exceed the stated targets, then the plan participants have the potential to earn additional shares of common stock, which cannot exceed 100% of the original grant.

The fair value of PSUs is based upon the market price of Conduent's common stock on the date of the grant and then converted to Conduent's common stock upon the Separation. Compensation expense is recognized over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest. If the stated targets are not met, any recognized compensation cost would be reversed.

Employee Stock Options: Stock options were issued by a former parent company and were converted to Conduent's common stock upon the Separation. These options generally expire within the next two years. Other than these options, Conduent has not issued any new stock options.

Summary of Stock-based Compensation Activity

(shares in thousands)	2017 Shares	2017 Weighted Average Grant Date Fair Value	2016 Shares	2016 Weighted Average Grant Date Fair Value	2015 Shares	2015 Weighted Average Grant Date Fair Value
Restricted Stock Units / Shares						
Outstanding at January 1	1,961	$ 13.99	782	$ 11.70	3,422	$ 8.47
Granted	1,988	16.75	2,602	9.61	260	11.86
Vested	(215)	19.98	(119)	9.43	(2,768)	7.83
Canceled	(609)	15.88	(121)	10.55	(132)	9.52
Impact of spin-off [1]	—	n/a	(1,183)	n/a	—	n/a
Outstanding at December 31	3,125	16.29	1,961	13.99	782	11.70
Performance Stock Units / Shares						
Outstanding at January 1	4,926	$ 13.99	7,522	$ 11.57	5,771	$ 11.68
Granted	3,933	16.76	1,850	9.35	3,583	10.68
Vested	(1,696)	19.67	—	—	(610)	7.88
Canceled	(1,734)	17.46	(1,478)	11.96	(1,222)	11.36
Impact of spin-off [1]	—	n/a	(2,968)	n/a	—	n/a
Outstanding at December 31	5,429	16.55	4,926	13.99	7,522	11.57

(1) Stock-based compensation was converted from former parent stock into Conduent common stock at spin-off.

The Company issued 77 thousand Deferred Stock Units (DSU) to non-employee members of the Board of Directors. These DSUs are fully vested and will be issued when the directors leave the Board.

The Company has 348 thousand stock options outstanding as of December 31, 2017 at strike prices ranging from $10.15 to $11.38 . These stock options are fully vested and exercisable.

The total unrecognized compensation cost related to non-vested stock-based awards at December 31, 2017 was as follows (in millions) :

Awards	Unrecognized Compensation	Remaining Weighted-Average Vesting Period (Years)
Restricted Stock Units / Shares	$ 27	1.9
Performance Stock Units / Shares	30	1.6
Total	$ 57	

The aggregate intrinsic value of outstanding RSUs and PSs awards was as follows (in millions) :

Awards	December 31, 2017
Restricted Stock Units / Shares	$ 50
Performance Stock Units / Shares	88

Information related to stock options outstanding and exercisable at December 31, 2017 was as follows:

(in millions)	Options	
	Outstanding	Exercisable
Aggregate intrinsic value	$ 6	$ 6
Weighted-average remaining contractual life (years)	1.3	1.3

The total intrinsic value and actual tax benefit realized for vested and exercised stock-based awards were as follows:

(in millions)	December 31, 2017			December 31, 2016			December 31, 2015		
Awards	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit
Restricted Stock Units / Shares	$ 3	$ —	$ 1	$ 1	$ —	$ —	$ 30	$ —	$ 11
Performance Stock Units / Shares	25	—	10	—	—	—	7	—	2
Stock Options	3	6	1	3	9	1	14	19	5

Note 16 – Other Comprehensive Income (Loss)

Other Comprehensive Loss is comprised of the following:

	Year Ended December 31,					
	2017		2016		2015	
(in millions)	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Gains (Losses)	$ 35	$ 35	$ (135)	$ (135)	$ (60)	$ (60)
Unrealized Gains (Losses):						
Changes in fair value of cash flow hedges gains (losses)	1	1	(2)	(1)	(4)	(2)
Changes in cash flow hedges reclassed to earnings [1]	2	1	2	1	5	3
Net Unrealized Gains (Losses)	3	2	—	—	1	1
Defined Benefit Plans Gains (Losses)						
Net actuarial/prior service gains (losses)	(5)	(4)	(31)	(23)	5	4
Actuarial loss amortization/settlement [2]	2	2	1	1	2	2
Other gains (losses) [3]	(4)	(3)	3	2	2	1
Changes in Defined Benefit Plans Gains (Losses)	(7)	(5)	(27)	(20)	9	7
Other Comprehensive Income (Loss)	$ 31	$ 32	$ (162)	$ (155)	$ (50)	$ (52)

(1) Reclassified to Cost of sales - refer to Note 9 – Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 11 – Employee Benefit Plans for additional information.
(3) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	December 31,		
(in millions)	2017	2016	2015
Cumulative translation adjustments [1]	$ (437)	$ (472)	$ (147)
Other unrealized losses, net	1	(1)	(1)
Benefit plans net actuarial losses and prior service credits	(58)	(53)	(33)
Total Accumulated Other Comprehensive Loss	$ (494)	$ (526)	$ (181)

(1) 2016 includes $190 million of AOCL transferred from former parent as part of the spin-off.

Note 17 – Earnings per Share

We did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

	Year Ended December 31,		
(in millions, shares in thousands)	2017	2016	2015
Basic Earnings (Loss) per Share:			
Net income (loss) from continuing operations attributable to Conduent	$ 177	$ (983)	$ (336)
Accrued dividends on preferred stock	(10)	—	—
Adjusted Net Income (Loss) From Continuing Operations Available to Common Shareholders	167	(983)	(336)
Net income (loss) from discontinued operations attributable to Conduent	4	—	(78)
Adjusted Net Income (Loss) Available to Common Shareholders	$ 171	$ (983)	$ (414)
Weighted-average common shares outstanding	204,007	202,875	202,875
Basic Earnings (Loss) per Share:			
Continuing operations	$ 0.82	$ (4.85)	$ (1.65)
Discontinued operations	0.02	—	(0.39)
Basic Earnings (Loss) per Share	$ 0.84	$ (4.85)	$ (2.04)
Diluted Earnings (Loss) per Share:			
Net income (loss) from continuing operations attributable to Conduent	$ 177	$ (983)	$ (336)
Accrued dividends on preferred stock	(10)	—	—
Adjusted Net Income (Loss) From Continuing Operations Available to Common Shareholders	167	(983)	(336)
Net income (loss) from discontinued operations attributable to Conduent	4	—	(78)
Adjusted Net Income (Loss) Available to Common Shareholders	$ 171	$ (983)	$ (414)
Weighted-average common shares outstanding	204,007	202,875	202,875
Common shares issuable with respect to:			
Stock options	195	—	—
Restricted stock and performance units / shares	2,491	—	—
Convertible preferred stock	—	—	—
Adjusted Weighted Average Common Shares Outstanding	206,693	202,875	202,875
Diluted Earnings (Loss) per Share:			
Continuing operations	$ 0.81	$ (4.85)	$ (1.65)
Discontinued operations	0.02	—	(0.39)
Diluted Earnings (Loss) per Share	$ 0.83	$ (4.85)	$ (2.04)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):			
Stock Options	—	857	—
Restricted stock and performance shares	2,568	5,719	—
Convertible preferred stock	5,393	5,393	—
Total Securities	7,961	11,969	—

Note 18 – Related Party Transactions and Former Parent Company Investment

Allocation of Corporate Expenses

The Consolidated Statements of Income (Loss), Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statements of Cash Flows for the years ended December 31, 2016 and 2015 include an allocation of general corporate expenses from Xerox, the Company's former parent. The financial information in these Consolidated Financial Statements does not necessarily include all the expenses that would have been incurred or held had we been a separate, standalone company and it is not practicable to estimate actual costs that would have been incurred had we been a separate, standalone company during the periods presented. Management considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided. Allocations for management costs and corporate support services provided totaled $165 million and $170 million for the years ended December 31, 2016 and 2015, respectively. These amounts include costs for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology and other shared services. Where possible, these costs were allocated based on direct usage, with the remainder allocated on a basis of costs, headcount and/or other measures we have determined as reasonable.

	Year Ended December 31,	
(in millions)	2016	2015
Research and development	$ 25	$ 43
Selling, general and administrative	140	127
Total Allocated Corporate Expenses	$ 165	$ 170

Final Cash Allocation To Former Parent

In January 2017, in connection with the Separation, we paid Xerox $161 million for settlement of the management and support services received.

The components of Net transfers to former parent and the reconciliation to the corresponding amount presented on the Consolidated Statements of Cash Flows are as follows:

	Year Ended December 31,	
(in millions)	2016	2015
Cash pooling and general financing activities	$ (466)	$ (396)
Corporate cost allocations	165	170
Income taxes	(157)	168
Divestitures and acquisitions, net	54	(742)
Capitalization of related party notes payable	—	1,017
Total net transfers (to) from former parent	(404)	217
Stock-based compensation	(23)	(19)
Capitalization of related party notes payable	—	(1,017)
Net payments on notes payable with former parent company	(1,132)	(91)
Other, net	(161)	147
Total Net payments to former parent company per Consolidated Statements of Cash Flows	$ (1,720)	$ (763)

Related Party Notes Receivable/Payable

Certain operating units of the Company had various interest bearing notes under contractual agreements to and from Xerox Corporation and other related parties. The purpose of these notes was to provide funds for certain working capital or other capital and operating requirements of the business. Net interest expense on these notes with related party companies was recorded net in Related Party Interest in the Consolidated Statements of Income (Loss) and was $26 million and $61 million for the years ended December 31, 2016 and 2015, respectively. These notes had fixed interest rates that ranged from 1% to 8% . The balances were settled as part of the Separation transaction.

Related Party Revenue and Purchases

We provide various services to Xerox Corporation, including those related to human resources, accounting and finance and customer care, which are reported as Related party revenue in the Consolidated Statements of Income (Loss). The costs related to these services are reported as Related party cost of services in the Consolidated Statements of Income (Loss).

We also leased equipment and received related services, supplies and parts, from Xerox and Xerox subsidiaries in the amount of $21 million and $24 million , for the years ended December 31, 2016 and 2015, respectively. The costs related to these services, supplies and parts are reported in Cost of services and Selling, administrative and general expenses in the Consolidated Statements of Income (Loss).

Note 19 – Subsequent Events

In the first quarter of 2018, the Company will be moving the Health Enterprise business from the Other segment into the Public Sector segment. In addition, the Company plans to move the divested businesses' historical results to Other segment from both the Commercial Industries and the Public Sector segments.

See Note 13 – Contingencies and Litigation as it relates to the termination of the Cognizant agreement.

QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(in millions, except per-share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2017					
Revenues	$ 1,553	$ 1,496	$ 1,480	$ 1,493	$ 6,022
Costs and Expenses	1,575	1,507	1,467	1,489	6,038
(Loss) Income before Income Taxes	(22)	(11)	13	4	(16)
Income tax (benefit) expense	(12)	(7)	30	(204)	(193)
(Loss) Income from Continuing Operations	(10)	(4)	(17)	208	177
Income from discontinued operations, net of tax	4	—	—	—	4
Net (Loss) Income	$ (6)	$ (4)	$ (17)	$ 208	$ 181
Basic Earnings (Loss) per Share [1]:					
Continuing operations	$ (0.06)	$ (0.03)	$ (0.09)	$ 1.00	$ 0.82
Discontinued operations	0.02	—	—	—	0.02
Total Basic (Loss) Earnings per Share:	$ (0.04)	$ (0.03)	$ (0.09)	$ 1.00	$ 0.84
Diluted Earnings (Loss) per Share [1]:					
Continuing operations	$ (0.06)	$ (0.03)	$ (0.09)	$ 0.98	$ 0.81
Discontinued operations	0.02	—	—	—	0.02
Total Diluted (Loss) Earnings per Share	$ (0.04)	$ (0.03)	$ (0.09)	$ 0.98	$ 0.83
2016					
Revenues	$ 1,685	$ 1,613	$ 1,596	$ 1,514	$ 6,408
Costs and Expenses	1,739	1,647	1,594	2,655	7,635
(Loss) Income before Income Taxes	(54)	(34)	2	(1,141)	(1,227)
Income tax (benefit) expense	(31)	(24)	1	(190)	(244)
(Loss) Income from Continuing Operations	(23)	(10)	1	(951)	(983)
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net (Loss) Income	$ (23)	$ (10)	$ 1	$ (951)	$ (983)
Basic Earnings (Loss) per Share [1]:					
Continuing operations	$ (0.12)	$ (0.05)	$ 0.01	$ (4.69)	$ (4.85)
Total Basic (Loss) Earnings per Share:	$ (0.12)	$ (0.05)	$ 0.01	$ (4.69)	$ (4.85)
Diluted Earnings (Loss) per Share [1]:					
Continuing operations	$ (0.12)	$ (0.05)	$ 0.01	$ (4.69)	$ (4.85)
Total Diluted (Loss) Earnings per Share	$ (0.12)	$ (0.05)	$ 0.01	$ (4.69)	$ (4.85)

(1) The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent registered public accountants, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent registered public accountants. The independent registered public accountants and internal auditors have access to the Audit Committee.

Disclosure Controls and Procedures

The Company’s management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of December 31, 2017 , the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Conduent Incorporated, including our consolidated subsidiaries, and was accumulated and communicated to the Company’s management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our principal executive officer, principal financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017 .

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Part II, Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding directors is incorporated herein by reference to the section entitled “Proposal 1 - Election of Directors” in our definitive Proxy Statement (2018 Proxy Statement) to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, for our 2018 Annual Meeting of Stockholders. The Proxy Statement will be filed within 120 days after the end of our fiscal year ended December 31, 2017 .

The information regarding compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated herein by reference to the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” of our 2018 Proxy Statement.

The information regarding the Audit Committee, its members and the Audit Committee financial experts is incorporated by reference herein from the subsection entitled “Committee Functions, Membership and Meetings” in the section entitled “Proposal 1 - Election of Directors” in our 2018 Proxy Statement.

We have adopted a code of ethics applicable to our principal executive officer, principal financial officer and principal accounting officer. The Finance Code of Conduct can be found on our website at: http://www.conduent.com/investor and then clicking on Corporate Governance. Information concerning our Finance Code of Conduct can be found under "Corporate Governance" in our 2018 Proxy Statement and is incorporated here by reference.

Executive Officers of Conduent

The following is a list of the executive officers of Conduent, their current ages, their present positions and the year appointed to their present positions.

Each officer is elected to hold office until the meeting of the Board of Directors held on the day of the next annual meeting of shareholders, subject to the provisions of the By-Laws.

Name	Age	Present Position	Year Appointed to Present Position	Conduent Officer Since
Ashok Vemuri*	49	Chief Executive Officer	2017	2017
David Amoriell	61	Executive Vice President & President, Public Sector	2017	2017
Allan Cohen	48	Vice President & Chief Accounting Officer	2017	2017
Jeffrey Friedel	56	Executive Vice President & Chief People Officer	2017	2017
James Michael Peffer	56	Executive Vice President, General Counsel & Secretary	2017	2017
Brian J. Webb-Walsh	42	Executive Vice President & Chief Financial Officer	2017	2017

* Member of Conduent Board of Directors

Each of the officers named above has been an officer or an executive of Conduent or its subsidiaries for less than five years.

Mr. Vemuri served as Chief Executive Officer of Xerox Business Services, LLC and an Executive Vice President of Xerox Corporation since July 2016. Mr. Vemuri previously was President, Chief Executive Officer and a member of the Board of Directors of IGATE Corporation. Prior to IGATE, Mr. Vemuri spent 14 years at Infosys Limited, a multinational consulting and IT services company, in a variety of leadership and business development roles.

Mr. Amoriell served as the chief operating officer of the Public Sector Business Group for Xerox Services. He was named to that position in June 2014 and appointed a corporate vice president of Xerox in February 2012. Prior to that, Mr. Amoriell was the chief operating officer for the Government & Transportation Sector of Xerox Services.

Prior to joining Conduent, Mr. Cohen served as Senior Vice President and Controller of NBC Universal since 2011. Mr Cohen also previously served as Vice President, Assistant Controller at Time Warner, Professional Accounting Fellow in the Division of Corporate Finance at the Securities and Exchange Commission and Senior Manager at PriceWaterhouseCoopers.

Prior to joining Conduent, Mr. Friedel served as Vice President and Head of the Office of Integrity and Compliance at Infosys Limited from January 2016 to September 2016, a global leader in technology services and consulting, where he oversaw SEC compliance, internal investigations, code of conduct, whistleblower, and anti-bribery and export regulations. Mr. Friedel has also previously served as Senior Vice President and General Counsel at IGATE Corporation from June 2014 to December 2015, an IT services and business process outsourcing company which was acquired by CapGemini. Prior to June 2014, Mr. Friedel held a variety of leadership roles at Infosys Limited.

Mr. Peffer served as Vice President, General Counsel and Secretary for Xerox Corporation from August 2016 to December 2016. Prior to this, Mr. Peffer served as Associate General Counsel of Xerox Corporation and Executive Vice President of Xerox Business Services, LLC. since 2010. Prior to 2010, Mr. Peffer was Senior Vice President and Deputy General Counsel of ACS from May 2009.

Mr. Webb-Walsh served as the Chief Financial Officer of Xerox Services since January 2016. Prior to this, Mr. Webb-Walsh was Senior Vice President of Finance for the Government Healthcare Group and the Platform Development and Systems Integration Group of Xerox Services. Mr. Webb-Walsh joined Xerox Corporation in 1997 and has held a variety of leadership positions.

ITEM 11. EXECUTIVE COMPENSATION

The information included under the following captions under “Proposal 1 - Election of Directors” in our 2018 Proxy Statement is incorporated herein by reference: “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Grants of Plan-Based Awards in 2017”, “Outstanding Equity Awards at 2017 Fiscal Year-End”, “Option Exercises and Stock Vested in 2017”, “Pension Benefits for the 2017 Fiscal Year”, “Nonqualified Deferred Compensation for the 2017 Fiscal Year”, “Potential Payments upon Termination or Change in Control”, “Summary of Director Annual Compensation, "Compensation Committee Interlocks and Insider Participation” and “Compensation Committee”. The information included under the heading “Compensation Committee Report” in our 2018 Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act of 1934, as amended.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans is incorporated herein by reference to the subsections entitled “Ownership of Company Securities,” and “Equity Compensation Plan Information” under “Proposal 1 - Election of Directors” in our 2018 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions is incorporated herein by reference to the subsection entitled “Certain Relationships and Related Person Transactions” under “Proposal 1 - Election of Directors” in our 2018 Proxy Statement. The information regarding director independence is incorporated herein by reference to the subsections entitled “Corporate Governance” and “Director Independence” in the section entitled “Proposal 1 - Election of Directors” in our 2018 Proxy Statement.

ITEM 14. PRINCIPAL AUDITOR FEES AND SERVICES

The information regarding principal auditor fees and services is incorporated herein by reference to the section entitled “Proposal 2 - Ratification of Election of Independent Registered Public Accounting Firm” in our 2018 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Index to Financial Statements and Financial Statement Schedule, incorporated by reference or filed as part of this report:

- Report of Independent Registered Public Accounting Firm including Report on Financial Statement Schedule;
- Consolidated Statements of Income (Loss) for each of the years in the three-year period ended December 31, 2017 ;
- Consolidated Statements of Comprehensive Income (Loss) for each of the years in the three-year period ended December 31, 2017 ;
- Consolidated Balance Sheets as of December 31, 2017 and 2016 ;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2017 ;
- Consolidated Statements of Shareholders' Equity for each of the years in the three-year period ended December 31, 2017 ;
- Notes to the Consolidated Financial Statements;
- Schedule II - Valuation and Qualifying Accounts for the three years ended December 31, 2017 ; and
- All other schedules are omitted as they are not applicable, or the information required is included in the financial statements or notes thereto.

(2) Supplementary Data:

- Quarterly Results of Operations (unaudited).
- SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

For the three years ended December 31, 2017

(in millions)		Balance at beginning of period	Additions charged to expense [1]	Amounts (credited) charged to other income statement accounts [2]	Deductions and other, net of recoveries [3][4]	Balance at end of period
Allowance for Losses:						
2017	Accounts Receivable	$ 7	$ (1)	$ —	$ (4)	$ 2
2016	Accounts Receivable	6	4	—	(3)	7
2015	Accounts Receivable	6	4	—	(4)	6
Tax Valuation Allowance:						
2017	Tax Valuation	24	11	—	—	35
2016	Tax Valuation	38	—	—	(14)	24
2015	Tax Valuation	35	—	5	(2)	38

(1) Account Receivables: additions charged to expense represent bad debt provisions relate to estimated losses due to credit and similar collectibility issues.
(2) Account Receivables: Other charges (credits) relate to adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.
(3) Account Receivables: Deductions and other, net of recoveries primarily relates to receivable write-offs, but also includes the impact of foreign currency translation adjustments and recoveries of previously written off receivables.
(4) Tax Valuation: Reductions to tax valuation allowance are primarily related to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

(3) The exhibits listed below are filed or incorporated by reference are part of this Form 10-K.

Management contracts or compensatory plans or arrangements listed that are applicable to the executive officers named in the Summary Compensation Table which appears in Registrant's 2018 Proxy Statement or to our directors are preceded by an asterisk (*).

Exhibit No.	
2.1	Separation and Distribution Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
3.1	Restated Certificate of Incorporation of Registrant as of December 23, 2016.
	Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated December 23, 2016. (See SEC File Number 001-37817).
3.2	Amended and Restated By-Laws of Registrant as amended through December 31, 2016.
	Incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K dated December 23, 2016. (See SEC File Number 001-37817).
4.1	Indenture, dated as of December 7, 2016, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated December 9, 2016. (See SEC File Number 001-37817).
10.1(a)	Credit Agreement, dated as of December 7, 2016, among Conduent Incorporated, Xerox Business Services, LLC, Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated December 9, 2016. (See SEC File Number 001-37817).
10.1(b)	Amendment No. 1 to Credit Agreement, dated as of April 1, 2017, among Conduent Incorporated, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated April 11, 2017. (See SEC File Number 001-37817).
10.1(c)	Amendment No. 2 to Credit Agreement, dated as of October 10, 2017, among Conduent Incorporated, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated October 10, 2017. (See SEC File Number 001-37817).
10.1(d)	First Incremental Agreement, dated as of January 3, 2017, among JPMorgan Chase Bank, N.A., as Administrative Agent and Xerox Business Services, LLC.
	Incorporated by reference to Exhibit 10.1(b) to the Registrant's Annual Report on Form 10-K dated March 10, 2017, (See SEC File Number 001-37817).
10.3(a)	Transition Services Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(b)	Tax Matters Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(c)	Employee Matters Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(d)	Intellectual Property Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.

	Incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.3(e)	Trademark License Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.5 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.4(a)	Joinder Agreement to Agreement, dated December 31, 2016, among Conduent Incorporated, Xerox Corporation, Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn.
	Incorporated by reference to Exhibit 10.6 to Registrant's Current Report on Form 8-K dated January 3, 2017. (See SEC File Number 001-37817).
10.4(b)	Agreement, dated January 28, 2016, among Xerox Corporation, Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn.
	Incorporated by reference to Exhibit 10.6 to Registrant's Amendment No. 1 to Form 10 dated August 15, 2016. (See SEC File Number 001-37817).
10.5	Exchange Agreement dated October 27, 2016 by and among Darwin A. Deason, Conduent Incorporated and Xerox Corporation.
	Incorporated by reference to Exhibit 10.14 to Registrant's Amendment No. 5 to Form 10 dated October 28, 2016. (See SEC File Number 001-37817).
The management contracts or compensatory plans or arrangements listed below that are applicable to the executive officers named in the Summary Compensation Table which will appear in the Registrant's 2018 Proxy Statement or to our directors are preceded by an asterisk (*).	
*10.6(a)(i)	Registrant's Performance Incentive Plan dated as of December 15, 2016 ("PIP").
	Incorporated by reference to Exhibit 4.3 to Registrant's Registration Statement No. 333-215361 dated December 29, 2016. (See SEC File Number 001-37817).
*10.6(a)(ii)	Form of Restricted Stock Award Agreement under the PIP.
	Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated March 29, 2017. (See SEC File Number 001-37817).
*10.6(a)(iii)	Form of Performance Share Award Agreement (ELTIP) under the PIP.
	Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated March 29, 2017. (See SEC File Number 001-37817).
*10.6(a)(iv)	Form of Performance Share Award Agreement (SIG) under the PIP.
*10.6(a)(v)	Forms of Restricted Stock Unit Award Agreement 2017 under the PIP.
*10.6(a)(vi)	Forms of Performance Stock Unit Award Agreement 2017 under the PIP
	Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated March 29, 2017. (See SEC File Number 001-37817).
*10.6(b)(i)	Registrant's Equity Compensation Plan for Non-Employee Directors dated as of December 15, 2016 ("ECPNED").
	Incorporated by reference to Exhibit 4.4 to Registrant's Registration Statement No. 333-215361 dated December 29, 2016. (See SEC File Number 001-37817).
*10.6(b)(ii)	Form of Agreement under the ECPNED.
	Incorporated by reference to Exhibit 10.6(b)(ii) to the Registrant's Annual Report on From 10-K dated March 10, 2017. (See SEC File Number 001-37817).
*10.6.(c)	Registrant's Executive Change in Control Severance Plan dated as of April 25, 2017.
	Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated August 28, 2017. (See SEC File Number 001-37817).

*10.6(d)	Letter Agreement dated June 10, 2016 between Xerox Corporation and Ashok Vemuri regarding compensation arrangements.
	Incorporated by reference to Exhibit 99.2 to Xerox Corporation's Current Report on Form 8-K dated June 14, 2016. (See SEC File Number 001-04471).
*10.6(e)	Letter Agreement dated July 22, 2016 between Xerox Corporation and J. Michael Peffer regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.12 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(f)	Letter Agreement dated September 6, 2016 between Xerox Corporation and Brian Webb-Walsh regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.13 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(g)	Letter Agreement dated September 28, 2017 between Conduent Incorporated and Allan Cohen regarding compensation arrangements.
21.1	List of subsidiaries of Registrant.
23	Consent of PricewaterhouseCoopers LLP.
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.INS	XBRL Instance Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONDUENT INCORPORATED

/s/ A SHOK V EMURI

Ashok Vemuri
Chief Executive Officer
March 1, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

March 1, 2018

Signature	Title
Principal Executive Officer:	
/ s / A SHOK V EMURI **Ashok Vemuri**	Chief Executive Officer and Director
Principal Financial Officer:	
/ s / B RIAN W EBB -W ALSH **Brian Webb-Walsh**	Executive Vice President and Chief Financial Officer
Principal Accounting Officer:	
/ s / A LLAN C OHEN **Allan Cohen**	Vice President and Chief Accounting Officer
/ s / P AUL S. G ALANT **Paul S. Galant**	Director
/ s / J OIE A. G REGOR **Joie A. Gregor**	Director
/s/ V INCENT J. I NTRIERI **Vincent J. Intrieri**	Director
/ s / C OURTNEY M ATHER **Courtney Mather**	Director
/ s / M ICHAEL N EVIN **Michael Nevin**	Director
/ s / M ICHAEL A. N UTTER **Michael A. Nutter**	Director
/s/ W ILLIAM G. P ARRETT **William G. Parrett**	Director and Chairman of the Board
/ s / V IRGINIA M. W ILSON **Virginia M. Wilson**	Director

PERFORMANCE STOCK UNIT AWARD AGREEMENT PURSUANT TO CONDUENT INCORPORATED PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Conduent Incorporated, a New York corporation (the "Company"), dated as of the date that appears in the award summary that provides the number of Performance Stock Units and vesting provisions of the award (the "Award Summary"), in favor of the individual whose name appears on the Award Summary (the "Employee"), who is an employee of the Company, one of the Company's subsidiaries or one of its affiliates (the Company, or such subsidiary or affiliate, the "Employer").

In accordance with the provisions of the Conduent Performance Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO") has authorized the execution and delivery of this Agreement.

Terms used herein that are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the Company agrees as follows:

AWARDS

1. Award of Performance Stock Units . Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary Performance Stock Units (individually, a "PS") as shown on the Award Summary, representing the target number of shares of Common Stock covered by this Agreement (the "Target PSs"). Notwithstanding anything herein to the contrary, only active employees and those employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE PERFORMANCE STOCK UNITS

2. Entitlement to Shares . As soon as practicable on or after the Vesting Date (as defined below) (or such earlier date provided in Section 9) in connection with the PSs, the Company shall deliver to the Employee, in such manner as the Company shall determine, a number of shares of Common Stock equal to the number of vested PSs (subject to reduction for withholding of the Employee's taxes in relation to the award as described in Section 11) within 60 days following the Vesting Date (or, if earlier, a distribution event set forth in Section 9 that satisfies the requirements of Section 409A(a)(2) of the Code).

No fractional shares shall be issued pursuant to this Agreement. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes. Notwithstanding the foregoing, the Company shall be entitled to delay delivery of such shares of Common Stock (or cash payment in lieu thereof, as applicable) until it shall have received from the Employee a duly executed Form W-8 or W-9, as applicable, and any other information or completed forms the Company may reasonably require.

3. Vesting . Except as otherwise determined by the Committee in its sole discretion (subject to Section 23 of the Plan) or as otherwise provided in this Section 3 or Section 9, the vesting of the PSs covered hereby shall be subject to (i) the achievement of the performance goals as set forth in the Award Summary (the "Performance Goals") as determined by the Committee and (ii) the Employee's continued employment with the Company or a subsidiary or affiliate through the vesting date indicated on the Award Summary (the "Vesting Date"). In the event the achievement of the Performance Goals is "below threshold" level, then all of the PSs will be forfeited; in the event that achievement of the Performance Goals is between "threshold" and "target" level, then no less than 50% and no more than 100% of the Target PSs will vest; and in the event achievement of the Performance Goals is between "target" and "maximum" level, then no less than 100% and no more than 200% of the Target PSs will vest, in each case as set forth in the Award Summary and subject to the Employee's continued employment through the Vesting Date as described in clause (ii) of the immediately preceding sentence.

Upon the occurrence of an event constituting a Change in Control prior to the Vesting Date, notwithstanding anything to the contrary in Section 22(b) of the Plan, the Performance Goals shall be deemed achieved at target level, but thereafter the PSs, and any dividend equivalents with respect thereto, shall remain outstanding and thereafter the vesting of such PSs, and any dividend equivalents with respect thereto, shall be subject to the Employee's continued employment with the Company or a subsidiary or an affiliate through the Vesting Date, at which time such PSs shall be paid in cash in accordance with Section 22(f) of the Plan at the earliest time set forth in Section 22(c) of the Plan that will not trigger tax or penalty under Section 409A of the Code, as determined by the Committee; provided that such PSs, and any dividend equivalents with respect thereto, shall vest and shall be paid to the extent provided in Section 9 in the event of the Employee's termination of employment following such Change in Control and prior to the Vesting Date or in the event such Change in Control occurs following a termination of the Employee's employment. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

4. Dividend Equivalents. The Employee shall become entitled to receive from the Company on the Vesting Date (or such earlier date provided in Section 9) a cash payment equaling the same amount(s) that the holder of record of a number of shares of Common Stock equal to the number of vested PSs (if any) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the Vesting Date (or such earlier date provided in Section 9) as provided under Section 3. Payments under this Section shall be net of any required withholding taxes.

OTHER TERMS

5. Ownership Guidelines . Guidelines pertaining to the Employee's required ownership of Common Stock (the "Stock Ownership Guidelines") shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to the Employee in writing.

6. Holding Requirements . In the event of non-compliance with the Stock Ownership Guidelines under Section 5 hereof, following a five-year noncompliance period as described in the Stock Ownership Guidelines, the Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the vesting of PSs (net of withholding tax and any applicable fees) until the threshold set forth in the Stock Ownership Guidelines is satisfied. Such shares shall be held in the Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain the Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

7. Voting Rights/ Dividends . Except as otherwise provided herein, the Employee shall have no rights as a shareholder with respect to the PSs until the date of issuance of a stock certificate to him for such PSs and no adjustment shall be made for dividends or other rights for which the record date is prior to the date the PSs become vested.

8. Non-Assignability. Unless otherwise provided by the Committee in its discretion, PSs may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 11 of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of a PS in violation of the provisions of this Section 8 and Section 11 of the Plan shall be void.

9. Effect of Termination of Employment or Death .

(a) Effect on PSs. In the event the Employee

(i) voluntarily ceases to be an employee of the Employer for any reason other than (A) retirement or (B) following a Change in Control, Termination For Good Reason, the PSs that have not vested in accordance with Section 3 shall be canceled and forfeited on the date of such voluntary termination of employment;

(ii) involuntarily ceases to be an employee of the Employer prior to a Change in Control for any reason other than due to death, Disability or termination for Cause, the number of PSs covered by this Agreement, and any dividend equivalents with respect thereto, shall be prorated based on a fraction, the numerator of which is the number of full months elapsed during the three-year performance period prior to such termination of employment and the denominator of which is 36, and any remaining PSs shall be forfeited. The vesting of such prorated number of PSs, and any dividend equivalents with respect thereto, shall remain subject to the achievement of the Performance Goals in accordance with Section 3 and shall be settled within 60 days following the Vesting Date in accordance with Section 2. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided

that, to the extent such 60-day period straddles two calendar years, then such prorated number of PSs, and any dividend equivalents with respect thereto, shall settled in the second calendar year;

(iii) involuntarily ceases to be an employee of the Employer following a Change in Control for any reason other than due to death, Disability or termination for Cause, then the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), and any dividend equivalents with respect thereto, shall immediately vest (without proration based on the portion of the three-year performance period elapsed prior to such termination) and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided that, to the extent such 60-day period straddles two calendar years, then such PSs, and any dividend equivalents with respect thereto, shall be paid in cash in the second calendar year;

(iv) involuntarily ceases to be an employee of the Employer by reason of death or Disability, (1) the vesting of the PSs shall remain subject to the achievement of the Performance Goals in accordance with Section 3, if such termination of employment occurs prior to a Change in Control and shall be settled within 60 days following the Vesting Date in accordance with Section 2, and (2) if such termination of employment occurs following a Change in Control, then the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee, in either case without proration based on the portion of the three-year performance period elapsed prior to such termination;

(v) voluntarily ceases to be an employee of the Employer by reason of retirement (for purposes of this Agreement only, “retirement” for U.S. employees shall mean termination of employment at or above age 55 with 10 years of service or age 60 with 5 years of service), the PSs, and any dividend equivalents with respect thereto, shall be prorated based on a fraction, the numerator of which is the number of full months elapsed during the three-year performance period prior to such termination of employment and the denominator of which is 36, and any remaining PSs shall be forfeited. If such termination occurs prior to a Change in Control, the vesting of such prorated number of PSs, and any dividend equivalents with respect thereto, shall remain subject to the achievement of the Performance Goals in accordance with Section 3 and shall be settled within 60 days following the Vesting Date in accordance with Section 2. If such termination occurs following a Change in Control, the proration described in this Section 9(a)(v) shall be applied to the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), immediately following which such prorated number of PSs, and any dividend equivalents with respect thereto, shall vest and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. In each case, whether such termination of employment occurs prior to or following a Change of Control, such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided that, to the extent such 60-day period straddles two calendar years, then such prorated number of PSs, and any dividend equivalents with respect thereto, shall be settled or paid in cash, as applicable, in the second calendar year;

(vi) involuntarily ceases to be an employee of the Employer due to termination for Cause, the PSs shall, subject to any Plan provisions to the contrary, be cancelled and forfeited on the date of such termination of employment; and

(vii) voluntarily ceases to be an employee due to a Termination for Good Reason following a Change in Control, the PSs (the Performance Goals for which shall have been deemed achieved at target level, pursuant to Section 3), and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee, without proration based on the portion of the three-year performance period elapsed prior to such termination. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided that, to the extent such 60-

day period straddles two calendar years, then such PSs, and any dividend equivalents with respect thereto, shall be paid in cash in the second calendar year;

(b) Cause. "Cause" means (i) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company's Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests of the Employer; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(c) "Termination For Good Reason" has the meaning set forth in Section 22(a)(vi) of the Plan.

(d) "Disability" shall include cessation of active employment due to commencement of long-term disability under the Employer's long-term disability plan or under a disability policy of any subsidiary or Affiliate, as applicable; provided that a Disability shall not be deemed to have occurred for such purposes unless the circumstances would also result in a "disability" within the meaning of Section 409A of the Code.

10. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its discretion, that the listing, registration or qualification of any shares of Common Stock subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of the PSs or the issue or purchase of shares of Common Stock hereunder, the certificates for shares of Common Stock may not be issued in respect of PSs in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable, and any delay caused thereby shall in no way affect the date of termination of the PSs.

11. Responsibility for Taxes . The Employee acknowledges that the ultimate responsibility for the Employee's Federal, state and municipal individual income taxes, the Employee's portion of social security and other payroll taxes, and any other taxes related to the Employee's participation in the Plan and legally applicable to the Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. In the event that there is withholding tax liability in connection with the vesting of the PSs, the Employee may satisfy, in whole or in part, any withholding tax liability: (a) by cash payment of an amount equal to such withholding liability; or (b) by having the Company withhold from the number of PSs in which the Employee would be entitled to vest a number of shares of Common Stock having a fair value equal to such withholding tax liability in accordance with the Company's share withholding procedures.

12. Nature of Award . In accepting the award, the Employee acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the PSs are subject to modification and adjustment under Section 6 of the Plan.

(b) the award of the PSs is voluntary and occasional and does not create any contractual or other right to receive future grants of PSs, or benefits in lieu of PSs, even if PSs have been granted repeatedly in the past;

(c) all decisions with respect to future PS awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;

(d) The Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the PS award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(e) The Employee is voluntarily participating in the Plan;

(f) the PSs and the shares of Common Stock subject to the PSs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Employee's employment contract, if any;

(g) the PSs and the shares of Common Stock subject to the PSs are not intended to replace any pension rights or compensation;

(h) the PSs and the shares of Common Stock subject to the PSs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

(i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(j) in consideration of the award of the PSs, no claim or entitlement to compensation or damages shall arise from forfeiture of the PSs, including, but not limited to, forfeiture resulting from termination of the Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, the Employee shall be deemed irrevocably to have waived the Employee's entitlement to pursue such claim; and

(k) subject to the provisions in the Plan regarding Change in Control, PSs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

13. No Advice Regarding Award . Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or Employer making any recommendations regarding the Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. The Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

14. Amendment of This Agreement . With the consent of the Employee, the Committee or its authorized delegate, as applicable, may amend this Agreement in a manner not inconsistent with the Plan.

15. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corporation" of the Company as the term is defined in Section 425 of the Internal Revenue Code (the "Code") of 1986 on the date of award.

16. Affiliate . As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as determined by the Committee.

17. Recoupments .

(a) If an employee or former employee of the Employer is reasonably deemed by the Committee or its authorized delegate, as applicable, to have engaged in detrimental activity against the Employer, any awards granted to such employee or former employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares of Common Stock that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

18. Cancellation and Rescission of Award . Without limiting the foregoing Section regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if the Employee is not in compliance with all of the following conditions:

(a) The Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) The Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer's business, any confidential information or material, as specified in any agreement between the Employer and the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, this Agreement does not in any manner restrict the Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity, and shall not, and not be interpreted to, impair the participant from exercising any legally protected whistleblower rights (including under Rule 21F under the Exchange Act). Similarly, the Employer does not in any manner restrict the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

(c) The Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions, shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by the Employee during employment with the Employer, relating in any manner to the actual or anticipated business, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

(d) Failure to comply with the provision of subparagraphs (a), (b) or (c) of this Section 18 prior to, or during the six months after, any payment or delivery shall cause such payment or delivery to be rescinded. The Company shall notify the Employee in writing of any such rescission within two years after such payment or delivery. Within ten days after receiving such a notice from the Company, the Employee shall pay to the Company the amount of any payment received as a result of the rescinded payment or delivery pursuant to an award. Such payment to the Company by the Employee shall be made either in cash or by returning to the Company the number of shares of Common Stock that the Employee received in connection with the rescinded payment or delivery.

19. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 100 Campus Dr. Suite 200 Florham Park, NJ 07932 USA, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the Employee at his address as the same appears on the records of the Company.

20. Language . If the Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. Electronic Delivery and Acceptance . The Company will deliver any documents related to current or future participation in the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery, and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Electronic acceptance by the Employee is required and the award will be cancelled for any employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

22. Interpretation of This Agreement . The Committee or its authorized delegate, as applicable, shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and the Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

23. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Section 11 of the Plan to the personal representatives, legatees and heirs of the Employee.

24. Governing Law and Venue . The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law.

This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, agree that such litigation shall be conducted in the state or federal courts located in New York.

25. Section 409A . It is intended that the provisions of this Agreement comply with, or are exempt from, Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

Neither the Employee nor any of the Employee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to the Employee or for the Employee's benefit under this Agreement may not be reduced by, or offset against, any amount owing by the Employee to the Company or any of its Affiliates.

If, at the time of the Employee's separation from service (within the meaning of Section 409A), (a) the Employee shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (b) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first business day after such six-month period.

Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, the Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Employee or for the Employee's account in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Employee harmless from any or all of such taxes or penalties.

26. Separability . In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

27. Integration of Terms . Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

28. Appendix for Non-U.S. Countries . Notwithstanding any provisions in this Agreement, the PS award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for the Employee's country (the "Appendix"). Moreover, if the Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

29. Imposition of Other Requirements . The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on the Employee's participation in the Plan, on the PSs and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

CONDUENT INCORPORATED

By_____

Signature

RESTRICTED STOCK UNIT AWARD AGREEMENT PURSUANT TO
CONDUENT INCORPORATED PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Conduent Incorporated, a New York corporation (the "Company"), dated as of the date that appears in the award summary that provides the number of Restricted Stock Units and vesting provisions of the award (the "Award Summary"), in favor of the individual whose name appears on the Award Summary (the "Employee"), who is an employee of the Company, one of the Company's subsidiaries or one of its affiliates (the Company, or such subsidiary or affiliate, the "Employer").

In accordance with the provisions of the Conduent Performance Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO") has authorized the execution and delivery of this Agreement.

Terms used herein that are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the Company agrees as follows:

AWARDS

1. Award of Restricted Stock Units . Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary the number of Restricted Stock Units (individually, a "RSU") as shown on the Award Summary. Notwithstanding anything herein to the contrary, only active employees and those employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE RESTRICTED STOCK UNITS

2. Entitlement to Shares . As soon as practicable on or after the vesting dates indicated on the Award Summary (each, a "Vesting Date") (or such earlier date provided in Section 9), the Company shall deliver to the Employee, in such manner as the Company shall determine, a number of shares of Common Stock equal to the number of vested RSUs (subject to reduction for withholding of the Employee's taxes in relation to the award as described in Section 11) within 60 days following each applicable Vesting Date (or, if earlier, a distribution event set forth in Section 9 that satisfies the requirements of Section 409A(a)(2) of the Code).

No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes. Notwithstanding the foregoing, the Company shall be entitled to delay delivery of such shares of Common Stock (or cash payment in lieu thereof, as applicable) until it shall have received from the Employee a duly executed Form W-8 or W-9, as applicable, and any other information or completed forms the Company may reasonably require.

3. Vesting . Except as otherwise determined by the Committee in its sole discretion (subject to Section 23 of the Plan) or as otherwise provided in this Section 3 or Section 9, the vesting of RSUs covered hereby shall be subject to the Employee's continued employment with the Company or a subsidiary or affiliate through the applicable Vesting Date. The Employee shall be eligible to vest on each Vesting Date in the applicable percentage of the shares of Common Stock covered by this Agreement set forth in the Award Summary.

Upon the occurrence of an event constituting a Change in Control, notwithstanding anything to the contrary in Section 22(b) of the Plan, the RSUs outstanding on the date of such Change in Control, and any dividend equivalents with respect thereto, shall remain outstanding and thereafter the vesting of such RSUs, and any dividend equivalents with respect thereto, shall be subject to Employee's continued employment with the Company or a subsidiary or an affiliate through each applicable Vesting Date as provided in this Section 3, at which time such RSUs shall vest and shall be paid in cash in accordance with Section 22(f) of the Plan at the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee; provided that the RSUs, and any dividend equivalents with respect thereto, shall vest and shall be paid to the extent provided

in Section 9 in the event of the Employee's termination of employment following such Change in Control and prior to a Vesting Date. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

4. Dividend Equivalents. The Employee shall become entitled to receive from the Company on each applicable Vesting Date (or such earlier date provided in Section 9) a cash payment equaling the same amount(s) that the holder of record of a number of shares of Common Stock equal to the number of vested RSUs (if any) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on each applicable Vesting Date (or such earlier date provided in Section 9) as provided under Section 3. Payments under this Section shall be net of any required withholding taxes.

OTHER TERMS

5. Ownership Guidelines. Guidelines pertaining to the Employee's required ownership of Common Stock (the "Stock Ownership Guidelines") shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to the Employee in writing.

6. Holding Requirements. In the event of non-compliance with the Stock Ownership Guidelines under Section 5 hereof, following a five-year noncompliance period as described in the Stock Ownership Guidelines, the Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the vesting of RSUs (net of withholding tax and any applicable fees) until the threshold set forth in the Stock Ownership Guidelines is satisfied. Such shares shall be held in the Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain the Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

7. Voting Rights/Dividends. Except as otherwise provided herein, the Employee shall have no rights as a shareholder with respect to the RSUs until the date of issuance of a stock certificate to him for such RSUs and no adjustment shall be made for dividends or other rights for which the record date is prior to the date the RSUs become vested.

8. Non-Assignability. Unless otherwise provided by the Committee in its discretion, RSUs may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 11 of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of a RSU in violation of the provisions of this Section 8 and Section 11 of the Plan shall be void.

9. Effect of Termination of Employment or Death.

(a) Effect on RSUs. In the event the Employee

(i) voluntarily ceases to be an employee of the Employer for any reason other than (A) retirement or (B) following a Change in Control, Termination For Good Reason, the RSUs that have not vested in accordance with Section 3 shall be canceled and forfeited on the date of such voluntary termination of employment;

(ii) involuntarily ceases to be an employee of the Employer prior to a Change in Control for any reason other than due to death, Disability or termination for Cause, the number of RSUs scheduled to vest on the Vesting Date immediately following such termination, and any dividend equivalents with respect thereto, shall be prorated based on a fraction, the numerator of which is the number of full months elapsed since the most recent Vesting Date immediately preceding such date of termination (or since the date the award was granted, in the case of a termination of employment prior to the first Vesting Date) and the denominator of which is 12, and any remaining RSUs shall be forfeited. Such prorated number of RSUs, and any dividend equivalents with respect thereto, shall immediately vest and shall be settled within 60 days following such termination in accordance with Section 2; provided that such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided further that, to the extent such 60-day period straddles two calendar years, then such prorated number of RSUs, and any dividend equivalents with respect thereto, shall be settled in the second calendar year;

(iii) involuntarily ceases to be an employee of the Employer following a Change in Control for any reason other than due to death, Disability or termination for Cause, then the RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest (without proration based on the portion of the vesting period elapsed prior to such termination) and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under

Section 409A of the Code, as determined by the Committee. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided that, to the extent such 60-day period straddles two calendar years, then the RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall be paid in cash in the second calendar year;

(iv) involuntarily ceases to be an employee of the Employer by reason of death or Disability, (1) the RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest if such termination of employment occurs prior to a Change in Control and shall be settled within 60 days of such termination in accordance with Section 2, and (2) if such termination of employment occurs following a Change in Control, then the number of RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee, in either case without proration based on the portion of the vesting period elapsed prior to such termination;

(v) voluntarily ceases to be an employee of the Employer by reason of retirement (for purposes of this Agreement only, “retirement” for U.S. employees shall mean termination of employment at or above age 55 with 10 years of service or age 60 with 5 years of service with the Employer), the number of RSUs scheduled to vest on the Vesting Date immediately following such termination, and any dividend equivalents with respect thereto, shall be prorated based on a fraction, the numerator of which is the number of full months elapsed since the most recent Vesting Date immediately preceding such date of termination (or since the date the award was granted in the case of a termination of employment prior to the first Vesting Date) and the denominator of which is 12, and any remaining RSUs shall be forfeited. If such termination of employment occurs prior to a Change in Control, then such prorated number of RSUs, and any dividend equivalents with respect thereto, shall immediately vest and shall be settled within 60 days following such termination in accordance with Section 2. If such termination of employment occurs following a Change in Control, such prorated number of RSUs, and any dividend equivalents with respect thereto, shall immediately vest and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days of the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. In each case, whether such termination of employment occurs prior to or following a Change of Control, such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided that, to the extent the 60-day period straddles two calendar years, then such prorated number of RSUs, and any dividend equivalents with respect thereto, shall be settled or paid in cash, as applicable, in the second calendar year;

(vi) involuntarily ceases to be an employee of the Employer due to termination for Cause, the RSUs shall, subject to any Plan provisions to the contrary, be cancelled and forfeited on the date of such termination of employment; and

(vii) voluntarily ceases to be an employee due to a Termination for Good Reason following a Change in Control, the number of RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall immediately vest (without proration based on the portion of the vesting period elapsed since the most recent Vesting Date (or since the date the award was granted, in the case of a termination of employment prior to the first Vesting Date) prior to such termination) and shall be paid in cash in accordance with Section 22(f) of the Plan within 60 days following the earliest time set forth in Section 22(c) of the Plan that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee. Such vesting shall be contingent, at the discretion of the Company, upon the Employee executing a general release (which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company) and such release becoming effective and irrevocable within such 60-day period; provided that, to the extent such 60-day period straddles two calendar years, then the RSUs covered by this Agreement, and any dividend equivalents with respect thereto, shall settled or paid in cash, as applicable, in the second calendar year;

(b) Cause. “Cause” means (i) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company’s Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (ii) any conduct which qualifies for “immediate discharge” under the Employer’s Human Resource Policies as in effect from time to time (iii) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests

of the Employer; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(c) "Termination For Good Reason" has the meaning set forth in Section 22(a)(vi) of the Plan.

(d) "Disability" shall include cessation of active employment due to commencement of long-term disability under the Employer's long-term disability plan or under a disability policy of any subsidiary or Affiliate, as applicable; provided that a Disability shall not be deemed to have occurred for such purposes unless the circumstances would also result in a "disability" within the meaning of Section 409A of the Code.

10. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its discretion, that the listing, registration or qualification of any shares of Common Stock subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of the RSUs or the issue or purchase of shares of Common Stock hereunder, the certificates for shares of Common Stock may not be issued in respect of RSUs in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable, and any delay caused thereby shall in no way affect the date of termination of the RSUs.

11. Responsibility for Taxes . The Employee acknowledges that the ultimate responsibility for the Employee's Federal, state and municipal individual income taxes, the Employee's portion of social security and other payroll taxes, and any other taxes related to the Employee's participation in the Plan and legally applicable to the Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. In the event that there is withholding tax liability in connection with the vesting of RSUs, the Employee may satisfy, in whole or in part, any withholding tax liability: (a) by cash payment of an amount equal to such withholding liability; or (b) by having the Company withhold from the number of RSUs in which the Employee would be entitled to vest a number of shares of Common Stock having a fair value equal to such withholding tax liability in accordance with the Company's share withholding procedures.

12. Nature of Award . In accepting the award, the Employee acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the RSUs are subject to modification and adjustment under Section 6 of the Plan.

(b) the award of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;

(c) all decisions with respect to future RSU awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;

(d) The Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the RSU award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(e) The Employee is voluntarily participating in the Plan;

(f) the RSUs and the shares of Common Stock subject to the RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of the Employee's employment contract, if any;

(g) the RSUs and the shares of Common Stock subject to the RSUs are not intended to replace any pension rights or compensation;

(h) the RSUs and the shares of Common Stock subject to the RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement

or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

(i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(j) in consideration of the award of the RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs, including, but not limited to, forfeiture resulting from termination of the Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, the Employee shall be deemed irrevocably to have waived the Employee's entitlement to pursue such claim; and

(k) subject to the provisions in the Plan regarding Change in Control, RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

13. No Advice Regarding Award . Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or Employer making any recommendations regarding the Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. The Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

14. Amendment of This Agreement . With the consent of the Em-ployee, the Committee or its authorized delegate, as applicable, may amend this Agreement in a manner not inconsistent with the Plan.

15. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corporation" of the Company as the term is defined in Section 425 of the Internal Revenue Code (the "Code") of 1986 on the date of award.

16. Affiliate . As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as determined by the Committee.

17. Recoupments .

(a) If an employee or former employee of the Employer is reasonably deemed by the Committee or its authorized delegate, as applicable, to have engaged in detrimental activity against the Employer, any awards granted to such employee or former employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the

authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares of Common Stock that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

18. Cancellation and Rescission of Award . Without limiting the foregoing Section regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if the Employee is not in compliance with all of the following conditions:

(a) The Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) The Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer's business, any confidential information or material, as specified in any agreement between the Employer and the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, this Agreement does not in any manner restrict the Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity, and shall not, and not be interpreted to, impair the participant from exercising any legally protected whistleblower rights (including under Rule 21F under the Exchange Act). Similarly, the Employer does not in any manner restrict the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

(c) The Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions, shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by the Employee during employment with the Employer, relating in any manner to the actual or anticipated business, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

(d) Failure to comply with the provision of subparagraphs (a), (b) or (c) of this Section 18 prior to, or during the six months after, any payment or delivery shall cause such payment or delivery to be rescinded. The Company shall notify the Employee in writing of any such rescission within two years after such payment or delivery. Within ten days after receiving such a notice from the Company, the Employee shall pay to the Company the amount of any payment received as a result of the rescinded payment or delivery pursuant to an award. Such payment to the Company by the Employee shall be made either in cash or by returning to the Company the number of shares of Common Stock that the Employee received in connection with the rescinded payment or delivery.

19. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 100 Campus Dr. Suite 200 Florham Park, NJ 07932 USA, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the Employee at his address as the same appears on the records of the Company.

20. Language . If the Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. Electronic Delivery and Acceptance . The Company will deliver any documents related to current or future participation in the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery, and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an on-line or electronic system established and maintained by the Company or a third party designated by the

Company. Electronic acceptance by the Employee is required and the award will be cancelled for any employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

22. Interpretation of This Agreement . The Committee or its authorized delegate, as applicable, shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and the Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

23. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Section 11 of the Plan to the personal representatives, legatees and heirs of the Employee.

24. Governing Law and Venue . The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law.

This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, agree that such litigation shall be conducted in the state or federal courts located in New York.

25. Section 409A . It is intended that the provisions of this Agreement comply with, or are exempt from, Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

Neither the Employee nor any of the Employee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to the Employee or for the Employee's benefit under this Agreement may not be reduced by, or offset against, any amount owing by the Employee to the Company or any of its Affiliates.

If, at the time of the Employee's separation from service (within the meaning of Section 409A), (a) the Employee shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (b) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first business day after such six-month period.

Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, the Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Employee or for the Employee's account in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Employee harmless from any or all of such taxes or penalties.

26. Separability . In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

27. Integration of Terms . Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

28. Appendix for Non-U.S. Countries . Notwithstanding any provisions in this Agreement, the RSU award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for the Employee's country (the "Appendix"). Moreover, if the Employee relocates to one of the countries included in the Appendix, the special

terms and conditions for such country will apply to the Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

29. Imposition of Other Requirements . The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on the Employee's participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

CONDUENT INCORPORATED

By:

Signature

September 27, 2017

Allan Cohen

190 Vandelinda Avenue

Teaneck, New Jersey 07666

Dear Allan:

I am pleased to offer you the position of Vice President, Chief Accounting Officer, Conduent, Inc., reporting to me. The expected start date is October 17, 2017. Your work location will be at 100 Campus Drive in Florham Park, New Jersey. This offer is contingent upon approval of the Board of Directors.

Annual Base Salary

Your starting base salary for this position will be paid bi-weekly, one week in arrears, at the annualized rate of $400,000.

Annual Performance Incentive Plan

You will be eligible to participate in the 2018 Annual Performance Incentive Plan (APIP) at an annual target level of 60% of base salary prorated for time eligible to participate in the plan. The payout can be up to 2 times target and this varies based on company and individual performance.

Executive Long-Term Incentive Plan

You will be eligible to participate in the Executive Long-Term Incentive Plan (ELTIP) for 2018 with a target award of $250,000. Grants are typically made in April of each year. Additional details of the ELTIP will be provided to you separately.

You will also be eligible to receive a sign-on ELTIP grant of $250,000 at grant date, expected to be on or about December 29, 2017. Additional details of the ELTIP will be provided to you separately.

Benefits

We are pleased to offer you a comprehensive benefits package, including medical, dental, vision care, disability income protection, accident insurance, and life insurance. You are eligible for coverage on your first day of employment assuming an October 17, 2017 start date.

In addition, Conduent offers a 401(k) savings plan which includes a dollar-for-dollar company match of 3.0%. You will also be eligible for paid vacation totaling four weeks per year.

Severance

You will be eligible for the severance if your employment is terminated by Conduent for any reason (other than for cause) as defined herein. Severance benefits under this arrangement will be the equivalent of 6 months of your annual base salary and benefits coverage and will be paid in accordance with our regularly scheduled payroll. The payment of any severance benefits will be contingent upon your execution of both a general release of all claims and an agreement not to engage in detrimental activity as determined by the Company upon your termination.

For Cause Definition

The term for cause as used in this letter shall mean any one or more of the following reasons for termination: (i) your failure to follow the directions of your manager provided such directions are not inconsistent with your job duties and/or with applicable law; (ii) your performance of any act of fraud, dishonesty, misappropriation or embezzlement, or other similar willful misconduct while conducting business on behalf of Conduent or executing upon your job duties and responsibilities; (iii) your conviction of any felony or a crime involving moral turpitude (including pleading guilty or no contest to such crime or a lesser crime which results from plea bargaining); (iv) your performance becomes impaired due to alcohol or substance abuse and you refuse to seek treatment; (v) your performance of any act which injures or reasonably could be expected to injure the reputation, brand, business or business relationships of Conduent; and (vi) your violation of any material Conduent policy, including, but not limited to, policies prohibiting sexual harassment, retaliation, discrimination, and violence.

Other Conditions

It is our sincere hope and belief that our relationship will be a beneficial one, however, Conduent does not offer employment on a fixed term basis. Unless otherwise prohibited by law, this letter should not be considered in any manner as a proposed contract for employment for any fixed term, as your employment will be "at will." That is, either you or Conduent can terminate this relationship at any time, with or without cause or notice. In addition, Conduent may change any term or condition of your employment at will; with or without cause or notice.

This offer of employment is contingent on the receipt of a waiver of non-competition agreements with current or prior employers, if any. This offer is also contingent upon the successful completion of a pre-employment background check (criminal, credit etc.) which will require your execution of a background screening consent. Additionally, your employment is contingent on your execution of Conduent Employee Confidentiality, Non-Solicitation and Intellectual Property Non-Compete Agreement. Lastly, you will be required to present documents necessary to complete an I−9 Form. Human Resources will contact you to make an appointment with an I−9 verifier prior to your scheduled start date.

This offer will remain in effect until October 2, 2017. Please notify me of your acceptance and ensure that all requirements are met before we finalize your start date (expected to be on or before Tuesday, October 17, 2017). All originals should be returned to me and if you have any questions, please feel free to contact me at (973) 526-7146.

Allan, I am delighted you are joining the Conduent leadership team. This is one of most exciting periods in our company's history; I look forward to your significant contributions and success.

Sincerely,

/s/ BRIAN WEBB-WALSH

Chief Financial Officer
Conduent Inc.

September 28, 2017

/s/ ALLAN COHEN
Allan Cohen

SUBSIDIARIES OF CONDUENT INCORORATED

The following companies are subsidiaries of Conduent Incorporated as of December 31, 2017. Unless otherwise noted, a subsidiary is a company in which Conduent Incorporated or a subsidiary of Conduent Incorporated holds 50% or more of the voting stock. The names of other subsidiaries have been omitted as they would not, if considered in the aggregate as a single subsidiary, constitute a significant subsidiary:

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Conduent Care Management, Inc.	Arizona
Conduent Healthy Communities Corporation	California
Conduent Unclaimed Property Systems, Inc.	Colorado
Conduent Asset Management Group, LLC	Delaware
Conduent BPO Services, Inc.	Delaware
Conduent Workers Compensation Holdings Corporation	Delaware
Conduent Defense, LLC	Delaware
Conduent EDI Solutions, Inc.	Delaware
Conduent Education Loan Services LLC	Delaware
Conduent Enterprise Solutions, LLC	Delaware
Conduent Global, Inc.	Delaware
Conduent Health Administration, Inc.	Delaware
Conduent Human Resources Services, LLC	Delaware
Conduent Lending, Inc.	Delaware
Conduent Middle East, Inc.	Delaware
Conduent TradeOne Marketing, Inc.	Delaware
Conduent HR Consulting, LLC	Delaware
Conduent Securities LLC	Delaware
Conduent Care Solutions, LLC	Delaware
Conduent Card Service LLC	Delaware
Conduent Finance, Inc.	Delaware
Conduent Education Industry Services, LLC	Delaware
Conduent Government Records Services, Inc.	Delaware
Conduent Payment Integrity Solutions, Inc	Delaware
Conduent Public Health Solutions, LLC	Delaware
Conduent ParkIndy, LLC	Delaware
Conduent Health Assessments, LLC	Delaware
The National Abandoned Property Processing Corporation	Delaware
Conduent Title Records Corporation	Delaware
Conduent Business Services, LLC	Delaware
Conduent Education Services, LLC	Delaware
Conduent Education Solutions, LLC	Delaware
Conduent European Funding LLC	Delaware
Conduent Export LLC	Delaware
Conduent Federal Solutions, LLC	Delaware
Conduent Government Systems, LLC	Delaware
Conduent Mortgage Services, Inc.	Delaware
Conduent Credit Balance Solutions, LLC.	Delaware
Conduent Workers Compensation, LLC	Delaware

Conduent State Healthcare, LLC	Delaware
Conduent Transport Solutions, Inc.	Georgia
Conduent Wireless Data Services (Operations) Inc.	Idaho
Conduent Human Services, LLC	Indiana
Conduent Healthcare Information Services, Inc.	Indiana
Conduent Image Solutions, Inc.	Louisiana
Conduent Bill Review Corporation	Nevada
Conduent Commercial Solutions, LLC	Nevada
Conduent Patient Access Solutions, LLC	New Jersey
Conduent Compliance & Risk Consulting Corporation	New York
Conduent State & Local Solutions, Inc.	New York
Conduent Performance Improvement Solutions, Inc.	Oregon
Conduent Customer Care Solutions, Inc.	Oregon
Conduent HR Services, LLC	Pennsylvania
Conduent Healthcare Data Management, Inc.	Tennessee
Conduent Securities Services, Inc.	Texas
ACS Welfare Benefit Trust	Texas
Conduent Legal & Compliance Solutions, LLC	Texas
Mercury Fund II, Ltd.	Texas
Conduent Business Process Optimization Services, Inc.	Texas
Conduent WDS Global—Texas, Inc.	Texas
Conduent Heritage, LLC	Virginia
Conduent Learning Services, Inc.	Washington
Conduent Wireless Data Services North America Inc.	Washington
Conduent Care and Quality Solutions, Inc.	Wisconsin
Eagle Connect Sh.p.k.	Albania
Voice Star Sh.p.k.	Albania
Market Line S.A.	Argentina
Consilience Software Australasia Pty Ltd	Australia
Conduent Business Services (Australasia) PTY. LTD.	Australia
Wireless Data Services PTY Limited	Australia
Affiliated Computer Services Austria GmbH	Austria
Affiliated Computer Services International (Barbados) Limited	Barbados
Buck Consultants	Belgium
ACS Transportation Services Participacoes Ltda	Brazil
Conduent Servicos de Terceirizacao de Processos de Negocios Ltda.	Brazil
ACS HR Solucoes Servicos de Recursos Humanos do Brasil Ltda	Brazil
Conduent do Brasil Servicos de Call Center Ltda.	Brazil
Conduent HR Consultants Limited/Conseilliers HR Conduent Limitee	Canada
Conduent Insurance Agency Limited	Canada

CPAS Systems, Inc.	Canada
Conduent Business Services Canada, Inc. /Services D'affaires Conduent Canada Inc.	Canada
Conduent HR Solutions Canada Co	Canada
Conduent Solutions Chile SA	Chile
ACS Road Technology Services (Beijing) Co. Ltd.	China
Affiliated Computer Services (Tianjin) Co., Ltd.	China
ML Colombia S.A.	Colombia
ACS Czech Republic s.r.o.	Czech Republic
Conduent Solutions Dominican Republic, SAS	Dominican Republic
Affiliated Computer Services (Fiji) Limited	Fiji
Conduent Business Process Solutions SAS	France
Conduent Business Solutions (France) SAS	France
Affiliated Computer Services of Germany GmbH	Germany
ACS Holdings (Germany) GmbH	Germany
ACS HR Solutions Deutschland GmbH	Germany
Invoco Holding GmbH	Germany
Invoco Business Solutions GmbH	Germany
Invoco Communication Center GmbH	Germany
Invoco Customer Service GmbH	Germany
Invoco Helpline Communication GmbH	Germany
Invoco Helpline GmbH	Germany
Invoco Marketing & Vetrieb GmbH	Germany
Invoco Media Sales GmbH	Germany
Invoco Multimeida GmbH	Germany
Invoco Sales GmbH	Germany
Invoco Service Center GmbH	Germany
Invoco Services & Sales GmbH	Germany
Invoco Technical Service GmbH	Germany
ACS-BPS (Ghana) Limited	Ghana
Conduent Business Services de Guatemala, Sociedad Anonima	Guatemala
ACS HR Solutions Share Plan Services (Guernsey), Limited	Guernsey
ACS China Solutions Hong Kong Limited	Hong Kong
Conduent Business Solutions (Hong Kong) Limited	Hong Kong
Conduent Business Services India LLP	India
Conduent Ireland Limited	Ireland
Conduent Business Services Italy S.r.l.	Italy
Nuova Karel Soluzioni S.r.l. unipersonale	Italy
Conduent Business Solutions Italia, S.p.A.	Italy
Conduent Solutions (Jamaica) Limited	Jamaica
Conduent Jamaica Limited	Jamaica
Sia Rigas Karte	Latvia
Affiliated Computer Services Holdings (Luxembourg) S.A.R.L.	Luxembourg
Conduent Business Services Malaysia Sdn. Bhd.	Malaysia

ACS Malta Limited	Malta
Conduent de Mexico, S.A. de C.V.	Mexico
Conduent Solutions de Mexico, S. de R.L. de C.V.	Mexico
Affiliated Computer Services International B.V.	Netherlands
ACS HR Solutions Nederland BV	Netherlands
Wilhaave Groep BV	Netherlands
Unamic Holding BV	Netherlands
Unamic/HCN BV	Netherlands
Conduent Business Services (Netherlands) B.V.	Netherlands
Market Line Peru S.A.C.	Peru
ACS Solutions Peru S.A.	Peru
Conduent Business Services Philippines, Inc.	Philippines
Conduent Solutions Philippines, Inc.	Philippines
ACS Solutions Poland Sp. Z.o.o.	Poland
Affiliated Computer Services of Poland Sp. z.o.o.	Poland
ACS Puerto Rico, LLC	Puerto Rico
Conduent Business Solutions of Puerto Rico, Inc.	Puerto Rico
Conduent Business Services Romania S.r.l.	Romania
Conduent Europe Finance Limited Partnership	Scotland
Wireless Data Services (Asia Pacific) PTE Ltd.	Singapore
Conduent (PTY) LTD	South Africa
Affiliated Computer Services of Spain, S.L., Sociedad Unipersonal	Spain
Xerox Business Solutions Spain, S.L.	Spain
e-Services Group (St. Lucia) Ltd.	St. Lucia
Telenamic N.V.	Suriname
Affiliated Computer Services GmbH	Switzerland
Conduent Business Solutions AG	Switzerland
Unamic HCN Musteri Hizmetleri Limited Sirketi	Turkey
Conduent Business Process Solutions Limited	United Kingdom
CVG Ltd	United Kingdom
Conduent Parking Enforcement Solutions Limited	United Kingdom
Wireless Data Services Limited	United Kingdom
Buck Consultants Limited	United Kingdom
Buck Consultants (Healthcare) Limited	United Kingdom
Buck Consultants (Administration & Investment) Limited	United Kingdom
Buck Consultants Shareplan Trustees Limited	United Kingdom
Buckingham Trustees Limited	United Kingdom
Talking People Limited	United Kingdom

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-215361) of Conduent Incorporated of our report dated March 1, 2018 , relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/S/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Florham Park, New Jersey

March 1, 2018

CEO CERTIFICATIONS

I, Ashok Vemuri, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2018

/ S / ASHOK VEMURI

Ashok Vemuri
Principal Executive Officer

CFO CERTIFICATIONS

I, Brian Webb-Walsh, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2018

/ S / BRIAN WEBB-WALSH

Brian Webb-Walsh
Principal Financial Officer

EXHIBIT 32

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-K of Conduent Incorporated, a New York corporation (the "Company"), for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ashok Vemuri, Chief Executive Officer of the Company, and Brian Webb-Walsh, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/ S / ASHOK VEMURI

Ashok Vemuri
Chief Executive Officer

March 1, 2018

/ S / BRIAN WEBB-WALSH

Brian Webb-Walsh
Chief Financial Officer

March 1, 2018

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2019

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-37817

CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
100 Campus Drive, Suite 200 Florham Park, New Jersey	**07932**
(Address of principal executive offices)	**(Zip Code)**

(844) 663-2638
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**CNDT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer o Non-accelerated filer o Smaller reporting company o Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

Class	**Outstanding at April 30, 2019**
Common Stock, $0.01 par value	210,406,011

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that could cause actual results to differ materially.

Such factors include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead time for customer commitments; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to modernize our information technology infrastructure and consolidate data centers; our ability to comply with data security standards; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Quarterly Report on Form 10-Q, as well as in our 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission and any current Report on Form 8-K. Any forward-looking statements made by us in this Quarterly Report on Form 10-Q speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

CONDUENT INCORPORATED
FORM 10-Q
March 31, 2019

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For additional information about Conduent Incorporated and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at https://investor.conduent.com/. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions, except per share data)	Three Months Ended March 31, 2019	2018
Revenue	$ 1,158	$ 1,420
Operating Costs and Expenses		
Cost of Services (excluding depreciation and amortization)	906	1,115
Selling, general and administrative (excluding depreciation and amortization)	127	143
Research and development (excluding depreciation and amortization)	3	2
Depreciation and amortization	115	116
Restructuring and related costs	16	20
Interest expense	20	33
Goodwill impairment	284	—
(Gain) loss on divestitures and transaction costs	14	15
Litigation costs (recoveries), net	12	31
Other (income) expenses, net	(1)	(1)
Total Operating Costs and Expenses	1,496	1,474
Income (Loss) Before Income Taxes	(338)	(54)
Income tax expense (benefit)	(30)	(4)
Net Income (Loss)	$ (308)	$ (50)
Net Income (Loss) per Share:		
Basic	$ (1.49)	$ (0.26)
Diluted	$ (1.49)	$ (0.26)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(in millions)	Three Months Ended March 31, 2019	2018
Net Income (Loss)	$ (308)	$ (50)
Other Comprehensive Income (Loss), Net		
Currency translation adjustments, net	7	9
Reclassification of currency translation adjustments on divestitures	15	5
Reclassification of divested benefit plans and other	(1)	—
Unrecognized gains (loss), net	1	(1)
Other Comprehensive Income (Loss), Net	22	13
Comprehensive Income (Loss), Net	$ (286)	$ (37)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	March 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	$ 520	$ 756
Accounts receivable, net	820	782
Assets held for sale	—	15
Contract assets	197	177
Other current assets	294	234
Total current assets	1,831	1,964
Land, buildings and equipment, net	336	328
Operating lease right-of-use assets	338	—
Intangible assets, net	627	651
Goodwill	3,171	3,408
Other long-term assets	360	329
Total Assets	$ 6,663	$ 6,680
Liabilities and Equity		
Current portion of long-term debt	$ 53	$ 55
Accounts payable	313	230
Accrued compensation and benefits costs	148	193
Unearned income	103	112
Liabilities held for sale	—	40
Other current liabilities	817	567
Total current liabilities	1,434	1,197
Long-term debt	1,496	1,512
Deferred taxes	283	327
Operating lease liabilities	282	—
Other long-term liabilities	99	280
Total Liabilities	3,594	3,316
Contingencies (See Note 13)		
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,879	3,878
Retained earnings (deficit)	(551)	(233)
Accumulated other comprehensive loss	(403)	(425)
Total Equity	2,927	3,222
Total Liabilities and Equity	$ 6,663	$ 6,680
Shares of common stock issued and outstanding	211,623	211,306
Shares of series A convertible preferred stock issued and outstanding	120	120

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31, 2019	2018
Cash Flows from Operating Activities:		
Net income (loss)	$ (308)	$ (50)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	115	116
Contract inducement amortization	1	1
Deferred income taxes	(45)	(8)
Goodwill impairment	284	—
(Gain) loss from investments	(1)	(1)
Amortization of debt financing costs	2	2
(Gain) loss on divestitures and transaction costs	14	15
Stock-based compensation	7	7
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(60)	(75)
(Increase) decrease in other current and long-term assets	(112)	(49)
Increase (decrease) in accounts payable and accrued compensation	58	(40)
Increase (decrease) in restructuring liabilities	4	7
Increase (decrease) in other current and long-term liabilities	(12)	43
Net change in income tax assets and liabilities	5	(5)
Other operating, net	(1)	(1)
Net cash provided by (used in) operating activities	(49)	(38)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(53)	(33)
Proceeds from sale of land, buildings and equipment	1	—
Cost of additions to internal use software	(17)	(6)
Payments for acquisitions, net of cash acquired	(90)	—
Payments from divestitures, including cash sold	(9)	—
Net cash provided by (used in) investing activities	(168)	(39)
Cash Flows from Financing Activities:		
Payments on debt	(14)	(21)
Taxes paid for settlement of stock based compensation	(6)	(4)
Dividends paid on preferred stock	(2)	(2)
Net cash provided by (used in) financing activities	(22)	(27)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	—
Increase (decrease) in cash, cash equivalents and restricted cash	(237)	(104)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	765	667
Cash, Cash Equivalents and Restricted Cash at End of period[1]	$ 528	$ 563

(1) Includes $8 million and $10 million of restricted cash as of March 31, 2019 and 2018, respectively, that were included in Other current assets on the Condensed Consolidated Balance Sheets.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

The Company is a global enterprise and leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. The Company serves as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experience. The Company creates value for its commercial and government clients by applying its expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. The Company's portfolio includes industry-focused service offerings in attractive growth markets such as healthcare and transportation, as well as multi-industry service offerings such as transaction processing, customer care and payment services.

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC). The year-end Condensed Consolidated Balance Sheet was derived from the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Certain reclassifications have been made to prior year information to conform to current year presentation. Intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments necessary for a fair statement of the financial position, results of operations and cash flows have been made. These adjustments consist of normal recurring items. The interim results of operations are not necessarily indicative of the results of the full year. These financial statements should be read in conjunction with the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Note 2 – Recent Accounting Pronouncements

The Company's significant accounting policies are described in Note 1–Basis of Presentation and Summary of Significant Accounting Policies in the Company’s 2018 Annual Report on Form 10-K. Summarized below are the accounting pronouncements adopted subsequent to December 31, 2018 that were applicable and material to the Company.

New Accounting Standards Adopted

Leases: The Company adopted the updated lease guidance as of January 1, 2019, using the cumulative-effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the comparative periods presented. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are, or contain, leases, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any existing leases as of the adoption date. The Company did not elect to apply the hindsight practical expedient. Additionally, the Company has elected not to include short-term leases, with a term of 12 months or less, on its Condensed Consolidated Balance Sheets.

The impact of adopting this new guidance resulted in an increase to Operating lease right-of-use (ROU) assets of $387 million, an increase to Other current liabilities of $103 million, a decrease to Other long-term liabilities of $21 million, an increase to Operating lease liabilities of $316 million and a net decrease to opening retained earnings (deficit) of $8 million as of January 1, 2019. The adoption did not have an impact on the Company's Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Cash Flows.

Summary of Accounting Policies

Leases

The Company determines if an arrangement is a lease at the inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. The Company has operating and finance leases for real estate and equipment. Operating leases are included in Operating lease ROU assets, Other current liabilities, and Operating lease liabilities in our Condensed Consolidated Balance Sheets. Finance leases are included in Land, buildings and equipment, net, Current portion of long-term debt, and Long-term debt in our Condensed Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term using the Company's incremental borrowing rates or implicit rates. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option based on economic factors. The Company recognizes operating fixed lease expense and finance lease depreciation on a straight-line basis over the lease term. Variable lease expense is recognized in the period in which the obligation for those payments is incurred. The Company accounts for lease and non-lease components separately for its equipment leases, based on the estimated standalone price of each component, and combines lease and non-lease components for its real estate leases.

The components of lease costs were as follows:

(in millions)	Three Months Ended March 31, 2019
Finance Lease Costs:	
Amortization of right of use assets	$ 3
Total Finance Lease Costs	$ 3
Operating lease costs:	
Base rent	$ 31
Short-term lease costs	3
Variable lease costs[(1)]	7
Sublease income	(1)
Total Operating Lease Costs	$ 40

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(1) Primarily related to taxes, insurance and common area and other maintenance costs for real estate leases.

Interest expense related to the finance leases for the three months ended March 31, 2019 was immaterial.

Supplemental cash flow information related to leases was as follows:

(in millions)	Three Months Ended March 31, 2019
Cash paid for the amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (30)
Financing cash flow from finance leases	$ (3)
Supplemental non-cash information on right of use assets obtained in exchange for new lease obligations:	
Operating leases	$ 6

Supplemental balance sheet information related to leases was as follows:

(in millions)	March 31, 2019
Operating Leases:	
Operating lease right of use assets	$ 338
Other current liabilities	$ 112
Operating lease liabilities	282
Total Operating Lease Liabilities	$ 394
Finance Leases:	
Land, buildings and Equipment, net	$ 21
Current portion of long-term debt	$ 9
Long-term debt	14
Total Finance Lease Liabilities	$ 23

The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular currency environment. The weighted average discount rates for operating and finance leases were 5.2% and 4.8%, respectively.

The weighted average remaining lease terms for operating and finance leases at March 31, 2019, were 5 years and 3 years, respectively.

The aggregate future lease payments for operating leases were as follows:

(in millions)	March 31, 2019 Operating Lease Payments
Maturity Of Lease Liabilities:	
2019 (remaining)	$ 100
2020	105
2021	75
2022	52
2023	35
Thereafter	84
Total undiscounted operating lease payments	451
Less imputed interest	57
Present value of operating lease liabilities	$ 394

Maturities of finance lease liabilities were as follows:

(in millions)	March 31, 2019 Finance Lease Payments
2019 (remaining)	$ 8
2020	6
2021	5
2022	4
2023	1
Thereafter	—
Total undiscounted finance lease payments	24
Less imputed interest	1
Present value of finance lease liabilities	$ 23

As of March 31, 2019, the Company had an additional operating lease for real estate of $14 million, which has not commenced and has not been recognized on the Company's Consolidated Balance Sheet. This operating lease is expected to commence in 2019 with a lease term of 10 years.

As previously disclosed in Note 5 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, under the previous lease accounting, future minimum lease payments for operating leases having initial or remaining non-cancelable lease term in excess of one year were as follows:

(in millions)	December 31, 2018 Operating Lease Payments
Maturity Of Lease Liabilities:	
2019	$ 153
2020	113
2021	78
2022	53
2023	33
Thereafter	76
Total minimum operating lease payments	$ 506

New Accounting Standards To Be Adopted

Credit Losses: In June 2016, the FASB updated the accounting guidance related to measurement of credit losses on financial instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. This updated guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact on the Company's Consolidated Financial Statements.

Note 3 – Revenue, Contract Assets and Liabilities

Disaggregation of Revenue

The following table provides information about disaggregated revenue by major service line, the timing of revenue recognition and a reconciliation of the disaggregated revenue by reportable segments. Refer to Note 4 – Segment Reporting for additional information on the Company's reportable segments.

	Three Months Ended March 31,	
(in millions)	2019	2018
Commercial Industries:		
Omni-channel communications	$ 211	$ 219
Human resource services	182	187
Industry services	219	248
Total Commercial Industries	612	654
Government Services:		
Government Services and Healthcare	119	114
Payment Services	74	82
State and Local	119	126
Federal	13	13
Total Government Services	325	335
Transportation:		
Tolling	79	72
Transit	54	54
Photo and Parking	48	46
Commercial Vehicle	3	4
Total Transportation	184	176
Other:		
Divestitures	36	248
Education	1	7
Total Other	37	255
Total Consolidated Revenue	$ 1,158	$ 1,420
Timing of Revenue Recognition:		
Point in time	$ 39	$ 36
Over time	1,119	1,384
Total Revenue	$ 1,158	$ 1,420

Contract Balances

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are the Company's rights to consideration for services provided when the right is conditioned on something other than passage of time (for example, meeting a milestone for the right to bill under the cost-to-cost measure of progress). Contract assets are transferred to Accounts receivable when the rights to consideration become unconditional. Unearned income includes payments received in advance of performance under the contract, which are realized when the associated revenue is recognized under the contract.

The following table provides information about the balances of the Company's contract assets, unearned income and receivables from contracts with customers:

(in millions)	March 31, 2019	December 31, 2018
Contract Assets (Unearned Income)		
Current contract assets	$ 197	$ 177
Long-term contract assets[1]	14	7
Current unearned income	(103)	(112)
Long-term unearned income[2]	(29)	(32)
Net Contract Assets (Unearned Income)	$ 79	$ 40
Accounts receivable, net	$ 820	$ 782

(1) Presented in Other long-term assets in the Condensed Consolidated Balance Sheets

(2) Presented in Other long-term liabilities in the Condensed Consolidated Balance Sheets

Revenues of $53 million and $83 million were recognized during the three months ended March 31, 2019 and 2018, respectively, related to the Company's unearned income at December 31, 2018 and January 1, 2018, respectively.

Transaction Price Allocated to the Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at March 31, 2019, was approximately $2 billion. The Company expects to recognize approximately 65% of the revenues over the next two years and the remainder thereafter.

Note 4 – Segment Reporting

The Company's reportable segments correspond to how the Company organizes and manages the business and are aligned to the industries in which the Company's clients operate.

Our financial performance is based on Segment Profit / (Loss) and Segment Adjusted EBITDA for the following three reportable segments: Commercial Industries, Government Services and Transportation.

Commercial Industries: Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include omni-channel communications, human resource management and finance and accounting services.

Government Services: Our Government Services segment provides government-centric business process services to U.S. federal, state and local and foreign governments for, public assistance, program administration, transaction processing and payment services.

Transportation: Our Transportation segment provides systems and support services to transportation departments and agencies globally. Offerings include support for electronic toll collection, public transit, parking and photo enforcement.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

Selected financial information for our reportable segments is as follows:

(in millions)	Three Months Ended March 31,						
	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
March 31, 2019				Divestitures	Other		
Revenue	$ 612	$ 325	$ 184	$ 36	$ 1	$ —	$ 1,158
Segment profit (loss)	$ 113	$ 86	$ 20	$ 1	$ —	$ (151)	$ 69
Segment depreciation and amortization	$ 22	$ 9	$ 9	$ —	$ —	$ 14	$ 54
Adjusted EBITDA	$ 135	$ 95	$ 29	$ 1	$ —	$ (137)	$ 123
March 31, 2018							
Revenue	$ 654	$ 335	$ 176	$ 248	$ 7	$ —	$ 1,420
Segment profit (loss)	$ 110	$ 108	$ 27	$ 39	$ (3)	$ (176)	$ 105
Segment depreciation and amortization	$ 28	$ 7	$ 8	$ 2	$ 1	$ 10	$ 56
Adjusted EBITDA	$ 138	$ 115	$ 35	$ 41	$ (2)	$ (166)	$ 161

(in millions)	Three Months Ended March 31,	
Segment Profit (Loss) Reconciliation to Pre-tax Income (Loss)	2019	2018
Income (Loss) Before Income Taxes	$ (338)	$ (54)
Reconciling items:		
Amortization of acquired intangible assets	62	61
Restructuring and related costs	16	20
Interest expense	20	33
Goodwill impairment	284	—
(Gain) loss on divestitures and transaction costs	14	15
Litigation costs (recoveries), net	12	31
Other (income) expenses, net	(1)	(1)
Segment Pre-tax Income (Loss)	$ 69	$ 105
Segment depreciation and amortization (including contract inducements)	$ 54	$ 56
Adjusted EBITDA	$ 123	$ 161

Note 5 – Assets/Liabilities Held for Sale

In February 2019, the Company completed the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC. During the first quarter of 2019, the Company recorded an additional loss, inclusive of transaction costs, of $12 million on the sale of this portfolio, reflecting certain changes in estimates that were made when recording the initial charge. The revenue generated from this business was $36 million for the three months ended March 31, 2019 and $439 million for the year ended December 31, 2018.

Note 6 – Business Acquisition

In January 2019, the Company completed the acquisition of Health Solutions Plus (HSP), a software provider of healthcare payer administration solutions, for a total base consideration of $90 million and a maximum contingent consideration payment of $8 million based on a cumulative achievement over two years. Revenue and pre-tax income recorded since the acquisition date through March 31, 2019 were $4 million and $3 million, respectively.

The Company's purchase price allocation for the HSP acquisition is preliminary and subject to revision as additional information related to the fair value of assets and liabilities becomes available. The preliminary purchase price based upon the current determination of fair values as at March 31, 2019 was as follows:

(in millions)	March 31, 2019
Fair Value of Consideration Transferred:	
Cash paid	$ 90
Recorded earn-out payable	7
Total Consideration	$ 97
Allocation of Purchase Price:	
Net tangible assets	$ 10
Costs Assigned to Intangible Assets	
Developed technology	20
Customer relationships	18
Trademarks and trade names	1
Goodwill	48
Total Intangible Assets	87
Total Assets	$ 97

The useful lives are 7 years, 15 years and 1.5 years for Developed technology, Customer relationships and Trademarks and trade names, respectively. The acquired goodwill is associated with the Company's Commercial Industries segment. This acquired goodwill, while tax deductible, includes $7 million related to contingent consideration payable that is not tax deductible until it is earned and paid. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of HSP.

The Company has not presented separate results of operations or combined pro forma financial information of the Company and the acquired interests because the results of operations of the acquired business are considered immaterial.

Note 7 – Restructuring Programs and Related Costs

The Company engages in a series of restructuring programs related to downsizing its employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce its cost structure and improve productivity. The implementation of the Company's strategic transformation program and various productivity initiatives have reduced the Company's real estate footprint across all geographies and segments resulting in increased lease cancellation and other related costs. Also included in Restructuring and Related Costs are incremental, non-recurring costs related to the consolidation of the Company's data centers, which totaled $9 million for the three months ended March 31, 2019. Management continues to evaluate the Company's business, and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Costs associated with restructuring, including employee severance and lease termination costs, are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of the Company's restructuring program activity during the three months ended March 31, 2019 and 2018 was as follows:

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Accrued Balance at December 31, 2018	$ 13	$ 36	$ 49
Restructuring provision	3	14	17
Adjustments to prior accruals	—	(1)	(1)
Total Net Current Period Charges	3	13	16
Payments against reserve and currency	(5)	(6)	(11)
Adoption of new lease standard	—	(22)	(22)
Other	—	(3)	(3)
Accrued Balance at March 31, 2019	$ 11	$ 18	$ 29

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Accrued Balance at December 31, 2017	$ 14	$ 30	$ 44
Restructuring provision	17	7	24
Adjustments to prior accruals	(3)	(2)	(5)
Total Net Current Period Charges	14	5	19
Payments against reserve and currency	(5)	(8)	(13)
Other	—	1	1
Accrued Balance at March 31, 2018	$ 23	$ 28	$ 51

In addition, the Company recorded professional support costs associated with the strategic transformation program in Restructuring and related costs of $0 million and $1 million for the three months ended March 31, 2019 and 2018, respectively.

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Three Months Ended March 31,	
(in millions)	2019	2018
Commercial Industries	$ 2	$ 12
Shared IT / Infrastructure & Corporate Costs	14	7
Total Net Restructuring Charges	$ 16	$ 19

Note 8 – Debt

Long-term debt was as follows:

(in millions)	March 31, 2019	December 31, 2018
Term loan A due 2022	$ 691	$ 705
Term loan B due 2023	831	833
Senior notes due 2024	34	34
Finance lease obligations	23	26
Principal debt balance	1,579	1,598
Debt issuance costs and unamortized discounts	(30)	(31)
Less: current maturities	(53)	(55)
Total Long-term Debt	$ 1,496	$ 1,512

Note 9 – Financial Instruments

The Company is a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of its business. As a part of the Company's foreign exchange risk management strategy, the Company uses derivative instruments, primarily forward contracts, to hedge the funding of foreign entities which have a non-dollar functional currency, thereby reducing volatility of earnings or protecting fair values of assets and liabilities.

At March 31, 2019 and December 31, 2018, the Company had outstanding forward exchange contracts with gross notional values of approximately $164 million and $167 million, respectively. Approximately 65% of these contracts mature within three months, 14% in three to six months, 16% in six to twelve months and 5% in greater than twelve months. Most of these foreign currency derivative contracts are designated as cash flow hedges and did not have a material impact on the Company's balance sheet, income statement or cash flows for the periods presented.

Refer to Note 10 – Fair Value of Financial Assets and Liabilities for additional information regarding the fair value of the Company's foreign exchange forward contracts.

Note 10 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value base on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities.

Unless noted herein, the Company's valuation methodologies for assets and liabilities measured at fair value are described in Note 10 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Summary of Financial Assets and Liabilities Accounted for at Fair Value on a Recurring Basis

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2.

(in millions)	March 31, 2019	December 31, 2018
Assets:		
Foreign exchange contract - forward	$ 3	$ 3
Total Assets	$ 3	$ 3
Liabilities:		
Foreign exchange contracts - forwards	$ 1	$ 1
Total Liabilities	$ 1	$ 1

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

(in millions)	March 31, 2019 Carrying Amount	March 31, 2019 Fair Value	December 31, 2018 Carrying Amount	December 31, 2018 Fair Value
Assets:				
Assets held for sale	—	—	15	15
Liabilities:				
Long-term debt	1,496	1,478	1,512	1,463
Liabilities held for sale	—	—	40	40

The fair value amounts for Cash and cash equivalents, Restricted cash, Accounts receivable, net and Short-term debt approximate carrying amounts due to the short-term maturities of these instruments.

The fair value of the Goodwill impairment of $284 million recorded for the three months ended March 31, 2019, was estimated based on a discounted cash flow and market multiple analysis (level 3). Refer to Note 18 – Goodwill to the Condensed Consolidated Financial Statements for additional information regarding this impairment charge.

The fair value of the Assets held for sale and the Liabilities held for sale were measured based on the sales price less estimated transactions costs (Level 3). Refer to Note 5 – Assets/Liabilities Held for Sale to the Condensed Consolidated Financial Statements for additional information

The fair value of Long-term debt was estimated based on the current rates offered to the Company for debt of similar maturities (Level 2).

Note 11 – Employee Benefit Plans

The Company has post-retirement savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans, employees are allowed to contribute a portion of their salaries and bonuses to the plans. Historically, the Company matched a portion of employee contributions. However, beginning in 2019, the Company has suspended its match to the 401(k) plan for all U.S. employees, except hourly employees.

The Company recognized an expense related to its defined contribution plans of $3 million and $8 million for the three months ended March 31, 2019 and 2018, respectively. As a result of suspending 401(K) match for U.S. employees as indicated above, there was a $3 million reduction in expense for the three months ended March 31, 2019.

Note 12 – Accumulated Other Comprehensive Loss (AOCL)

Below are the balances and changes in AOCL[(1)]:

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2018	$ (426)	$ 2	$ (1)	$ (425)
Other comprehensive income (loss) before reclassifications	7	1	—	8
Amounts reclassified from accumulated other comprehensive loss	15	—	(1)	14
Net current period other comprehensive income (loss)	22	1	(1)	22
Balance at March 31, 2019	$ (404)	$ 3	$ (2)	$ (403)

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2017	$ (437)	$ 1	$ (58)	$ (494)
Other comprehensive income (loss) before reclassifications	9	(1)	—	8
Amounts reclassified from accumulated other comprehensive loss	5	—	—	5
Net current period other comprehensive income (loss)	14	(1)	—	13
Balance at March 31, 2018	$ (423)	$ —	$ (58)	$ (481)

(1) All amounts are net of tax. Tax effects were immaterial.

Note 13 – Contingencies and Litigation

As more fully discussed below, the Company is involved in a variety of claims, lawsuits, investigations and proceedings concerning: governmental entity contracting, servicing and procurement law; intellectual property law; employment law; commercial and contracts law; the Employee Retirement Income Security Act (ERISA); and other laws, regulations and matters. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its view on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts in excess of any accrual for such matter or matters, this could have a material adverse effect on the Company's results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters as of March 31, 2019. Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters and such outcome in any such matters could be in excess of any amounts accrued and could be material to the Company's results of operations, cash flows or financial position in any reporting period.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the condensed consolidated financial position or liquidity. As of March 31, 2019, the Company had accrued its estimate of liability incurred under its indemnification arrangements and guarantees.

Litigation Against the Company

State of Texas v. Xerox Corporation, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Conduent State Healthcare, LLC (f/k/a Xerox State Healthcare, LLC, f/k/a ACS State Healthcare, LLC) and Conduent Incorporated: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the “State”), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Conduent State Healthcare LLC (f/k/a Xerox State Healthcare, LLC and ACS State Healthcare) (“CSH”), Conduent Business Services LLC (“CBS”) and Conduent Incorporated (“CI”) (collectively, CSH, CBS and CI are referred to herein as the "Conduent Defendants") and Xerox Corporation (together with the Conduent Defendants called “Defendants”) violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services (“HHSC”) (the “State Action”). In February 2019 a settlement agreement and release was reached among the Defendants, the State and HHSC. Pursuant to the terms of the Texas Agreement ("Texas Agreement"), the Conduent Defendants will pay the State of Texas $236 million in full settlement of the claims asserted against the Defendants. This amount was payable in installments and all proceedings in the lawsuit were suspended and the State and the HHSC agreed to dismiss the lawsuit with prejudice and release the Defendants from all of the State’s claims after all settlement payments are made. In May 2019, the Defendants entered into the First Amendment to Settlement Agreement and Release with the State (the “Amended Agreement”). Pursuant to the terms of the Amended Agreement, the amount paid to the State by the Conduent Defendants in full settlement of the State Action will be paid as follows: (1) $40 million on or before April 15, 2019 (which the Company has already paid); (2) $78 million on or before May 15, 2019 (the “First Payment”); and (3) $118 million on or before January 15, 2020 (the “Second Payment”). In order to secure the Second Payment, the Company will provide bank issued letters of credit to the State in the full amount of the Second Payment (the “LCs”) which the State may present for payment to the issuing banks if the Conduent Defendants do not make the Second Payment. On the 91st day following receipt of the First Payment and the LCs, the State will file a dismissal with prejudice dismissing the State Action and fully release and discharge the Defendants. As a result of the change in payment terms pursuant to the Amended Agreement, the Company recognized an additional $13 million of expense in the quarter ended March 31, 2019.

Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC (“Buck”), which was a wholly-owned subsidiary of Conduent, for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association (“StanCERA”). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck’s valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court’s ruling and remanded the case back to the trial court as to Buck only, and only with respect to Plaintiff’s claim of aiding and abetting StanCERA in breaching its fiduciary duty. This case has been stayed pending the outcome of parallel litigation the plaintiffs are pursuing against StanCERA. The parallel litigation was tried before the bench in June 2018, and on January 24, 2019, the court found in favor of StanCERA, holding that it had not breached its fiduciary duty to plaintiffs. Plaintiffs in the parallel litigation have the right to file an appeal, which we expect. Nasrawi remains stayed until the parallel litigation is finally concluded. Absent the court finding that StanCERA breached its fiduciary duty, plaintiffs’ claim against Buck for aiding and abetting said breach would not appear viable. Buck will continue to aggressively defend these lawsuits. In August 2018, Conduent sold Buck Consultants, LLC; however, the Company retained this liability after the sale. The Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome or loss, if any.

Conduent Business Services, LLC v. Cognizant Business Services, LLC: On April 12, 2017, Conduent Business Services LLC ("Conduent") filed a lawsuit against Cognizant Business Services Corporation ("Cognizant") in the Supreme Court of New York County, New York. The lawsuit relates to the Amended and Restated Master Outsourcing Services Agreement effective as of October 24, 2012, and the service delivery contracts and work orders thereunder, between Conduent and Cognizant, as amended and supplemented (the "Contract"). The Contract contains certain minimum purchase obligations by Conduent through the date of expiration. The lawsuit alleges that Cognizant committed multiple breaches of the Contract, including Cognizant's failure to properly perform its obligations as subcontractor to Conduent under Conduent's contract with the New York Department of Health to provide a Medicaid Management Information Systems. In the lawsuit, Conduent seeks damages in excess of $150 million. During the first quarter of 2018, Conduent provided notice to Cognizant that it was terminating the Contract for cause and recorded in the same period certain charges associated with the termination. Cognizant asserted two counterclaims for breach of contract seeking recovery of damages in excess of $47 million, which includes amounts alleged not paid to Cognizant under the contract and an alleged $25 million for termination fees. Conduent has responded to Cognizant's counterclaims by denying the allegations. Conduent will continue to vigorously defend itself against the counterclaims but the Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome.

Other Matters

On January 5, 2016, the Consumer Financial Protection Bureau (the "CFPB") notified Xerox Education Services, Inc. (XES) that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise (NORA) process, the CFPB's Office of Enforcement is considering recommending that the CFPB take legal action against XES, alleging that XES violated the Consumer Financial Protection Act's prohibition of unfair practices. Should the CFPB have commenced an action, it may have sought restitution, civil monetary penalties, injunctive relief, or other corrective action. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action is recommended or commenced. XES submitted its response to the NORA. The CFPB's NORA stems from an inquiry that commenced in 2014 when XES received and responded to a CFPB Civil Investigative Demand containing a broad request for information. During this process, XES self-disclosed to the U.S. Department of Education (the "Department") and the CFPB certain adjustments of which it had become aware that had not been timely made relating to its servicing of a small percentage of third-party student loans under outsourcing arrangements for various financial institutions. The CFPB, the U.S. Department of Education, the U.S. Department of Justice and several state agencies began similar reviews. XES has cooperated and continues to fully cooperate with all regulatory agencies and has resolved the state agency investigations. As a result of these regulatory inquiries, its own reviews of operations and work performed by external auditors, XES identified and remediated certain other operational issues. XES disclosed these additional operational projects to the Department at the end of the second quarter of 2018 and to the CFPB in late 2018. In the third quarter of 2018, the Company exited the Student Loan Services business. In the first quarter of 2019, the Company resolved the CFPB's investigation. The Company cannot provide assurance that the CFPB, another regulator, a financial institution on behalf of which the Company serviced third-party student loans, or another party will not ultimately commence a legal action against XES in which fines, penalties or other liabilities are sought from XES. Nor is the Company able to predict the likely outcome of these matters, should any such matter be commenced, or reasonably provide an estimate or range of estimates of any loss in excess of current reserves. The Company could, in future periods, incur judgments or enter into settlements to resolve these potential matters for amounts in excess of current reserves and there could be a material adverse effect on the Company's results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Other Contingencies

Certain contracts, primarily in the Company's Government Services and Transportation segments, require the Company to provide a surety bond or a letter of credit as a guarantee of performance. As of March 31, 2019, the Company had $636 million of outstanding surety bonds used to secure its performance of contractual obligations with its clients and $266 million of outstanding letters of credit issued to secure the Company's performance of contractual obligations to its clients as well as other corporate obligations. In general, the Company would only be liable for the amount of these guarantees in the event of default in the Company's performance of its obligations under each contract. The Company believes it has sufficient capacity in the surety markets and liquidity from its cash flow and its various credit arrangements (including its Credit Facility) to allow it to respond to future requests for proposals that require such credit support.

Note 14 – Preferred Stock

Series A Preferred Stock

In December 2016, the Company issued 120,000 shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $120 million and an initial fair value of $142 million. The convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($9.6 million per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393,000 shares (reflecting an initial conversion price of approximately $22.25 per share of common stock), subject to customary anti-dilution adjustments.

Note 15 – Shareholders' Equity

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCL	Conduent Shareholders' Equity
Balance at December 31, 2018	$ 2	$ 3,878	$ (233)	$ (425)	$ 3,222
Cash dividends paid - preferred stock	—	—	(2)	—	(2)
Cumulative impact of adopting the new lease standard	—	—	(8)	—	(8)
Stock option and incentive plans, net	—	1	—	—	1
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(308)	—	(308)
Other comprehensive income (loss), net	—	—	—	22	22
Total Comprehensive Income (Loss), Net	—	—	(308)	22	(286)
Balance at March 31, 2019	$ 2	$ 3,879	$ (551)	$ (403)	$ 2,927

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCL	Conduent Shareholders' Equity
Balance at December 31, 2017	$ 2	$ 3,850	$ 171	$ (494)	$ 3,529
Cash dividends paid - preferred stock	—	—	(2)	—	(2)
Cumulative impact of adopting the new revenue standard	—	—	17	—	17
Stock option and incentive plans, net	—	3	—	—	3
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(50)	—	(50)
Other comprehensive income (loss), net	—	—	—	13	13
Total Comprehensive Income (Loss), Net	—	—	(50)	13	(37)
Balance at March 31, 2018	$ 2	$ 3,853	$ 136	$ (481)	$ 3,510

Note 16 – Earnings per Share

We did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

(in millions, except per share data in whole dollars and shares in thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net income (loss)	$ (308)	$ (50)
Accrued dividends on preferred stock	(2)	(2)
Adjusted Net Income (Loss) Available to Common Shareholders	$ (310)	$ (52)
Weighted average common shares outstanding	207,944	205,093
Common shares issuable with respect to:		
Stock options	—	—
Restricted stock and performance units / shares	—	—
Adjusted Weighted Average Common Shares Outstanding	207,944	205,093
Net Income (Loss) per Share:		
Basic	$ (1.49)	$ (0.26)
Diluted	$ (1.49)	$ (0.26)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):		
Stock Options	110	317
Restricted stock and performance shares/units	5,124	5,527
Convertible preferred stock	5,393	5,393
Total Anti-Dilutive Securities	10,627	11,237

Note 17 – Supplementary Financial Information

The components of Other current liabilities were as follows:

(in millions)	March 31, 2019	December 31, 2018
Accrued liabilities	$ 308	$ 307
Legal settlements	280	147
Current operating lease liabilities	112	—
All other liabilities	117	113
Total Other Current Liabilities	$ 817	$ 567

Note 18 – Goodwill

As a result of the Transportation reporting unit experiencing unanticipated losses of certain customer contracts, lower than expected new customer contracts and higher costs of delivery (all subsequent to February 2019), the growth of this reporting unit decreased resulting in its fair value being below its carrying value by approximately $284 million. As a result, the Company recorded a pre-tax impairment charge of approximately $284 million for the three months ended March 31, 2019.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Conduent Incorporated and its consolidated subsidiaries. MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes.

Overview

We are a leading provider of digital business services with expertise in transaction-intensive processing, analytics and automation. Our portfolio covers both front office and back office operations; however, the majority of our revenue and differentiation derives from engagements where we serve on behalf of our clients to manage end-user interactions across a wide-range of domains. Examples include payments, collections, benefit administration and end-user engagement services. We create value for our clients through more efficient service delivery combined with a personalized and seamless experience for the end-user. We apply our expertise, technology and innovation to continually modernize our offerings for improved customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. Our strategy is to drive portfolio focus, operational discipline, sales and delivery excellence and innovation, complemented by tightly aligned investments. Headquartered in Florham Park, New Jersey, we have a team of approximately 67,000 people as of March 31, 2019, servicing customers in 23 countries.

Financial Review of Operations

	Three Months Ended March 31,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
Revenue	$ 1,158	$ 1,420	$ (262)	(18)%
Operating Costs and Expenses				
Cost of Services (excluding depreciation and amortization)	906	1,115	(209)	(19)%
Selling, general and administrative (excluding depreciation and amortization)	127	143	(16)	(11)%
Research and development (excluding depreciation and amortization)	3	2	1	50 %
Depreciation and amortization	115	116	(1)	(1)%
Restructuring and related costs	16	20	(4)	(20)%
Interest expense	20	33	(13)	(39)%
Goodwill impairment	284	—	284	— %
(Gain) loss on divestitures and transaction costs	14	15	(1)	(7)%
Litigation costs (recoveries), net	12	31	(19)	(61)%
Other (income) expenses, net	(1)	(1)	—	— %
Total Operating Costs and Expenses	**1,496**	**1,474**	**22**	
Income (Loss) Before Income Taxes	(338)	(54)	(284)	
Income tax expense (benefit)	(30)	(4)	(26)	
Income (Loss) From Continuing Operations	**$ (308)**	**$ (50)**	**$ (258)**	

Revenue

Revenue for the three months ended March 31, 2019 decreased, compared to the prior period, primarily due to the impact from divestitures completed in 2018 and 2019, strategic decisions by management as part of our portfolio rationalization, including exiting certain unprofitable contracts, contract losses and currency fluctuations. Partially offsetting these declines were increases from the ramp of new business.

Cost of Services (excluding depreciation and amortization)

Cost of services for the three months ended March 31, 2019 decreased, compared to the prior period, mainly driven by reductions in real estate, information technology and labor costs from our strategic transformation initiatives, lost business, strategic contract actions taken by management as part of portfolio management, lower volumes and divestitures completed in 2018 and 2019.

Selling, General and Administrative (SG&A) (excluding depreciation and amortization)

Lower SG&A for the three months ended March 31, 2019, compared to the prior period, was reflective of the impact of our strategic transformation initiatives, primarily due to reductions in labor costs as well as the reduction in 401(K) costs and negotiated IT contract costs. As a result of the Company suspending its 401(K) match for U.S. employees, except hourly employees, there was a $3 million reduction in expense for the three months ended March 31, 2019.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2019 decreased, compared to the prior period, primarily due to the divestitures in 2018.

Restructuring and Related Costs

Restructuring and related costs for the three months ended March 31, 2019 include $3 million of severance costs due to headcount reductions of approximately 200 employees worldwide, $9 million of costs related to data center migration and $4 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint.

Restructuring and related costs for the three months ended March 31, 2018 include $14 million of severance costs due to headcount reductions of approximately 700 employees worldwide and $5 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint, and $1 million of strategic transformation costs.

Management continues to evaluate the Company's business, and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Refer to Note 7 – Restructuring Programs and Related Costs to the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Interest Expense

Interest expense represents interest on long-term debts and the amortization of debt issuance costs. Decrease in Interest expense for the three months ended March 31, 2019, compared to the prior period, was driven primarily by lower average debt balances and repricing as a result of the tender offer in 2018. Refer to Note 8 – Debt in the Condensed Consolidated Financial Statements for additional information.

Goodwill Impairment

The goodwill impairment for the three months ended March 31, 2019 related to the write-down of the Transportation segment's carrying value. Refer to Note 18 – Goodwill to the Condensed Consolidated Financial Statements for additional information regarding this impairment charge.

(Gain) Loss on Divestitures and Transaction Costs

The current year period consists of $5 million of changes in estimates related to losses on divestitures and $9 million of transaction and related costs, $4 million of which relates to costs to remediate Payment Card Industry Data Security Standards compliance issues related to the sale of select standalone customer care contracts to Skyview Capital LLC.

Litigation Costs (Recoveries), Net

Net litigation costs for the three months ended March 31, 2019, consists primarily of the $13 million expense related to the Texas litigation whereas the prior year period expense was primarily due to the establishment of a reserve for certain terminated contracts that were subject to litigation in 2018.

Refer to Note 13 – Contingencies and Litigation to the Condensed Consolidated Financial Statements for additional information.

Income Taxes

The effective tax rate for the three months ended March 31, 2019 was 8.9%, compared with 7.4% for the three months ended March 31, 2018. The March 31, 2019 rate was lower than the U.S. statutory rate of 21%, primarily due to the goodwill impairment charge being partially non-deductible for tax and the geographic mix of income, partially offset by the tax benefit recognized on the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC.

The effective tax rate for the three months ended March 31, 2018 was lower than the statutory tax rate of 21%, primarily due to the geographic mix of income and the impact of Global Intangible Low Tax Income and Base Erosion Anti-Abuse Tax (BEAT), which reduced the tax benefits on the worldwide loss.

Excluding the impact of the goodwill impairment, divestitures, the Texas litigation reserve, charges for amortization of intangible assets, restructuring and divestiture related costs, the normalized effective tax rate for the three months ended March 31, 2019 was 34.7%. The normalized effective tax rate of 34.7% for the three months ended March 31, 2018, was predominantly impacted by the exclusion of charges for amortization of intangible assets, restructuring and divestiture related costs and the impact of BEAT.

The Company believes it is reasonably possible that unrecognized tax benefits of approximately $20 million will reverse within 12 months due to an anticipated audit settlement.

Operations Review of Segment Revenue and Profit

Our financial performance is based on Segment Profit / (Loss) and Segment Adjusted EBITDA for the following three segments:

- Commercial Industries,
- Government Services, and
- Transportation.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

We are modernizing a significant portion of our information technology infrastructure with new systems and processes and consolidating our data centers as part of our transformation initiatives. We expect that these changes will provide greater strategic and operational flexibility and efficiency and better control of our systems and processes. Based on our continuing review of our cybersecurity, we are making additional investments to enhance our cybersecurity protection. There is a risk, however, that our modernization efforts and data center consolidations could materially and adversely disrupt our operations. See Part I, Item 1A – Risk Factors of our 2018 Annual Report on Form 10-K for additional information.

Revenues by segment were:

(in millions)	Three Months Ended March 31,						
	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
				Divestitures	Other		
Three Months Ended March 31, 2019							
Revenue	$ 612	$ 325	$ 184	$ 36	$ 1	$ —	$ 1,158
Segment profit (loss)	$ 113	$ 86	$ 20	$ 1	$ —	$ (151)	$ 69
Segment depreciation and amortization	$ 22	$ 9	$ 9	$ —	$ —	$ 14	$ 54
Adjusted EBITDA	$ 135	$ 95	$ 29	$ 1	$ —	$ (137)	$ 123
% of Total Revenue	52.8%	28.1%	15.9%	3.1%	0.1 %	—%	100.0%
Adjusted EBITDA Margin	22.1%	29.2%	15.8%	2.8%	— %	—%	10.6%
Three Months Ended March 31, 2018							
Revenue	$ 654	$ 335	$ 176	$ 248	$ 7	$ —	$ 1,420
Segment profit (loss)	$ 110	$ 108	$ 27	$ 39	$ (3)	$ (176)	$ 105
Segment depreciation and amortization	$ 28	$ 7	$ 8	$ 2	$ 1	$ 10	$ 56
Adjusted EBITDA	$ 138	$ 115	$ 35	$ 41	$ (2)	$ (166)	$ 161
% of Total Revenue	46.1%	23.6%	12.4%	17.5%	0.4 %	—%	100.0%
Adjusted EBITDA Margin	21.1%	34.3%	19.9%	16.5%	(28.6)%	—%	11.3%

Commercial Industries Segment

Revenue

Commercial Industries revenue for the three months ended March 31, 2019 decreased, compared to prior period, primarily driven by strategic contract actions and contract losses, partially offset by revenue from new contracts.

Segment Profit and Adjusted EBITDA

Increase in the Commercial Industries segment profit and adjusted EBITDA margin for the three months ended March 31, 2019, compared to prior period, was mainly driven by reductions in real estate, information technology and labor costs from our strategic transformation initiatives and from increases in new business, partially offset by overall revenue decline from lost business, volumes and price declines.

Government Services Segment

Revenue

Government Services revenue for the three months ended March 31, 2019, decreased compared to prior period, primarily driven by contract losses, partially offset by ramp of new business.

Segment Profit and Adjusted EBITDA

Decrease in the Government Services segment profit and adjusted EBITDA margin for the three months ended March 31, 2019, compared to prior period, was mainly driven by lost business, increased IT spend and price declines as well as higher investments in technology platforms, partially offset by reductions in real estate and labor costs from our strategic transformation initiatives and contract remediation.

Transportation Segment

Revenue

Transportation revenue for the three months ended March 31, 2019 increased, compared to the prior period, primarily driven by ramp of new business, partially offset by contract losses and service level penalties.

Segment Profit and Adjusted EBITDA

Transportation segment profit and adjusted EBITDA margin for the three months ended March 31, 2019 decreased, compared to the prior period, mainly driven by volume declines, service level penalties and increased IT spend, partially offset by reductions in real estate and labor costs from our strategic transformation initiatives.

Other

Revenue

Other revenue for the three months ended March 31, 2019 decreased, compared to prior period, driven mainly by the divestitures completed in 2018 and 2019 and the run-off of our Student Loan Services business.

Segment Profit (Loss) and Adjusted EBITDA

Decrease in Other segment profit and adjusted EBITDA for the three months ended March 31, 2019, compared to the prior period, were primarily due to divestitures completed in 2018 and 2019 and the run-off of our Student Loan Services business.

Shared IT / Infrastructure & Corporate Costs

Improvements in Shared IT/Infrastructure and Corporate costs for the three months ended March 31, 2019, compared to the prior year period, were primarily driven by reduced costs as a result of reductions in real estate, information technology and labor costs from our strategic transformation initiatives as well as a reduction in negotiated IT contract costs.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts. The amounts in the following table exclude divestitures.

	Three Months Ended March 31,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
New business TCV	$ 225	$ 367	$ (142)	(39)%
Renewals TCV	727	926	(199)	(21)%
Total Signings	$ 952	$ 1,293	$ (341)	(26)%
Recurring revenue signings[1]	$ 52	$ 81	$ (29)	(36)%
Non-recurring revenue signings[2]	$ 32	$ 53	$ (21)	(40)%

(1) Recurring revenue signings are for new business contracts longer than one year.

(2) Non-recurring revenue signings are for contracts shorter than one year.

Signings for the three months ended March 31, 2019 decreased, compared to the prior year, mainly due to a continued focus on strategic wins with acceptable margins, longer lead times and delays in signings.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period, excluding any contracts that were not renewed and where a strategic action to improve the risk or profitability had been initiated.

Excluding our strategic decision not to renew certain contracts, renewal rates for the three months ended March 31, 2019 and 2018 were 92% and 94%, respectively.

Critical Accounting Policies - Goodwill

As a result of the Transportation reporting unit experiencing unanticipated losses of certain customer contracts, lower than expected new customer contracts and higher costs of delivery (all subsequent to February 2019), the growth of this reporting unit decreased resulting in its fair value being below its carrying value by approximately $284 million. As a result, the Company recorded a pre-tax impairment charge of approximately $284 million.

In addition, based on our discounted cash flow and market multiple analysis, we evaluated if the goodwill of the other reporting units were also impaired. The weighted average cost of capital used for the discounted cash flow analysis was between 10% and 13%, depending on the reporting unit. Although, we did not have a goodwill impairment in the Financial Services & Healthcare (FS&H) reporting unit, the Consumer & Industrial (C&I) reporting unit or in the Government Services reporting unit, the fair values of each of these reporting units have declined. These reporting units may become impaired if they experience significant customer losses, do not achieve new customer signing projections, or incur higher costs than projected. The goodwill, carrying values and the headroom for FS&H, C&I, Europe and the Government reporting units are as follows:

	March 31, 2019		
(amounts in millions)	Goodwill	Carrying Value	Headroom
Reporting Unit:			
FS&H	$ 982	$ 1,023	26%
C&I	389	439	30%
Europe	67	90	70%
Government services	1,376	962	17%
Transportation	357	570	—%

In addition, because the fair value of the Transportation unit is equal to the book value of the reporting unit, the Transportation reporting unit goodwill could be further impaired if there are further customer contracts losses and lower expected new customer contracts.

The most significant assumption used in the goodwill analysis relates to the long-term organic growth rates. For example, the EBITDA long-term growth rate for FS&H and C&I reporting units was 3%, and for Government Services was 2.5%. The growth rates are consistent with industry long-term growth rates and contemplate that Conduent will grow, on a long-term basis, at least consistent with its peers. To the extent that Conduent loses a significant contract or multiple significant contracts, such that its growth rates are negatively impacted, its goodwill could be impaired. For example, if Conduent's EBITDA long-term growth rates were reduced to 1% for all reporting units (except for Europe and Transportation), the fair values of the reporting units would approximate their book values.

Capital Resources and Liquidity

As of March 31, 2019, and December 31, 2018, total cash and cash equivalents were $520 million and $756 million, respectively. The Company also has a $750 million revolving line of credit for its various cash needs, of which $12 million has been utilized for letters of credit.

In May 2019, the Company entered into the First Amendment to Settlement Agreement and Release with the State of Texas. Pursuant to the terms of the Amended Agreement, the amount paid to the State by the Conduent Defendants in full settlement of the State Action will be paid as follows: (1) $40 million on or before April 15, 2019 (which the Company has already paid); (2) $78 million on or before May 15, 2019 (the "First Payment"); and (3) $118 million on or before January 15, 2020 (the "Second Payment"). In order to secure the Second Payment, the Company will provide bank issued letters of credit to the State in the full amount of the Second Payment (the "LCs") which the State may present for payment to the issuing banks if the Conduent Defendants do not make the Second Payment.

As of March 31, 2019, there were $1.5 billion outstanding borrowings under our Credit Agreement of which $53 million was due within one year. Refer to Note 8 – Debt in the Condensed Consolidated Financial Statements for additional debt information.

We expect our operating cash flows combined with cash on hand and financing activities to be sufficient to fund expected operating and anticipated capital and other funding requirements for at least the next twelve months.

Cash Flow Analysis

The following table summarizes our cash flows, as reported in our Condensed Consolidated Statement of Cash Flows in the accompanying Condensed Consolidated Financial Statements:

	Three Months Ended March 31,		
(in millions)	2019	2018	Better (Worse)
Net cash provided by (used in) operating activities	$ (49)	$ (38)	$ (11)
Net cash provided by (used in) investing activities	(168)	(39)	(129)
Net cash provided by (used in) financing activities	(22)	(27)	5

Historically the Company generates the majority of its cash from operating activities in the last two quarters of the year, as such the Company expects the second quarter cash flow from operations to also be negative.

Operating activities

Net cash used in operating activities of $(49) million was the result of $20 million in payments for the Texas litigation as well as negative working capital (which was partially offset by unpaid accounts payables for an IT supplier).

Investing activities

The increase in cash used in investing activities for the three months ended March 31, 2019, compared to the prior period, was primarily due to the acquisition of HSP and increased spending for capital expenditures related to modernizing our information technology infrastructure.

Financing activities

The decrease in cash used in financing activities for the three months ended March 31, 2019, compared to the prior period, was related to lower debt payments.

Market Risk Management

We are exposed to market risk from changes in foreign currency exchange rates which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We may utilize derivative financial instruments to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We also may hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market events have not caused us to materially modify nor change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 9 – Financial Instruments in the Condensed Consolidated Financial Statements for additional discussion on our financial risk management.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Market Risk Management” section in Item 2 of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company’s management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms relating to Conduent Incorporated, including our consolidated subsidiaries, and was accumulated and communicated to the Company’s management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

Beginning January1, 2019, we implemented the new lease accounting standard. Although the adoption of this standard did not have a material impact on our Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2019, we did implement changes to our internal controls related to the implementation of the new lease accounting standard. These changes included performing a comprehensive lease scoping analysis to identify, disaggregate and evaluate each of our lease categories and implementing a new information technology application to calculate ROU assets and lease liabilities values for our leases. There were no other changes in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 13 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated herein by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our 2018 Annual Report on Form 10-K. There have been no material changes to our risk factors as previously reported in our 2018 Annual Report on Form 10-K.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended March 31, 2019

During the quarter ended March 31, 2019, the Company did not issue any securities in transactions that were not registered under the Securities Act of 1933, as amended.

(b) Issuer Purchases of Equity Securities during the Quarter ended March 31, 2019

None.

ITEM 6 — EXHIBITS

3.1	Restated Certificate of Incorporation of Registrant filed with the Department of the State of New York on December 31, 2016. Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated December 23, 2016.
3.2	Amended and Restated By-Laws of Registrant as amended through December 31, 2016. Incorporated by reference to Exhibit 3.2 to Registrants Current Report on Form 8-K dated December 23, 2016.
10.7(b)	First Amendment to Settlement Agreement and Release between the State of Texas, the Texas Health and Human Services Commission, Xerox Corporation, Conduent Incorporated, Conduent Business Services, LLC and Conduent State Healthcare, LLC dated May 6, 2019. Incorporated by reference to the Registrant's Current Report on Form 8-K dated May 6, 2019. (See SEC file Number 001-37817).
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONDUENT INCORPORATED
(Registrant)

By: /S/ ALLAN COHEN

Allan Cohen
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: May 8, 2019

CEO CERTIFICATIONS

I, Ashok Vemuri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 8, 2019

/s/ ASHOK VEMURI

Ashok Vemuri
Principal Executive Officer

CFO CERTIFICATIONS

I, Brian J. Webb-Walsh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 8, 2019

/s/ BRIAN J. WEBB-WALSH

Brian J. Webb-Walsh
Principal Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Conduent Incorporated, a New York corporation (the "Company"), for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ashok Vemuri, Chief Executive Officer of the Company, and Brian J. Webb-Walsh, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ASHOK VEMURI

Ashok Vemuri
Chief Executive Officer

May 8, 2019

/s/ BRIAN J. WEBB-WALSH

Brian J. Webb-Walsh
Chief Financial Officer

May 8, 2019

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: June 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-37817

CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

100 Campus Drive, Suite 200, Florham Park, New Jersey 07932
(Address of principal executive offices) (Zip Code)

(844) 663-2638
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**CNDT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Small reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Class	**Outstanding at July 31, 2019**
Common Stock, $0.01 par value	211,330,037

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that could cause actual results to differ materially. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements.

Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: our ability to successfully manage the leadership transition and the potential for disruptions to our business from the transition; government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead time for customer commitments; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to modernize our information technology infrastructure and consolidate data centers; our ability to comply with data security standards; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Quarterly Report on Form 10-Q, our quarterly report on Form 10-Q for the quarter ended March 31, 2019, as well as in our 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission and any current Report on Form 8-K. Any forward-looking statements made by us in this Quarterly Report on Form 10-Q speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

CONDUENT INCORPORATED
FORM 10-Q
June 30, 2019

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For additional information about Conduent Incorporated and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at https://investor.conduent.com/. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions, except per share data)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenue	$ 1,112	$ 1,387	$ 2,270	$ 2,807
Operating Costs and Expenses				
Cost of Services (excluding depreciation and amortization)	879	1,073	1,785	2,188
Selling, general and administrative (excluding depreciation and amortization)	121	145	248	288
Research and development (excluding depreciation and amortization)	2	3	5	5
Depreciation and amortization	112	116	227	232
Restructuring and related costs	26	17	42	37
Interest expense	20	37	40	70
Goodwill impairment	1,067	—	1,351	—
(Gain) loss on divestitures and transaction costs	2	(60)	16	(45)
Litigation costs (recoveries), net	1	4	13	35
Other (income) expenses, net	1	(2)	—	(3)
Total Operating Costs and Expenses	2,231	1,333	3,727	2,807
Income (Loss) Before Income Taxes	(1,119)	54	(1,457)	—
Income tax expense (benefit)	(90)	43	(120)	39
Net Income (Loss)	$ (1,029)	$ 11	$ (1,337)	$ (39)
Net Income (Loss) per Share:				
Basic	$ (4.94)	$ 0.05	$ (6.44)	$ (0.21)
Diluted	$ (4.94)	$ 0.04	$ (6.44)	$ (0.21)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net Income (Loss)	$ (1,029)	$ 11	$ (1,337)	$ (39)
Other Comprehensive Income (Loss), Net				
Currency translation adjustments, net	(1)	(32)	6	(23)
Reclassification of currency translation adjustments on divestitures	—	—	15	5
Reclassification of divested benefit plans and other	—	—	(1)	—
Unrecognized gains (losses), net	—	(2)	1	(3)
Changes in benefit plans, net	—	3	—	3
Other Comprehensive Income (Loss), Net	(1)	(31)	21	(18)
Comprehensive Income (Loss), Net	$ (1,030)	$ (20)	$ (1,316)	$ (57)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	June 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	$ 276	$ 756
Accounts receivable, net	824	782
Assets held for sale	—	15
Contract assets	192	177
Other current assets	315	234
Total current assets	1,607	1,964
Land, buildings and equipment, net	333	328
Operating lease right-of-use assets	317	—
Intangible assets, net	566	651
Goodwill	2,105	3,408
Other long-term assets	375	329
Total Assets	$ 5,303	$ 6,680
Liabilities and Equity		
Current portion of long-term debt	$ 52	$ 55
Accounts payable	161	230
Accrued compensation and benefits costs	165	193
Unearned income	92	112
Liabilities held for sale	—	40
Other current liabilities	747	567
Total current liabilities	1,217	1,197
Long-term debt	1,488	1,512
Deferred taxes	186	327
Operating lease liabilities	264	—
Other long-term liabilities	105	280
Total Liabilities	3,260	3,316
Contingencies (See Note 13)		
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,886	3,878
Retained earnings (deficit)	(1,583)	(233)
Accumulated other comprehensive loss	(404)	(425)
Total Equity	1,901	3,222
Total Liabilities and Equity	$ 5,303	$ 6,680
Shares of common stock issued and outstanding	210,417	211,306
Shares of series A convertible preferred stock issued and outstanding	120	120

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Six Months Ended June 30, 2019	2018
Cash Flows from Operating Activities:		
Net income (loss)	$ (1,337)	$ (39)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	227	232
Contract inducement amortization	1	2
Deferred income taxes	(140)	(47)
Goodwill impairment	1,351	—
(Gain) loss from investments	(1)	(1)
Amortization of debt financing costs	3	8
(Gain) loss on divestitures and transaction costs	16	(45)
Stock-based compensation	14	19
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(64)	14
(Increase) decrease in other current and long-term assets	(79)	(95)
Increase (decrease) in accounts payable and accrued compensation	(82)	(25)
Increase (decrease) in restructuring liabilities	8	4
Increase (decrease) in other current and long-term liabilities	(142)	(11)
Net change in income tax assets and liabilities	(9)	48
Other operating, net	—	(4)
Net cash provided by (used in) operating activities	(234)	60
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(76)	(76)
Proceeds from sale of land, buildings and equipment	2	12
Cost of additions to internal use software	(37)	(14)
Payments for acquisitions, net of cash acquired	(90)	—
Proceeds from divestitures and sale of assets, net of cash	—	400
Payments from divestitures, including cash sold	(8)	—
Net cash provided by (used in) investing activities	(209)	322
Cash Flows from Financing Activities:		
Debt issuance fee payments	—	(3)
Payments on debt	(28)	(29)
Taxes paid for settlement of stock based compensation	(6)	(3)
Dividends paid on preferred stock	(5)	(5)
Net cash provided by (used in) financing activities	(39)	(40)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	(6)
Increase (decrease) in cash, cash equivalents and restricted cash	(480)	336
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	765	667
Cash, Cash Equivalents and Restricted Cash at End of period[1]	$ 285	$ 1,003

(1) *Includes $9 million and $10 million of restricted cash as of June 30, 2019 and 2018, respectively, that were included in Other current assets on the Condensed Consolidated Balance Sheets.*

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at March 31, 2019	$ 2	$ 3,879	$ (551)	$ (403)	$ 2,927
Cash dividends paid - preferred stock, $20/share	—	—	(3)	—	(3)
Stock option and incentive plans, net	—	7	—	—	7
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(1,029)	—	(1,029)
Other comprehensive income (loss), net	—	—	—	(1)	(1)
Total Comprehensive Income (Loss), Net	—	—	(1,029)	(1)	(1,030)
Balance at June 30, 2019	$ 2	$ 3,886	$ (1,583)	$ (404)	$ 1,901

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at March 31, 2018	$ 2	$ 3,853	$ 136	$ (481)	$ 3,510
Cash dividends paid - preferred stock, $20/share	—	—	(3)	—	(3)
Stock option and incentive plans, net	—	12	—	—	12
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	11	—	11
Other comprehensive income (loss), net	—	—	—	(31)	(31)
Total Comprehensive Income (Loss), Net	—	—	11	(31)	(20)
Balance at June 30, 2018	$ 2	$ 3,865	$ 144	$ (512)	$ 3,499

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at December 31, 2018	$ 2	$ 3,878	$ (233)	$ (425)	$ 3,222
Cash dividends paid - preferred stock, $40/per share	—	—	(5)	—	(5)
Cumulative impact of adopting the new lease standard	—	—	(8)	—	(8)
Stock option and incentive plans, net	—	8	—	—	8
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(1,337)	—	(1,337)
Other comprehensive income (loss), net	—	—	—	21	21
Total Comprehensive Income (Loss), Net	—	—	(1,337)	21	(1,316)
Balance at June 30, 2019	$ 2	$ 3,886	$ (1,583)	$ (404)	$ 1,901

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at December 31, 2017	$ 2	$ 3,850	$ 171	$ (494)	$ 3,529
Cash dividends paid - preferred stock, $40/per share	—	—	(5)	—	(5)
Cumulative impact of adopting the new revenue standard	—	—	17	—	17
Stock option and incentive plans, net	—	15	—	—	15
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(39)	—	(39)
Other comprehensive income (loss), net	—	—	—	(18)	(18)
Total Comprehensive Income (Loss), Net	—	—	(39)	(18)	(57)
Balance at June 30, 2018	$ 2	$ 3,865	$ 144	$ (512)	$ 3,499

(1) AOCL - Accumulated other comprehensive loss.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

The Company is a global enterprise and leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. The Company serves as a trusted business partner in both the front office and the back office, enabling personalized, seamless interactions on a massive scale that improve end-user experience. The Company creates value for its commercial and government clients by applying its expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. The Company's portfolio includes industry-focused service offerings in attractive growth markets such as healthcare and transportation, as well as multi-industry service offerings such as transaction processing, customer care and payment services.

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC). The year-end Condensed Consolidated Balance Sheet was derived from the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Certain reclassifications have been made to prior year information to conform to current year presentation. Intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments necessary for a fair statement of the financial position, results of operations and cash flows have been made. These adjustments consist of normal recurring items. The interim results of operations are not necessarily indicative of the results of the full year. These financial statements should be read in conjunction with the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Note 2 – Recent Accounting Pronouncements

The Company's significant accounting policies are described in Note 1–Basis of Presentation and Summary of Significant Accounting Policies in the Company’s 2018 Annual Report on Form 10-K. Summarized below are the accounting pronouncements adopted subsequent to December 31, 2018 that were applicable and material to the Company.

New Accounting Standards Adopted

Leases: The Company adopted the new lease guidance as of January 1, 2019, using the cumulative-effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the comparative periods presented. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are, or contain, leases, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any existing leases as of the adoption date. The Company did not elect to apply the hindsight practical expedient. Additionally, the Company has elected not to include short-term leases, with a term of 12 months or less, on its Condensed Consolidated Balance Sheets.

The impact of adopting this new guidance resulted in establishing Operating lease right-of-use (ROU) assets of $387 million, an increase to Other current liabilities of $103 million, a decrease to Other long-term liabilities of $21 million, establishing Operating lease liabilities of $316 million and a net decrease to opening retained earnings (deficit) of $8 million as of January 1, 2019. The adoption did not have an impact on the Company's Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Cash Flows.

Summary of Accounting Policies

Leases

The Company determines if an arrangement is a lease at the inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. The Company has operating and finance leases for real estate and equipment. Operating leases are included in Operating lease ROU assets, Other current liabilities, and Operating lease liabilities in our Condensed Consolidated Balance Sheets. Finance leases are included in Land, buildings and equipment, net, Current portion of long-term debt, and Long-term debt in our Condensed Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term using the Company's incremental borrowing rates or implicit rates. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option based on economic factors. The Company recognizes operating fixed lease expense and finance lease depreciation on a straight-line basis over the lease term. Variable lease expense is recognized in the period in which the obligation for those payments is incurred. The Company accounts for lease and non-lease components separately for its equipment leases, based on the estimated standalone price of each component, and combines lease and non-lease components for its real estate leases.

The components of lease costs were as follows:

(in millions)	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Finance Lease Costs:		
Amortization of right of use assets	$ 3	$ 6
Interest on lease liabilities	1	1
Total Finance Lease Costs	$ 4	$ 7
Operating lease costs:		
Base rent	$ 29	$ 60
Short-term lease costs	4	7
Variable lease costs[(1)]	8	15
Sublease income	(1)	(2)
Total Operating Lease Costs	$ 40	$ 80

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(1) Primarily related to taxes, insurance and common area and other maintenance costs for real estate leases.

Supplemental cash flow information related to leases was as follows:

(in millions)	Six Months Ended June 30, 2019
Cash paid for the amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (65)
Operating cash flows from finance leases	(1)
Total Cash Flow from Operating Activities	$ (66)
Financing cash flow from finance leases	$ (6)
Supplemental non-cash information on right of use assets obtained in exchange for new lease obligations:	
Operating leases	$ 16

Supplemental balance sheet information related to leases was as follows:

(in millions)	June 30, 2019
Operating Leases:	
Operating lease right-of-use assets	$ 317
Other current liabilities	$ 106
Operating lease liabilities	264
Total Operating Lease Liabilities	$ 370
Finance Leases:	
Land, buildings and equipment, net	$ 18
Current portion of long-term debt	$ 8
Long-term debt	11
Total Finance Lease Liabilities	$ 19

The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular currency environment. The weighted average discount rates for operating and finance leases were 5.3% and 4.8%, respectively.

The weighted average remaining lease terms for operating and finance leases at June 30, 2019, were 5 years and 3 years, respectively.

The aggregate future lease payments for operating leases were as follows:

(in millions)	June 30, 2019 Operating Lease Payments
Maturity Of Lease Liabilities:	
2019 (remaining)	$ 66
2020	107
2021	77
2022	53
2023	35
Thereafter	86
Total undiscounted operating lease payments	424
Less imputed interest	54
Present value of operating lease liabilities	$ 370

Maturities of finance lease liabilities were as follows:

(in millions)	June 30, 2019 Finance Lease Payments
2019 (remaining)	$ 5
2020	6
2021	5
2022	3
2023	1
Thereafter	—
Total undiscounted finance lease payments	20
Less imputed interest	1
Present value of finance lease liabilities	$ 19

As of June 30, 2019, the Company had entered into an additional operating lease agreement for real estate of $14 million, which has not commenced and has not been recognized on the Company's Consolidated Balance Sheet. This operating lease is expected to commence in 2019 with a lease term of 10 years.

As previously disclosed in Note 5 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, under the previous lease accounting standard, future minimum lease payments for operating leases having initial or remaining non-cancelable lease term in excess of one year were as follows:

(in millions)	December 31, 2018 Operating Lease Payments
Maturity Of Lease Liabilities:	
2019	$ 153
2020	113
2021	78
2022	53
2023	33
Thereafter	76
Total minimum operating lease payments	$ 506

New Accounting Standards To Be Adopted

Credit Losses: In June 2016, the FASB updated the accounting guidance related to measurement of credit losses on financial instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. This updated guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact on its Consolidated Financial Statements.

Note 3 – Revenue, Contract Assets and Liabilities

Disaggregation of Revenue

During the second quarter, the Company changed how it presents the disaggregated revenue by major service line for Government Services and Healthcare and Payment Services to reflect how the businesses are managed. This change had no impact on disaggregated revenue by reportable segment or the timing of revenue recognition. All prior periods presented have been revised to reflect this change.

The following table provides information about disaggregated revenue by major service line, the timing of revenue recognition and a reconciliation of the disaggregated revenue by reportable segments. Refer to Note 4 – Segment Reporting for additional information on the Company's reportable segments.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2019	2018	2019	2018
Commercial Industries:				
Omni-channel communications	$ 192	$ 199	$ 403	$ 418
Human resource services	182	189	364	376
Industry services	218	238	437	486
Total Commercial Industries	592	626	1,204	1,280
Government Services:				
Government Services and Healthcare	176	182	355	360
Payment Services	75	83	149	165
State and Local	61	62	120	124
Federal	14	14	27	27
Total Government Services	326	341	651	676
Transportation:				
Tolling	81	71	160	143
Transit	62	57	116	111
Photo and Parking	48	48	96	94
Commercial Vehicle	3	4	6	8
Total Transportation	194	180	378	356
Other:				
Divestitures	—	238	36	486
Education	—	2	1	9
Total Other	—	240	37	495
Total Consolidated Revenue	$ 1,112	$ 1,387	$ 2,270	$ 2,807
Timing of Revenue Recognition:				
Point in time	$ 34	$ 34	$ 73	$ 70
Over time	1,078	1,353	2,197	2,737
Total Revenue	$ 1,112	$ 1,387	$ 2,270	$ 2,807

Contract Balances

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are the Company's rights to consideration for services provided when the right is conditioned on something other than passage of time (for example, meeting a milestone for the right to bill under the cost-to-cost measure of progress). Contract assets are transferred to Accounts receivable, net when the rights to consideration become unconditional. Unearned income includes payments received in advance of performance under the contract, which are realized when the associated revenue is recognized under the contract.

The following table provides information about the balances of the Company's contract assets, unearned income and receivables from contracts with customers:

(in millions)	June 30, 2019	December 31, 2018
Contract Assets (Unearned Income)		
Current contract assets	$ 192	$ 177
Long-term contract assets[1]	15	7
Current unearned income	(92)	(112)
Long-term unearned income[2]	(26)	(32)
Net Contract Assets (Unearned Income)	$ 89	$ 40
Accounts receivable, net	$ 824	$ 782

(1) *Presented in Other long-term assets in the Condensed Consolidated Balance Sheets*

(2) *Presented in Other long-term liabilities in the Condensed Consolidated Balance Sheets*

Revenues of $28 million and $81 million were recognized during the three and six months ended June 30, 2019, respectively, related to the Company's unearned income at December 31, 2018. Revenues of $98 million and $181 million were recognized during the three and six months ended June 30, 2018, respectively, related to the Company's unearned income at January 1, 2018.

Transaction Price Allocated to the Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at June 30, 2019, was approximately $2 billion. The Company expects to recognize approximately 65% of this revenue over the next 2 years and the remainder thereafter.

Note 4 – Segment Reporting

The Company's reportable segments correspond to how the Company organizes and manages the business and are aligned to the industries in which the Company's clients operate.

Our financial performance is based on Segment Profit / (Loss) and Segment Adjusted EBITDA for the following three reportable segments: Commercial Industries, Government Services and Transportation.

Commercial Industries: Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end, business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include omni-channel communications, human resource management and finance and accounting services.

Government Services: Our Government Services segment provides government-centric business process services to U.S. federal, state and local and foreign governments for public assistance, program administration, transaction processing and payment services.

Transportation: Our Transportation segment provides systems and support services to transportation departments and agencies globally. Offerings include support for electronic toll collection, public transit, parking and photo enforcement.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

Selected financial information for our reportable segments is as follows:

	Three Months Ended June 30,						
(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 592	$ 326	$ 194	$ —	$ —	$ —	$ 1,112
Segment profit (loss)	$ 108	$ 103	$ 31	$ —	$ —	$ (183)	$ 59
Segment depreciation and amortization	$ 21	$ 6	$ 8	$ —	$ —	$ 16	$ 51
Adjusted EBITDA	$ 129	$ 109	$ 43	$ —	$ —	$ (167)	$ 114
2018							
Revenue	$ 626	$ 341	$ 180	$ 238	$ 2	$ —	$ 1,387
Segment profit (loss)	$ 120	$ 100	$ 25	$ 41	$ (4)	$ (172)	$ 110
Segment depreciation and amortization	$ 25	$ 9	$ 10	$ 2	$ 1	$ 10	$ 57
Adjusted EBITDA	$ 145	$ 108	$ 35	$ 43	$ (3)	$ (162)	$ 166

	Six Months Ended June 30,						
(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 1,204	$ 651	$ 378	$ 36	$ 1	$ —	$ 2,270
Segment profit (loss)	$ 221	$ 189	$ 51	$ 1	$ —	$ (334)	$ 128
Segment depreciation and amortization	$ 43	$ 15	$ 17	$ —	$ —	$ 30	$ 105
Adjusted EBITDA	$ 264	$ 204	$ 72	$ 1	$ —	$ (304)	$ 237
2018							
Revenue	$ 1,280	$ 676	$ 356	$ 486	$ 9	$ —	$ 2,807
Segment profit (loss)	$ 230	$ 208	$ 52	$ 80	$ (7)	$ (348)	$ 215
Segment depreciation and amortization	$ 53	$ 16	$ 18	$ 4	$ 2	$ 20	$ 113
Adjusted EBITDA	$ 283	$ 223	$ 70	$ 84	$ (5)	$ (328)	$ 327

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
Segment Profit (Loss) Reconciliation to Pre-tax Income (Loss)	2019	2018	2019	2018
Income (Loss) Before Income Taxes	$ (1,119)	$ 54	$ (1,457)	$ —
Reconciling items:				
Amortization of acquired intangible assets	61	60	123	121
Restructuring and related costs	26	17	42	37
Interest expense	20	37	40	70
Goodwill impairment	1,067	—	1,351	—
(Gain) loss on divestitures and transaction costs	2	(60)	16	(45)
Litigation costs (recoveries), net	1	4	13	35
Other (income) expenses, net	1	(2)	—	(3)
Segment Pre-tax Income (Loss)	$ 59	$ 110	$ 128	$ 215
Segment depreciation and amortization (including contract inducements)	$ 51	$ 57	$ 105	$ 113
Other adjustments	4	(1)	4	(1)
Adjusted EBITDA	$ 114	$ 166	$ 237	$ 327

Note 5 – Assets/Liabilities Held for Sale

In February 2019, the Company completed the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC. During the first quarter of 2019, the Company recorded an additional loss, inclusive of transaction costs, of $12 million on the sale of this portfolio, reflecting certain changes in estimates that were made when recording the initial charge. The revenue generated from this business was $36 million for the three months ended March 31, 2019 and $439 million for the year ended December 31, 2018.

Note 6 – Business Acquisition

In January 2019, the Company completed the acquisition of Health Solutions Plus (HSP), a software provider of healthcare payer administration solutions, for a total base consideration of $90 million and a maximum contingent consideration payment of $8 million based on a cumulative achievement over two years. Revenues recorded for the three and six months ended June 30, 2019, were $5 million and $9 million, respectively. Pre-tax income for the three and six months ended June 30, 2019, were $3 million and $6 million, respectively.

The Company's purchase price allocation for the HSP acquisition is preliminary and subject to revision as additional information related to the fair value of assets and liabilities becomes available. The preliminary purchase price based upon the current determination of fair value at June 30, 2019 was as follows:

(in millions)	June 30, 2019
Fair Value of Consideration Transferred:	
Cash paid	$ 90
Recorded earn-out payable	7
Total Consideration	$ 97
Allocation of Purchase Price:	
Net tangible assets	$ 10
Costs Assigned to Intangible Assets	
Developed technology	20
Customer relationships	18
Trademarks and trade names	1
Goodwill	48
Total Intangible Assets	87
Total Assets	$ 97

The weighted average amortization periods are 7 years, 15 years and 1.5 years for Developed technology, Customer relationships and Trademarks and trade names, respectively. The acquired goodwill is associated with the Company's Commercial Industries segment. This acquired goodwill, while tax deductible, includes $7 million related to contingent consideration payable that is not tax deductible until it is earned and paid. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of HSP.

The Company has not presented separate results of operations or combined pro forma financial information of the Company and the acquired interests because the results of operations of the acquired business are considered immaterial.

Note 7 – Restructuring Programs and Related Costs

The Company engages in a series of restructuring programs related to downsizing its employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce its cost structure and improve productivity. The implementation of the Company's strategic transformation program and various productivity initiatives have reduced the Company's real estate footprint across all geographies and segments resulting in increased lease cancellation and other related costs. Also included in Restructuring and related costs are incremental, non-recurring costs related to the consolidation of the Company's data centers, which totaled $9 million and $18 million for the three and six months ended June 30, 2019, respectively. Management continues to evaluate the Company's business, and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Costs associated with restructuring, including employee severance and lease termination costs, are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of the Company's restructuring program activity during the six months ended June 30, 2019 and 2018 was as follows:

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Accrued Balance at December 31, 2018	$ 13	$ 36	$ 49
Restructuring provision	18	27	45
Adjustments to prior accruals	(2)	(3)	(5)
Total Net Current Period Charges	16	24	40
Payments and other charges against reserve and currency	(10)	(23)	(33)
Adoption of new lease standard	—	(22)	(22)
Asset impairment	—	(5)	(5)
Other	—	(1)	(1)
Accrued Balance at June 30, 2019	$ 19	$ 9	$ 28

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Accrued Balance at December 31, 2017	$ 14	$ 30	$ 44
Restructuring provision	21	17	38
Adjustments to prior accruals	(2)	—	(2)
Total Net Current Period Charges	19	17	36
Payments and other charges against reserve and currency	(19)	(16)	(35)
Other	—	3	3
Accrued Balance at June 30, 2018	$ 14	$ 34	$ 48

In addition, the Company recorded professional support costs associated with the strategic transformation program in Restructuring and related costs of $2 million and $0 million for the three months ended June 30, 2019 and 2018, respectively, and $2 million and $1 million for the six months ended June 30, 2019 and 2018, respectively.

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2019	2018	2019	2018
Commercial Industries	$ 9	$ 3	$ 11	$ 14
Government Services	1	—	1	—
Transportation	—	—	1	—
Other	—	2	1	3
Shared IT / Infrastructure & Corporate Costs	14	12	26	19
Total Net Restructuring Charges	$ 24	$ 17	$ 40	$ 36

Note 8 – Debt

Long-term debt was as follows:

(in millions)	June 30, 2019	December 31, 2018
Term loan A due 2022	$ 686	$ 705
Term loan B due 2023	829	833
Senior notes due 2024	34	34
Finance lease obligations	19	26
Principal debt balance	1,568	1,598
Debt issuance costs and unamortized discounts	(28)	(31)
Less: current maturities	(52)	(55)
Total Long-term Debt	$ 1,488	$ 1,512

Note 9 – Financial Instruments

The Company is a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of its business. As a part of the Company's foreign exchange risk management strategy, the Company uses derivative instruments, primarily forward contracts, to hedge the funding of foreign entities which have a non-dollar functional currency, thereby reducing volatility of earnings or protecting fair values of assets and liabilities.

At June 30, 2019 and December 31, 2018, the Company had outstanding forward exchange contracts with gross notional values of approximately $175 million and $167 million, respectively. Approximately 70% of these contracts mature within three months, 12% in three to six months, 14% in six to twelve months and 4% in greater than twelve months. Most of these foreign currency derivative contracts are designated as cash flow hedges and did not have a material impact on the Company's balance sheet, income statement or cash flows for the periods presented.

Refer to Note 10 – Fair Value of Financial Assets and Liabilities for additional information regarding the fair value of the Company's foreign exchange forward contracts.

Note 10 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value base on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities.

Unless noted herein, the Company's valuation methodologies for assets and liabilities measured at fair value are described in Note 10 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Summary of Financial Assets and Liabilities Accounted for at Fair Value on a Recurring Basis

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2.

(in millions)	June 30, 2019	December 31, 2018
Assets:		
Foreign exchange contract - forward	$ 4	$ 3
Total Assets	$ 4	$ 3
Liabilities:		
Foreign exchange contracts - forwards	$ —	$ 1
Total Liabilities	$ —	$ 1

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

	June 30, 2019		December 31, 2018	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Assets held for sale	$ —	$ —	15	$ 15
Liabilities:				
Long-term debt	$ 1,488	$ 1,467	$ 1,512	$ 1,463
Liabilities held for sale	$ —	$ —	$ 40	$ 40

The fair value amounts for Cash and cash equivalents, Restricted cash, Accounts receivable, net and Short-term debt approximate carrying amounts due to the short-term maturities of these instruments.

The fair value of the Assets held for sale and the Liabilities held for sale were measured based on the sales price less estimated transactions costs (Level 3). Refer to Note 5 – Assets/Liabilities Held for Sale to the Condensed Consolidated Financial Statements for additional information

The fair value of Long-term debt was estimated based on the current rates offered to the Company for debt of similar maturities (Level 2).

Note 11 – Employee Benefit Plans

The Company has post-retirement savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans, employees are allowed to contribute a portion of their salaries and bonuses to the plans. Historically, the Company matched a portion of employee contributions. However, beginning in 2019, the Company has suspended its match to the 401(k) plan for all U.S. salaried employees.

The Company recognized an expense related to its defined contribution plans of $2 million and $7 million for the three months ended June 30, 2019 and 2018, respectively, and $5 million and $16 million for the six months ended June 30, 2019 and 2018, respectively. As a result of suspending 401(k) match for U.S. employees as indicated above, there was a $3 million and $6 million reduction in expense for the three and six months ended June 30, 2019, respectively.

Note 12 – Accumulated Other Comprehensive Loss (AOCL)

Below are the balances and changes in AOCL[(1)]:

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2018	$ (426)	$ 2	$ (1)	$ (425)
Other comprehensive income (loss) before reclassifications	6	1	—	7
Amounts reclassified from accumulated other comprehensive loss	15	—	(1)	14
Net current period other comprehensive income (loss)	21	1	(1)	21
Balance at June 30, 2019	$ (405)	$ 3	$ (2)	$ (404)

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2017	$ (437)	$ 1	$ (58)	$ (494)
Other comprehensive income (loss) before reclassifications	(23)	(3)	3	(23)
Amounts reclassified from accumulated other comprehensive loss	5	—	—	5
Net current period other comprehensive income (loss)	(18)	(3)	3	(18)
Balance at June 30, 2018	$ (455)	$ (2)	$ (55)	$ (512)

(1) All amounts are net of tax. Tax effects were immaterial.

Note 13 – Contingencies and Litigation

As more fully discussed below, the Company is involved in a variety of claims, lawsuits, investigations and proceedings concerning: governmental entity contracting, servicing and procurement law; intellectual property law; employment law; commercial and contracts law; the Employee Retirement Income Security Act (ERISA); and other laws, regulations and matters. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its view on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts in excess of any accrual for such matter or matters, this could have a material adverse effect on the Company's results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters as of June 30, 2019. Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters and such outcome in any such matters could be in excess of any amounts accrued and could be material to the Company's results of operations, cash flows or financial position in any reporting period.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the condensed consolidated financial position or liquidity. As of June 30, 2019, the Company had accrued its estimate of liability incurred under its indemnification arrangements and guarantees.

Litigation Against the Company

State of Texas v. Xerox Corporation, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Conduent State Healthcare, LLC (f/k/a Xerox State Healthcare, LLC, f/k/a ACS State Healthcare, LLC) and Conduent Incorporated: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the “State”), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Conduent State Healthcare LLC (f/k/a Xerox State Healthcare, LLC and ACS State Healthcare) (“CSH”), Conduent Business Services LLC (“CBS”) and Conduent Incorporated (“CI”) (collectively, CSH, CBS and CI are referred to herein as the "Conduent Defendants") and Xerox Corporation (together with the Conduent Defendants, the “Defendants”) violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services (“HHSC”) (the “State Action”). In February 2019 a settlement agreement and release was reached among the Defendants, the State and HHSC ("Texas Agreement"). Pursuant to the terms of the Texas Agreement, the Conduent Defendants will pay the State of Texas $236 million in full settlement of the claims asserted against the Defendants. This amount was payable in installments and all proceedings in the lawsuit were suspended and the State and the HHSC agreed to dismiss the lawsuit with prejudice and release the Defendants from all of the State’s claims after all settlement payments are made. In May 2019, the Defendants entered into the First Amendment to Settlement Agreement and Release with the State (the “Amended Agreement”). Pursuant to the terms of the Amended Agreement, the amount payable to the State by the Conduent Defendants in full settlement of the State Action is as follows: (1) $40 million on or before April 15, 2019; (2) $78 million on or before May 15, 2019 (together constitute the “First Payment”); (both of which the Company has already paid); and (3) $118 million on or before January 15, 2020 (the “Second Payment”). In order to secure the Second Payment, the Company provided bank issued letters of credit to the State in the full amount of the Second Payment (the “LCs”) which the State may present for payment to the issuing banks if the Company does not make the Second Payment. Pursuant to the Amended Agreement, on the 91st day following receipt of the First Payment and the LCs, the State will file a dismissal with prejudice dismissing the State Action and fully release and discharge the Defendants.

Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC ("Buck"), which was a wholly-owned subsidiary of Conduent, for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association ("StanCERA"). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck's valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court's ruling and remanded the case back to the trial court as to Buck only, and only with respect to Plaintiffs' claim of aiding and abetting StanCERA in breaching its fiduciary duty. This case has been stayed pending the outcome of parallel litigation the plaintiffs are pursuing against StanCERA. The parallel litigation was tried before the bench in June 2018, and on January 24, 2019, the court found in favor of StanCERA, holding that it had not breached its fiduciary duty to plaintiffs. On April 26, 2019, Plaintiffs in the parallel litigation filed an appeal. Nasrawi remains stayed until the parallel litigation is finally concluded. Absent the court finding that StanCERA breached its fiduciary duty, plaintiffs' claim against Buck for aiding and abetting said breach would not appear viable. Buck will continue to aggressively defend these lawsuits. In August 2018, Conduent sold Buck Consultants, LLC; however, the Company retained this liability after the sale. The Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome or loss, if any.

Conduent Business Services, LLC v. Cognizant Business Services, LLC: On April 12, 2017, Conduent Business Services LLC ("Conduent") filed a lawsuit against Cognizant Business Services Corporation ("Cognizant") in the Supreme Court of New York County, New York. The lawsuit relates to the Amended and Restated Master Outsourcing Services Agreement effective as of October 24, 2012, and the service delivery contracts and work orders thereunder, between Conduent and Cognizant, as amended and supplemented (the "Contract"). The Contract contains certain minimum purchase obligations by Conduent through the date of expiration. The lawsuit alleges that Cognizant committed multiple breaches of the Contract, including Cognizant's failure to properly perform its obligations as subcontractor to Conduent under Conduent's contract with the New York Department of Health to provide Medicaid Management Information Systems. In the lawsuit, Conduent seeks damages in excess of $150 million. During the first quarter of 2018, Conduent provided notice to Cognizant that it was terminating the Contract for cause and recorded in the same period certain charges associated with the termination. Cognizant asserted two counterclaims for breach of contract seeking recovery of damages in excess of $47 million, which includes amounts alleged not paid to Cognizant under the contract and an alleged $25 million for termination fees. Conduent has responded to Cognizant's counterclaims by denying the allegations. Cognizant is seeking to file a second amended counterclaim seeking an additional $42.8 million to satisfy the minimum revenue commitment attributable to the years 2017-2020 alleged to be due and owing by Conduent under the Contract, which Conduent will assert will not be due if Conduent prevails on its claims that it terminated the Contract for cause. Conduent will continue to vigorously defend itself against the counterclaims but the Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome.

Other Matters

Since 2014, Xerox Education Services, Inc. (XES) has cooperated with several federal and state agencies regarding a variety of matters, including XES' self-disclosure to the U.S. Department of Education (the "Department") and the Consumer Financial Protection Bureau (CFPB) that a small percentage of third-party student loans under outsourcing arrangements for various financial institutions required adjustments. The Company has resolved the investigations the CFPB and several state agencies commenced and continues to work with the Department and the U.S. Department of Justice to resolve all outstanding issues, including a number of operational projects that XES discovered and disclosed since 2014. The Company cannot provide assurance that the CFPB, another regulator, a financial institution on behalf of which the Company serviced third-party student loans, or another party will not ultimately commence a legal action against XES in which fines, penalties or other liabilities are sought from XES. Nor is the Company able to predict the likely outcome of these matters, should any such matter be commenced, or reasonably provide an estimate or range of estimates of any loss in excess of current reserves. The Company could, in future periods, incur judgments or enter into settlements to resolve these potential matters for amounts in excess of current reserves and there could be a material adverse effect on the Company's results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Other Contingencies

Certain contracts, primarily in the Company's Government Services and Transportation segments, require the Company to provide a surety bond or a letter of credit as a guarantee of performance. As of June 30, 2019, the Company had $633 million of outstanding surety bonds used to secure its performance of contractual obligations with its clients and $232 million of outstanding letters of credit issued to secure the Company's performance of contractual obligations to its clients as well as other corporate obligations. In general, the Company would only be liable for the amount of these guarantees in the event of default in the Company's performance of its obligations under each contract. The Company believes it has sufficient capacity in the surety markets and liquidity from its cash flow and its various credit arrangements (including its Credit Facility) to allow it to respond to future requests for proposals that require such credit support.

Note 14 – Preferred Stock

Series A Preferred Stock

In December 2016, the Company issued 120,000 shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $120 million and an initial fair value of $142 million. The convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($9.6 million per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393,000 shares (reflecting an initial conversion price of approximately $22.25 per share of common stock), subject to customary anti-dilution adjustments.

Note 15 – Earnings per Share

We did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share data in whole dollars and shares in thousands)	2019	2018	2019	2018
Net income (loss)	$ (1,029)	$ 11	$ (1,337)	$ (39)
Cash dividend paid - preferred stock	(3)	(3)	(5)	(5)
Adjusted Net Income (Loss) Available to Common Shareholders	$ (1,032)	$ 8	$ (1,342)	$ (44)
Weighted average common shares outstanding	208,496	205,296	208,207	205,184
Common shares issuable with respect to:				
Stock options	—	146	—	—
Restricted stock and performance units / shares	—	3,447	—	—
Adjusted Weighted Average Common Shares Outstanding	208,496	208,889	208,207	205,184
Net Income (Loss) per Share:				
Basic	$ (4.94)	$ 0.05	$ (6.44)	$ (0.21)
Diluted	$ (4.94)	$ 0.04	$ (6.44)	$ (0.21)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):				
Stock Options	109	—	109	295
Restricted stock and performance shares/units	6,228	201	6,228	6,329
Convertible preferred stock	5,393	5,393	5,393	5,393
Total Anti-Dilutive Securities	11,730	5,594	11,730	12,017

Note 16 – Supplementary Financial Information

The components of Other assets and liabilities were as follows:

(in millions)	June 30, 2019	December 31, 2018
Other Current Assets		
Prepaid expenses	$ 105	$ 87
Income taxes receivable	48	40
Value-added tax (VAT) receivable	27	22
Restricted cash	9	9
Other	126	76
Total Other Current Assets	$ 315	$ 234
Other Current Liabilities		
Accrued liabilities	$ 379	$ 307
Legal settlements	176	147
Current operating lease liabilities	106	—
Software accruals	10	23
Restructure reserves	16	36
Income tax payable	15	3
Other taxes payable	18	15
Other	27	36
Total Other Current Liabilities	$ 747	$ 567
Other Long-term Assets		
Internal use software, net	$ 142	$ 123
Deferred contract costs, net	81	100
Product software, net	18	18
Other	134	88
Total Other Long-term Assets	$ 375	$ 329
Other Long-term Liabilities		
Legal settlements	$ —	$ 144
Income tax liabilities	19	29
Unearned income	26	32
Restructuring reserves	12	13
Other	48	62
Total Other Long-term Liabilities	$ 105	$ 280

Note 17 – Goodwill

In the first quarter of 2019, the Transportation reporting unit experienced unanticipated losses of certain customer contracts, lower than expected new customer contracts and higher costs of delivery (all subsequent to February 2019), and as a result, the growth of this reporting unit decreased resulting in its fair value being below its carrying value by an estimated $284 million. Accordingly, the Company recorded a pre-tax impairment charge of $284 million for the three months ended March 31, 2019.

In the second quarter, there were further unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer contracts (all subsequent to May 9, 2019). This led to actual results being below budget and a further downward revision of the long-term forecast across all the Company's reporting units (Financial Services & Healthcare, Consumer & Industrial, Europe (together comprising Commercial Industries), Government Services, and Transportation). As a consequence of the business performance and the strategy pivot due to changes in management that occurred in the second quarter, the Company lowered its sales outlook, average margin expectation for the future years, and increased its weighted average cost of capital.

Based upon the information identified in the second quarter, the Company performed an interim goodwill impairment assessment for all its reporting units which resulted in a pre-tax impairment charge of $1.1 billion for the three months ended June 30, 2019. The cumulative impairment charge for the six months ended June 30, 2019 was $1.4 billion.

The following table presents the changes in the carrying amount of goodwill, by reportable segments:

(in millions)	Commercial Industries	Government Services	Transportation	Total
Balance at December 31, 2017	$ 1,399	$ 1,310	$ 657	$ 3,366
Foreign currency translation	(10)	—	(16)	(26)
Assets held-for-sale	(12)	—	—	(12)
Other[(1)]	14	66	—	80
Balance at December 31, 2018	$ 1,391	$ 1,376	$ 641	$ 3,408
Foreign currency translation	1	—	—	1
Acquisition	48	—	—	48
Impairment	(565)	(226)	(560)	(1,351)
Other[(1)]	(1)	—	—	(1)
Balance at June 30, 2019	$ 874	$ 1,150	$ 81	$ 2,105

(1) Represents true-up to 2018 and 2017 Assets held for sale, respectively.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Conduent Incorporated and its consolidated subsidiaries. MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes.

Overview

We are a leading provider of digital business services with expertise in transaction-intensive processing, analytics and automation. Our portfolio covers both front office and back office operations; however, the majority of our revenue and differentiation derives from engagements where we serve on behalf of our clients to manage end-user interactions across a wide-range of domains. Examples include payments, collections, benefit administration and end-user engagement services. We create value for our clients through more efficient service delivery combined with a personalized and seamless experience for the end-user. We apply our expertise, technology and innovation to continually modernize our offerings for improved customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. Our strategy is to drive portfolio focus, operational discipline, sales and delivery excellence and innovation, complemented by tightly aligned investments. Headquartered in Florham Park, New Jersey, we have a team of approximately 65,000 people as of June 30, 2019, servicing customers from service centers in 23 countries.

Financial Review of Operations

	Three Months Ended June 30,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
Revenue	$ 1,112	$ 1,387	$ (275)	(20)%
Operating Costs and Expenses				
Cost of Services (excluding depreciation and amortization)	879	1,073	(194)	(18)%
Selling, general and administrative (excluding depreciation and amortization)	121	145	(24)	(17)%
Research and development (excluding depreciation and amortization)	2	3	(1)	(33)%
Depreciation and amortization	112	116	(4)	(3)%
Restructuring and related costs	26	17	9	53 %
Interest expense	20	37	(17)	(46)%
Goodwill impairment	1,067	—	1,067	
(Gain) loss on divestitures and transaction costs	2	(60)	62	(103)%
Litigation costs (recoveries), net	1	4	(3)	(75)%
Other (income) expenses, net	1	(2)	3	(150)%
Total Operating Costs and Expenses	**2,231**	**1,333**	**898**	
Income (Loss) Before Income Taxes	(1,119)	54	(1,173)	
Income tax expense (benefit)	(90)	43	(133)	
Income (Loss) From Continuing Operations	**$ (1,029)**	**$ 11**	**$ (1,040)**	

($ in millions)	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	2019 vs. 2018 $ Change	2019 vs. 2018 % Change
Revenue	$ 2,270	$ 2,807	$ (537)	(19)%
Operating Costs and Expenses				
Cost of Services (excluding depreciation and amortization)	1,785	2,188	(403)	(18)%
Selling, general and administrative (excluding depreciation and amortization)	248	288	(40)	(14)%
Research and development (excluding depreciation and amortization)	5	5	—	— %
Depreciation and amortization	227	232	(5)	(2)%
Restructuring and related costs	42	37	5	14 %
Interest expense	40	70	(30)	(43)%
Goodwill impairment	1,351	—	1,351	
(Gain) loss on divestitures and transaction costs	16	(45)	61	(136)%
Litigation costs (recoveries), net	13	35	(22)	(63)%
Other (income) expenses, net	—	(3)	3	(100)%
Total Operating Costs and Expenses	**3,727**	**2,807**	**920**	
Income (Loss) Before Income Taxes	(1,457)	—	(1,457)	
Income tax expense (benefit)	(120)	39	(159)	
Income (Loss) From Continuing Operations	**$ (1,337)**	**$ (39)**	**$ (1,298)**	

Revenue

Revenue for the three and six months ended June 30, 2019 decreased, compared to the prior year periods, primarily due to the impact from divestitures completed in 2018 and 2019, strategic decisions by management as part of our portfolio rationalization, including exiting certain unprofitable contracts, pricing pressure, contract losses and currency fluctuations. Partially offsetting these declines were increases from the ramp of new business.

Cost of Services (excluding depreciation and amortization)

Cost of services for the three and six months ended June 30, 2019 decreased, compared to the prior year periods, mainly driven by reductions in real estate, information technology and labor costs from our strategic transformation initiatives, lost business, strategic contract actions taken by management as part of portfolio management, lower volumes and divestitures completed in 2018 and 2019.

Selling, General and Administrative (SG&A) (excluding depreciation and amortization)

Lower SG&A for the three and six months ended June 30, 2019, compared to the prior year periods, was reflective of the impact of our strategic transformation initiatives, primarily due to reductions in labor costs as well as the reduction in 401(k) costs, other variable compensation costs and negotiated IT contract costs.

Depreciation and Amortization

Depreciation and amortization for the three and six months ended June 30, 2019 decreased, compared to the prior year periods, primarily due to the divestitures in 2018.

Restructuring and Related Costs

Restructuring and related costs for the three months ended June 30, 2019 include $13 million of severance costs due to headcount reductions of approximately 800 employees worldwide, $9 million of costs related to data center migration, $2 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint and $2 million of strategic transformation costs.

Restructuring and related costs for the six months ended June 30, 2019 include $16 million of severance costs due to headcount reductions of approximately 1,100 employees worldwide, $18 million of costs related to data center migration, $6 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint, and $2 million of strategic transformation costs.

Restructuring and related costs for the three months ended June 30, 2018 include $5 million of severance costs due to headcount reductions of approximately 600 employees worldwide and $12 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint.

Restructuring and related costs for the six months ended June 30, 2018 include $19 million of severance costs due to headcount reductions of approximately 1,400 employees worldwide and $17 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint and $1 million of strategic transformation costs.

Management continues to evaluate the Company's business, and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Refer to Note 7 – Restructuring Programs and Related Costs to the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Interest Expense

Interest expense represents interest on long-term debt and the amortization of debt issuance costs. Decreases in Interest expense for the three and six months ended June 30, 2019, compared to the prior year periods, were driven primarily by lower average debt balances resulting mostly from the tender offer in 2018 and repricing. Refer to Note 8 – Debt in the Condensed Consolidated Financial Statements for additional information.

Goodwill Impairment

The goodwill impairment for the three and six months ended June 30, 2019 related to the write-down of the carrying values of the Financial Services & Healthcare (FS&H), Consumer & Industrial (C&I), Europe, Government Services and Transportation reporting units. Refer to Note 17 – Goodwill to the Condensed Consolidated Financial Statements and the MD&A—Critical Accounting Policies - Goodwill for additional information regarding these impairment charges.

(Gain) Loss on Divestitures and Transaction Costs

The six months ended June 30, 2019, consists of $5 million of changes in estimates related to losses on divestitures and $9 million of transaction and related costs, $4 million of which relates to costs to remediate Payment Card Industry Data Security Standards compliance issues related to the sale of select standalone customer care contracts to Skyview Capital LLC.

Litigation Costs (Recoveries), Net

Net litigation costs for the six months ended June 30, 2019, consist primarily of the expense related to the Texas litigation whereas the prior year period expenses were primarily due to the establishment of reserves for the Cognizant terminated contracts.

Refer to Note 13 – Contingencies and Litigation to the Condensed Consolidated Financial Statements for additional information.

Income Taxes

The effective tax rate for the three months ended June 30, 2019 was 8.0%, compared with 79.6% for the three months ended June 30, 2018. The June 30, 2019 rate was lower than the U.S. statutory rate of 21%, primarily due to the goodwill impairment charge being partially non-deductible for tax, the geographic mix of income and the inclusion of Global Intangible Low Tax Income (GILTI). The effective tax rate for the three months ended June 30, 2018 was higher than the statutory tax rate of 21%, primarily due to the impacts of the divestiture of the Commercial Vehicle Operation (CVO) business and the geographic mix of income, partially offset by U.S. foreign tax credits and related valuation allowance release.

Excluding the impact of the goodwill impairment, divestitures, amortization and restructuring, the normalized effective tax rate for the three months ended June 30, 2019 was 30.2%. The normalized effective tax rate of 11.1% for the three months ended June 30, 2018, was predominantly impacted by the exclusion of the Base Erosion Anti-Abuse Tax (BEAT), amortization, restructuring, divestiture related costs and the impact of the sale of the CVO business.

The effective tax rate for the six months ended June 30, 2019 was 8.2%. The effective tax rate for the six months ended June 30, 2018 was anomalous. The June 30, 2019 rate was lower than the U.S. statutory rate of 21%, primarily due to the goodwill impairment charge being partially non-deductible for tax and the geographic mix of income, partially offset by U.S. federal tax credits and tax benefits recognized on the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC. The June 30, 2018 anomalous rate was primarily due to goodwill allocated to the divested CVO business that is not deductible for U.S. tax purposes and the geographic mix of income, partially offset by U.S. foreign tax credits and related valuation allowance release.

Excluding the impact of the goodwill impairment, divestitures, the Texas litigation reserve, amortization and restructuring, the normalized effective tax rate for the six months ended June 30, 2019 was 32.6%. The normalized effective tax rate of 22.9% for the six months ended June 30, 2018, was predominantly impacted by the exclusion of BEAT, amortization, restructuring, divestiture related costs and the impact of the sale of the CVO business.

The Company believes it is reasonably possible that unrecognized tax benefits of approximately $13 million will reverse within 12 months due to an anticipated audit settlement.

Operations Review of Segment Revenue and Profit

Our financial performance is based on Segment Profit / (Loss) and Segment Adjusted EBITDA for the following three segments:

- Commercial Industries,
- Government Services, and
- Transportation.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

We are modernizing a significant portion of our information technology infrastructure with new systems and processes and consolidating our data centers as part of our transformation initiatives. We expect that these changes will provide greater strategic and operational flexibility and efficiency and better control of our systems and processes. Based on our continuing review of our cybersecurity, we are making additional investments to enhance our cybersecurity protection. There is a risk, however, that our modernization efforts and data center consolidations could materially and adversely disrupt our operations. See Part I, Item 1A – Risk Factors of our 2018 Annual Report on Form 10-K for additional information.

Revenues by segment were:

(in millions)	Three Months Ended June 30,						
	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 592	$ 326	$ 194	$ —	$ —	$ —	$ 1,112
Segment profit (loss)	$ 108	$ 103	$ 31	$ —	$ —	$ (183)	$ 59
Segment depreciation and amortization	$ 21	$ 6	$ 8	$ —	$ —	$ 16	$ 51
Adjusted EBITDA	$ 129	$ 109	$ 43	$ —	$ —	$ (167)	$ 114
% of Total Revenue	53.2%	29.3%	17.5%	—%	— %	—%	100.0%
Adjusted EBITDA Margin	21.8%	33.4%	22.2%	—%	— %	—%	10.3%
2018							
Revenue	$ 626	$ 341	$ 180	$ 238	$ 2	$ —	$ 1,387
Segment profit (loss)	$ 120	$ 100	$ 25	$ 41	$ (4)	$ (172)	$ 110
Segment depreciation and amortization	$ 25	$ 9	$ 10	$ 2	$ 1	$ 10	$ 57
Adjusted EBITDA	$ 145	$ 108	$ 35	$ 43	$ (3)	$ (162)	$ 166
% of Total Revenue	45.1%	24.6%	13.0%	17.2%	0.1 %	—%	100.0%
Adjusted EBITDA Margin	23.2%	31.7%	19.4%	18.1%	(150.0)%	—%	12.0%

(in millions)	Six Months Ended June 30,						
	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 1,204	$ 651	$ 378	$ 36	$ 1	$ —	$ 2,270
Segment profit (loss)	$ 221	$ 189	$ 51	$ 1	$ —	$ (334)	$ 128
Segment depreciation and amortization	$ 43	$ 15	$ 17	$ —	$ —	$ 30	$ 105
Adjusted EBITDA	$ 264	$ 204	$ 72	$ 1	$ —	$ (304)	$ 237
% of Total Revenue	53.0%	28.7%	16.7%	1.6%	— %	—%	100.0%
Adjusted EBITDA Margin	21.9%	31.3%	19.0%	2.8%	— %	—%	10.4%
2018							
Revenue	$ 1,280	$ 676	$ 356	$ 486	$ 9	$ —	$ 2,807
Segment profit (loss)	$ 230	$ 208	$ 52	$ 80	$ (7)	$ (348)	$ 215
Segment depreciation and amortization	$ 53	$ 16	$ 18	$ 4	$ 2	$ 20	$ 113
Adjusted EBITDA	$ 283	$ 223	$ 70	$ 84	$ (5)	$ (328)	$ 327
% of Total Revenue	45.6%	24.1%	12.7%	17.3%	0.3 %	—%	100.0%
Adjusted EBITDA Margin	22.1%	33.0%	19.7%	17.3%	(55.6)%	—%	11.6%

Commercial Industries Segment

Revenue

Commercial Industries revenue for the three and six months ended June 30, 2019 decreased, compared to the prior year periods, primarily driven by contract losses, price pressure and strategic exits, partially offset by revenue from new contracts.

Segment Profit and Adjusted EBITDA

Decreases in the Commercial Industries segment profit and adjusted EBITDA margin for the three and six months ended June 30, 2019, compared to the prior year periods, were mainly driven by overall revenue declines, partially offset by reductions in real estate and labor costs from our strategic transformation initiatives.

Government Services Segment

Revenue

Government Services revenue for the three and six months ended June 30, 2019, decreased compared to the prior year periods, primarily driven by contract losses, volume pressure and pricing and scope changes associated with a large renewal. These declines were partially offset by ramp of new business.

Segment Profit and Adjusted EBITDA

Increase in the Government Services segment profit and adjusted EBITDA margin for the three months ended June 30, 2019, compared to the prior year period, was mainly driven by reductions in IT, real estate and labor costs from our strategic transformation initiatives and contract remediation, offset by revenue decrease.

Decrease in the Government Services segment profit and adjusted EBITDA margin for the six months ended June 30, 2019, compared to the prior year period, was mainly driven by lower revenue and higher IT and delivery costs.

Transportation Segment

Revenue

Transportation revenue for the three and six months ended June 30, 2019 increased, compared to the prior year periods, primarily driven by ramp of new business and volume increases.

Segment Profit and Adjusted EBITDA

Transportation segment profit and adjusted EBITDA margin for the three and six months ended June 30, 2019 increased, compared to the prior year periods, mainly driven by increased revenue and reduced IT platform spend as well as reductions in real estate and labor costs from our strategic transformation initiatives.

Other

Revenue

Other revenue for the three and six months ended June 30, 2019 decreased, compared to the prior year periods, driven mainly by the divestitures completed in 2018 and 2019 and the run-off of our Student Loan Services business.

Segment Profit (Loss) and Adjusted EBITDA

Decrease in Other segment profit and adjusted EBITDA for the three and six months ended June 30, 2019, compared to the prior year periods, were primarily due to divestitures completed in 2018 and 2019 and the run-off of our Student Loan Services business.

Shared IT / Infrastructure & Corporate Costs

Shared IT/Infrastructure and Corporate costs for the three months ended June 30, 2019 increased, compared to the prior year period. This was primarily driven by a centralization of certain IT costs that were previously allocated within the segments.

Shared IT/Infrastructure and Corporate costs for the six months ended June 30, 2019 decreased, compared to the prior year period. This was primarily driven by reduced costs in the first quarter as a result of reductions in real estate, IT and labor costs from our strategic transformation initiatives, as well as a reduction in negotiated IT contract costs.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts. The amounts in the following table exclude divestitures.

	Three Months Ended June 30,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
New business TCV	$ 328	$ 346	$ (18)	(5)%
Renewals TCV	485	1,541	(1,056)	(69)%
Total Signings	$ 813	$ 1,887	$ (1,074)	(57)%
Recurring revenue signings[1]	$ 84	$ 79	$ 5	6 %
Non-recurring revenue signings[2]	$ 49	$ 61	$ (12)	(20)%

	Six Months Ended June 30,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
New business TCV	$ 553	$ 713	$ (160)	(22)%
Renewals TCV	1,212	2,467	(1,255)	(51)%
Total Signings	$ 1,765	$ 3,180	$ (1,415)	(44)%
Recurring revenue signings[1]	$ 136	$ 160	$ (24)	(15)%
Non-recurring revenue signings[2]	$ 81	$ 114	$ (33)	(29)%

(1) Recurring revenue signings are for new business contracts longer than one year.

(2) Non-recurring revenue signings are for contracts shorter than one year.

Signings for the three months ended June 30, 2019 decreased, compared to the prior year period, mainly due to a continued focus on strategic wins with acceptable margins, longer lead times and delays in signings.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period, excluding any contracts that were not renewed and where a strategic action to improve the risk or profitability had been initiated.

Excluding our strategic decision not to renew certain contracts, renewal rates for the three months ended June 30, 2019 and 2018 were 60% and 99%, respectively, and for the six months ended June 30, 2019 and 2018 were 78% and 97%, respectively. A large part of the reduction in the three and six months ended June 30, 2019 renewal rate, compared to prior quarter was due to a loss of our contract with California MMIS, one of our largest clients.

Critical Accounting Policies - Goodwill

In the second quarter, there were further unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer contracts (all subsequent to May 9, 2019). This led to actual results being below budget and a further downward revision of the long-term forecast across all the Company's reporting units (FS&H, C&I, Europe, Government Services, and Transportation). As a consequence of the business performance and the strategy pivot due to changes in management that occurred in the second quarter, we lowered our sales outlook, average margin expectation for the future years, and increased our weighted average cost of capital.

The table below summarizes key factors (by reporting unit) impacting our revised forecast within the second quarter goodwill assessment.

Key Factors	FS&H	C&I	Europe	Government Services	Transportation
Lower anticipated new business	X	X	X	X	X
Potential higher than anticipated contract losses	X		X	X	X
Potential volume pressures		X	X		X
Strategic pivot	X	X	X	X	X

Based upon the information identified in the second quarter, we performed an interim goodwill impairment assessment for all our reporting units which resulted in a pre-tax impairment charge of $1.1 billion for the three months ended June 30, 2019. The cumulative impairment charge for the six months ended June 30, 2019 was $1.4 billion.

Capital Resources and Liquidity

As of June 30, 2019, and December 31, 2018, total cash and cash equivalents were $276 million and $756 million, respectively. The Company also has a $750 million revolving line of credit for its various cash needs, of which $81 million has been utilized for letters of credit.

In May 2019, the Company entered into the First Amendment to Settlement Agreement and Release with the State of Texas. Pursuant to the terms of the Amended Agreement, the amount payable to the State by the Conduent Defendants in full settlement of the State Action is as follows: (1) $40 million on or before April 15, 2019; (2) $78 million on or before May 15, 2019 (together constitute the "First Payment"); (both of which the Company has already paid); and (3) $118 million on or before January 15, 2020 (the "Second Payment"). In order to secure the Second Payment, the Company provided bank issued letters of credit to the State in the full amount of the Second Payment (the "LCs") which the State may present for payment to the issuing banks if the Conduent Defendants do not make the Second Payment.

As of June 30, 2019, there were $1.5 billion outstanding borrowings under our Credit Agreement of which $52 million was due within one year. Refer to Note 8 – Debt in the Condensed Consolidated Financial Statements for additional debt information.

We expect our operating cash flows combined with cash on hand and financing activities to be sufficient to fund expected operating and anticipated capital and other funding requirements for at least the next twelve months.

Cash Flow Analysis

The following table summarizes our cash flows, as reported in our Condensed Consolidated Statement of Cash Flows in the accompanying Condensed Consolidated Financial Statements:

	Six Months Ended June 30,		
(in millions)	2019	2018	Better (Worse)
Net cash provided by (used in) operating activities	$ (234)	$ 60	$ (294)
Net cash provided by (used in) investing activities	(209)	322	(531)
Net cash provided by (used in) financing activities	(39)	(40)	1

Historically the Company generates much of its cash from operating activities in the last two quarters of the year.

Operating activities

Net increase in cash used in operating activities of $294 million was the result of $131 million in payments for the Texas and other litigation, as well as negative working capital.

Investing activities

The increase in cash used in investing activities of $531 million for the six months ended June 30, 2019, compared to the prior year period, was primarily due to the absence of the proceeds from divestitures in 2018 and the acquisition of HSP and increased spending for capital expenditures related to modernizing our information technology infrastructure for both customer-facing and internal functions in 2019.

Financing activities

The decrease in cash used in financing activities for the six months ended June 30, 2019, compared to the prior year period, was related to lower debt payments.

Market Risk Management

We are exposed to market risk from changes in foreign currency exchange rates which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We may utilize derivative financial instruments to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We also may hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market events have not caused us to materially modify nor change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 9 – Financial Instruments in the Condensed Consolidated Financial Statements for additional discussion on our financial risk management.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Market Risk Management” section in Item 2 of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms relating to Conduent Incorporated, including our consolidated subsidiaries, and was accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

Beginning January 1, 2019, we implemented the new lease accounting standard. Although the adoption of this standard did not have a material impact on our Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2019, we did implement changes to our internal controls related to the implementation of the new lease accounting standard. These changes included performing a comprehensive lease scoping analysis to identify, disaggregate and evaluate each of our lease categories and implementing a new information technology application to calculate ROU assets and lease liabilities values for our leases. There were no other changes in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 13 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated herein by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our 2018 Annual Report on Form 10-K. There have been no material changes to our risk factors as previously reported in our 2018 Annual Report on Form 10-K.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended June 30, 2019

During the quarter ended June 30, 2019, the Company did not issue any securities in transactions that were not registered under the Securities Act of 1933, as amended.

(b) Issuer Purchases of Equity Securities during the Quarter ended June 30, 2019

None.

ITEM 6 — EXHIBITS

3.1	Restated Certificate of Incorporation of Registrant filed with the Department of the State of New York on December 31, 2016. Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated December 23, 2016.
3.2	Amended and Restated By-Laws of Registrant as amended through December 31, 2016. Incorporated by reference to Exhibit 3.2 to Registrants Current Report on Form 8-K dated December 23, 2016.
10.6(h)	Letter Agreement dated May 21, 2019 between Conduent Incorporated and Clifford Skelton regarding compensation arrangements. Incorporated by reference to Exhibit 10.6(h) to the Registrant's Current Report on Form 8-K dated May 28, 2019. (See SEC File Number 001-37817).
10.6(i)	Separation Letter Agreement dated June 4, 2019 between Conduent Incorporated and Ashok Vemuri. Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated June 4, 2019. (See SEC File Number 001-37817).
10.6(j)	Letter Agreement dated August 6, 2019 between Registrant and Clifford Skelton regarding compensation arrangements. Incorporated by reference to Exhibit 10.6(j) to the Registrant's Current Report on Form 8-K dated August 6, 2019. (See SEC File Number 001-37817).
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONDUENT INCORPORATED
(Registrant)

By: /S/ MARIO A. POMPEO

Mario A. Pompeo
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 8, 2019

CEO CERTIFICATIONS

I, Clifford Skelton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2019

/s/ CLIFFORD SKELTON

Clifford Skelton
Principal Executive Officer

CFO CERTIFICATIONS

I, Brian J. Webb-Walsh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2019

/s/ BRIAN J. WEBB-WALSH

Brian J. Webb-Walsh
Principal Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Conduent Incorporated, a New York corporation (the "Company"), for the quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Clifford Skelton, Chief Executive Officer of the Company, and Brian J. Webb-Walsh, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CLIFFORD SKELTON

Clifford Skelton
Chief Executive Officer

August 8, 2019

/s/ BRIAN J. WEBB-WALSH

Brian J. Webb-Walsh
Chief Financial Officer

August 8, 2019

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-37817

CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

100 Campus Drive, Suite 200, Florham Park, New Jersey 07932
(Address of principal executive offices) (Zip Code)

(844) 663-2638
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**CNDT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Small reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Class	**Outstanding at October 31, 2019**
Common Stock, $0.01 par value	211,397,100

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that could cause actual results to differ materially. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements.

Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: our ability to successfully manage the leadership transition and the potential for disruptions to our business from the transition and strategic and operational review; government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead time for customer commitments; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to modernize our information technology infrastructure and consolidate data centers; our ability to comply with data security standards; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Quarterly Report on Form 10-Q, our quarterly reports on Form 10-Q for the quarters ended March 31, 2019 and June 30, 2019, as well as in our 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission and any Current Report on Form 8-K. Any forward-looking statements made by us in this Quarterly Report on Form 10-Q speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

CONDUENT INCORPORATED

FORM 10-Q

September 30, 2019

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For additional information about Conduent Incorporated and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at https://investor.conduent.com/. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions, except per share data)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue	$ 1,098	$ 1,304	$ 3,368	$ 4,111
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	859	1,005	2,644	3,193
Selling, general and administrative (excluding depreciation and amortization)	112	139	360	427
Research and development (excluding depreciation and amortization)	1	2	6	7
Depreciation and amortization	115	113	342	345
Restructuring and related costs	8	31	50	68
Interest expense	20	22	60	92
(Gain) loss on extinguishment of debt	—	108	—	108
Goodwill impairment	—	—	1,351	—
(Gain) loss on divestitures and transaction costs	3	54	19	9
Litigation costs (recoveries), net	2	78	15	113
Other (income) expenses, net	(8)	4	(8)	1
Total Operating Costs and Expenses	1,112	1,556	4,839	4,363
Income (Loss) Before Income Taxes	(14)	(252)	(1,471)	(252)
Income tax expense (benefit)	2	(15)	(118)	24
Net Income (Loss)	$ (16)	$ (237)	$ (1,353)	$ (276)
Net Income (Loss) per Share:				
Basic	$ (0.09)	$ (1.16)	$ (6.52)	$ (1.38)
Diluted	$ (0.09)	$ (1.16)	$ (6.52)	$ (1.38)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)[1]

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income (Loss)	$ (16)	$ (237)	$ (1,353)	$ (276)
Other Comprehensive Income (Loss), Net				
Currency translation adjustments, net	(15)	(4)	(9)	(27)
Reclassification of currency translation adjustments on divestitures	—	36	15	41
Reclassification of divested benefit plans and other	—	61	(1)	64
Unrecognized gains (losses), net	—	—	1	(3)
Other Comprehensive Income (Loss), Net	(15)	93	6	75
Comprehensive Income (Loss), Net	$ (31)	$ (144)	$ (1,347)	$ (201)

(1) All amounts are net of tax. Tax effects were immaterial.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	September 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	$ 228	$ 756
Accounts receivable, net	840	782
Assets held for sale	—	15
Contract assets	165	177
Other current assets	313	234
Total current assets	1,546	1,964
Land, buildings and equipment, net	331	328
Operating lease right-of-use assets	290	—
Intangible assets, net	487	651
Goodwill	2,090	3,408
Other long-term assets	370	329
Total Assets	$ 5,114	$ 6,680
Liabilities and Equity		
Current portion of long-term debt	$ 50	$ 55
Accounts payable	145	230
Accrued compensation and benefits costs	140	193
Unearned income	95	112
Liabilities held for sale	—	40
Other current liabilities	693	567
Total current liabilities	1,123	1,197
Long-term debt	1,468	1,512
Deferred taxes	181	327
Operating lease liabilities	245	—
Other long-term liabilities	87	280
Total Liabilities	3,104	3,316
Contingencies (See Note 13)		
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,886	3,878
Retained earnings (deficit)	(1,601)	(233)
Accumulated other comprehensive loss	(419)	(425)
Total Equity	1,868	3,222
Total Liabilities and Equity	$ 5,114	$ 6,680
Shares of common stock issued and outstanding	211,364	211,306
Shares of series A convertible preferred stock issued and outstanding	120	120

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Nine Months Ended September 30, 2019	2018
Cash Flows from Operating Activities:		
Net income (loss)	$ (1,353)	$ (276)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	342	345
Contract inducement amortization	2	2
Deferred income taxes	(148)	(90)
Goodwill impairment	1,351	—
(Gain) loss from investments	(3)	(1)
Amortization of debt financing costs	5	9
(Gain) loss on extinguishment of debt	—	108
(Gain) loss on divestitures and transaction costs	19	9
Stock-based compensation	19	30
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(84)	(40)
(Increase) decrease in other current and long-term assets	(34)	(116)
Increase (decrease) in accounts payable and accrued compensation	(128)	(36)
Increase (decrease) in restructuring liabilities	4	16
Increase (decrease) in other current and long-term liabilities	(199)	38
Net change in income tax assets and liabilities	(9)	36
Other operating, net	—	(4)
Net cash provided by (used in) operating activities	(216)	30
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(109)	(119)
Proceeds from sale of land, buildings and equipment	2	12
Cost of additions to internal use software	(49)	(31)
Payments for acquisitions, net of cash acquired	(90)	—
Proceeds from divestitures and sale of assets, net of cash	—	672
Payments from divestitures, including cash sold	(7)	—
Net cash provided by (used in) investing activities	(253)	534
Cash Flows from Financing Activities:		
Debt issuance fee payments	—	(3)
Payments on debt	(42)	(513)
Premium on debt redemption	—	(95)
Taxes paid for settlement of stock based compensation	(11)	(9)
Dividends paid on preferred stock	(7)	(7)
Net cash provided by (used in) financing activities	(60)	(627)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(9)
Increase (decrease) in cash, cash equivalents and restricted cash	(529)	(72)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	765	667
Cash, Cash Equivalents and Restricted Cash at End of period[1]	$ 236	$ 595

(1) *Includes $8 million and $9 million of restricted cash as of September 30, 2019 and 2018, respectively, that were included in Other current assets on the Condensed Consolidated Balance Sheets.*

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at June 30, 2019	$ 2	$ 3,886	$ (1,583)	$ (404)	$ 1,901
Cash dividends paid - preferred stock, $20/share	—	—	(2)	—	(2)
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(16)	—	(16)
Other comprehensive income (loss), net	—	—	—	(15)	(15)
Total Comprehensive Income (Loss), Net	—	—	(16)	(15)	(31)
Balance at September 30, 2019	$ 2	$ 3,886	$ (1,601)	$ (419)	$ 1,868

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at June 30, 2018	$ 2	$ 3,865	$ 144	$ (512)	$ 3,499
Cash dividends paid - preferred stock, $20/share	—	—	(2)	—	(2)
Reclassification of amounts impacted by Tax Reform	—	—	5	(5)	—
Stock option and incentive plans, net	—	6	—	—	6
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(237)	—	(237)
Other comprehensive income (loss), net	—	—	—	93	93
Total Comprehensive Income (Loss), Net	—	—	(237)	93	(144)
Balance at September 30, 2018	$ 2	$ 3,871	$ (90)	$ (424)	$ 3,359

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at December 31, 2018	$ 2	$ 3,878	$ (233)	$ (425)	$ 3,222
Cash dividends paid - preferred stock, $60/per share	—	—	(7)	—	(7)
Cumulative impact of adopting the new lease standard	—	—	(8)	—	(8)
Stock option and incentive plans, net	—	8	—	—	8
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(1,353)	—	(1,353)
Other comprehensive income (loss), net	—	—	—	6	6
Total Comprehensive Income (Loss), Net	—	—	(1,353)	6	(1,347)
Balance at September 30, 2019	$ 2	$ 3,886	$ (1,601)	$ (419)	$ 1,868

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL[1]	Shareholders' Equity
Balance at December 31, 2017	$ 2	$ 3,850	$ 171	$ (494)	$ 3,529
Cash dividends paid - preferred stock, $60/per share	—	—	(7)	—	(7)
Cumulative impact of adopting the new revenue standard	—	—	17	—	17
Reclassification of amounts impacted by Tax Reform	—	—	5	(5)	—
Stock option and incentive plans, net	—	21	—	—	21
Comprehensive Income (Loss):					
Net Income (Loss)	—	—	(276)	—	(276)
Other comprehensive income (loss), net	—	—	—	75	75
Total Comprehensive Income (Loss), Net	—	—	(276)	75	(201)
Balance at September 30, 2018	$ 2	$ 3,871	$ (90)	$ (424)	$ 3,359

(1) AOCL - Accumulated other comprehensive loss.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

Conduent is a global enterprise and leading provider of mission-critical services and solutions on behalf of businesses and governments – creating exceptional outcomes for its clients and the millions of people who count on them. Through people, process expertise in transaction-intensive processing, and technology such as analytics and automation, Conduent solutions and services create value by improving efficiencies, reducing costs and enabling revenue growth. A majority of Fortune 100 companies and over 500 government entities depend on Conduent every day to manage their business processes and essential interactions with their end users. The Company's portfolio includes industry-focused solutions in attractive growth markets such as healthcare and transportation, as well as solutions that serve multiple industries such as transaction processing, customer care, human resource solutions and payment services.

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC). The year-end Condensed Consolidated Balance Sheet was derived from the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Certain reclassifications have been made to prior year information to conform to current year presentation. Intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments necessary for a fair statement of the financial position, results of operations and cash flows have been made. These adjustments consist of normal recurring items. The interim results of operations are not necessarily indicative of the results of the full year. These financial statements should be read in conjunction with the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Note 2 – Recent Accounting Pronouncements

The Company's significant accounting policies are described in Note 1–Basis of Presentation and Summary of Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Summarized below are the accounting pronouncements adopted subsequent to December 31, 2018 that were applicable and material to the Company.

New Accounting Standards Adopted

Leases: The Company adopted the new lease guidance as of January 1, 2019, using the cumulative-effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the comparative periods presented. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are, or contain, leases, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any existing leases as of the adoption date. The Company did not elect to apply the hindsight practical expedient. Additionally, the Company has elected not to include short-term leases, with a term of 12 months or less, on its Condensed Consolidated Balance Sheets.

The impact of adopting this new guidance included the establishment of Operating lease right-of-use (ROU) assets of $387 million, an increase to Other current liabilities of $103 million, a decrease to Other long-term liabilities of $21 million, the establishment of Operating lease liabilities of $316 million and a net decrease to opening retained earnings (deficit) of $8 million, as of January 1, 2019. The adoption did not have an impact on the Company's Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Cash Flows.

Summary of Accounting Policies

Leases

The Company determines if an arrangement is a lease at the inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. The Company has operating and finance leases for real estate and equipment. Operating leases are included in Operating lease ROU assets, Other current liabilities, and Operating lease liabilities in our Condensed Consolidated Balance Sheets. Finance leases are included in Land, buildings and equipment, net, Current portion of long-term debt, and Long-term debt in our Condensed Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term using the Company's incremental borrowing rates or implicit rates. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option based on economic factors. The Company recognizes operating fixed lease expense and finance lease depreciation on a straight-line basis over the lease term. Variable lease expense is recognized in the period in which the obligation for those payments is incurred. The Company accounts for lease and non-lease components separately for its equipment leases, based on the estimated standalone price of each component, and combines lease and non-lease components for its real estate leases.

The components of lease costs were as follows:

(in millions)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Finance Lease Costs:		
Amortization of right of use assets	$ 2	$ 8
Interest on lease liabilities	—	1
Total Finance Lease Costs	$ 2	$ 9
Operating lease costs:		
Base rent	$ 25	$ 85
Short-term lease costs	—	7
Variable lease costs[(1)]	8	23
Sublease income	(2)	(4)
Total Operating Lease Costs	$ 31	$ 111

(1) Primarily related to taxes, insurance and common area and other maintenance costs for real estate leases.

Supplemental cash flow information related to leases was as follows:

(in millions)	Nine Months Ended September 30, 2019
Cash paid for the amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (93)
Operating cash flows from finance leases	(1)
Total Cash Flow from Operating Activities	$ (94)
Financing cash flow from finance leases	$ (9)
Supplemental non-cash information on right of use assets obtained in exchange for new lease obligations:	
Operating leases	$ 27

Supplemental balance sheet information related to leases was as follows:

(in millions)	September 30, 2019
Operating lease assets:	
Operating lease right-of-use assets	$ 290
Operating lease liabilities:	
Other current liabilities	$ 97
Operating lease liabilities	245
Total Operating Lease Liabilities	$ 342
Finance lease assets:	
Land, buildings and equipment, net	$ 16
Finance lease liabilities:	
Current portion of long-term debt	$ 7
Long-term debt	10
Total Finance Lease Liabilities	$ 17

The Company's leases generally do not provide an implicit rate, therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular currency environment. The weighted average discount rates for operating and finance leases were 5.5% and 4.8%, respectively.

The weighted average remaining lease terms for operating and finance leases at September 30, 2019, were 5 years and 3 years, respectively.

Maturities of operating lease liabilities were as follows:

(in millions)	September 30, 2019 Operating Lease Payments
2019 (remaining)	$ 30
2020	104
2021	77
2022	53
2023	35
Thereafter	94
Total undiscounted operating lease payments	393
Less imputed interest	51
Present value of operating lease liabilities	$ 342

Maturities of finance lease liabilities were as follows:

(in millions)	September 30, 2019 Finance Lease Payments
2019 (remaining)	$ 3
2020	6
2021	5
2022	3
2023	1
Thereafter	—
Total undiscounted finance lease payments	18
Less imputed interest	1
Present value of finance lease liabilities	$ 17

As of September 30, 2019, the Company had entered into additional operating lease agreements for real estate of $15 million, which have not commenced and have not been recognized on the Company's Consolidated Balance Sheet. These operating leases are expected to commence between the fourth quarter of 2019 and the first quarter of 2020 with lease terms of 4 to 10 years.

As previously disclosed in Note 5 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, under the previous lease accounting standard, future minimum lease payments for operating leases having initial or remaining non-cancelable lease term in excess of one year were as follows:

(in millions)	December 31, 2018 Operating Lease Payments
2019	$ 153
2020	113
2021	78
2022	53
2023	33
Thereafter	76
Total minimum operating lease payments	$ 506

New Accounting Standards To Be Adopted

Credit Losses: In June 2016, the FASB updated the accounting guidance related to measurement of credit losses on financial instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. This updated guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact on its Consolidated Financial Statements.

Note 3 – Revenue

Disaggregation of Revenue

During the second quarter of 2019, the Company changed how it presents the disaggregated revenue by major service line for Government Services and Healthcare and State and local to reflect how the businesses are managed. This change had no impact on disaggregated revenue by reportable segment or the timing of revenue recognition. All prior periods presented have been revised to reflect this change.

The following table provides information about disaggregated revenue by major service line, the timing of revenue recognition and a reconciliation of the disaggregated revenue by reportable segments. Refer to Note 4 – Segment Reporting for additional information on the Company's reportable segments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2019	2018	2019	2018
Commercial Industries:				
Omni-channel communications	$ 194	$ 209	$ 597	$ 627
Human resource services	176	183	540	559
Industry services	207	228	644	714
Total Commercial Industries	577	620	1,781	1,900
Government Services:				
Government Services and Healthcare	173	182	528	542
Payment Services	72	80	221	245
State and Local	61	63	181	187
Federal	14	13	41	40
Total Government Services	320	338	971	1,014
Transportation:				
Tolling	83	79	243	222
Transit	69	54	185	165
Photo and Parking	47	47	143	141
Commercial Vehicle	2	4	8	12
Total Transportation	201	184	579	540
Other:				
Divestitures	—	162	36	648
Education	—	—	1	9
Total Other	—	162	37	657
Total Consolidated Revenue	$ 1,098	$ 1,304	$ 3,368	$ 4,111
Timing of Revenue Recognition:				
Point in time	$ 38	$ 33	$ 111	$ 103
Over time	1,060	1,271	3,257	4,008
Total Revenue	$ 1,098	$ 1,304	$ 3,368	$ 4,111

Contract Balances

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are the Company's rights to consideration for services provided when the right is conditioned on something other than passage of time (for example, meeting a milestone for the right to bill under the cost-to-cost measure of progress). Contract assets are transferred to Accounts receivable, net when the rights to consideration become unconditional. Unearned income includes payments received in advance of performance under the contract, which are realized when the associated revenue is recognized under the contract.

The following table provides information about the balances of the Company's contract assets, unearned income and receivables from contracts with customers:

(in millions)	September 30, 2019	December 31, 2018
Contract Assets (Unearned Income)		
Current contract assets	$ 165	$ 177
Long-term contract assets[(1)]	7	7
Current unearned income	(95)	(112)
Long-term unearned income[(2)]	(23)	(32)
Net Contract Assets (Unearned Income)	$ 54	$ 40
Accounts receivable, net	$ 840	$ 782

(1) Presented in Other long-term assets in the Condensed Consolidated Balance Sheets

(2) Presented in Other long-term liabilities in the Condensed Consolidated Balance Sheets

Revenues of $16 million and $97 million were recognized during the three and nine months ended September 30, 2019, respectively, related to the Company's unearned income at December 31, 2018. Revenues of $25 million and $128 million were recognized during the three and nine months ended September 30, 2018, respectively, related to the Company's unearned income at January 1, 2018.

Transaction Price Allocated to the Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at September 30, 2019, was approximately $1.8 billion. The Company expects to recognize approximately 66% of this revenue over the next two years and the remainder thereafter.

Note 4 – Segment Reporting

The Company's reportable segments correspond to how the Company organizes and manages the business and are aligned to the industries in which the Company's clients operate.

Our financial performance is based on Segment Profit / (Loss) and Segment Adjusted EBITDA for the following three reportable segments: Commercial Industries, Government Services and Transportation.

Commercial Industries: Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial Industries segment, we deliver end-to-end, business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include omni-channel communications, human resource management and finance and accounting services.

Government Services: Our Government Services segment provides government-centric business process services to U.S. federal, state and local and foreign governments for public assistance, program administration, transaction processing and payment services.

Transportation: Our Transportation segment provides systems and support services to transportation departments and agencies globally. Offerings include support for electronic toll collection, public transit, parking and photo enforcement.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

Selected financial information for our reportable segments was as follows:

	Three Months Ended September 30,						
(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 577	$ 320	$ 201	$ —	$ —	$ —	$ 1,098
Segment profit (loss)	$ 108	$ 100	$ 38	$ —	$ —	$ (174)	$ 72
Segment depreciation and amortization	$ 25	$ 6	$ 9	$ —	$ —	$ 15	$ 55
Adjusted EBITDA	$ 133	$ 106	$ 47	$ —	$ —	$ (159)	$ 127
2018							
Revenue	$ 620	$ 338	$ 184	$ 162	$ —	$ —	$ 1,304
Segment profit (loss)	$ 128	$ 106	$ 30	$ 15	$ (6)	$ (168)	$ 105
Segment depreciation and amortization	$ 22	$ 7	$ 9	$ —	$ 1	$ 14	$ 53
Adjusted EBITDA	$ 150	$ 112	$ 39	$ 15	$ (5)	$ (154)	$ 157

	Nine Months Ended September 30,						
(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 1,781	$ 971	$ 579	$ 36	$ 1	$ —	$ 3,368
Segment profit (loss)	$ 329	$ 289	$ 89	$ 1	$ —	$ (508)	$ 200
Segment depreciation and amortization	$ 68	$ 21	$ 26	$ —	$ —	$ 45	$ 160
Adjusted EBITDA	$ 397	$ 310	$ 119	$ 1	$ —	$ (463)	$ 364
2018							
Revenue	$ 1,900	$ 1,014	$ 540	$ 648	$ 9	$ —	$ 4,111
Segment profit (loss)	$ 358	$ 314	$ 82	$ 95	$ (13)	$ (516)	$ 320
Segment depreciation and amortization	$ 75	$ 23	$ 27	$ 4	$ 3	$ 34	$ 166
Adjusted EBITDA	$ 433	$ 335	$ 109	$ 99	$ (10)	$ (482)	$ 484

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
Segment Profit (Loss) Reconciliation to Pre-tax Income (Loss)	2019	2018	2019	2018
Income (Loss) Before Income Taxes	$ (14)	$ (252)	$ (1,471)	$ (252)
Reconciling items:				
Amortization of acquired intangible assets	61	60	184	181
Restructuring and related costs	8	31	50	68
Interest expense	20	22	60	92
(Gain) loss on extinguishment of debt	—	108	—	108
Goodwill impairment	—	—	1,351	—
(Gain) loss on divestitures and transaction costs	3	54	19	9
Litigation costs (recoveries), net	2	78	15	113
Other (income) expenses, net	(8)	4	(8)	1
Segment Pre-tax Income (Loss)	$ 72	$ 105	$ 200	$ 320
Segment depreciation and amortization (including contract inducements)	$ 55	$ 53	$ 160	$ 166
Other adjustments	—	(1)	4	(2)
Adjusted EBITDA	$ 127	$ 157	$ 364	$ 484

Refer to Note 3 – Revenue for additional information on disaggregated revenues of the reportable segments.

Note 5 – Assets/Liabilities Held for Sale

In February 2019, the Company completed the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC. During the first quarter of 2019, the Company recorded an additional loss, inclusive of transaction costs, of $12 million on the sale of this portfolio, reflecting certain changes in estimates that were made when recording the initial charge. The revenue generated from this business was $36 million for the three months ended March 31, 2019 and $439 million for the year ended December 31, 2018.

Note 6 – Business Acquisition

In January 2019, the Company completed the acquisition of Health Solutions Plus (HSP), a software provider of healthcare payer administration solutions, for a total base consideration of $90 million and a maximum contingent consideration payment of $8 million based on a cumulative achievement over two years. Revenues recorded for the three and nine months ended September 30, 2019, were $6 million and $15 million, respectively. Pre-tax income for the three and nine months ended September 30, 2019, were $2 million and $4 million, respectively.

The Company's purchase price allocation for the HSP acquisition is preliminary and subject to revision as additional information related to the fair value of assets and liabilities becomes available. The preliminary purchase price based upon the current determination of fair value at September 30, 2019 was as follows:

(in millions)	September 30, 2019
Fair Value of Consideration Transferred:	
Cash paid	$ 90
Recorded earn-out payable	7
Total Consideration	$ 97
Allocation of Purchase Price:	
Net tangible assets	$ 10
Developed technology	20
Costs Assigned to Intangible Assets	
Customer relationships	18
Trademarks and trade names	1
Goodwill	48
Total Intangible Assets	67
Total Assets	$ 97

The weighted average amortization periods are 7 years, 15 years and 1.5 years for Developed technology, Customer relationships and Trademarks and trade names, respectively. The acquired goodwill is associated with the Company's Commercial Industries segment. This acquired goodwill, while tax deductible, includes $7 million related to contingent consideration payable that is not tax deductible until it is earned and paid. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of HSP. The Developed technology is classified as Product Software within Other long-term assets on the Condensed Consolidated Balance Sheets.

The Company has not presented separate results of operations or combined pro forma financial information of the Company and the acquired interests because the results of operations of the acquired business are considered immaterial.

Note 7 – Restructuring Programs and Related Costs

The Company engages in a series of restructuring programs related to downsizing its employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce its cost structure and improve productivity. The implementation of the Company's strategic transformation program and various productivity initiatives have reduced the Company's real estate footprint across all geographies and segments resulting in increased lease cancellation and other related costs. Also included in Restructuring and related costs are incremental, non-recurring costs related to the consolidation of the Company's data centers, which totaled $0 million and $18 million for the three and nine months ended September 30, 2019, respectively. Management continues to evaluate the Company's business, and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Costs associated with restructuring, including employee severance and lease termination costs, are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of the Company's restructuring program activity during the nine months ended September 30, 2019 and 2018 was as follows:

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Accrued Balance at December 31, 2018	$ 13	$ 36	$ 49
Restructuring provision	22	34	56
Adjustments to prior accruals	(5)	(3)	(8)
Total Net Current Period Charges	17	31	48
Payments and other charges against reserve and currency	(17)	(27)	(44)
Adoption of new lease standard	—	(22)	(22)
Asset impairment	—	(11)	(11)
Accrued Balance at September 30, 2019	$ 13	$ 7	$ 20

(in millions)	Severance and Related Costs	Lease Cancellation and Other Costs	Total
Accrued Balance at December 31, 2017	$ 14	$ 30	$ 44
Restructuring provision	34	33	67
Adjustments to prior accruals	(4)	5	1
Total Net Current Period Charges	30	38	68
Payments and other charges against reserve and currency	(28)	(27)	(55)
Other	—	3	3
Accrued Balance at September 30, 2018	$ 16	$ 44	$ 60

In addition, the Company recorded professional support costs associated with the strategic transformation program in Restructuring and related costs of $2 million and $0 million for the nine months ended September 30, 2019 and 2018, respectively.

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2019	2018	2019	2018
Commercial Industries	$ 3	$ 11	$ 14	$ 25
Government Services	—	1	1	1
Transportation	—	1	1	1
Other	(1)	2	—	5
Shared IT / Infrastructure & Corporate Costs	6	17	32	36
Total Net Restructuring Charges	$ 8	$ 32	$ 48	$ 68

Note 8 – Debt

Long-term debt was as follows:

(in millions)	September 30, 2019	December 31, 2018
Term loan A due 2022	$ 667	$ 705
Term loan B due 2023	827	833
Senior notes due 2024	34	34
Finance lease obligations	17	26
Principal debt balance	1,545	1,598
Debt issuance costs and unamortized discounts	(27)	(31)
Less: current maturities	(50)	(55)
Total Long-term Debt	$ 1,468	$ 1,512

Note 9 – Financial Instruments

The Company is a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of its business. As a part of the Company's foreign exchange risk management strategy, the Company uses derivative instruments, primarily forward contracts, to hedge the funding of foreign entities which have a non-dollar functional currency, thereby reducing volatility of earnings or protecting fair values of assets and liabilities.
At September 30, 2019 and December 31, 2018, the Company had outstanding forward exchange contracts with gross notional values of $217 million and $167 million, respectively. Approximately 74% of these contracts mature within three months, 10% in three to six months, 12% in six to twelve months and 4% in greater than twelve months. Most of these foreign currency derivative contracts are designated as cash flow hedges and did not have a material impact on the Company's balance sheet, income statement or cash flows for the periods presented.

Refer to Note 10 – Fair Value of Financial Assets and Liabilities for additional information regarding the fair value of the Company's foreign exchange forward contracts.

Note 10 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value base on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities.

Unless noted herein, the Company's valuation methodologies for assets and liabilities measured at fair value are described in Note 10 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Summary of Financial Assets and Liabilities Accounted for at Fair Value on a Recurring Basis

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2.

(in millions)	September 30, 2019	December 31, 2018
Assets:		
Foreign exchange contract - forward	$ 3	$ 3
Total Assets	$ 3	$ 3
Liabilities:		
Foreign exchange contracts - forwards	$ —	$ 1
Total Liabilities	$ —	$ 1

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

	September 30, 2019		December 31, 2018	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Assets held for sale	$ —	$ —	$ 15	$ 15
Liabilities:				
Long-term debt	$ 1,468	$ 1,434	$ 1,512	$ 1,463
Liabilities held for sale	$ —	$ —	$ 40	$ 40

The fair value amounts for Cash and cash equivalents, Restricted cash, Accounts receivable, net and Short-term debt approximate carrying amounts due to the short-term maturities of these instruments.

The fair value of the Assets held for sale and the Liabilities held for sale were measured based on the sales price less estimated transactions costs (Level 3).

The fair value of Long-term debt was estimated based on the current rates offered to the Company for debt of similar maturities (Level 2).

Note 11 – Employee Benefit Plans

The Company has post-retirement savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans, employees are allowed to contribute a portion of their salaries and bonuses to the plans. Historically, the Company matched a portion of employee contributions. However, beginning in 2019, the Company has suspended its match to the 401(k) plan for all U.S. salaried employees.

The Company recognized an expense related to its defined contribution plans of $2 million and $7 million for the three months ended September 30, 2019 and 2018, respectively, and $7 million and $23 million for the nine months ended September 30, 2019 and 2018, respectively. As a result of suspending 401(k) match for U.S. employees as indicated above, there was a $3 million and a $9 million reduction in expense for the three and nine months ended September 30, 2019, respectively.

Note 12 – Accumulated Other Comprehensive Loss (AOCL)

Below are the balances and changes in AOCL[(1)]:

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2018	$ (426)	$ 2	$ (1)	$ (425)
Other comprehensive income (loss) before reclassifications	(9)	1	—	(8)
Amounts reclassified from accumulated other comprehensive loss	15	—	(1)	14
Net current period other comprehensive income (loss)	6	1	(1)	6
Balance at September 30, 2019	$ (420)	$ 3	$ (2)	$ (419)

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2017	$ (437)	$ 1	$ (58)	$ (494)
Reclassification of amounts impacted by Tax Reform	—	—	(5)	(5)
Other comprehensive income (loss) before reclassifications	(27)	(3)	64	34
Amounts reclassified from accumulated other comprehensive loss	41	—	—	41
Net current period other comprehensive income (loss)	14	(3)	64	75
Balance at September 30, 2018	$ (423)	$ (2)	$ 1	$ (424)

(1) All amounts are net of tax. Tax effects were immaterial.

Note 13 – Contingencies and Litigation

As more fully discussed below, the Company is involved in a variety of claims, lawsuits, investigations and proceedings concerning: governmental entity contracting, servicing and procurement law; intellectual property law; employment law; commercial and contracts law; the Employee Retirement Income Security Act (ERISA); and other laws, regulations and matters. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its view on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts in excess of any accrual for such matter or matters, this could have a material adverse effect on the Company's results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters as of September 30, 2019. Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters and such outcome in any such matters could be in excess of any amounts accrued and could be material to the Company's results of operations, cash flows or financial position in any reporting period.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the condensed consolidated financial position or liquidity. As of September 30, 2019, the Company had accrued its estimate of liability incurred under its indemnification arrangements and guarantees.

Litigation Against the Company

State of Texas v. Xerox Corporation, Conduent Business Services, LLC (f/k/a Xerox Business Services, LLC), Conduent State Healthcare, LLC (f/k/a Xerox State Healthcare, LLC, f/k/a ACS State Healthcare, LLC) and Conduent Incorporated: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the “State”), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleged that Conduent State Healthcare LLC (f/k/a Xerox State Healthcare, LLC and ACS State Healthcare) (“CSH”), Conduent Business Services LLC (“CBS”) and Conduent Incorporated (“CI”) (collectively, CSH, CBS and CI are referred to herein as the "Conduent Defendants") and Xerox Corporation (together with the Conduent Defendants, the “Defendants”) violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services (“HHSC”) (the “State Action”). In February 2019 a settlement agreement and release was reached among the Defendants, the State and HHSC which was amended in May 2019 ("Texas Agreement"). Pursuant to the terms of the Texas Agreement, the Conduent Defendants were required to pay the State of Texas $236 million, of which $118 million was paid in 2019 with a balance of $118 million due in January 2020, which is fully reserved. The Company provided bank issued letters of credit to the State in the amount of $118 million to secure the payment due in January 2020 which will be released on the 91st day following the Company’s payment. The case has been dismissed with prejudice with a full release and discharge of the Defendants.

Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC (“Buck”), which was a wholly-owned subsidiary of Conduent, for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association (“StanCERA”). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck’s valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court’s ruling and remanded the case back to the trial court as to Buck only, and only with respect to Plaintiffs' claim of aiding and abetting StanCERA in breaching its fiduciary duty. This case has been stayed pending the outcome of parallel litigation the plaintiffs are pursuing against StanCERA. The parallel litigation was tried before the bench in June 2018, and on January 24, 2019, the court found in favor of StanCERA, holding that it had not breached its fiduciary duty to plaintiffs. On April 26, 2019, Plaintiffs in the parallel litigation filed an appeal. Nasrawi remains stayed until the parallel litigation is finally concluded. Absent the court finding that StanCERA breached its fiduciary duty, plaintiffs’ claim against Buck for aiding and abetting said breach would not appear viable. Buck will continue to aggressively defend these lawsuits. In August 2018, Conduent sold Buck Consultants, LLC; however, the Company retained this liability after the sale. The Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome or loss, if any, in excess of currently recorded reserves.

Conduent Business Services, LLC v. Cognizant Business Services, LLC: On April 12, 2017, Conduent Business Services LLC (“Conduent”) filed a lawsuit against Cognizant Business Services Corporation (“Cognizant”) in the Supreme Court of New York County, New York. The lawsuit relates to the Amended and Restated Master Outsourcing Services Agreement effective as of October 24, 2012, and the service delivery contracts and work orders thereunder, between Conduent and Cognizant, as amended and supplemented (the “Contract”). The Contract contains certain minimum purchase obligations by Conduent through the date of expiration. The lawsuit alleges that Cognizant committed multiple breaches of the Contract, including Cognizant’s failure to properly perform its obligations as subcontractor to Conduent under Conduent’s contract with the New York Department of Health to provide Medicaid Management Information Systems. In the lawsuit, Conduent seeks damages in excess of $150 million. During the first quarter of 2018, Conduent provided notice to Cognizant that it was terminating the Contract for cause and recorded in the same period certain charges associated with the termination. Conduent also alleges that it terminated the Contract for cause, because, among other things, Cognizant violated the Foreign Corrupt Practices Act. Cognizant asserted two counterclaims for breach of contract seeking recovery of damages in excess of $47 million, which includes amounts alleged not paid to Cognizant under the contract and an alleged $25 million for termination fees. Conduent has responded to Cognizant’s counterclaims by denying the allegations. Cognizant filed a second amended counterclaim seeking an additional $43 million to satisfy the minimum revenue commitment attributable to the years 2017-2020, which increased Cognizant's damages claim to $90 million. Based on Conduent's breach of contract and termination for cause claims, Conduent does not believe that it has any obligations to Cognizant under the Contract to pay the minimum revenue commitment penalty. Conduent will continue to vigorously defend itself against the counterclaims but the Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome.

Other Matters

Since 2014, Xerox Education Services, Inc. ("XES") has cooperated with several federal and state agencies regarding a variety of matters, including XES' self-disclosure to the U.S. Department of Education (the "Department") and the Consumer Financial Protection Bureau ("CFPB") that some third-party student loans under outsourcing arrangements for various financial institutions required adjustments. With the exception of an inquiry the Illinois Attorney General's Office recently commenced, the Company has resolved the investigations the CFPB and several state agencies commenced and continues to work with the Department and the U.S. Department of Justice to resolve all outstanding issues, including a number of operational projects that XES discovered and disclosed since 2014. The Company cannot provide assurance that the CFPB, another regulator, a financial institution on behalf of which the Company serviced third-party student loans, or another party will not ultimately commence a legal action against XES in which fines, penalties or other liabilities are sought from XES. Nor is the Company able to predict the likely outcome of these matters, should any such matter be commenced, or reasonably provide an estimate or range of estimates of any loss in excess of current reserves. The Company could, in future periods, incur judgments or enter into settlements to resolve these potential matters for amounts in excess of current reserves and there could be a material adverse effect on the Company's results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Other Contingencies

Certain contracts, primarily in the Company's Government Services and Transportation segments, require the Company to provide a surety bond or a letter of credit as a guarantee of performance. As of September 30, 2019, the Company had $564 million of outstanding surety bonds used to secure its performance of contractual obligations with its clients and $229 million of outstanding letters of credit issued to secure the Company's performance of contractual obligations to its clients as well as other corporate obligations. In general, the Company would only be liable for the amount of these guarantees in the event of default in the Company's performance of its obligations under each contract. The Company believes it has sufficient capacity in the surety markets and liquidity from its cash flow and its various credit arrangements (including its Credit Facility) to allow it to respond to future requests for proposals that require such credit support.

Note 14 – Preferred Stock

Series A Preferred Stock

In December 2016, the Company issued 120,000 shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $120 million and an initial fair value of $142 million. The convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($9.6 million per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393,000 shares (reflecting an initial conversion price of approximately $22.25 per share of common stock), subject to customary anti-dilution adjustments.

Note 15 – Earnings per Share

We did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data in whole dollars and shares in thousands)	2019	2018	2019	2018
Net income (loss)	$ (16)	$ (237)	$ (1,353)	$ (276)
Cash dividend paid - preferred stock	(2)	(2)	(7)	(7)
Adjusted Net Income (Loss) Available to Common Shareholders	$ (18)	$ (239)	$ (1,360)	$ (283)
Weighted average common shares outstanding	209,626	206,605	208,741	205,739
Common shares issuable with respect to:				
Stock options	—	—	—	—
Restricted stock and performance units / shares	—	—	—	—
Adjusted Weighted Average Common Shares Outstanding	209,626	206,605	208,741	205,739
Net Income (Loss) per Share:				
Basic	$ (0.09)	$ (1.16)	$ (6.52)	$ (1.38)
Diluted	$ (0.09)	$ (1.16)	$ (6.52)	$ (1.38)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):				
Stock Options	—	193	—	193
Restricted stock and performance shares/units	4,473	5,097	4,473	5,097
Convertible preferred stock	5,393	5,393	5,393	5,393
Total Anti-Dilutive Securities	9,866	10,683	9,866	10,683

Note 16 – Supplementary Financial Information

The components of Other assets and liabilities were as follows:

(in millions)	September 30, 2019	December 31, 2018
Other Current Assets		
Prepaid expenses	$ 99	$ 87
Income taxes receivable	40	40
Value-added tax (VAT) receivable	21	22
Restricted cash	8	9
Other	145	76
Total Other Current Assets	$ 313	$ 234
Other Current Liabilities		
Accrued liabilities	$ 363	$ 330
Litigation related accruals	176	147
Current operating lease liabilities	97	—
Restructure reserves	13	36
Income tax payable	7	3
Other taxes payable	17	15
Other	20	36
Total Other Current Liabilities	$ 693	$ 567
Other Long-term Assets		
Internal use software, net	$ 148	$ 123
Deferred contract costs, net	83	100
Product software, net	35	18
Other	104	88
Total Other Long-term Assets	$ 370	$ 329
Other Long-term Liabilities		
Litigation related accruals	$ —	$ 144
Income tax liabilities	14	29
Unearned income	23	32
Restructuring reserves	7	13
Other	43	62
Total Other Long-term Liabilities	$ 87	$ 280

Note 17 – Goodwill

In the first quarter of 2019, the Transportation reporting unit experienced unanticipated losses of certain customer contracts, lower than expected new customer contracts and higher costs of delivery (all subsequent to February 2019), and as a result, the growth of this reporting unit decreased resulting in its fair value being below its carrying value by an estimated $284 million. Accordingly, the Company recorded a pre-tax impairment charge of $284 million for the three months ended March 31, 2019.

In the second quarter of 2019, there were further unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer contracts (all subsequent to May 9, 2019). This led to actual results being below budget and a further downward revision of the long-term forecast across all the Company's reporting units (Financial Services & Healthcare, Consumer & Industrial, Europe (together comprising Commercial Industries), Government Services, and Transportation). As a consequence of the business performance and the strategy pivot due to changes in management that occurred in the second quarter of 2019, the Company lowered its sales outlook, average margin expectation for the future years, and increased its weighted average cost of capital.

Based upon the information identified in the second quarter of 2019, the Company performed an interim goodwill impairment assessment for all its reporting units which resulted in a pre-tax impairment charge of $1.1 billion for the three months ended June 30, 2019. The cumulative impairment charge for the nine months ended September 30, 2019 was $1.4 billion.

The following table presents the changes in the carrying amount of goodwill, by reportable segments:

(in millions)	Commercial Industries	Government Services	Transportation	Total
Balance at December 31, 2017	$ 1,399	$ 1,310	$ 657	$ 3,366
Foreign currency translation	(10)	—	(16)	(26)
Assets held-for-sale	(12)	—	—	(12)
Other[1]	14	66	—	80
Balance at December 31, 2018	$ 1,391	$ 1,376	$ 641	$ 3,408
Foreign currency translation	(5)	(8)	(1)	(14)
Acquisition	48	—	—	48
Impairment	(565)	(226)	(560)	(1,351)
Other[1]	(1)	—	—	(1)
Balance at September 30, 2019	$ 868	$ 1,142	$ 80	$ 2,090

(1) Represents true-up to 2018 and 2017 Assets held for sale, respectively.

There was no impairment identified in the third quarter of 2019 for any of our reporting units.

Note 18 – Related Party Transactions

During the third quarter of 2019, Carl C. Icahn and his affiliates (shareholders) increased their ownership interest in the Company. In the normal course of business, the Company provides services to, and purchases from, certain related parties with the same shareholders. The services provided to these entities included those related to human resources, end-user support and other services and solutions. The purchases from these entities included office equipment and related services and supplies. Revenue and purchases from these entities were included in Revenue and Costs of services / Selling, General and administrative, respectively, on the Company's Condensed Consolidated Statements of Income (Loss).

Transactions with related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2019	2018	2019	2018
Revenue from related parties	$ 7	$ 10	$ 25	$ 32
Purchases from related parties	$ 6	$ 6	$ 18	$ 23

The Company's receivable and payable balances with related party entities were not material as of September 30, 2019 and December 31, 2018.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Conduent Incorporated and its consolidated subsidiaries. MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes.

Overview

We are a global enterprise and leading provider of mission-critical services and solutions on behalf of businesses and governments – creating exceptional outcomes for its clients and the millions of people who count on them. Through people, process expertise in transaction-intensive processing, and technology such as analytics and automation, Conduent solutions and services create value by improving efficiencies, reducing costs and enabling revenue growth. A majority of Fortune 100 companies and over 500 government entities depend on Conduent every day to manage their business processes and essential interactions with their end users. The Company's portfolio includes industry-focused solutions in attractive growth markets such as healthcare and transportation, as well as solutions that serve multiple industries such as transaction processing, customer care, human resource solutions and payment services.

We create value for our clients through efficient service delivery combined with a personalized and seamless experience for the end-user. We apply our expertise, technology and innovation to continually modernize our offerings for improved customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. Our strategy is to drive portfolio focus, operational discipline, sales and delivery excellence and innovation, complemented by tightly aligned investments. Our differentiated services and solutions improve experiences for millions of people every day. Conduent's solutions deliver exceptional outcomes for its clients, including $16 billion in medical bill savings, $11 billion in child support payments processed more efficiently, up to 40% efficiency increase in HR operations, and up to 40% improvement in processing costs, while driving higher end-user satisfaction.

Headquartered in Florham Park, New Jersey, we have a team of approximately 68,000 people as of September 30, 2019, servicing customers from service centers in 23 countries.

Financial Review of Operations

($ in millions)	Three Months Ended September 30, 2019	2018	2019 vs. 2018 $ Change	% Change
Revenue	$ 1,098	$ 1,304	$ (206)	(16)%
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	859	1,005	(146)	(15)%
Selling, general and administrative (excluding depreciation and amortization)	112	139	(27)	(19)%
Research and development (excluding depreciation and amortization)	1	2	(1)	(50)%
Depreciation and amortization	115	113	2	2 %
Restructuring and related costs	8	31	(23)	(74)%
Interest expense	20	22	(2)	(9)%
(Gain) loss on extinguishment of debt	—	108	(108)	(100)%
(Gain) loss on divestitures and transaction costs	3	54	(51)	(94)%
Litigation costs (recoveries), net	2	78	(76)	(97)%
Other (income) expenses, net	(8)	4	(12)	
Total Operating Costs and Expenses	1,112	1,556	(444)	
Income (Loss) Before Income Taxes	(14)	(252)	238	
Income tax expense (benefit)	2	(15)	17	
Net Income (Loss)	$ (16)	$ (237)	$ 221	

($ in millions)	Nine Months Ended September 30, 2019	2018	2019 vs. 2018 $ Change	% Change
Revenue	$ 3,368	$ 4,111	$ (743)	(18)%
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	2,644	3,193	(549)	(17)%
Selling, general and administrative (excluding depreciation and amortization)	360	427	(67)	(16)%
Research and development (excluding depreciation and amortization)	6	7	(1)	(14)%
Depreciation and amortization	342	345	(3)	(1)%
Restructuring and related costs	50	68	(18)	(26)%
Interest expense	60	92	(32)	(35)%
(Gain) loss on extinguishment of debt	—	108	(108)	(100)%
Goodwill impairment	1,351	—	1,351	
(Gain) loss on divestitures and transaction costs	19	9	10	111 %
Litigation costs (recoveries), net	15	113	(98)	(87)%
Other (income) expenses, net	(8)	1	(9)	
Total Operating Costs and Expenses	4,839	4,363	476	
Income (Loss) Before Income Taxes	(1,471)	(252)	(1,219)	
Income tax expense (benefit)	(118)	24	(142)	
Net Income (Loss)	$ (1,353)	$ (276)	$ (1,077)	

Revenue

Revenue for the three and nine months ended September 30, 2019 decreased, compared to the prior year periods, primarily due to the impact from divestitures completed in 2018 and 2019, pricing pressure, contract losses and currency fluctuations. Partially offsetting these declines were increases from the ramp of new business.

Cost of Services (excluding depreciation and amortization)

Cost of services for the three and nine months ended September 30, 2019 decreased, compared to the prior year periods, mainly driven by divestitures completed in 2018 and 2019, reductions in real estate, information technology and labor costs from our strategic transformation initiatives, lost business, strategic contract actions taken by management as part of portfolio management and lower volumes.

Selling, General and Administrative (SG&A) (excluding depreciation and amortization)

Lower SG&A for the three and nine months ended September 30, 2019, compared to the prior year periods, was reflective of the impact of our strategic transformation initiatives, primarily due to reductions in labor costs, including reductions in 401(k) costs, other variable compensation costs, sub-contracting and negotiated IT contract costs.

Depreciation and Amortization

Depreciation and amortization for the three months ended September 30, 2019 increased, compared to the prior year period, primarily due to the HSP acquisition and increased capitalized software amortization for new projects placed in service.

Depreciation and amortization for the nine months ended September 30, 2019 decreased, compared to the prior year period, primarily due to the divestitures in 2018, partially offset by the HSP acquisition and increased capitalized software amortization for new projects placed in service. Refer to Note 6 – Business Acquisition to the Condensed Consolidated Financial Statements for additional information regarding the HSP acquisition.

Restructuring and Related Costs

Restructuring and related costs for the three months ended September 30, 2019 include $1 million of severance costs and $7 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint.

Restructuring and related costs for the nine months ended September 30, 2019 include $17 million of severance costs due to headcount reductions worldwide, $18 million of costs related to data center migration, $13 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint, and $2 million of strategic transformation costs.

Restructuring and related costs for the three months ended September 30, 2018 include $11 million of severance costs due to headcount reductions worldwide and $21 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint.

Restructuring and related costs for the nine months ended September 30, 2018 include $30 million of severance costs due to headcount reductions worldwide and $38 million of lease cancellation and other costs as part of our effort to consolidate our real estate footprint.

Management continues to evaluate the Company's business, and in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Refer to Note 7 – Restructuring Programs and Related Costs to the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Interest Expense

Interest expense represents interest on long-term debt and the amortization of debt issuance costs. Decreases in Interest expense for the three and nine months ended September 30, 2019, compared to the prior year periods, were driven primarily by lower average debt balances resulting mostly from the tender offer in 2018 and repricing. Refer to Note 8 – Debt in the Condensed Consolidated Financial Statements for additional information.

Goodwill Impairment

The goodwill impairment for the nine months ended September 30, 2019 related to the write-down of the carrying values of the Financial Services & Healthcare (FS&H), Consumer & Industrial (C&I), Europe, Government Services and Transportation reporting units. Refer to Note 17 – Goodwill to the Condensed Consolidated Financial Statements and the MD&A – Critical Accounting Policies – Goodwill for additional information regarding these impairment charges.

(Gain) Loss on Divestitures and Transaction Costs

The three months ended September 30, 2019, was related to a loss on sale of assets and transaction costs. The nine months ended September 30, 2019, consists of $5 million of changes in estimates related to losses on divestitures, $2 million related to a loss on sale of assets and $12 million of transaction and related costs, $4 million of which relates to costs to remediate Payment Card Industry Data Security Standards compliance issues related to the sale of select standalone customer care contracts to Skyview Capital LLC.

Litigation Costs (Recoveries), Net

Net litigation costs for the nine months ended September 30, 2019, consist primarily of the recognition of the $13 million discount on the fair value of the Texas litigation liability established in 2018 due to the acceleration of the settlement in 2019. The prior year period expenses were primarily due to the increases in reserves for the Texas litigation and establishment of reserves for the Cognizant terminated contracts.

Refer to Note 13 – Contingencies and Litigation to the Condensed Consolidated Financial Statements for additional information.

Income Taxes

The effective tax rate for the three months ended September 30, 2019 was (14.3)%, compared to 6.0% for the three months ended September 30, 2018. The September 30, 2019 rate was lower than the U.S. statutory rate of 21%, primarily due to pre-tax loss and tax from the geographic mix of income and the inclusion of Global Intangible Low Tax Income (GILTI). The effective tax rate for the three months ended September 30, 2018 was lower than the U.S. statutory tax rate of 21%, primarily due to tax impacts from the divestitures.

Excluding the impact of the divestitures, amortization and restructuring, the normalized effective tax rate for the three months ended September 30, 2019 was 28.8%. The normalized effective tax rate of 25.6% for the three months ended September 30, 2018, was predominantly impacted by the exclusion of the divestitures, the Texas litigation reserve, the loss on extinguishment of debt, amortization of intangible assets, restructuring and divestiture related costs.

The effective tax rate for the nine months ended September 30, 2019 was 8.0%, compared to (9.5)% for the nine months ended September 30, 2018. The September 30, 2019 rate was lower than the U.S. statutory rate of 21%, primarily due to the goodwill impairment charge being partially non-deductible for tax and the geographic mix of income, partially offset by U.S. federal tax credits and tax benefits recognized on the sale of a portfolio of select standalone customer care contracts to Skyview Capital LLC. The September 30, 2018 rate was lower than the U.S. statutory tax rate of 21%, primarily due to pre-tax loss and tax from the divestitures, partially offset by U.S. foreign tax credits.

Excluding the impact of the goodwill impairment, divestitures, the Texas litigation reserve, amortization and restructuring, the normalized effective tax rate for the nine months ended September 30, 2019 was 31.3%. The normalized effective tax rate of 23.9% for the nine months ended September 30, 2018, was predominantly impacted by the exclusion of divestitures, the Texas litigation reserve, the loss on extinguishment of debt, amortization of intangible assets, restructuring and divestiture related costs.

The Company believes it is reasonably possible that unrecognized tax benefits of approximately $13 million will reverse within 12 months due to an anticipated audit settlement.

Operations Review of Segment Revenue and Profit

Our financial performance is based on Segment Profit / (Loss) and Segment Adjusted EBITDA for the following three segments:

- Commercial Industries,
- Government Services, and
- Transportation.

Other includes our divestitures and our Student Loan business, which the Company exited in the third quarter of 2018.

We are modernizing a significant portion of our information technology infrastructure with new systems and processes and consolidating our data centers as part of our transformation initiatives. We expect that these changes will provide greater strategic and operational flexibility and efficiency and better control of our systems and processes. Based on our continuing review of our cybersecurity, we are making additional investments to enhance our cybersecurity protection. There is a risk, however, that our modernization efforts and data center consolidations could materially and adversely disrupt our operations. See Part I, Item 1A – Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2018 for additional information.

Results of financial performance by segment were:

	Three Months Ended September 30,						
(in millions)	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 577	$ 320	$ 201	$ —	$ —	$ —	$ 1,098
Segment profit (loss)	$ 108	$ 100	$ 38	$ —	$ —	$ (174)	$ 72
Segment depreciation and amortization	$ 25	$ 6	$ 9	$ —	$ —	$ 15	$ 55
Adjusted EBITDA	$ 133	$ 106	$ 47	$ —	$ —	$ (159)	$ 127
% of Total Revenue	52.6 %	29.1 %	18.3 %	— %	— %	— %	100.0 %
Adjusted EBITDA Margin	23.1 %	33.1 %	23.4 %	— %	— %	— %	11.6 %
2018							
Revenue	$ 620	$ 338	$ 184	$ 162	$ —	$ —	$ 1,304
Segment profit (loss)	$ 128	$ 106	$ 30	$ 15	$ (6)	$ (168)	$ 105
Segment depreciation and amortization	$ 22	$ 7	$ 9	$ —	$ 1	$ 14	$ 53
Adjusted EBITDA	$ 150	$ 112	$ 39	$ 15	$ (5)	$ (154)	$ 157
% of Total Revenue	47.6 %	25.9 %	14.1 %	12.4 %	— %	— %	100.0 %
Adjusted EBITDA Margin	24.2 %	33.1 %	21.2 %	9.3 %	— %	— %	12.0 %

(in millions)	Nine Months Ended September 30,						
	Commercial Industries	Government Services	Transportation	Other		Shared IT / Infrastructure & Corporate Costs	Total
2019				Divestitures	Other		
Revenue	$ 1,781	$ 971	$ 579	$ 36	$ 1	$ —	$ 3,368
Segment profit (loss)	$ 329	$ 289	$ 89	$ 1	$ —	$ (508)	$ 200
Segment depreciation and amortization	$ 68	$ 21	$ 26	$ —	$ —	$ 45	$ 160
Adjusted EBITDA	$ 397	$ 310	$ 119	$ 1	$ —	$ (463)	$ 364
% of Total Revenue	52.9 %	28.8 %	17.2 %	1.1 %	— %	— %	100.0 %
Adjusted EBITDA Margin	22.3 %	31.9 %	20.6 %	2.8 %	— %	— %	10.8 %
2018							
Revenue	$ 1,900	$ 1,014	$ 540	$ 648	$ 9	$ —	$ 4,111
Segment profit (loss)	$ 358	$ 314	$ 82	$ 95	$ (13)	$ (516)	$ 320
Segment depreciation and amortization	$ 75	$ 23	$ 27	$ 4	$ 3	$ 34	$ 166
Adjusted EBITDA	$ 433	$ 335	$ 109	$ 99	$ (10)	$ (482)	$ 484
% of Total Revenue	46.2 %	24.7 %	13.1 %	15.8 %	0.2 %	— %	100.0 %
Adjusted EBITDA Margin	22.8 %	33.0 %	20.2 %	15.3 %	(111.1) %	— %	11.8 %

Commercial Industries Segment

Revenue

Commercial Industries revenue for the three months ended September 30, 2019 decreased, compared to the prior year period, primarily driven by contract losses and price pressure, partially offset by revenue from new contracts.

Commercial Industries revenue for the nine months ended September 30, 2019 decreased, compared to the prior year period, primarily driven by contract losses, strategic exits and volume and price pressure, partially offset by revenue from new contracts.

Segment Profit and Adjusted EBITDA

Decreases in the Commercial Industries segment profit and adjusted EBITDA margin for the three months ended September 30, 2019, compared to the prior year period, were mainly driven by overall revenue declines.

Decreases in the Commercial Industries segment profit and adjusted EBITDA margin for the nine months ended September 30, 2019, compared to the prior year period, were mainly driven by overall revenue declines, partially offset by reductions in IT, real estate and labor costs from our strategic transformation initiatives.

Government Services Segment

Revenue

Government Services revenue for the three and nine months ended September 30, 2019, decreased compared to the prior year periods, primarily driven by contract losses and pricing and scope changes associated with a large renewal. These declines were partially offset by ramp of new business.

Segment Profit and Adjusted EBITDA

Decrease in the Government Services segment profit and adjusted EBITDA margin for the three and nine months ended September 30, 2019, compared to the prior year periods, were mainly driven by lower revenue, partially offset by lower IT and delivery costs.

Transportation Segment

Revenue

Transportation revenue for the three and nine months ended September 30, 2019 increased, compared to the prior year periods, primarily driven by ramp of new business and volume increases, partially offset by client losses.

Segment Profit and Adjusted EBITDA

Transportation segment profit and adjusted EBITDA margin for the three and nine months ended September 30, 2019 increased, compared to the prior year periods, mainly driven by increased revenue and reduced IT platform spend as well as reductions in real estate and labor costs from our strategic transformation initiatives.

Other

Revenue

Other revenue for the three and nine months ended September 30, 2019 decreased, compared to the prior year periods, driven mainly by the divestitures completed in 2018 and 2019 and the run-off of our Student Loan Services business.
Segment Profit (Loss) and Adjusted EBITDA

Decrease in Other segment profit and adjusted EBITDA for the three and nine months ended September 30, 2019, compared to the prior year periods, were primarily due to divestitures completed in 2018 and 2019 and the run-off of our Student Loan Services business.

Shared IT / Infrastructure & Corporate Costs

Shared IT/Infrastructure and Corporate costs for the three months ended September 30, 2019 increased, compared to the prior year period. This was primarily driven by an increase in shared IT, partially offset by reduced corporate overhead.

Shared IT/Infrastructure and Corporate costs for the nine months ended September 30, 2019 decreased, compared to the prior year period. This was primarily driven by corporate cost reductions.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts. The amounts in the following table exclude divestitures.

	Three Months Ended September 30,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
New business TCV	$ 234	$ 264	$ (30)	(11)%
Renewals TCV	512	474	38	8 %
Total Signings	$ 746	$ 738	$ 8	1 %
Recurring revenue signings[1]	$ 71	$ 65	$ 6	9 %
Non-recurring revenue signings[2]	$ 43	$ 63	$ (20)	(32)%

	Nine Months Ended September 30,		2019 vs. 2018	
($ in millions)	2019	2018	$ Change	% Change
New business TCV	$ 787	$ 977	$ (190)	(19)%
Renewals TCV	1,724	2,941	(1,217)	(41)%
Total Signings	$ 2,511	$ 3,918	$ (1,407)	(36)%
Recurring revenue signings[1]	$ 207	$ 225	$ (18)	(8)%
Non-recurring revenue signings[2]	$ 124	$ 177	$ (53)	(30)%

(1) Recurring revenue signings are current period revenue for new business contracts longer than one year.

(2) Non-recurring revenue signings are for contracts shorter than one year.

Signings for the three months ended September 30, 2019 increased, compared to the prior year period, mainly due increased renewals, partially offset by decreased new business due to sales headcount challenges and a continued focus on strategic wins with acceptable margins.

Signings for the nine months ended September 30, 2019 decreased, compared to the prior year period, mainly due to sales headcount challenges and a continued focus on strategic wins with acceptable margins, longer lead times and delays in signings.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period, excluding any contracts that were not renewed and where a strategic action to improve the risk or profitability had been initiated.

Excluding our strategic decision not to renew certain contracts, renewal rates for the three months ended September 30, 2019 and 2018 were 93% and 90%, respectively, and for the nine months ended September 30, 2019 and 2018 were 83% and 96%, respectively.

Critical Accounting Policies - Goodwill

In the second quarter of 2019, there were further unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer contracts (all subsequent to May 9, 2019). This led to actual results being below budget and a further downward revision of the long-term forecast across all the Company's reporting units (FS&H, C&I, Europe, Government Services, and Transportation). As a consequence of the business performance and the strategy pivot due to changes in management that occurred in the second quarter of 2019, we lowered our sales outlook, average margin expectation for the future years, and increased our weighted average cost of capital.

The table below summarizes key factors (by reporting unit) impacting our revised forecast within the second quarter of 2019 goodwill assessment.

Key Factors	FS&H	C&I	Europe	Government Services	Transportation
Lower anticipated new business	X	X	X	X	X
Potential higher than anticipated contract losses	X		X	X	X
Potential volume pressures		X	X		X
Strategic pivot	X	X	X	X	X

Based upon the information identified in the second quarter of 2019, we performed an interim goodwill impairment assessment for all our reporting units which resulted in a pre-tax impairment charge of $1.1 billion for the three months ended June 30, 2019. The cumulative impairment charge for the nine months ended September 30, 2019 was $1.4 billion. There was no impairment identified in the third quarter of 2019 for any of our reporting units.

Capital Resources and Liquidity

As of September 30, 2019, and December 31, 2018, total cash and cash equivalents were $228 million and $756 million, respectively. The Company also has a $750 million revolving line of credit for its various cash needs, of which $79 million has been utilized for letters of credit.

In February 2019 a settlement agreement and release was reached among the Company, the State of Texas ("State") and the Texas Department of Health and Human Services, which was amended in May 2019 ("Texas Agreement"). Pursuant to the terms of the Texas Agreement, the Company was required to pay the State $236 million, of which $118 million was paid in 2019 with a balance of $118 million due in January 2020, which is fully reserved. The Company provided bank issued letters of credit to the State in the amount of $118 million to secure the payment due in January 2020 which will be released on the 91st day following the Company's payment. The case has been dismissed with prejudice with a full release and discharge of the Company.

As of September 30, 2019, there were $1.5 billion outstanding borrowings under our Credit Agreement of which $50 million was due within one year. Refer to Note 8 – Debt in the Condensed Consolidated Financial Statements for additional debt information.

We expect our operating cash flows combined with cash on hand and financing activities to be sufficient to fund expected operating and anticipated capital and other funding requirements for at least the next twelve months.

Cash Flow Analysis

The following table summarizes our cash flows, as reported in our Condensed Consolidated Statement of Cash Flows in the accompanying Condensed Consolidated Financial Statements:

	Nine Months Ended September 30,		
(in millions)	2019	2018	Better (Worse)
Net cash provided by (used in) operating activities	$ (216)	$ 30	$ (246)
Net cash provided by (used in) investing activities	$ (253)	$ 534	(787)
Net cash provided by (used in) financing activities	$ (60)	$ (627)	567

Operating activities

Net increase in cash used in operating activities of $246 million was primarily related to $131 million in payments for the Texas and other litigation and higher accounts payable payments of $136 million due to timing.

Investing activities

The increase in cash used in investing activities of $787 million for the nine months ended September 30, 2019, compared to the prior year period, was primarily due to the absence of the proceeds from divestitures and assets sales in 2018, acquisition of HSP and increased spending for capital expenditures related to modernizing our information technology infrastructure for both customer-facing and internal functions in 2019.

Financing activities

The decrease in cash used in financing activities for the nine months ended September 30, 2019, compared to the prior year period, was related to lower debt payments.

Market Risk Management

We are exposed to market risk from changes in foreign currency exchange rates which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We may utilize derivative financial instruments to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We also may hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market events have not caused us to materially modify nor change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 9 – Financial Instruments in the Condensed Consolidated Financial Statements for additional discussion on our financial risk management.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Market Risk Management” section in Item 2 of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms relating to Conduent Incorporated, including our consolidated subsidiaries, and was accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

Beginning January 1, 2019, we implemented the new lease accounting standard. Although the adoption of this standard did not have a material impact on our Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019, we did implement changes to our internal controls related to the implementation of the new lease accounting standard. These changes included performing a comprehensive lease scoping analysis to identify, disaggregate and evaluate each of our lease categories and implementing a new information technology application to calculate ROU assets and lease liabilities values for our leases. There were no other changes in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 13 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated herein by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our 2018 Annual Report on Form 10-K. There have been no material changes to our risk factors as previously reported in our 2018 Annual Report on Form 10-K.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended September 30, 2019

During the quarter ended September 30, 2019, the Company did not issue any securities in transactions that were not registered under the Securities Act of 1933, as amended.

(b) Issuer Purchases of Equity Securities during the Quarter ended September 30, 2019

None.

ITEM 6 — EXHIBITS

3.1	Restated Certificate of Incorporation of Registrant filed with the Department of the State of New York on December 31, 2016. Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated December 23, 2016.
3.2	Amended and Restated By-Laws of Registrant as amended through December 31, 2016. Incorporated by reference to Exhibit 3.2 to Registrants Current Report on Form 8-K dated December 23, 2016.
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONDUENT INCORPORATED
(Registrant)

By: /S/ MARIO A. POMPEO

Mario A. Pompeo
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: November 6, 2019

CEO CERTIFICATIONS

I, Clifford Skelton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2019

/s/ CLIFFORD SKELTON

Clifford Skelton
Principal Executive Officer

CFO CERTIFICATIONS

I, Brian J. Webb-Walsh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2019

/s/ BRIAN J. WEBB-WALSH

Brian J. Webb-Walsh
Principal Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Conduent Incorporated, a New York corporation (the "Company"), for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Clifford Skelton, Chief Executive Officer of the Company, and Brian J. Webb-Walsh, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CLIFFORD SKELTON

Clifford Skelton
Chief Executive Officer

November 6, 2019

/s/ BRIAN J. WEBB-WALSH

Brian J. Webb-Walsh
Chief Financial Officer

November 6, 2019

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

4.8 RFP Section 4.2.5 Disclosure of Dark Money Spending Compliance [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C

Offerors must complete the declaration form in eMACS to receive scoring.

By Executive Order 15-2018, entities seeking to do business with the State of Montana must disclose contributions or expenditures they have made in Montana elections. A copy of the Executive Order can be found at http://sfsd.mt.gov/Portals/24/SPB/Dark%20Money/EO-15-2018_Disclosure%20Requirement.pdf?ver=2019-04-25-124741-437.

All vendors must complete the declaration form in eMACS http://sfsd.mt.gov/Portals/24/SPB/Dark%20Money/EO_DECLARATION%20FORM_04102019.pdf?ver=2019-04-25-124741-453

Those vendors who mark "yes" on the declaration form, will be required to submit a disclosure form. http://sfsd.mt.gov/Portals/24/SPB/Dark%20Money/dark_Money_Disclosure_Template.xlsm

Conduent provides the following required and completed documents for disclosure of dark money:

- EO Declaration Form
- Dark Money Disclosure Excel Form

These documents are uploaded, along with the rest of this proposal, to the State's eMACS portal.

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DEPARTMENT OF ADMINISTRATION

STEVE BULLOCK, GOVERNOR
MIKE COONEY, LIEUTENANT GOVERNOR

JOHN LEWIS
DIRECTOR

STATE FINANCIAL SERVICES DIVISION

State Accounting Bureau
Mitchell Bldg., Rm. 255
P.O. Box 200102
Helena, MT 59620
(406) 444-3092

Financial Services Technology Bureau
Mitchell Bldg., Rm. 295
P.O. Box 200102
Helena, MT 59620
(406) 444-3092

State Social Security Administrator
Mitchell Bldg., Rm. 255
P.O. Box 200102
Helena, MT 59620
(406) 444-4689

Local Government Services Bureau
Mitchell Bldg., Rm. 270
P.O. Box 200547
Helena, MT 59620
(406) 444-9101

State Procurement Bureau
Mitchell Bldg. Rm. 165
P.O. Box 200135
Helena, MT 59620
(406) 444-2575

Declaration Form

Dark Money Spending Disclosure Requirements

Contracting Entity shall comply with the State of Montana Executive Order No. 15-2018 requiring the disclosure of dark money spending.

Definitions. As used in this declaration form, the following definitions apply:

Electioneering Communication: A paid communication that is publicly distributed by radio, television, cable, satellite, internet website, mobile device, newspaper, periodical, billboard, mail, or any other distribution of printed or electronic materials, that is made within 60 days of the initiation of voting in an election in Montana, that can be received by more than 100 recipients in the district in Montana voting on the candidate or ballot issue, and that:

a. refers to one or more clearly identified candidates in that election in Montana;

b. depicts the name, image, likeness, or voice of one or more clearly identified candidates in that election in Montana; or

c. refers to a political party, ballot issue, or other question submitted to the voters in that election in Montana.

The term does not mean:

a. a bona fide news story, commentary, blog, or editorial distributed through the facilities of any broadcasting station, newspaper, magazine, internet website, or other periodical publication of general circulation unless the facilities are owned or controlled by a candidate or political committee;

b. a communication by any membership organization or corporation to its members, stockholders, or employees;

c. a commercial communication that depicts a candidate's name, image, likeness, or voice only in the candidate's capacity as owner, operator, or employee of a business that existed prior to the candidacy; or

d. a communication that constitutes a candidate debate or forum or that solely promotes a candidate debate or forum and is made by or on behalf of the person sponsoring the debate or forum.

In this definition, the phrase "made within 60 days of the initiation of voting in an election" means:
(a) in the case of mail ballot elections, the initiation of voting occurs when official ballot packets are mailed to qualified electors pursuant to 13-19-206, MCA, or
(b) in other elections the initiation of voting occurs when absentee ballot packets are mailed to or otherwise delivered to qualified electors pursuant to 13-13-214, MCA.

Contracting Entity: A bidder, offeror, or contractor.

Covered Expenditure means:

a. A contribution, expenditure, or transfer made by the Contracting Entity, any of its parent entities, or any affiliates or subsidiaries within the entity's control, that:

   i. is to or on behalf of a candidate for office, a political party, or a party committee in Montana; or

   ii. is to another entity, regardless of the entity's tax status, that pays for an Electioneering Communication, or that makes contributions, transfers, or expenditures to another entity, regardless of its tax status, that pays for Electioneering Communication; and

b. The term excludes an expenditure made by the Contracting Entity, any of its parent entities, or any affiliates or subsidiaries within the entity's control made in the ordinary course of business conducted by the entity making the expenditure; investments; or expenditures or contributions where the entity making the expenditure or contribution and the recipient agree that it will not be used to contribute to candidates, parties, or Electioneering Communication.

Solicitation Requirements. The Contracting Entity shall disclose Covered Expenditures that the Contracting Entity has made within two years prior to submission of its bid or offer.

The disclosure of Covered Expenditures is only required by the bidder/offeror whenever the aggregate amount of Covered Expenditures made within a 24-month period by the bidder/offeror, any parent entities, or any affiliates or subsidiaries within the bidder/offeror's control exceeds $2,500.

If the bidder/offeror meets the disclosure requirements, the bidder/offeror shall submit this signed declaration form indicating "Yes" AND the required disclosure form with its bid/proposal.

If the bidder/offeror does NOT meet the disclosure requirements, the bidder/offeror shall submit this signed declaration form with its bid/proposal indicating "No".

Annual Contract Requirements. The Contracting Entity agrees that if awarded a contract and the contract term exceeds, or has the potential to exceed 24 months, it must annually review and complete a new declaration form and disclosure form, if necessary.

☐ No- I do NOT meet the disclosure requirements. I certify that I have read, understand these requirements and the Contracting Entity has not made Covered Expenditures in excess of $2,500 in the 24 months immediately preceding the submission of this form.

Company Name (Clearly Printed):

_____

Authorized Signature:

_____

Date: _____

☒ Yes- I meet the disclosure requirements for the 24 months immediately preceding the submission of this form. I have read, understand the requirements and I will complete the necessary disclosure form and submit it with this form. Disclosure Template: https://vendorresources.mt.gov/notices

Company Name (Clearly Printed):

Conduent State Healthcare, LLC

Authorized Signature:

Date: 1/24/20

File Layout to Disclose Dark Money

* Indicates Required Entry

Template Last Updated: 7/25/2019

*Contracting Entity Legal Company Name	Conduent State Healthcare, LLC
DBA if different than Legal Name	
*Solicitation/Contract Number	DPHHS-RFP-2020-0254T
*Soliciting or Contracting Agency	Department of Public Health and Human Services

DARK MONEY CONTRIBUTIONS RECORD — Enter date as MM/DD/YY

*Entity Full Name	*Address Line 1 & 2	*City	*State Abrev	*Zip/Postal Code	*Contribution Date	*Amount	*Contribution Type	*Purpose and Description	*Name of Candidate	*Office Held or Sought	*Each Ballot Measure or Whom Communication Refers	Whose Election or Defeat the Expenditure Advocates
Healthy Montana for I-185	P.O. Box 1614	Helena	MT	596011	11062018	$5,000.00	Direct Campaign	In support of Voter Initiative I-185	N/A	N/A	I-185	N/A

Insert Rows | Delete the Selected Row | Validate | Export to File

5,000.00

4.9 RFP Section 4.2.7 Equal Pay for Women Certificate of Compliance [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C

Offerors must complete, sign and upload in Buyers Attachments in eMACS to receive the points.

Conduent State Healthcare, LLC is committed to promoting equal pay for Montana women working on this contract, as directed by the Department of Administration and Executive Order No. 12-2016. Per RFP requirement 4.2.7, we completed, signed, and uploaded the Equal Pay for Women Certificate of Compliance in Buyers Attachments in eMACS.

We submit our completed and signed certificate on the following page.

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4.9 RFP Section 4.2.7 Equal Pay for Women Certificate of Compliance

Executive Order No. 12-2016 promoting equal pay for Montana women directs the Department of Administration to include incentives in the RFP process for contractors who engage in best practices to promote wage transparency. These best practices include the following:

(a) posting salary ranges in employment listings;
(b) certifying that the contractor will not ask about wage history in employee interviews; and
(c) certifying that the contractor will not retaliate or discriminate against employees who discuss or disclose their wages in the workplace.

(a) posting salary ranges in employment listings;
(b) certifying that the contractor will not ask about wage history in employee interviews; and
(c) certifying that the contractor will not retaliate or discriminate against employees who discuss or disclose their wages in the workplace.

☐ No, I do not agree.

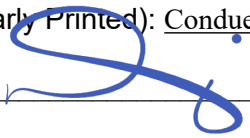
Company Name (Clearly Printed):
Authorized Signature:
Date:

Statement of Compliance with Equal Pay for Montana Women. Offeror indicating it will comply with Executive Order No. 12-2016 will receive 5% of the total points available. Offerors who do not comply will not receive the available points. Offerors are required to sign and upload a PDF copy of this certification with their proposal to certify compliance.

☒ Yes, I agree and will comply with the best practices to promote wage transparency outlined in Executive Order No. 12-2016.

Conduent State Healthcare, LLC welcomes the opportunity to comply with the State of Montana's law regarding equal pay and follow the guidelines for all posted positions in Montana. Conduent State Healthcare, LLC will fully comply with the clause as it relates to seeking and hiring employees in Montana."

Company Name (Clearly Printed): Conduent State Healthcare, LLC

Authorized Signature 

Date: February 10, 2020

4.10 RFP Section 4.2.6 Oral Presentation / Product Demonstration / Interview [RFP Section 4.2.6]

REQUIREMENT: RFP Section 4.2.6

Offerors selected to participate in product demonstrations/interviews will be notified by the State in advance. For planning purposes, the State will submit an agenda and specific guidance as deemed appropriate to promote productive and efficient product demonstrations. The Offeror is expected to demonstrate and answer questions on the products and/or services outlined in the Offeror's proposal to meet the requirements of this RFP. It is required that the Contractor have a demonstration environment that is comprised of the proposed solution components that are currently operating in a production environment. Product Demonstrations/Interviews will be scheduled for all Offerors who received an 80% or higher score on the technical proposal.

Offerors will be required to bring certain key personnel to the product demonstrations/interviews. At a minimum, the following key staff for core services are expected to be present. Offerors are welcome to bring additional staff at their discretion.

Core Claims:

1. Project Manager
2. Operations Manager
3. Claims Manager
4. Technical Manager
5. Contract Manager
6. Testing Lead
7. Integration Lead
8. Certification Lead

Offerors should also bring their key personnel for each Optional Service in which they bid. At a minimum, the following key staff for optional services are expected to be present. Offerors are welcome to bring additional staff at their discretion.

Option A – Financial

1. Financial Services Project Manager
2. Financial Services Lead Analyst

Option B – Call Center

1. Call Center Implementation Project Manager
2. Call Center Lead Analyst

Option C – Federal Reporting

1. Federal Reporting Implementation Project Manager
2. Federal Reporting Lead Analyst for TMSIS
3. Federal Reporting Lead Analyst for CMS-64, CMS-21, CMS-37
4. Federal Reporting Lead Analyst for all other state and Federal reporting

If Conduent is selected to participate in product demonstrations/interviews, we will comply with DPHHS' requirements and expectations related to the State's Oral Presentation/Product Demonstration/Interview process as cited in this Section.

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5 RFP Sections 5 [RFP Attachment C]

REQUIREMENT: RFP Section Attachment C
The Offeror must certify their understanding for these sections.

Conduent has responded to all requirements as mandated by the RFP.

5.1 Section 5: Cost Proposal [RFP Section 5]

REQUIREMENT: RFP Section Section 5
All subsections of Section 5 require a response. The Offeror must indicate certification of understanding for the Section and the Offeror must restate the subsection number and the text immediately prior to the written response.
5.3 Payments

Conduent is a trusted partner providing a wide scope of services, scalable solutions, dedicated and knowledgeable industry experts at a cost that does not place an undue burden on your program.

Conduent recognizes that every program must be fiscally responsible with their program dollars and utilize a solution that offers functionality, security, and scalability at a cost that does not divert money from their program that could otherwise be used to service its members. In understanding the State budget and the requirements of this RFP, Conduent is offering a solution that provides the State with the functional and technical requirements to assure its members and stakeholders have a trusted solution for years to come, while providing a solution at a price that will not create a financial burden to your program.

We understand the need for a timely and risk-mitigated system delivery; therefore, our proposed work plan includes 5 months of parallel testing as part of our 28-month DDI, Integration, Implementation, and Certification timeline. Parallel testing is an extremely effective way to identify problematic issues before moving into a go-live state, thus reducing risk to the program and its stakeholders. Costs provided within our response also assume 92 months of Operations and Maintenance.

Conduent indicates certification of our understanding with the RFP Section 5, Cost Proposal, and we restate the subsection number and our text immediately prior to our written response.

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Estimated Budget

DPHHS has established the following estimated budget amount for the Claims Processing and Management Services module. This estimate is based on the amounts approved in the DPHHS modularity I-APD but the estimated budget does not represent a budgeted amount for Option A, Option B or Option C Services or a maximum budget for Claims Processing and Management Services. Table 5.1 outlines the Claims Processing and Management Services module estimated budget:

Table 5.1 Estimated Claims Services Module Budget by Phase and Duration

Phase	Duration in Months	Total Amount
DDI, Integration, Implementation, and Certification	28 *	$20,275,225
Operations and Maintenance (Base Years)	44	$44,000,000
Operations and Maintenance (Optional Years)	48	$50,400,000
System Enhancement Hours (7,500 DDI Hours)		$937,500
System Enhancement Hours (4,000 *8 Operations years)		$4,000,000
Total Estimated Budget		$119,612,725

*The number listed in the Duration in Months column for DDI Integration, Implementation, and Certification represent the Department's estimates for the duration of DDI activities. These estimated durations should not influence the vendors proposed timeline.

Conduent understands that Table 5.1 Estimated Claims Services Module Budget by Phase and Duration within the RFP represents an estimated budget and the amount approved in the DPHHS modularity I-APD. This estimate does not represent a budgeted amount for Option A, Option B, or Option C Services, which we intend to offer in our response. We further understand that the estimated budget does not indicate a maximum budget for Claims Processing and Management Services. Conduent always makes a concerted effort to meet or come below a State's budget whenever possible. This information is helpful when developing solutions and pricing.

Price Schedules

In order to allow Offerors more flexibility in their pricing, the cost proposal was constructed using a multivariate approach:

A) Fee for Service Annual Spend per State: A five (5) tier scale using ten years of historical Fee for Service annual spending for every State. Attachment N offers a detailed table of the Fee for Service spending ranges of every Tier (See Table 5.2.1 below). When a State is ready to sign a participating addendum, they will identify their total Fee for Service dollars spent in the previously completed Federal Fiscal Year that is published on the CMS website. Once they have identified that number, they will go to the corresponding Federal Fiscal Year columns and find the row for the range that contains their total Fee for Service dollar spend. That row is the State's Claims Pricing Tier.

Table 5.2.1 Claims Processing and Management Services Fee for Service Spend Tiers (FY2019)

Claims Pricing Tiers			
Claims Pricing Tier	Lower Limit	Higher Limit	Range Spend
Tier 1	$ 0	$ 1,499,999,999	$ 1,499,999,999
Tier 2	$ 1,500,000,000	$ 3,499,999,999	$ 2,000,000,000
Tier 3	$ 3,500,000,000	$ 6,499,999,999	$ 3,000,000,000
Tier 4	$ 6,500,000,000	$ 13,999,999,999	$ 7,500,000,000
Tier 5	$ 14,000,000,000	+	infinite

Conduent understands that each of the five tiers represents the total fee-for-service spend range for a State program. We used the detailed information in Attachment N to determine each State's tier along with the associated cost impacts. We also compared that information to other States in the same tier as well as States in the same group to ensure that costs and pricing were appropriate and adjusted as needed.

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B) Total Number of Members per State: a seven (7) group scale based on the number of active de-duplicated Members served by each State across healthcare programs (Fee-for-Service and Managed Care) was created within each one of the five Fee for Service tiers. To further expand the difference between how an Offeror will use the Tier/Group, please observe the table 5.2.2 below:

Table 5.2.2 Groups (Member Range)

Groups (Member Range)							
	0-249,999	250K – 399,999	400K – 899,999	900K – 1,349,000	1.35M – 1,799,999	1.8M – 3,999,999	4M +
Tier 1	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
Tier 2	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
Tier 3	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
Tier 4	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
Tier 5	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7

Conduent understands that the State will use a multivariate approach in order to provide more flexibility in our pricing. Table 5.2.2 Groups (Member Range) will be utilized upon participating addendum to identify a States Group, by matching a States number of active de-duplicated members served across State healthcare program (Fee-for-Service and Managed Care).

The combination of "Tier" based on the Fee for Service annual spend and "Group" number of Members being served by each State provides the Contractor additional flexibility to tailor the cost to the size and scale of the states in their cost proposal.

The Table 5.2.3 below presents the number of States that are in each Tier and Group combination based on 2018 figures.

Table **5.2.3 Count of States per Tier/Group**

Count of State/ Territory	Groups							
Tiers	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Grand Total
Tier 1	6	5	1					12
Tier 2	2	3	3	2	2			12
Tier 3			3	5	3	2		13
Tier 4			2	2	2	4	1	11
Tier 5							3	3
Grand Total	8	8	9	9	7	6	4	51

Conduent understands the challenge of providing a pricing structure that can accurately assign rates based on the number of Medicaid members and total fee-for-service spend. Conduent identified where each State fell in the Tier/Group map above. We then conducted rigorous testing to ensure that base rates and variable rates for both DDI and O&M were appropriate for each State and each group/tier combination. This level of testing was completed for the Claims Processing and Management Services module, Option A, Option B, and Option C.

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Attachment G – Pricing Schedules is comprised of five 5 workbooks, one for each Tier. Each workbook represents a Tier derived from the Total Fee for Services Spend per State. Offerors must complete all of the Price Schedules for each of the five Tier workbooks provided in Attachment G. Offerors shall propose a firm fixed price for each of the fields contained on the pricing schedules. These schedules serve as the representation of Offeror's price. Offeror should include additional information, if requested, to explain the Offeror's price. No cost information shall be included in the technical proposal. All schedules must be completed in full at the time of submittal. The Offeror's complete cost proposal shall be represented in Attachment G –Pricing Schedules and includes the costs for the items included in Attachment L - Technology Matrix.

Conduent carefully reviewed all relevant information provided from the State, including Amendment 5, and we confirm that we understand the cost schedules. We provide a high level summary of each of the schedules below:

- **Schedule A.** Represents the cost summary for the Claims Processing and Management Services module, including all Options.
- **Schedule B.** Represents the percentage of the total cost for Design, Development and Implementation. It does not include Operations costs.
- **Schedule C.** Represents the total cost of operations including four base years and five optional years. We further understand this will be completed as an attachment to a Participating Addendum using Schedule F-2 for Core Claims Services, Schedule G-2 for Option A Claims Services, Schedule H-2 for Option B Claims Services, and Schedule I-2 for Option C Claims Services.
- **Schedule D.** Represents the cost for enhancement pool hours for both the DDI and Operations phases of the proposal. We further understand this schedule will be completed as an attachment to a Participating Addendum using Schedule F, tabs F-3 and F-4 for Core Claims Services, and if applicable Schedule G, tabs G-3 and G-4, Schedule H, tabs H-3 and H-4, and Schedule I, tabs I-3 and I-4.
- **Schedule E.** Represents the hourly rates for resources in both the DDI and Operations phases. This schedule will be completed as an attachment to a Participating Addendum based on the duration and scope of work determined in the Participating Addendum. All hourly rates will be updated by the Consumer Price Index Urban (CPI-U) once the Participating State Tab is filled.
- **Schedule F.** Represents the Claims Processing and Management Services core scope of work costs by group/tier combination for the DDI, Operations, DDI enhancement pool, and operations enhancement pool.
- **Schedule G.** Represents the Option A (Financial) scope of work costs by group/tier combination for the DDI, Operations, DDI enhancement pool, and operations enhancement pool.
- **Schedule H.** Represents the Option B (Call Center) scope of work costs by group/tier combination for the DDI, Operations, DDI enhancement pool, and operations enhancement pool.
- **Schedule I.** Represents the Option C (Federal Reporting) scope of work costs by group/tier combination for the DDI, Operations, DDI enhancement pool, and operations enhancement pool.
- **Schedule J.** Represents the Claims Services Integration Service Types. Offerors need to determine the number of hours for every resource specified in every one of the Integration Types:
  - Major Integration Service Type Effort
  - Complex Integration Service Type Effort
  - Standard Integration Service Type Effort

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- Simple Integration Service Type Effort
- Onboarding Integration Service Type Effort

- **Schedule K.** Represents the DDI Requisitioned Integration Services Pool Hours and Cost. Offerors need to determine the Total Cost for the DDI Requisitioned Integration Services Pool Hours. Schedule K will only be considered complete and valid when the green highlighted cell has a value.
- **Schedule L.** Represents the Total Costs for the Optional Years for Data Conversion (years 4 to 9). The State further clarifies that Data Conversion Optional Years (Data Conversion Optional Years of Data) are optional conversion costs and are not part of the payment schedule in Schedule B-2. These costs will be reimbursed when the associated conversion is completed, accepted by the Department, and deployed to production.
- **Schedule M.** Represents the placeholder for Claims Services Option D (State Specific) Scope of Work Cost by Members. This Schedule is a placeholder for the costs associated with the State Specific requirements not currently found in the RFP but will be added during the Participating Addendum process. Offerors are only required to complete Schedules M-1 thru M-4 if the Participating States decide to have State Specific requirements that are not covered in the Core, Option A, Option B, or Option C requirements. The State further clarifies in responses to questions, Pricing Schedules M-1 through M-4 would only be completed as part of the Participating Addendum process if a State has additional state specific requirements to add to the scope.

5.3.1 Procurement Administrative Fees

The Offeror will be required to pay two separate procurement administrative fees as part of this procurement (NASPO ValuePoint Administrative Fee and Participating State Procurement Administrative Fee) for Design, Development, and Implementation (DDI) services portion of the Participating Addendum (e.g., procurement administrative fees will be applied to all DDI expenditures including the "…SVCS DDI Costs" and "…SVCS DDI Pool Costs" from Attachment G – Pricing Schedules, schedules F-1 and F-3, G-1 and G-3, H-1 and H-3, I-1 and I-3, plus any additional optional data conversion years cost required by a state in Schedule L - Data Conversion Optional Years). Procurement administrative fees will not be assessed on the Operations portion of the Participating Addendum. Procurement administrative fees will not be paid by the Participating State. Therefore, the Offeror's total proposed cost must account for the Offeror's responsibility to pay these fees to the respective entity at the time their invoices are paid. These procurement administrative fees support either the administration of the ValuePoint multi-state cooperative procurement program or they support the Participating State procurement activities in support of the multi-state cooperative procurement. The details of each administrative fee are as follows:

a. NASPO ValuePoint Administrative Fee: The Contractor shall pay to NASPO ValuePoint, or its assignee, a NASPO ValuePoint Administrative Fee of one-quarter of one percent (0.25% or 0.0025) on DDI payments received from the Participating Entity no later than sixty (60) days following the end of each calendar quarter. The NASPO ValuePoint Administrative Fee shall be submitted quarterly and is based on all sales of products and services under the Master Agreement (less any charges for taxes or shipping) performed up until the time Design, Development, and Implementation (DDI) is completed. This fee is to be included as part of the pricing submitted with any proposal to a potential Participating Entity.

b. Participating State Procurement Administrative Fee: If required by the Participating State, the Contractor shall pay to the Participating State Chief Procurement Officer, or its assignee, a Participating State Procurement Administrative Fee of no more than two percent (2.0% or 0.02) on DDI payments received from the Participating Entity no later than sixty (60) days following the end of each calendar quarter (or subject to the terms of the Participating Addendum whichever is sooner). The Participating State Procurement Administrative Fee shall be submitted quarterly and is based on all sales of products and services under the Master Agreement (less any charges for taxes or shipping) performed up until the time Design, Development, and Implementation (DDI) is completed. This fee is to be included as part of the pricing submitted with any proposal to a potential Participating Entity. If a Participating State chooses to assess a procurement administrative fee in excess of two percent, the Offeror will be allowed to adjust their proposed cost for the Participating Sate to account for the difference. If the Participating State does not choose to assess a Procurement Administrative fee or if the Participating State Procurement Administrative Fee is less than 2.0%, the Contractor shall reduce their cost proportionally as part of the Participating Addendum.

Conduent agrees to and understands that the Offeror will be required to pay two separate procurement administrative fees as part of this procurement (NASPO ValuePoint Administrative Fee and Participating State Procurement Administrative fee) for Design, Development, and Implementation (DDI) services portion of the Participating Addendum. This cost is included in our pricing.

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Payments

During the DDI phase of the Contract, the Contractor will be paid for each successful payment milestone identified in Attachment G, Pricing Schedule B – DDI Payment Milestones, based on the approval and acceptance of the milestone by DPHHS. The Contractor will submit an invoice for each milestone after DPHHS acceptance. The Department shall pay such invoices within 30 calendar days following receipt of an acceptable invoice.

During operations, Contractor may submit monthly invoices equal to 1/12 of the fixed price proposed for that contract year as identified in Attachment G, Pricing Schedule C – Cost of Operations. The Contractor will submit an invoice at the beginning of the month following the month for which services were performed. The Department shall pay such invoices within 30 calendar days following receipt of an acceptable invoice.

Enhancement pool hours for both the DDI and Operations phase will be paid for each enhancement upon acceptance and approval by DPHHS. The Contractor will submit a monthly System Enhancement Pool Report itemizing the hours for accepted and approved enhancements during the previous month. The Department shall pay for associated hours in the approved System Enhancement Pool Report within 30 calendar days of acceptance of the enhancement based on the proration of rates provided in Attachment G, Pricing Schedule D – Enhancement Pool Hours.

DDI Phase Milestone Payments

Conduent agrees and understands that during the DDI phase of the contract, the Contractor will be paid for each successful payment milestone identified in Attachment G, Pricing Schedule B – DDI Payment Milestones, based on the approval and acceptance of the milestone by DPHHS. We further agree to the payment timeline identified in this requirement.

Operations Payments

Conduent understands that during operations, Contractor may submit monthly invoices equal to 1/12 of the fixed price proposed for that contract year as identified in Attachment G, Pricing Schedule C – Cost of Operations. We further agree to submit our invoice within the timeline identified in this requirement.

Enhancement Pool Hours Payment

Conduent agrees and understands that enhancement pool hours for both the DDI and Operations phase will be paid for each enhancement upon acceptance and approval by DPHHS. We further agree to submit a monthly System Enhancement Pool Report and understand the payment timeline indicated in this requirement.

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Section 6: Evaluation Process

REQUIREMENT: RFP Section 6

The Scope of Services, Offeror Qualifications, and Cost Proposal will be evaluated based on the criteria set forth below. The Offeror must indicate certification of understanding for the Section and the Offeror must restate the subsection number and the text immediately prior to the written response.

Conduent State Healthcare, LLC (Conduent) is pleased to submit our response to Section 6, Evaluation Process for the Claims Processing and Management Services for Montana's Program for Automating and Transforming Healthcare (MPATH) Request for Proposal.

In accordance with the Section 6 Evaluation Process, Conduent indicates certification of our understanding of the evaluation process cited in this section, including steps, conditions, guidelines, and scoring criteria. Additionally, we include the subsection number and text prior to each response consistent with Section 6 RFP requirements, including:

- 6.1 Basis of Evaluation
- 6.1.1 Scoring Guide
- 6.2 Evaluation Criteria

6.1 Basis Of Evaluation

REQUIREMENT: RFP Section 6.1

The evaluator/evaluation committee will review and evaluate the offers according to the following criteria. Each service category (Core, Option A, Option B, Option C) are scored independently. Each service category evaluation is based on a total number of 5,000 possible points.

Core Services

The ability to meet the Detailed Scope of Work, Company Profile and Experience, Resumes, and Product Demonstrations/Interviews portions of the proposal will be evaluated based on Section 6.1.1 Scoring Guide below. The Offeror simply repeating requirements for any and/or all Sections of 3.10 does not qualify as a good response as defined in Section 6.1.1 of this RFP. Compliance, Performance Standards, Financial Stability, Disclosure of Dark Money Spending, Subcontractors, and References portions of the proposal will be evaluated on a pass/fail basis. Receiving a "fail" for any one of the pass/fail portions will result in the Offeror being eliminated from further consideration. Compliance with Executive Order No. 12-2016 will be assigned 5% of the available points. The basis of evaluation will be a multi-step process as outlined below:

Step 1: Technical Proposal will be evaluated first. Proposals receiving at least 80% of possible points for the technical proposal will move to Step 2. Proposals failing to obtain 80% of possible points will be eliminated from further consideration.

Step 2: Product Demonstrations/Interviews will be scheduled for all Offerors who received the minimum required score in Step 1. Product demonstrations receiving evaluation scores of 80% or better will move to Step 3. Product Demonstrations failing to meet the 80% threshold will be eliminated from further consideration.

Step 3: Compliance with Executive Order 12-2016 will be awarded 5% of the available points, and will be considered after Step 2. Those who do not comply with Executive Order 12-2016, will be awarded zero points for this criteria.

Step 4: Cost proposals will only be evaluated for those offerors who passed both the minimum scores in Step 1 (Technical Proposal) and Step 2 (Product Demonstrations/Interviews) of the evaluation process.

Offerors must submit a workbook for each of the five tiers as part of their cost proposal. The offeror must submit a cost proposal for Core services (Schedules F1-F4 and Schedule K). Each Tier workbook will be assigned 200 points of the 1,000 possible points. The Offeror with the lowest cost for each Tier will receive the maximum allotted points (200). All other Offerors will receive a percentage of the 200 points available for that Tier based on their cost relationship to the best cost. The Department has selected a state from

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each Tier that would be the basis for scoring that particular Tier. To ensure Offeror pricing is not influenced, the State that will be used for each Tier will be revealed immediately after the RFP has closed.

Example: Total possible points for cost are 1,000. For Tier 1 there are 200 possible points. Offeror A's Tier 1 cost is $20,000. Offeror B's cost is $30,000. Offeror A would receive 200 points. Offeror B would receive 133 points (($20,000/$30,000) = 67% x 200 points = 133). Tiers 2-5 would be scored individually like the example for Tier 1 above.

Once all Tiers have been scored, the Offeror's points for each Tier are combined for their total cost score.

Example: Offeror A received the following points:

Tier 1: 200 points
Tier 2: 150 points
Tier 3: 83 points
Tier 4: 200 points
Tier 5: 145 points
Total Cost Score: 778 points

Option A – Financial

The ability to meet the Detailed Scope of Work, Company Profile and Experience, Resumes, and Product Demonstrations/Interviews portions of the proposal will be evaluated based on Section 6.1.1 Scoring Guide below. The Offeror simply repeating requirements for any and/or all Sections of 3.10 does not qualify as a good response as defined in Section 6.1.1 of this RFP. Compliance, Performance Standards, Financial Stability, Disclosure of Dark Money Spending, Subcontractors, and References portions of the proposal will be evaluated on a pass/fail basis. Receiving a "fail" for any one of the pass/fail portions will result in the Offeror being eliminated from further consideration. Compliance with Executive Order No. 12-2016 will be assigned 5% of the available points. The basis of evaluation will be a multi-step process as outlined below:

Step 1: Technical Proposal will be evaluated first. Proposals receiving at least 80% of possible points for the technical proposal will move to Step 2. Proposals failing to obtain 80% of possible points will be eliminated from further consideration.

Step 2: Product Demonstrations/Interviews will be scheduled for all Offerors who received the minimum required score in Step 1. Product demonstrations receiving evaluation scores of 80% or better will move to Step 3. Product Demonstrations failing to meet the 80% threshold will be eliminated from further consideration.

Step 3: Compliance with Executive Order 12-2016 will be awarded 5% of the available points, and will be considered after Step 2. Those who do not comply with Executive Order 12-2016, will be awarded zero points for this criteria.

Step 4: Cost proposals will only be evaluated for those offerors who passed both the minimum scores in Step 1 (Technical Proposal) and Step 2 (Product Demonstrations/Interviews) of the evaluation process.

Offerors must submit a workbook for each of the five tiers as part of their cost proposal. The offeror must submit a cost proposal for Option A - Financial services (Schedules G1-G4). Each Tier workbook will be assigned 200 points of the 1,000 possible points. The Offeror with the lowest cost for each Tier will receive the maximum allotted points (200). All other Offerors will receive a percentage of the 200 points available for that Tier based on their cost relationship to the best cost. The Department has selected a state from each Tier that would be the basis for scoring that particular Tier. To ensure Offeror pricing is not influenced, the State that will be used for each Tier will be revealed immediately after the RFP has closed.

Example: Total possible points for cost are 1,000. For Tier 1 there are 200 possible points. Offeror A's Tier 1 cost is $20,000. Offeror B's cost is $30,000. Offeror A would receive 200 points. Offeror B would receive 133 points (($20,000/$30,000) = 67% x 200 points = 133). Tiers 2-5 would be scored individually like the example for Tier 1 above.

Once all Tiers have been scored, the Offeror's points for each Tier are combined for their total cost score.

Example: Offeror A received the following points:

Tier 1: 200 points
Tier 2: 150 points
Tier 3: 83 points
Tier 4: 200 points
Tier 5: 145 points
Total Cost Score: 778 points

Option B – Call Center

The ability to meet the Detailed Scope of Work, Company Profile and Experience, Resumes, and Product Demonstrations/Interviews portions of the proposal will be evaluated based on Section 6.1.1 Scoring Guide below. The Offeror simply repeating requirements for any and/or all Sections of 3.10 does not qualify as a good response as defined in Section 6.1.1 of this RFP. Compliance, Performance Standards, Financial Stability, Disclosure of Dark Money Spending, Subcontractors, and References portions of the proposal will be evaluated on a pass/fail basis. Receiving a "fail" for any one of the pass/fail portions will result in the Offeror being eliminated from further consideration. Compliance with Executive Order No. 12-2016 will be assigned 5% of the available points. The basis of evaluation will be a multi-step process as outlined below:

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Step 1: Technical Proposal will be evaluated first. Proposals receiving at least 80% of possible points for the technical proposal will move to Step 2. Proposals failing to obtain 80% of possible points will be eliminated from further consideration.

Step 2: Product Demonstrations/Interviews will be scheduled for all Offerors who received the minimum required score in Step 1. Product demonstrations receiving evaluation scores of 80% or better will move to Step 3. Product Demonstrations failing to meet the 80% threshold will be eliminated from further consideration.

Step 3: Compliance with Executive Order 12-2016 will be awarded 5% of the available points, and will be considered after Step 2. Those who do not comply with Executive Order 12-2016, will be awarded zero points for this criteria.

Step 4: Cost proposals will only be evaluated for those offerors who passed both the minimum scores in Step 1 (Technical Proposal) and Step 2 (Product Demonstrations/Interviews) of the evaluation process.

Offerors must submit a workbook for each of the five tiers as part of their cost proposal. The offeror must submit a cost proposal for Option B – Call Center services (Schedules H1-H4). Each Tier workbook will be assigned 200 points of the 1,000 possible points. The Offeror with the lowest cost for each Tier will receive the maximum allotted points (200). All other Offerors will receive a percentage of the 200 points available for that Tier based on their cost relationship to the best cost. The Department has selected a state from each Tier that would be the basis for scoring that particular Tier. To ensure Offeror pricing is not influenced, the State that will be used for each Tier will be revealed immediately after the RFP has closed.

Example: Total possible points for cost are 1,000. For Tier 1 there are 200 possible points. Offeror A's Tier 1 cost is $20,000. Offeror B's cost is $30,000. Offeror A would receive 200 points. Offeror B would receive 133 points (($20,000/$30,000) = 67% x 200 points = 133). Tiers 2-5 would be scored individually like the example for Tier 1 above.

Once all Tiers have been scored, the Offeror's points for each Tier are combined for their total cost score.

Example: Offeror A received the following points:

Tier 1: 200 points
Tier 2: 150 points
Tier 3: 83 points
Tier 4: 200 points
Tier 5: 145 points
Total Cost Score: 778 points

Option C - Federal Reporting

The ability to meet the Detailed Scope of Work, Company Profile and Experience, Resumes, and Product Demonstrations/Interviews portions of the proposal will be evaluated based on Section 6.1.1 Scoring Guide below. The Offeror simply repeating requirements for any and/or all Sections of 3.10 does not qualify as a good response as defined in Section 6.1.1 of this RFP. Compliance, Performance Standards, Financial Stability, Disclosure of Dark Money Spending, Subcontractors, and References portions of the proposal will be evaluated on a pass/fail basis. Receiving a "fail" for any one of the pass/fail portions will result in the Offeror being eliminated from further consideration. Compliance with Executive Order No. 12-2016 will be assigned 5% of the available points. The basis of evaluation will be a multi-step process as outlined below:

Step 1: Technical Proposal will be evaluated first. Proposals receiving at least 80% of possible points for the technical proposal will move to Step 2. Proposals failing to obtain 80% of possible points will be eliminated from further consideration.

Step 2: Product Demonstrations/Interviews will be scheduled for all Offerors who received the minimum required score in Step 1. Product demonstrations receiving evaluation scores of 80% or better will move to Step 3. Product Demonstrations failing to meet the 80% threshold will be eliminated from further consideration.

Step 3: Compliance with Executive Order 12-2016 will be awarded 5% of the available points, and will be considered after Step 2. Those who do not comply with Executive Order 12-2016, will be awarded zero points for this criteria.

Step 4: Cost proposals will only be evaluated for those offerors who passed both the minimum scores in Step 1 (Technical Proposal) and Step 2 (Product Demonstrations/Interviews) of the evaluation process.

Offerors must submit a workbook for each of the five tiers as part of their cost proposal. The offeror must submit a cost proposal for Option C – Federal Reporting services (Schedules I1-I4). Each Tier workbook will be assigned 200 points of the 1,000 possible points. The Offeror with the lowest cost for each Tier will receive the maximum allotted points (200). All other Offerors will receive a percentage of the 200 points available for that Tier based on their cost relationship to the best cost. The Department has selected a state from each Tier that would be the basis for scoring that particular Tier. To ensure Offeror pricing is not influenced, the State that will be used for each Tier will be revealed immediately after the RFP has closed.

Example: Total possible points for cost are 1,000. For Tier 1 there are 200 possible points. Offeror A's Tier 1 cost is $20,000. Offeror B's cost is $30,000. Offeror A would receive 200 points. Offeror B would receive 133 points (($20,000/$30,000) = 67% x 200 points = 133). Tiers 2-5 would be scored individually like the example for Tier 1 above.

Once all Tiers have been scored, the Offeror's points for each Tier are combined for their total cost score.

Example: Offeror A received the following points:

Tier 1: 200 points
Tier 2: 150 points
Tier 3: 83 points
Tier 4: 200 points
Tier 5: 145 points
Total Cost Score: 778 points

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Conduent indicates certification of our understanding that the evaluator/evaluation committee will review and evaluate offers in accordance to Section 5.2.1, Basis of Evaluation and Attachment I – Evaluation and Scoring. We understand that each service category for Core, Option A, Option B, and Option C is scored independently based on a total number of 5,000 possible points and evaluation is based on RFP Section 6.1.1.

We acknowledge that Compliance, Performance Standards, Financial Stability, Disclosure of Dark Money Spending, Subcontractors, and References sections are evaluated on a pass/fail basis and any Offerors proposals that receive a "fail" for any of the pass/fail portions will be eliminated from further consideration. Compliance with Executive Order No. 12-2016 will be assigned 5% of the available points in each category. The committee will review and evaluate our offer according to the criteria shown in Table 6.1-1.

Table 6.1-1. Steps for Evaluating Each Category

Step Number	Description
Step 1	Technical Proposal will be evaluated first. Proposals receiving at least 80% of possible points for the technical proposal will move to step 2. Proposals failing to receive 80% of possible points will be eliminated from further consideration.
Step 2	Product Demonstrations/Interviews will be scheduled for all Offerors who received the minimum required score in Step 1. Product demonstrations receiving evaluation scores of 80% or better will move to Step 3. Product Demonstrations failing to meet the 80% threshold will be eliminated from further consideration.
Step 3	Compliance with Executive Order 12-2016 will be awarded 5% of the available points, and will be considered after Step 2. Those who do not comply with Executive Order 12-2016, will be awarded zero points for this criteria.
Step 4	Cost proposals will only be evaluated for those offerors who passed both the minimum scores in Step 1 (Technical Proposal) and Step 2 (Product Demonstrations/Interviews) of the evaluation process.

Consistent with RFP requirements, we submit a workbook for each of the five tiers as part of our cost proposals. The cost proposal for Core Services contains applicable pricing schedules. Conduent acknowledges that each tier workbook will be assigned 200 of the 1,000 possible points and that the Offeror with the lowest cost for each tier will receive the 200 maximum allotted points, with all other Offerors receiving a percentage of these points based on the cost relation to the best cost available.

Additionally, we understand the Department will select a state from each tier to be the basis for the scoring of that particular tier. To ensure pricing is not influenced, the State used for each tier will be revealed immediately after the RFP has closed.

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6.1.1 Scoring Guide [RFP 6.1.1]

6.1.1 Scoring Guide

In awarding points to the evaluation criteria in Steps 1-2, the evaluator/evaluation committee will consider the following guidelines:

Superior Response (95-100%): A superior response is an exceptional reply that completely and comprehensively meets all the requirements of the section. In addition, the response may cover areas not originally addressed within the RFP and/or include additional information and recommendations that would prove both valuable and beneficial to DPHHS.

Good Response (80-94%): A good response clearly meets all the requirements of the section and demonstrates in an unambiguous and concise manner a thorough knowledge and understanding of the project, with no deficiencies noted.

Fair Response (65-79%): A fair response minimally meets most requirements set forth in the section. The Offeror demonstrates some ability to comply with guidelines and requirements of the project, but knowledge of the subject matter is limited.

Failed Response (64% or less): A failed response does not meet the requirements set forth in the section. The Offeror has not demonstrated sufficient knowledge of the subject matter.

Conduent acknowledges our understanding of the evaluator/evaluation committee will consider the guidelines outlined in Table 6.1.1-1 to award points to the evaluation criteria as previously described in Steps 1 and 2.

Table 6.1.1-1. Evaluation Guidelines

Step Number	Description
Superior Response (95-100%)	A superior response is an exceptional reply that completely and comprehensively meets all the requirements of the section. In addition, the response may cover areas not originally addressed within the RFP and/or include additional information and recommendations that would prove both valuable and beneficial to DPHHS.
Good Response (80-94%)	A good response clearly meets all the requirements of the section and demonstrates in an unambiguous and concise manner a thorough knowledge and understanding of the project, with no deficiencies noted.
Fair Response (65-79%)	A fair response minimally meets most requirements set forth in the section. The Offeror demonstrates some ability to comply with guidelines and requirements of the project, but knowledge of the subject matter is limited.
Failed Response (64% or less)	A failed response does not meet the requirements set forth in the section. The Offeror has not demonstrated sufficient knowledge of the subject matter.

Conduent acknowledges our understanding that we are informed of the ability to meet a detailed Level of Scope, Company Profile and Experience, Resumes and Product Demonstrations portions of the proposal will be evaluated following these guidelines as well.

The References, Performance Standards, Subcontractors, and Financial Stability sections will be evaluated on a pass/fail basis. Obtaining a "fail" means the proposal is eliminated from further process.

6.2 Evaluation Criteria [RFP 6.2]

REQUIREMENT: RFP Section 6.2

The evaluation criteria to score and weight the total number of 5,000 points can be found below. For the detailed list of scoring items, please see Attachment I – Evaluation and Scoring.

Conduent acknowledges the criteria cited in Attachment I – Evaluation and Scoring and RFP Section 6.2 Evaluation Criteria to obtain the maximum score of 5,000 points in each of the categories that shape this proposal: Core Services, Option A – Financial, Option B – Call Center, and Option C – Federal Reporting. We cite these criteria in Tables 6.2-1 through 6.2-8.

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Table 6.2-1 Core Services Evaluation Criteria

RFP Section	Evaluation Criteria	Section Weighting	Subsection Weighting	Weighted Scored
	Step 1: Technical Proposal	**37.5%**		**1875**
3.10.1	Technical and Information Architecture		6%	150
3.10.2	Project Management and System Development		3%	150
3.10.3	Certification		1.5%	75
3.10.4	Operations, Maintenance & Configuration		2%	100
3.10.5	Key Personnel & Staffing		1.5%	75
3.10.6	Project Closeout and Turnover		0.5%	25
3.10.7	Project Deliverables and Documentation		1.5%	75
3.10.8	Performance Standards		Pass/Fail	Pass/Fail
3.10.9	Subcontractors		Pass/Fail	Pass/Fail
3.10.10	Edits Processing & Adjustment		4.0%	200
3.10.11	Pricing & Payment		4.0%	200
3.10.12	Benefit & Reference Data Management		2.5%	125
3.10.13	Data & Reporting		2.5%	125
3.10.14	System Administration & Operations		4.0%	200
3.10.15	Service Authorizations		0.5%	25
4.2.1	References		Pass/Fail	Pass/Fail
4.2.2	Company Profile & Experience		2%	100
4.2.3	Resumes		2%	100
4.2.4	Offeror Financial Stability		Pass/Fail	Pass/Fail
4.2.5	Executive Order 15-2018 Dark Money Disclosure	Pass/Fail	Pass/Fail	Pass/Fail
	Step 2: Product Demonstration/ Question & Answer	**32.5%**		
4.2.6	Product Demonstration/Question & Answer		32.5%	1625
4.2.7	**Step 3: Certification of Compliance with Executive Order No. 12-2016 attachment**	**5%**		
	Certification of Compliance with Executive Order No. 12-2016		5%	250
	Step 4: Cost Proposal	**25%**		
4	Cost Proposal		25%	1250
	Total	**100%**	**5475**	**5000**

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Table 6.2-2. Points Needed to Move On to Each Step of the Evaluation Process

Evaluation Step	Possible Points	Points Required to Move to Next Step in Evaluation Process
Step 1 – Technical Proposal	1,875	1,500
Step 2 – Product Demonstration/Interviews	1,625	1,300
Step 3 – Signed Certificate of Compliance with Executive Order No. 12-2016	250	
Step 4 – Cost Proposal	1,250	

Table 6.2-3. Option A – Financial Evaluation Criteria

RFP Section	Evaluation Criteria	Section Weighting	Subsection Weighting	Weighted Score 900
	Step 1: Technical Proposal	**38%**		**1900**
3.10.16.1	Fiscal Management		18%	900
3.10.12.2	Financial Reporting		10%	500
3.10.8	Performance Standards		Pass/Fail	Pass/Fail
3.10.9	Subcontractors		Pass/Fail	Pass/Fail
4.2.1	References		Pass/Fail	Pass/Fail
4.2.2	Company Profile & Experience		5%	250
4.2.3	Resumes		5%	250
4.2.4	Offeror Financial Stability	Pass/Fail	Pass/Fail	Pass/Fail
4.2.5	Executive Order 15-2018 Dark Money Disclosure	Pass/Fail	Pass/Fail	Pass/Fail
	Step 2: Product Demonstration/Interview	**32%**		
4.2.6	Product Demonstration/Interview		32%	1600
4.2.7	**Step 3: Certification of Compliance with Executive Order No. 12-2016 attachment**	**5%**		
	Certification of Compliance with Executive Order No. 12-2016		5%	250
	Step 4: Cost Proposal	**25%**		
4	Cost Proposal		25%	1250
	Total	**100%**	**4300**	**5000**

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Table 6.2-4. Points Needed to Move On to Each Step of the Evaluation Process

Evaluation Step	Possible Points	Points Required to Move to Next Step in Evaluation Process
Step 1 – Technical Proposal	1900	1520
Step 2 – Product Demonstration/Interviews	1600	1280
Step 3 – Signed Certificate of Compliance with Executive Order No. 12-2016	250	
Step 4 – Cost Proposal	1250	

Table 6.2-5. Option B – Call Center Evaluation Criteria

RFP Section	Evaluation Criteria	Section Weighting	Subsection Weighting	Weighted Score
	Step 1: Technical Proposal	**38%**		**1900**
3.10.17.1	Member Provider Call Center		28%	1400
3.10.8	Performance Standards		Pass/Fail	Pass/Fail
3.10.9	Subcontractors		Pass/Fail	Pass/Fail
4.2.1	References		Pass/Fail	Pass/Fail
4.2.2	Company Profile & Experience		5%	250
4.2.3	Resumes		5%	250
4.2.4	Offeror Financial Stability		Pass/Fail	Pass/Fail
4.2.5	Executive Order 15-2018 Dark Money Disclosure	Pass/Fail	Pass/Fail	Pass/Fail
	Step 2: Product Demonstration/Interview	**32%**		
4.2.6	Product Demonstration/Interview		32%	1600
4.2.7	**Step 3: Certification of Compliance with Executive Order No. 12-2016 attachment**	**5%**		
	Certification of Compliance with Executive Order No. 12-2016		5%	250
	Step 4: Cost Proposal	**25%**		
4	Cost Proposal		25%	1250
	Total	**100%**	**2000**	**5000**

Table 6.2-6. Points Needed to Move On to Each Step of the Evaluation Process

Evaluation Step	Possible Points	Points Required to Move to Next Step in Evaluation Process
Step 1 – Technical Proposal	1900	1520
Step 2 – Product Demonstration/Interviews	1600	1280

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Evaluation Step	Possible Points	Points Required to Move to Next Step in Evaluation Process
Step 3 – Signed Certificate of Compliance with Executive Order No. 12-2016 attachment	250	
Step 4 – Cost Proposal	1250	

Table 6.2-7. Option C – Federal Reporting Evaluation Criteria

RFP Section	Evaluation Criteria	Section Weighting	Subsection Weighting	Weighted Scoring
	Step 1: Technical Proposal	**38%**		**1900**
3.10.18.1	Federal Reporting		28%	1400
3.10.8	Performance Standards		Pass/Fail	Pass/Fail
3.10.9	Subcontractors		Pass/Fail	Pass/Fail
4.2.1	References		Pass/Fail	Pass/Fail
4.2.2	Company Profile & Experience		5%	250
4.2.3	Resumes		5%	250
4.2.4	Offeror Financial Stability		Pass/Fail	Pass/Fail
4.2.5	Executive Order 15-2018 Dark Money Disclosure	Pass/Fail	Pass/Fail	Pass/Fail
	Step 2: Product Demonstration/Interview	**32%**		
4.2.6	Product Demonstration/Interview		32%	1600
4.2.7	**Step 3: Certification of Compliance with Executive Order No. 12-2016 attachment**	**5%**		
	Certification of Compliance with Executive Order No. 12-2016		5%	250
	Step 4: Cost Proposal	**25%**		
4	Cost Proposal		25%	1250
	Total	**100%**	**1500**	**5000**

Table 6.2-8. Points Needed to Move On to Each Step of the Evaluation Process

Evaluation Step	Possible Points	Points Required to Move to Next Step in Evaluation Process
Step 1 – Technical Proposal	1900	1520
Step 2 – Product Demonstration/Interviews	1600	1280
Step 3 – Signed Certificate of Compliance with Executive Order No. 12-2016	250	
Step 4 – Cost Proposal	1250	

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Attachment F - Requirements Matrix

Revision History

Date	Document Version	Revision Description	Author
10/28/2019	1	Final for RFP Release	DPHHS
11/6/2019	2	Amendment 1 - 2.) two requirements both labeled CDR33. The second requirement numbered CDR33 was updated to CDR47.	DPHHS
11/20/2019	3	Amendment 2 1.) Added Column D - Base Requirement Applicable to Core Claims Solution and All Proposed Options. See Legend tab for definition update. 2.) Added column definitions to the Legend tab. 3.) Removed Reporting Section-moved REP requirements to Claims Data and Reporting (see new req below) 4.) Requirement Changes as follows: -Added Requirements: DOC39, CDR48, CDR49, CDR50, BRDM33 -Removed Requirements: REP16, REP23, REP52 -Modified Requirements: KR21 (removed MST), SAO38	DPHHS
12/9/2019	3	**a. Removed the following requirements:** i.AUTH19 ii.AUTH21 iii.SUB01 iv.CDR28 v.ECM10 vi.SEC73 vii.CDR06 viii.SAO12 ix.COR11 x.SAO57 xi.SAO60 ix.xii.SAO63 **b. Modified the following requirements:** i.FS10 ii.FSCM33 iii.CDR31 iv.SAO22 v.SAO58 **c.Added the following requirements** i.COR25 ii.EPA96 iii.ECM187 iv.SUB09 v.SEC83 vi.COR24 vii.PP90	DPHHS
1/3/2020	4	**Added the following requirements:** CDR51 CDR52 DOC51 FS43 **Modified the following requirements:** CDR02 FDRP17 FDRP146 FSCM92 MPCC28 PP16 PP77 SEC54 **Removed the following requirements:** DOC27 FDRP38 FDRP39 FDRP40 INT56 PP81 SAO61 SAO62 SAO68	DPHHS

Attachment F - Requirements Response Matrix

Instructions: This attachment contains a list of all requirements related to the module core claims scope of work in addition to Option A, B, and C requirements. Option D requirements will be identified and confirmed during the Participating Addendum process. The Offeror is expected to fill out this document in full for the base scope of work. The Offeror is expected to fill out Option A and/or Option B and/or Option C requirement responses only if the Offeror will include Option A and/or Option B and/or Option C in their proposal.

Attachment F - Requirements Response Matrix Column Definitions

Column A - Requirement Section - Each value in the Requirement Section column has a corresponding section reference in the MPATH Claims Processing and Management RFP.
Column B - Requirement ID - Each MPATH requirement's unique ID.
Column C - Requirement. Language - This column contains the requirement description.
Column D - Base Requirement Applicable to Core Claims Solution and All Proposed Options - This column indicates whether the requirement is applicable for the core claims solution and any/all of the Optional Services the Offeror proposes. A "Yes" means the requirement applies to the core claims solution as well as Option A, Option B, and Option C. If marked as "No" and Column E "Requirement Option Indicator" is blank, the requirement is only applicable to the core claims solution. If marked as "No" and Column E is "Yes" then the requirement only applies to the Option identified in Column F "Requirement Option Assignment".
Column E - Requirement Option Indicator - This column is a Yes/No indicator that denotes requirements that are part of an Optional Service (Yes) or not part of an Optional Service (No).
Column F - Requirement Option Assignment - If a requirement is marked as "Yes" in Column E (part of an Optional Service), it is assigned an attribute that reflects additional detail regarding the optional assignment. Current valid values of this attribute are:
• Option A - Financial
• Option B - Call Center
• Option C - Federal Reporting
Column G - General Status - Offerors should complete this column regarding their proposed solution status using the values below under "General Status".
Column H - Production Status - Offerors should complete this column regarding their proposed solution status using the values below under "Production Status".
Column I - Product Type - Offerors should complete this column regarding their proposed solution status using the values below under "Product Type".
Column J - Hosting - Offerors should complete this column regarding their proposed solution status using the values below under "Hosting".
Column K - Security Tested - Offerors should complete this column regarding their proposed solution status using the values below under "Security Tested".
Column L - Additional Information - Offerors can add information in this column as necessary to communicate additional details about how their proposed solution meets the requirement that is not addressed in other columns.

Offerors must use only the values listed below. Each column will have only one value.

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, Hosting, and Security Tested.

CoTS - Commercial Off the Shelf

Legend

General Status
A - Included in the base release of the proposed solution
B - Requires configuration of the base solution not to exceed 20 FTE hours
C - Is an integrated third party product (COTS), requires no configuration or custom development
D - Is an integrated third party product (COTS), requires configuration
E - Is an integrated third party product (COTS), requires custom development
F - Requires custom development
G - Is not supported by the proposed solution
NA - This is not a functional or technical requirement
Production Status
S1 - This functionality is currently offered, and in use by other customers
S2 - This functionality is currently offered, but not in use by other customers
S3 - This functionality is not currently offered, but will offer for this engagement (1st client)
S4 - This functionality will be sub-contracted and the sub-contractor is clearly identified in the additional information column
S5 - This functionality will be sub-contracted but the sub-contractor has not yet been identified
NA - This is not a functional or technical requirement
Product Type
SaaS - Software as a Service
PaaS - Platform as a Service
COTS - Commercial Off the Shelf
OS - Open Source Solution
CS - Custom Solution
NA - This is not a functional or technical requirement
Hosting
T - Third Party Hosting
V - Vendor On-Premise Hosting
W - SITSD (State Information Technology Services Division)
O - Other
NA - This is not a functional or technical requirement
Security Tested
Y-The functionality has been security tested based on NIST 800-53 Rev 4. **NOTE:** The "Y" value can be applied to Hosting and Environment business requirements when the security testing that indicates that the solution is Federal Risk and Authorization Management Program (FedRAMP) Compliant, has a FedRAMP Risk Assessment that indicates compliance, or has a documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation.
N- The application has not been security tested based on NIST 800-53 Rev 4.
NA - This is not a functional or technical requirement

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Authorizations	AUTH01	The Contractor's solution shall have the ability to track services received against services approved based on service authorizations and/or claims.	No								
Authorizations	AUTH02	The Contractor's solutions shall provide the ability for authorized users (e.g., state staff, case managers, contractors) to enter, store, update, and view service authorizations.	No								
Authorizations	AUTH03	The Contractor's solution shall track and update service authorizations based on information received fr external sources (e.g., claims data, service authorization updates from UR vendor).	No								
Authorizations	AUTH04	The Contractor's solution shall include all standard X12 data elements associated with service authorization requests and responses (e.g., member, provider, code sets, dates of service).	No								

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All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Authorizations	AUTH05	The Contractor's solution shall have the capability to receive and or enter a retroactive service authorization(s) based on configurable business rules.	No								
Authorizations	AUTH06	The Contractor's solution shall include configurable referral functionality to include creating, updating and sending referrals from primary care providers to other providers (e.g., specialty providers) to allow for claims payment. The solution shall assign a unique number for each referral.	No								
Authorizations	AUTH07	The Contractor's solution shall include processing logic when creating or updating service authorizations (e.g., procedure code not appropriate for gender of member, procedure cannot be billed by the provider type, duplicate service authorization request, invalid data) and route exceptions to the appropriate work queue.	No								
Authorizations	AUTH08	The Contractor's solution shall provide the capability to automatically authorize services by various configurable data elements (e.g., procedure codes, diagnosis codes, provider types, date ranges, dollar amounts, units).	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Authorizations	AUTH09	The Contractor's solution shall have the ability to capture and maintain the requested service authorization details (e.g., units, dollars, begin and end dates) and the approved authorization details (e.g., units, dollars, begin and end dates) on the authorization record and notify (e.g., web portal, fax, phone, letters, X12 278) the requestor of the decision.	No								
Authorizations	AUTH10	The Contractor's solution shall provide the ability to update service authorizations (e.g., extend or limit effective dates, update authorized limits) based on configurable business rules while maintaining a history of the changes to the record.	No								
Authorizations	AUTH11	The Contractor's solution shall have the ability to automatically generate approval and denial notices/communication to requesting and assigned providers, case managers, and members based on their communication preference for service authorizations based on configurable business rules.	No								
Authorizations	AUTH12	The Contractor's solution shall allow for flexible and configurable service authorizations (e.g., required fields, edits, service authorization types, business rules) to support a variety of programs, benefit plans, and claim types. The solution shall assign a unique number to service authorizations.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Authorizations	AUTH13	The Contractor's solution shall have the capability to filter and view service authorizations (service authorization detail list) based on configurable filters (e.g., provider, procedure code, diagnosis code) and allow mass updates from the service authorization detail list.	No								
Authorizations	AUTH14	The Contractor's solution shall have the capability to perform mass updates of referrals (e.g., member changes PCP, PCP who are retiring, service code changes) that may initiate workflow for updates that require review and approval.	No								
Authorizations	AUTH15	The Contractor's solution shall have the capability to perform mass updates to service authorization records (e.g., change a provider ID number, procedure code) with pending or approved but unutilized services that may initiate workflow for updates that require review and approval.	No								
Authorizations	AUTH16	The Contractor's solution shall have the capability to put requested service authorizations in a pending status if any information is invalid, missing or needs to be approved by another entity based on configurable business rules.	No								
Authorizations	AUTH18	The Contractor's solution shall have the capability for authorized users to send requests via workflow or their preferred method of communication (e.g., inbox, fax, mail) for additional information related to service authorization requests.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Authorizations	AUTH20	The Contractor's solution shall have the ability to receive, process, and send electronic health care serv review, request for review, and response transactions required by 45 CFR Part 162, to include pharmacy drug referral certification and authorization; dental, professional and institutional referral certification and authorization (ASC X12N 278).	No								
Authorizations	AUTH22	The Contractor's solution shall provide the ability to allow approved services (e.g. private duty nursing) on one service authorization to be used by multiple providers during overlapping dates of service based on configurable business rules.	No								
Authorizations	AUTH23	The Contractor's solution shall provide and maintain the capability to create, edit and void services authorized and to extend or limit the effective dates of the authorization. The solution shall maintain the original and the change data in the service authorization record.	No								
Benefit & Reference Data Management	BRDM01	The Contractor's solution shall store, maintain, and utilize a list of all NCCI edits with effective and end dates, including identifying additions, changes, and deletions of codes and NCCI edits as defined by the Agency.	No								

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All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM02	For all historical and current code sets, the Contractor's solution shall receive, store, and maintain the crosswalk of effective and end dated code set relationships by date of service (e.g., Healthcare Common Procedure Coding System (HCPCS), Resource Based Relative Value Scale (RBRVS), All Patient Refined Diagnosis Related Grouping (APR-DRG), Outpatient Prospective Payment System (OPPS) including procedure and APC records, Medicare Severity Diagnosis Related Groups (MS-DRGs), Current Procedural Terminology (CPT), International Statistical Classification of Diseases and Related Health Problems Version 10 (ICD-10-CM (diagnosis) and ICD-10-PCS (procedure)), Diagnostic and Statistical Manual of Mental Disorders (DSM–5), Current Dental Terminology (CDT), Provider Preventable Conditions, modifiers, revenue codes, agency-specific code sets, National Council for Prescription Drug Programs, (NCPDP), National Drug Codes (NDC), Berenson-Eggers Type of Service (BETOS), and MI (Major Diagnostic Categories)) as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM03	The Contractor's solution shall capture, store, maintain, and display a crosswalk of provider characteristics (e.g., type, specialty, taxonomies, accreditations, and certifications) against all code sets using Agency defined configurable business rules.	No								
Benefit & Reference Data Management	BRDM04	The Contractor shall have the capability to create, maintain and manage multiple eligibility group valid values as defined by the Agency.	No								

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	**Requirement ID**	**Requirement Language**	**Base Requirement Applicable to Core Claims Solution and All Proposed Options**	**Requirement Option Indicator**	**Requirement Option Assignment**	**General Status**	**roduction Stat**	**roduct Typ**	**Hosting**	**Security Tested**	**Additional Information**
Benefit & Reference Data Management	BRDM05	The Contractor's solution shall store and maintain reference files for all reimbursement methodologies as defined by the Agency to include but not limited to the following: (e.g., a) provider contracted rates b) CPT/HCPS/CDT and modifier codes c) fee schedule for the corresponding date d) RBRVS claims e) Manual pricing f) Place of service g) Specialty type h) Pay by report i) Age range j) Category of service k) CDT procedure code fee schedule l) Revenue codes m) APR-DRG (Diagnosis-Related Group) n) APG o) Per Diem at provider specific rates p) Add-on pricing amounts to any pricing structures based on other claim attributes (e.g. service facility, provider type/specialty, place of service etc.) q) Provider specific encounter rate r) Variable percentage of billed charge s) Variable percentage based on provider type (FQHC, RHC, IHSp) t) PMPM with line level detail u) Medicare's Outpatient Prospective Payment System v) Bundled/unbundled pricing w) Global service pricing x) Calculation required for resource-based relative value system fee schedule for radiology, anesthesia and general medical services y) Tiered pricing into which a variety of services are grouped depending on the treatment type and intensity of care required	No								
Benefit & Reference Data Management	BRDM06	The Contractor's solution shall allow automated and manual mass assignments and updates (e.g., service authorization required, medical review required, limits, diagnosis codes) to procedure code(s)/modifier(s) applied to benefit plans as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM07	The Contractor's solution shall provide configurable business rules to allow carve out benefits and procedures (e.g., services allowed to be billed outside of a Managed Care Health plan as fee for service transactions) to benefit plans as defined by the Agency.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM08	The Contractor's solution shall accept, maintain, and display eligibility and enrollment data (e.g., managed care, TPL, waiver, care programs, primary care provider, Medicare, personal resource, spend-down, buy-in) received via an interface as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM09	The Contractor's solution shall provide configurable benefit and service restriction (e.g., third party liability, lock-in or lock-out, managed care, benefit plan, limits) responses in response to an eligibility inquiry made through a service or a web portal based on Agency defined configurable business rules.	No								
Benefit & Reference Data Management	BRDM10	The Contractor's solution shall update, store, maintain, and display indicators for benefit plans (e.g., procedure include/exclude indicators, modifiers, clinical or utilization and special needs status) as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM11	The Contractor's solution shall create, maintain, and update reference tables with varying federal financial participation rates (e.g., procedure or combinations of procedures, modifier or combinations of modifiers, diagnoses, category of service, benefit plan, waivers, provider type, provider specialty, member demographics) as defined by the Agency.	No								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM12	The Contractor's solution shall store, maintain, and display date sensitive parameters (e.g., effective date, beginning and end date, change date) for each occurrence of all reference data (e.g., benefit plan, procedure, reimbursement methodology) as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM13	The Contractor's solution shall have the ability to maintain and cross reference multiple Member identifiers and aliases.	No								
Benefit & Reference Data Management	BRDM14	The Contractor's solution shall produce and distribute replacement state healthcare program member identification cards in an-Agency defined timeframe.	No								
Benefit & Reference Data Management	BRDM15	The Contractor's solution shall produce and distribute state healthcare program member identification cards and associated materials as defined by the Agency.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM16	The Contractor's solution shall allow categories of service to be defined by parameters based on Agency-defined configurable business rules including: a. Grouping various combinations of individual and ranges of codes into categories of service, including ICD diagnoses and procedures, HCPCS, procedure modifiers, revenue codes, bill types, places of service, Provider taxonomy or specialty; b. Allow one or more categories of service to be assigned to a benefit plan as either included or excluded for the benefit plan; c. Allow sub-groupings and individual or ranges of codes within a category of service to be included or excluded.	No								
Benefit & Reference Data Management	BRDM17	The Contractor's solution shall allow configurable service limitations and parameters (e.g., specifying limitations, including units, dollars, occurrences, and per day maximums to categories of service and specific sub-grouping(s) and individual or ranges of codes within a category of service or benefit plan, specifying cost sharing parameters such as copay, coinsurance, and deductible, by unit, occurrence, day, length of stay, or other parameters as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM18	The Contractor's solution shall provide a free-form text narrative at the Benefit Plan level as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM19	The Contractor shall create, store, and maintain trauma indicators, including effective and end dates, ICD external cause codes, or other indicators used for identifying potential TPL cases as defined by the Agency.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM20	The Contractor solution shall store, maintain, and utilize all Claim Adjustment Reason Codes (CARC) and Remittance Advice Remark Codes (RARC) as provided and updated by a third party.	No								
Benefit & Reference Data Management	BRDM21	The Contractor solution shall provide an National Correct Coding Initiative (NCCI) cost savings summary report according to CMS specifications.	No								
Benefit & Reference Data Management	BRDM22	The Contractor's solution shall provide the ability to create, view, maintain and track and list configurable covered services that may be included within benefit plans per as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM23	The Contractor's solution shall receive and store initial and updated member eligibility code(s) and aid category and assign the member eligibility code to the corresponding benefit plan including multiple and overlapping plans, as defined by the Agency.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM24	The Contractor's solution shall provide member lock-in based on configurable business rules (e.g., ber plans, category of service, diagnosis, and procedure codes as defined by the agency.	No								
Benefit & Reference Data Management	BRDM25	The contractor's solution shall receive and store initial and updated member eligibility data and process these transactions in real-time.	No								
Benefit & Reference Data Management	BRDM26	The contractor shall monitor current and future releases of all National and Federal code sets and reimbursement methodologies and coordinate the adoption and implementation as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM27	The Contractor's solution shall provide the capability to clone specific data elements within a benefit plan (e.g., spans, service criteria, parameters) as defined by the Agency.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM28	The Contractor's solution shall store and maintain reimbursement criteria for each service according to date specific rules and limitations applicable to each claim and encounter type (e.g., service, pricing modifiers (multiple), multiple surgeries, cutbacks, benefit plan, category of service, and provider type/specialty) as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM29	The Contractor's solution shall store, maintain and update reference data (e.g., edit and audit processing rules and parameters, specification of the hierarchy of edits and audits, procedures that allow pay-and-chase, supporting documentation) as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM30	The Contractor's solution shall contain the functionality to increase or decrease reimbursement for a service based on a historical previously paid claim(s) as defined by the Agency	No								
Benefit & Reference Data Management	BRDM31	The Contractor's solution shall provide the capability to clone a claim in a test environment to modify specific data fields (e.g., reimbursement methodology, procedure code) and adjudicate the claim.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Benefit & Reference Data Management	BRDM32	The Contractor's solution shall automatically update Insurance plan information on individual records when the carrier plan is changed as defined by the Agency.	No								
Benefit & Reference Data Management	BRDM33	The Contractor's solution shall generate a configurable Explanation of Benefits (EOB) for each member in a selected group of members based on configurable criteria defined by the Agency.	No								
Business Rules	BR02	The Business Rules Engine (BRE) shall allow authorized system users including Department resources the ability to create, configure and maintain rules for business functions in a user-friendly graphical user interface (GUI) that facilitates rules maintenance without coding changes.	Yes								
Business Rules	BR03	The Contractor shall provide real time access to a Business Rules Catalog, in an electronic format approved by the State, that documents all business rule logic used by the solution.	Yes								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Business Rules	BR04	The Contractor shall update the Business Rules Catalog with all additions or changes.	Yes								
Business Rules	BR05	The Contractor's Business Rules Engine shall be integrated into a testing environment that contains production data to allow users to perform "what if testing" and compare the before and after outcomes. The Contractor will provide Department staff and designated project resources, support and access to reports or reporting tools to evaluate the impact analysis.	Yes								
Business Rules	BR06	The Contractor's Business Rules Catalog shall include granular check-out and check-in rules and an audit trail of business rules changes.	Yes								
Business Rules	BR08	The Business Rules Engine shall allow changes to be made to valid values without impacting production rules engine availability and operations.	Yes								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Business Rules	BR09	The Business Rules Engine shall include the ability to debug business rules at rule execution.	Yes								
Business Rules	BR10	The Contractor shall provide the ability to allow multiple users to work concurrently on different parts of the same rule base.	Yes								
Business Rules	BR11	The Business Rules Engine shall have the ability to rollback to prior versions of rules without impacting production rules engine availability and operations.	Yes								
Business Rules	BR12	The Contractor shall provide and maintain a graphical representation of business rule flow(s) and orchestration for all business rules.	Yes								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Business Rules	BR13	The Business Rules Engine shall have mechanisms to identify which rules are executed for each specific business process.	Yes								
Business Rules	BR14	The Business Rules Engine shall be able to produce a report on rules passed or failed for all transactions	Yes								
Business Rules	BR15	The Business Rules Engine shall send alerts to the appropriate resource for issues identified in the rules engine. The Contractor will take appropriate action to address any alerts or rule failures.	Yes								
Business Rules	BR16	The Business Rules Engine rules editor shall allow subject matter experts or technical resources to write natural language business rules (i.e. human readable).	Yes								

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Business Rules	BR17	The Business Rules Engine shall provide the ability to prioritize, sequence, and allow administrators to control processing.	Yes								
Business Rules	BR20	Where applicable, the business rules engine shall use standardized business rules definitions.	Yes								
Business Rules	BR21	The Contractor's business rules shall execute in a runtime environment.	Yes								
Business Rules	BR27	The Contractor shall configure, support and maintain a business rules capability (e.g., add, modify, or remove/retire rules) based on the Service Architecture (SOA).	No								

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All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Certification	CERT01	The Contractor shall develop a Certification Crosswalk that describes how the Contractor's deliverables and other documentation align with federal certification requirements and MECT milestone reviews.	Yes								
Certification	CERT02	The Contractor shall complete milestone updates of the CMS Certification Checklists as requested by the State.	Yes								
Certification	CERT03	The Contractor shall validate the system against the CMS Certification Checklists	Yes								
Certification	CERT04	The Contractor shall contribute to the quarterly IV&V certification reports.	Yes								
Certification	CERT05	The Contractor shall provide staff resources to support MECT milestone review and certification activities including participating in planning activities, meetings and other activities as required by CMS.	Yes								
Certification	CERT06	The Contractor shall assist the Agency in preparing certification artifacts, evidence and presentation materials, e.g., Requirements/ user stories and/or use cases for functional and non-functional requirements, data, business, capacity/performance, security/privacy/HIPAA compliance, usability, maintainability, interface, 508 compliance, disaster recovery, traceability to test plans or test cases	Yes								
Certification	CERT07	The Contractor shall participate and support as needed in CMS certifications of the other modules	Yes								
Certification	CERT08	The Contractor shall expeditiously correct, all required remediation activities related to certification findings on a schedule to be approved by CMS and the State.	Yes								
Certification	CERT09	The Contractor shall use appropriate testing, configuration and change control procedures for all changes made to the solution during the certification process.	Yes								
Certification	CERT10	The Contractor shall update system, user, and training documentation as necessary to support the certification process and to reflect changes that have been made to the solution during the certification process.	Yes								
Certification	CERT11	The Contractor shall ensure system CMS Certification through correct design, implementation, documentation and certification support.	Yes								
Certification	CERT12	The Contractor shall coordinate with the State to develop CMS Certification Checklist documentation for each MECT Checklist requirement.	Yes								
Certification	CERT14	The Contractor shall populate the certification document repository, as each required item/artifact is completed and approved.	Yes								
Certification	CERT16	The Contractor shall present at milestone reviews and other certification meetings as directed by the State.	Yes								
Claims Data and Reporting	CDR01	The Contractor's solution shall track, maintain, store, and report data from all claims transaction types (e.g., fee for service, encounter) as defined by the Agency.	No								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Claims Data and Reporting	CDR02	The contractor's solution shall have the capability to capture, track, store, maintain and report the status of all claims related grievances and appeals from receipt to determination, as defined by the Agency (e.g., number of grievances/appeals received, resolved, rejected, escalated, and timeframe of resolution) as defined by the Agency.	No								
Claims Data and Reporting	CDR03	The Contractor's solution shall create, maintain, and store payment reports as defined by the Agency (i.e., Per member per month, NET or other capitation payments)	No								
Claims Data and Reporting	CDR04	The Contractor's solution shall identify, track, audit and report managed care transactions (e.g., service data, payments) for all healthcare programs, as defined by the Agency.	No								
Claims Data and Reporting	CDR05	The Contractor's solution shall store, maintain, track, display and report all claims processing activity throughout the adjudication process (e.g., backlog, suspended claims by status and location, manual entry, adjustments) as defined by the Agency.	No								

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Claims Data and Reporting	CDR07	The Contractor's solution shall identify, track and report claims flagged for investigation due to suspect or confirmed third-party liability discrepancies as defined by the Agency.	No								
Claims Data and Reporting	CDR08	The Contractor's solution shall maintain and report on all service authorization activity (e.g., requests, determinations, responses and utilization), as defined by the Agency.	No								
Claims Data and Reporting	CDR09	The Contractor's solution shall maintain, track, and report claims data (e.g., prompt payment of clean claims, claims inventory) to support compliance with 42 CFR 447.45	No								
Claims Data and Reporting	CDR10	The Contractor's solution shall maintain, track, provide audit history, and report all financial transactions between Entities and the Agency (e.g., payments, takebacks, receivables, credit balance, claims), as defined by the Agency	No								

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Claims Data and Reporting	CDR11	The Contractor's solution shall track, maintain, and report recoveries for the federal share of overpayments to support compliance with 42 CFR 433.320 as defined by the Agency.	No								
Claims Data and Reporting	CDR12	The Contractor's solution shall track, store, and maintain, and report all user activity (e.g., access history, claims editing, provider updates, benefit plan changes, rate and fee schedule changes) as defined by the Agency.	No								
Claims Data and Reporting	CDR13	The Contractor's solution shall identify, track, store, and report detailed information supporting history-o recoveries and payments as defined by the Agency.	No								
Claims Data and Reporting	CDR14	The Contractor's solution shall identify, track, audit, and report inter and intra-governmental payments a receivables (e.g., Qualified Rate Adjustments (QRA's) and Upper Payment Limits (UPLs)) as defined by the Agency.	No								

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Claims Data and Reporting	CDR15	The Contractor's solution shall have the ability for authorized users to run pre-defined and adhoc queries on claims data within the solution for reporting, as defined by the Agency.	No								
Claims Data and Reporting	CDR16	The Contractor shall analyze and report on proposed reference file changes (e.g. Benefit Plan, provider rate changes, taxonomy updates, category of service updates) as defined by the Agency.	No								
Claims Data and Reporting	CDR17	The Contractor's solution shall produce premium collection reports, per Agency defined criteria.	No								
Claims Data and Reporting	CDR18	The Contractor's solution shall monitor, track, and report on claims processing quality standards (e.g. percentage of claims resolved, keying error rate, etc.) as defined by the Agency	No								

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Claims Data and Reporting	CDR19	The Contractor's solution shall track, store, and report claims paid based on configurable business rule (e.g. using a percent of billed charges with maximum allowable amounts for procedures, provider types, and participant demographics) per Agency defined criteria.	No								
Claims Data and Reporting	CDR20	The Contractor's solution shall create, update, store, and maintain required and supplemental information to identify and group all claims transactions and non-claim transactions for completion of specified federal and state report (e.g. CMS-64, CMS-416 report,) per Agency defined criteria.	No								
Claims Data and Reporting	CDR21	The Contractor's solution shall have the ability to generate a scheduled payment report on all Health Insurance Premium Payments (HIPP), as defined by the Agency.	No								
Claims Data and Reporting	CDR22	The Contractor's Solution shall provide the capability to create, store, maintain CMS invoices and financial transaction summary reports, as defined by the Agency.	No								

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Claims Data and Reporting	CDR23	The contractors solution shall accept, store, and maintain current and historical provider data, per Agency defined criteria.	No								
Claims Data and Reporting	CDR24	The contractor's solution shall have the ability to maintain and store current and historical batch execution reports (e.g., claims, TPL, eligibility, PA, COBA), per Agency defined criteria.	No								
Claims Data and Reporting	CDR25	The Contractor's solution shall provide a configurable report for all current and future approved HIPAA ASC X12 transactions from covered entities (e.g., health plans, health care clearinghouses, billing companies, trading partners, and health care providers) as defined by the Agency.	No								
Claims Data and Reporting	CDR26	The Contractor's Ad hoc reporting solution shall have the ability to distribute weekly and monthly summarized database views per Agency requirements.	No								

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Claims Data and Reporting	CDR27	The Contractor's solution shall provide the capability to execute advanced reporting and analytics (e.g., aggregation of data, data modeling, forecasting) using all claims data to generate ad hoc reports as defined by the Agency	No								
Claims Data and Reporting	CDR29	The Contractor's solution shall have the ability to generate, store, and maintain reports on claim expenditures, as defined by the Agency (e.g. COS, Aid Category and claim type,).	No								
Claims Data and Reporting	CDR30	The Contractor's solution shall have the ability to configure, track, maintain, store, and report claim and encounter lag (i.e., date of service to date of payment report measure), as defined by the Agency.	No								
Claims Data and Reporting	CDR31	The Contractor's solution shall collect, store, and maintain the data necessary for HEDIS reporting as required by CMS.	No								

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Claims Data and Reporting	CDR32	The Contractor's solution shall have the ability to generate reports on a schedule as defined by the Agency.	No								
Claims Data and Reporting	CDR33	The Contractor's solution shall have the ability to modify system generated (i.e. canned reports) reports as defined by the Agency.	No								
Claims Data and Reporting	CDR34	The Contractor's solution shall have the ability to send and receive reports from external entities, as defined by the Agency.	No								
Claims Data and Reporting	CDR35	The Contractor's solution shall provide workflow access, assignments, routing of applicable reports and execution for all essential aspects of the business processes (e.g., service authorization, managed care, provider screening, client communications), as defined by the Agency.	No								

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Claims Data and Reporting	CDR36	The Contractor's solution shall have the ability to select which data elements appear on provider reporting or remittance advices (e.g. claims exceptions codes that are information only or are set to pay), as defined by the Agency.	No								
Claims Data and Reporting	CDR37	The Contractor shall support TPL requests from the Agency related to tracking and reporting cost avoidance dollars.	No								
Claims Data and Reporting	CDR38	The Contractor's solution shall allow for users to generate notifications/alerts in addition to the scheduled notifications/alerts based on configurable business rules.	No								
Claims Data and Reporting	CDR39	The Contractor's solution shall provide automatic and ad hoc reporting related to the day to day activities of the HIPP program (e.g., Active Case List Report, Counts by Health conditions Report, Payment History by Month Report, Referral Summary Report, Cost Effectiveness Report, Cost Effectiveness evaluation Report, Housecleaning Status Report, Review Date Report, All Status Report, County Status Report) as defined by the Agency.	No								

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Claims Data and Reporting	CDR40	The Contractor's solution shall allow for more than one template for remittance advices based on configurable business rules.	No								
Claims Data and Reporting	CDR41	The Contractor's solution shall produce, store, and transmit an image of each remittance advice as defined by the Agency.	No								
Claims Data and Reporting	CDR42	The Contractor's solution shall allow authorized users to modify report templates (e.g., Remittance Advice) as defined by the Agency.	No								
Claims Data and Reporting	CDR43	The Contractor's solution shall support and maintain a current and history of remittance advices that are searchable and viewable for authorized users, per Agency defined criteria.	No								

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Claims Data and Reporting	CDR44	The Contractor's solution shall have the ability to produce the Payments for Sterilization and Hysterectomies report as specified by Agency.	No								
Claims Data and Reporting	CDR45	The Contractor's solution shall have the ability to produce the Inpatient Sterilization Claims (Excluding C Sections) report as specified by Agency.	No								
Claims Data and Reporting	CDR46	The Contractor's solution shall have the ability to produce the Abortion Listing report as specified by Agency.	No								
Claims Data and Reporting	CDR47	The Contractor's solution shall have the ability to transmit data directly to other entities (e.g. actuaries) as defined by the Agency.	No								

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Claims Data and Reporting	CDR48	The Contractor's solution shall receive and store claims processing and payment information by service category or provider type to analyze timely processing of provider claims according to requirements (standards) in 42 CFR 447.45.	No								
Claims Data and Reporting	CDR49	The Contractor's solution shall maintain reporting services that are backward compatible, and the reports functionality is preserved over major or minor releases or the contractor will provide migration support to move reports forward.	No								
Claims Data and Reporting	CDR50	The Contractor's solution shall support payment reimbursement methodology research, analysis and development by providing expenditure data through service codes including but not limited to: -healthcare common procedure coding system (HCPCS), current version -international classification of diseases (ICD), clinical modifier, current version -national drug code (NDC), current version	No								
Claims Data and Reporting	CDR51	The Contractor shall develop a repayment schedule for the payee in coordination with the Agency in circumstances where there are insufficient claims or payee funds to satisfy recoveries within 75 days upon detection of an overpayment.	No								

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Claims Data and Reporting	CDR52	The Contractor shall recover all overpayments within 30 calendar days from detection of an overpayment.	No								
Compliance	CMP01	The Contractor shall, upon request by the State or at the end of the contract, transfer or destroy all documentation in the custody of the Contractor. The Contractor shall provide the transferred records and data in a format agreed upon by the State.	Yes								
Compliance	CMP03	The Contractor shall notify the State in writing within five (5) business days following initial detection of suspected fraud or abuse and provide supporting documentation.	Yes								
Compliance	CMP04	The Contractor's solution shall have full integration of the MITA initiative with business, architecture and data required to support the State's healthcare programs.	Yes								
Compliance	CMP05	The Contractor shall adhere to data retention requirements cited in 45 CFR 164.316 and Administrative Rule 37.85.414. The Department may require a longer retention period on an exception basis to support ongoing business needs (e.g., TPL recovery and drug rebate).	Yes								
Compliance	CMP06	The Contractor shall have written policies governing access to, and duplication and dissemination of all individual or entity information.	Yes								
Compliance	CMP07	The Contractor shall comply with all sections of the Americans with Disabilities Act (ADA), Section 508 of the Rehabilitation Act and ensure user interface standards account for the various forms of colorblindness.	Yes								
Compliance	CMP08	The Contractor and its services, work products and final deliverables provided by the Contractor applicable to the services described in the scope of work shall be knowledgeable of and in compliance with pertinent State and Federal Statutes, CIO Promulgated Rules, State IT policies, rules, and standards for required system hardware, software and development tools and processes, and operational procedures when completed and accepted by the Department. The Contractor shall also be aware of upcoming changes to existing rules and regulations as well as new rules and regulations that may impact the scope of work.	Yes								
Compliance	CMP09	The Contractor shall adhere to recognized best practices during the execution of the scope of work including the latest version of the National Institute of Standards and Technology (NIST) Special Publication (SP) 800 series related to cyber security.	Yes								
Compliance	CMP10	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions-MITA Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data.	Yes								
Compliance	CMP11	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions - Industry Standards Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data. The Contractor shall ensure alignment with, and incorporation of, industry standards, HIPAA, privacy and transaction standards; accessibility standards, and standards that provide greater accessibility for individuals with disabilities and standards under the Affordable Care Act.	Yes								
Compliance	CMP12	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions - Leverage Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data. The Contractor shall promote sharing, leveraging, and reuse of healthcare technologies and systems within and among states.	Yes								
Compliance	CMP13	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions -Business Results Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data. The Contractor shall support effective communications with providers and the public.	Yes								
Compliance	CMP15	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0-Standards and Conditions- Interoperability Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data. The Contractor's solution shall ensure seamless coordination and integration with components, other systems and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services and federal data services.	Yes								
Compliance	CMP16	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0-Standards and Conditions- Modularity Standard or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data. The Contractor's solution shall use a modular, flexible approach to systems development, including the use of open interfaces and exposed Application Programming Interfaces (API); the separation of standardized business rule definitions from core programming; and the availability of standardized business rule definitions in both human and machine readable format.	Yes								

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Compliance	CMP17	The Contractor must provide the Department with compliance assurances for the Contractor scope of work.	Yes								
Compliance	CMP18	The Contractor shall be fully compliant with the Health Insurance Portability and Accountability Act of 19 (HIPAA, Public Law 104-1919) and Administrative Simplification (Subset of Title II) requirements in effect as of the date of release for the RFP and with any changes that subsequently occur, unless otherwise noted.	Yes								
Compliance	CMP19	The Contractor shall enter into a Business Associate Agreement (BAA) prior to the initiation of work. The Contractor and the Department acknowledge and agree that the Business Associate Agreement is subject to HIPAA, and the HIPAA implementation regulations thereunder, and the Health Information Technology for Economic and Clinical Health Act (HITECH), and the HITECH implementation regulations thereunder. Under the Agreement, both parties are responsible for security and privacy compliance and must take advantage of the appropriate security capabilities and measures and adequate data validation, as well as have appropriate policies and procedures in place to minimize or prevent unlawful access by any person who may have access to the entire database.	Yes								
Compliance	CMP20	The Contractor shall ensure all information not specifically identified as Protected Health Information (PHI) or Personally Identifiable Information (PII) as defined under HIPAA and/or HITECH is treated as privileg communications, held confidential, and must meet the terms and conditions specified in the RFP, BAA and Contract.	Yes								
Compliance	CMP21	The Contractor shall ensure that except as provided by law, no information in the possession of the Contractor about any individual shall be disclosed without prior written consent.	Yes								
Compliance	CMP22	The Contractor shall follow all applicable technical standards for site and system security policies and procedures to protect the Department's healthcare data and information systems.	Yes								
Compliance	CMP23	The Contractor's data management approach and operational policies shall meet HIPAA, HITECH, ARRA and other federal and State privacy and security requirements.	Yes								
Compliance	CMP25	The Contractor shall retain, all original paper documents for fifteen (15) calendar days from the date the documents are received and have been scanned, indexed, stored in the ECM and meet verification process standards. Original documents may be destroyed once indexed and stored in the ECM and the retention period is met in accordance with State and Federal guideline	Yes								
Compliance	CMP26	The Contractor shall maintain an auditing system and employ accounting/auditing procedures and practices that conform to GAAP and GAAS. All charges applicable to the contract shall be readily ascertainable from such records.	Yes								
Compliance	CMP27	The Contractor will ensure that all technologies implemented are in compliance with any End User Licensing Agreements or other licensing arrangements.	Yes								
Compliance	CMP29	The Contractor shall comply with Affordable Care Act Section 1104 Administrative Simplification, and Section 1561 Health IT Enrollment Standards and Protocols.	Yes								
Compliance	CMP30	The Contractor's solution shall ensure that all data necessary for legal requirements is retained.	Yes								
Compliance	CMP32	The Contractor shall provide a mechanism to purge source documents in accordance with HIPAA secu provisions and State requirements.	Yes								
Compliance	CMP37	The Contractor's Information Technology Equipment and Software purchased and licensed with monies under this Contract for use by departmental employees, program participants, or members of the public must provide, as required by 18-5-604, MCA, blind or visually impaired persons with access, including interactive use of the equipment and services, that is equivalent to that provided to persons who are not blind or visually impaired.	Yes								
Compliance	CMP39	The Contractor's solution shall be compatible with multiple standard browsers in accordance to the State's IT Standards which can be found in the Procurement Library. The solution shall be compatible with standard browsers without requiring specialized or proprietary plug-ins.	Yes								
Compliance	CMP40	The Contractor shall be knowledgeable of and support the Department to maintain compliance with the "to be" vision of MITA 3.0 Standards and Conditions -Business Results Condition or the latest MITA version that requires states to align to and advance in MITA maturity for business, architecture and data in supp of the business results condition to accurately and timely adjudicate claims.	No								

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Correspondence Management	COR01	The Correspondence Management Solution must be able to generate correspondence (e.g., scheduled and ad-hoc correspondence and bulletins) using standard letters or forms, letter templates, and free-form letters.	Yes								
Correspondence Management	COR03	The Contractor's solution shall utilize industry standard barcode technology that is approved by the Department.	Yes								
Correspondence Management	COR04	The Contractor shall utilize letter, notification and other templates for correspondence that are approved by the Department.	Yes								
Correspondence Management	COR06	The Contractor's solution shall send documents and the necessary indexing metadata to the modular integration platform for storage of documents in the enterprise content management solution (ECM).	Yes								

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Correspondence Management	COR07	The Contractor's solution shall store all sent or received documents in the ECM.	Yes								
Correspondence Management	COR08	The Contractor's Correspondence Management Solution must be able to integrate variable data to maximize efficiency.	Yes								
Correspondence Management	COR10	The Contractor shall generate applicable notices to members, providers, and other entities (e.g., enrollment/disenrollment notices, requests for information, and program information).	Yes								
Correspondence Management	COR13	The Contractor's solution shall provide the ability to create materials at between a sixth and eighth grade reading level and for a culturally diverse population.	Yes								

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Correspondence Management	COR24	The Contractor's correspondence engine shall be configured to generate, print, and mail enterprise correspondence.	No								
Correspondence Management	COR25	The Contractor shall ensure that correspondence, printing, and mailing expenditures that are approved by the Department will be handled as pass-through expenditures.	No								
Data Conversion, Cleansing and Migration	DC02	The Contractor shall provide authorized Department or other designated staff access to an environment to validate converted data and provide support for the data validation effort.	Yes								
Data Conversion, Cleansing and Migration	DC03	The Contractor shall work with the State to identify the data elements that will be converted into the Contractor's solution. For legacy data elements that cannot be converted into the Contractor's solution, the Contractor shall work with the State to achieve desired business outcomes using the data elements in the Contractor's solution.	Yes								
Data Conversion, Cleansing and Migration	DC04	The Contractor shall work with the State to identify data elements or fields in the Contractor's solution that are not available to be converted from the legacy system, and whether the conversion programs should fill them with default or initial values.	Yes								
Data Conversion, Cleansing and Migration	DC05	The Contractor must perform one or more trial conversions as necessary, before final conversion of the data, and present the results to the State.	Yes								
Data Conversion, Cleansing and Migration	DC06	The Contractor shall produce the reports necessary to demonstrate adequate checks and balances within the data conversion process.	Yes								
Data Conversion, Cleansing and Migration	DC08	The Contractor shall convert electronic documents identified by the Department in a format approved by the Department.	Yes								
Data Conversion, Cleansing and Migration	DC16	The Contractor shall provide access to converted electronic documents in their solution from systems being replaced.	No								
Data Conversion, Cleansing and Migration	DC17	The Contractor shall convert all member and provider data history for any member or provider that has been active within the past three years and three (3) years of all applicable operational data from the State's legacy systems. The Department may require additional data to be converted on an exception basis to support ongoing business needs (e.g., TPL recovery, SURS recovery and drug rebate). In addition, the Contractor shall convert all data related to: once in a lifetime events, active SURS or TPL cases, future TPL case (e.g., members over 55 years of age that have ever been in a nursing home), drug rebates, and service frequency limits as defined by the Agency. The Contractor shall produce comparative reports for all converted data. Any data quality issues will be addressed by the State within each source system.	Yes								

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Data Management	DM02	The Contractor's solution shall provide an indicator to suppress generation of documents containing Member identification for confidential services.	Yes								
Data Management	DM03	The Contractor's solution shall maintain a record/audit trail of a Member's requests for copies of personal records (including time/date, source, type, and status of request).	Yes								
Data Management	DM04	The Contractor's solution shall maintain record/audit trail of errors during update processes, accounting for originating source and user.	Yes								
Data Management	DM05	The Contractor's solution shall be able to store existing relationships created in other systems (e.g., a filing unit, parent/legal guardian/caretaker to a child/dependent, and any other member relationship(s) required to administer the State's healthcare programs).	Yes								

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
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Data Management	DM06	The Contractor's solution shall maintain a current and historical record of benefit plan assignment(s) for members, including periods of dual-eligibility. historical record of benefit assignment(s) for a client including identifying dual-eligibility spans.	Yes								
Data Management	DM09	The Contractor's solution shall provide audit trails to allow information on all transactions to be traced from receipt of the transaction through the completion of the transaction, capture at a minimum date/timestamp, data source, worker id, action taken and log any errors encountered for reporting.	Yes								
Data Management	DM10	The Contractor shall ensure that all narrative descriptions of codes and abbreviations are available for reporting.	Yes								
Data Management	DM11	The Contractor shall develop and maintain an electronic data dictionary using industry best practices to approved by the Department. At a minimum, the data dictionary shall contain for each field: field name in human readable format, field description, database field name, database table, field type and length, valid values and their corresponding descriptions.	Yes								

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Data Management	DM114	The Contractor's solution shall use the most current version of clinical codes (e.g., ICD-10, HCPCS, CPT, ICD Surgical Procedure Codes, NDCs).	Yes								
Data Management	DM115	The Contractor's solution shall collect, store, and maintain the data necessary for T-MSIS reporting as required by CMS.	Yes								
Data Management	DM13	The Contractor shall be able to demonstrate the ability to support requirements for backup and archiving consistent with Department SLAs and CMS, State, and industry standards. The Contractor shall also adhere to data retention requirements cited in 45 CFR 164.316 and the State's Administrative Rules.	Yes								
Data Management	DM138	The contractor shall participate in governance processes led by the Agency and including the System Integrator and other module vendors as appropriate during design, definition, and any subsequent revisions of data formats to be used for communicating data to and from the module.	No								

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Data Management	DM139	The Contractor shall provide the capability to exchange data in standard and non-standard formats as well as structured and unstructured data with multiple sources.	Yes								
Data Management	DM14	The Contractor's solution shall maintain an audit trail of all changes to data, including changes that were made in error and subsequently backed out of or suspended.	Yes								
Data Management	DM140	For audit and reporting purposes, the system shall provide and maintain the following data for all reference codes: a. Effective date b. End date c. Date when last changed d. Who made last change e. Short description f. Long description g. Create date h. Create user	No								
Data Management	DM141	The Contractor shall provide real-time access to transactional data (e.g., detailed data for member, provider, claims, and claims-related functions) for all module components).	No								

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Data Management	DM142	The Contractor's solution shall provide the ability to modify transactions (e.g., updates to reference information, member demographics and eligibility, provider information, service authorization details and amount used, TPL information) in real-time	No								
Data Management	DM143	The Contractor's solution shall capture, maintain, and link relevant information (e.g., member and provi associated with the claim (for all claims) during the adjudication process for the claim date of service.	No								
Data Management	DM144	The Contractor's solution shall retain in the module, after implementation, seven (7) years of electronically imaged documents and data. After seven (7) years, the data will be purged (deleted) from that module. All active records (active providers, active members, active cases, etc.) and 100% of all history for any entity or case that has been active within the last seven years will be retained. Any entity and/or case that has been continuously inactive for the last seven years will not be retained, will be purged, and will no longer be accessible by users in that module. In addition, the following exceptions apply to the data retention limitations: once in a lifetime events, active SURS or TPL cases, future TPL case (e.g, .members over 55 years of age that have ever been in a nursing home), drug rebates, and service frequency limits as defined by the Agency.	Yes								
Data Management	DM145	The Contractor's solution shall provide, implement, operate, and maintain a data modeling tool to develop and maintain comprehensive structural metadata data models for data processed by, stored in, or delivered for consumption from the solution for the duration of the Contract that includes the documentation and illustration of data elements, structures, and their relationships of the following: ● Conceptual Data Model - a graphical depiction of the conceptual data model for the solution that identifies data field names and relationships. Business process flows and data models (e.g., Entity Relationship Diagrams (ERD) and any other descriptive graphic document) of the entire system and all modules and functions, showing all inputs, processes, programs, interfaces, program interrelationships, and outputs ● Logical Data Model - a graphical depiction of the logical data model for the solution that provides data field names, attributes and relationships, data tables, and primary key fields ● Physical Data Model - a graphical depiction of the physical data model for the solution that identifies data field names, attributes and relationships, data tables, and primary key fields. Unlike the conceptual and logical data models that use descriptive table and field names, the physical data model will reference actual table and field names used for coding.	No								

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Data Management	DM17	The Contractor's solution shall provide the ability to store and apply updates to all applicable codes upd new release at an interval appropriate for the data or when requested by the Department.	Yes								
Data Management	DM18	The Contractor's solution shall perform batch control including logging and reporting.	Yes								
Data Management	DM19	The Contractor's solution shall archive all versions of reference information and update transactions.	Yes								
Data Management	DM20	The Contractor's solution shall have the ability to void or reverse recent changes by rolling back to prior configurations.	Yes								

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Data Management	DM21	The Contractor's data management strategy shall include the following concepts: Data Integrity (data cannot be modified undetectably), Data Availability (access is not inappropriately blocked or denied), Data Authenticity (validation of transactions), Data Security (encryption and Department approved security protocols and processes), Non-repudiation of Data (parties to a transaction cannot deny their participation in the transaction).	Yes								
Data Management	DM22	The Contractor's solution shall provide entity search capability including the ability to search by entity type, entity name, entity address elements, entity phone number(s), unique identifier for entity type, any alternate identifiers including EIN, SSN, TIN and other demographic elements.	Yes								
Data Management	DM24	The Contractor shall ensure complete transparency of all data fields in reports generated by the system including: providing the Department with SQL, pseudo code, narrative description, analytic protocols and assumptions to document the logic and formulas used in all calculations.	Yes								
Data Management	DM25	The Contractor shall create and maintain a suite of State/Contractor-defined on-line reports to allow users to choose from pre-built defined parameters (such as provider number, procedure code, date of service, etc.) to generate customized reports for monitoring the daily operations of the system and Fiscal Agent Operations.	Yes								

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Data Management	DM26	The Contractor shall certify that any and all unmasked or unscrambled Department data will reside in data centers located in the continental United States. Additionally, this data will only be accessible by resour within the continental United States that have completed the necessary HIPAA and PHI training. Any data that will be accessed by resources that are not physically located in the United States will be masked or scrambled (which would make it impossible to establish a connection between claims data and a specific member or provider associated with the claim) thereby removing the HIPAA and PHI connection between interested parties and the claim data.	Yes								
Data Management	DM31	The Contractor's solution shall be configured and maintained to validate and standardize addresses according to United States Postal Service (USPS) verification, validation and standardization rules.	Yes								
Data Management	DM37	The Contractor's solution shall facilitate real-time data processing including data cleansing, data loading data brokerage, integration, validation, reconciliation, and synchronization with the State's enterprise.	Yes								
Data Management	DM38	The Contractor's solution shall optimize and consolidate data management storage.	Yes								

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Data Management	DM39	The Contractor's solution shall maintain all data sets defined by the HIPAA Implementation Guides to support storage of all transactions required under HIPAA Administrative Simplification Rule (e.g., Gender, Reason Code) for seven (7) years.	Yes								
Data Management	DM40	The Contractor's solution shall maintain a normalized RDBMS with referential integrity and is optimized to meet performance requirements.	Yes								
Data Management	DM41	The Contractor's solution shall provide a method to access, query, and report against archived data external to the Operational Data Store (ODS).	Yes								
Data Management	DM43	The Contractor shall demonstrate through data analysis that the implementation outcomes have been validated and are accurate.	Yes								

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Data Management	DM44	The System shall maintain a snapshot of member eligibility and plan enrollment information (i.e., full audit history or equivalent capabilities) that existed at the time of claims/encounters/capitation adjudication or payment. All transactions, including the execution of database scripts, need to be recorded in the full audit history.	Yes								
Data Management	DM47	The Contractor shall participate in ongoing data governance meetings as required by the Department.	Yes								
Data Management	DM52	The Contractor's solution must have the flexibility to quickly accept new and incremental data items from module components required by the ongoing component, product or service integration.	Yes								
Data Management	DM54	While the Department prefers real-time/event driven process, the Contractor shall provide a tool to easily administer and execute scheduled events (e.g. reports, file transfers, processes, notifications) to be performed on a regular basis (e.g. daily, weekly, monthly).	Yes								

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Data Management	DM56	The Contractor's solution shall receive and process member eligibility information from external sources (such as through the State's Eligibility Systems) on a real-time or near real-time basis, including: a. Producing total and detailed information that supports error correction and synchronization. b. Applying reconciliation changes.	Yes								
Data Management	DM57	The Contractor shall standardize the structure and visibility of data and applications to support automated electronic data exchanges within the State's enterprise to promote interoperability.	Yes								
Data Management	DM58	The Contractor's solution shall maintain online access to at least four (4) years of selected management reports and five (5) years of annual reports.	Yes								
Data Management	DM60	The Contractor shall be responsible for data management including ensuring the architecture addresses data semantics, data harmonization, and shared-data ownership.	Yes								

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Data Management	DM61	The Contractor's solution shall collect and maintain the relevant data necessary to support the budget neutrality reporting requirements specified in the State's 1115 Waiver (including the ability to identify those Members who would be ineligible for Medicaid in the absence of the State's 1115 Waiver).	Yes								
Data Management	DM62	The Contractor's solution will ensure current and historical provider IDs are linked back to one universal/common identifier.	Yes								
Data Management	DM63	The Contractor's solution shall assign standardized unique internal identifiers for entities and prevent the creation of duplicate records.	Yes								
Data Management	DM64	The Contractor shall be responsible for backup and retention of data to include: 1. Daily incremental backups with retention of sixty-one (61) days. 2. Weekly incremental backups with retention of twelve (12) weeks. 3. Monthly full backups with retention of eighteen (18) months. 4. Annual full backups with retention of seven (7) years.	Yes								

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Data Management	DM65	The Contractor's solution will provide service authorization search based on user defined criteria (e.g., provider name, provider ID, member name, member Medicaid ID number, date of submission range, dates of service requested range, service requested, status of the request).	No								
Data Management	DM69	The Contractor's solution shall maintain online access to all reference tables with an option to search and display by reference data type and code.	Yes								
Data Management	DM70	The Contractor's solution shall maintain user controlled parameters for all standards and messages.	Yes								
Data Management	DM71	The Contractor's solution shall verify that all dates are valid and reasonable.	Yes								

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Data Management	DM72	The Contractor's solution shall provide proper data validation rules (e.g., all fields defined as alphabetic contain only alphabetic data, fields defined as numeric contain only numeric data, items with definitive upper and/or lower bounds are within the proper range).	Yes								
Data Management	DM73	The Contractor's solution shall capture and maintain the data items needed for State or Federal reporting requirements.	Yes								
Data Management	DM74	The Contractor's solution shall validate calculated data items.	Yes								
Data Management	DM75	The Contractor's solution shall validate, and/or verify that all data items that contain self-checking digits (e.g., National Provider Identifier) passes a specified check-digit test.	Yes								

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Data Management	DM79	The Contractor's solution shall support the Extract, Transform and Load (ETL) processes from real-time web services or batch processes.	Yes								
Design, Configuration and Build	DCB01	The Contractor's solution shall accommodate customer preferences for communications by electronic inbox, written correspondence, email, text, and phone.	Yes								
Design, Configuration and Build	DCB03	The Contractor shall conduct collaborative design sessions to address all gaps identified during requirements validation.	Yes								
Design, Configuration and Build	DCB04	The Contractor shall, in the design sessions, recommend solutions for each configuration gap, as defined in requirements validation, that will produce the desired business outcomes. If a gap cannot be addressed via configuration, the Department may consider making policy changes before approving customizations to the solution.	Yes								
Design, Configuration and Build	DCB05	The Contractor shall demonstrate completed functionality frequently as the solution is configured/built, using a fully functioning environment.	Yes								
Design, Configuration and Build	DCB06	The Contractor shall migrate completed releases promptly through various testing levels all the way to User Acceptance Testing (UAT).	Yes								
Design, Configuration and Build	DCB07	The Contractor shall provide the design for online help approach and documentation, as appropriate.	Yes								
Design, Configuration and Build	DCB08	The Contractor shall work with the Systems Integrator and the Department to establish required interfaces as defined in the detailed scope of work.	Yes								
Design, Configuration and Build	DCB09	The Contractor shall provide office space for Contractor staff and meeting rooms as necessary to support the scope of work and contractual obligations.	Yes								
Design, Configuration and Build	DCB11	The Contractor shall develop auditing and general controls to ensure the effective use of the technical architecture and data in meeting requirements.	Yes								
Design, Configuration and Build	DCB12	The Contractor must provide all technology and equipment for contractor staff necessary to support and complete the scope of work and the contractual obligations.	Yes								
Design, Configuration and Build	DCB13	The Contractor shall be responsible for operating and maintaining any software needed to support all module components and project tools in use by the Contractor.	Yes								
Design, Configuration and Build	DCB14	The Contractor's solution shall have the ability to print a properly formatted representation of the entire screen (including sections not displayed without scrolling) and associated data in the application.	Yes								

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Design, Configuration and Build	DCB15	The Contractor shall provide recommendations for simplified business rules and business processes to Department.	Yes								
Design, Configuration and Build	DCB18	The Contractor shall configure, support and maintain all components of the solution in a manner that reflects performance expectations described in this RFP.	Yes								
Design, Configuration and Build	DCB19	The Contractor's solution shall be free of any software components that are the result of legacy code transformation.	Yes								
Design, Configuration and Build	DCB20	The Contractor's solution shall provide Web based content that is supported by standard web browsers and are mobile and tablet compatible.	Yes								
Design, Configuration and Build	DCB21	The Contractor's solution shall allow the Department to edit and change any static text in the application and correspondence templates. All static text must be approved by the Department.	Yes								
Design, Configuration and Build	DCB27	The Contractor shall develop and submit a design and configuration schedule, agendas, and minutes fo review by the Department.	No								

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Documentation	DOC01	The Contractor shall develop, execute, maintain and deliver for the State's approval, a System Security Plan (SSP) that will document the current level of security controls within the module scope of work that protects the confidentiality, integrity and availability (CIA) of the solution and its information. This is a living document and will be updated no less than annually and when new vulnerabilities are identified and mitigated and when additional functionality and/or components are implemented. The System Security Plan must be approved before any State data is transferred or entered into the solution. The State must approve all revisions of the System Security Plan. If the Contractor's solution is hosted by the State, the State will provide supporting information to the Contractor to complete the SSP. The SSP must address the following topics: • Adherence to the State's requirements outlined in the "Security and Privacy Controls Requirements" document, included in the Procurement Library; • Compliance with the Centers for Medicare and Medicaid Services (CMS) Acceptable Risk Safeguards (ARS) to assess CIA and NIST SP 800-53 Rev 4 at a "moderate" control level; • Data center physical security; • Network segmentation, access controls, and forensics; • Perimeter security; • Application security and data sensitivity classification, including Protected Health Information (PHI) and Personally Identifiable Information (PII); • End-point protections such as multiple redundant firewalls and host-based intrusion detection systems;	Yes								
Documentation	DOC02	The Contractor shall develop and maintain a Certification Plan that defines the contractor's approach to CMS certification. It must describe the processes and procedures that will be used to manage Certification requirements. The Certification Plan must comply with the most current MECT process to ensure the system will meet all certification requirement	Yes								
Documentation	DOC03	The Contractor shall develop, submit, and maintain a Data Management, Conversion and Migration Plan to include the following: a. A data management strategy that will support integration, optimization, quality, stewardship, standards, and governance of data. b. description of appropriate skill sets, processes, technologies/tools, and any naming conventions followed. c. Approach to conversion, cleansing and migration. d. Approach to risk management for data conversion effort. e. Approach for testing migration or converted data; f. Approach to reporting the number of records successfully converted vs. errors or exceptions. g. Approach for cleansing data to prepare it for loading to the proposed solution that is refined as necessary. h. Approach to resolving data conversion errors and issues. i. Approach for supporting the Department validation of converted data. j. Tasks, timelines, and responsible parties for all conversion and migration tasks.	Yes								
Documentation	DOC04	Prior to beginning design and configuration/build activities, the Contractor must develop and submit to the State an Application Configuration and Maintenance Plan that describes the Contractor's approach to applications configuration and enhancements including: a. Approach to conducting design sessions or walkthroughs. b. Approach to conducting sprints or iterations. c. Configuration management. d. Schedule of major and minor releases. e. Tasks, timelines, and responsible parties for design and configure/build tasks. f. Approach to system enhancements g. Programming and coding standards The plan must be maintained through the system implementation. Revisions must be approved by	Yes								

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Documentation	DOC07	The Contractor shall provide during the initiation phase of the project and maintained throughout the project, user documentation. The State requires User Documentation for use by a novice business user to understand the automated system or application from a business function perspective. The Contractor shall provide comprehensive, well-organized user documentation. The Contractor's User Documentation shall include at a minimum: • Written in a procedural step-by-step format. (Instructions for sequential functions must follow the flow of actual activity). • Manuals that helps users understand the purpose and operation of the module/module component(s) for each business process/major program/functional area. • Acronyms used in user instructions must be identified and must be consistent with windows, screens, reports, and the data element dictionary. • Cover system navigation, online help, and policies and procedures. • The documentation must be available on-line and provide an on-line search capability with context-sensitive help. • Provide the ability to produce a PDF version upon request • Use version control to retain historical versions of documentation and revisions must be clearly identified. • User documentation must be written and organized so that novice users can learn from reading the documentation how to access the on-line windows/screens, read reports, and perform all other user functions. • User manuals must contain a table of contents and an index.	Yes								
Documentation	DOC08	The Contractor shall develop and maintain annually, a Business Continuity and Disaster Recovery Plan that must be in place before any Department data is transferred or entered into the solution. The Plan must contain procedures for data backup, restoration, and emergency mode operations in the event of: a. Hardware or Software Failures; b. Human Error; c. Natural Disaster; and/or d. Other unforeseeable emergencies. The Business Continuity and Disaster Recovery Plan must be approved by the Department.	Yes								
Documentation	DOC09	The Contractor's Business Continuity portion of the plan must include the following: a. Identification of the core business processes involved in the production solution. For each core business process include: 1) Identification of potential failures for the process; 2) Risk analysis; 3) Impact analysis; and 4) Definition of minimum acceptable levels of service/output. b. Definition of triggers for activating contingency plans. c. Procedures for activating any special teams for business continuity. d. A plan for recovery of business functions, units, processes, human resources, and technology infrastructure.	Yes								
Documentation	DOC10	The Contractor's Disaster Recovery portion of the plan must address, at a minimum: a. Retention and storage of backup files and software; b. Hardware backup for critical solution components; c. Facility backup; d. Backup for any telecommunications links and networks; e. Backup procedures and support to accommodate the loss of any online communications; f. A detailed file backup plan, procedures, and schedules, including rotation to an off-site storage facility. g. The off-site storage facility must provide security of the data stored there, including protections against unauthorized access or disclosure of the information, fire, sabotage, and environmental considerations. h. An enumeration of the prioritized order of restoration for Contractor's proposed solution. i. Provide a short-term uninterruptible power supply to facilitate an orderly shutdown of the information system in the event of a primary power source loss.	Yes								
Documentation	DOC11	The Contractor shall update all project documentation (e.g., system design documentation, user and training documentation) as necessary throughout all phases of the project.	Yes								

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Documentation	DOC12	The Contractor shall provide and maintain an Operations, Maintenance and Configuration Plan for the Department's approval that describes post-implementation processes for areas such as: a. Architecture/hosting operations. b. Monitoring daily operations performance. c. Performing routine maintenance. d. Maintaining user documentation. e. Online help approach and documentation, as appropriate. f. Configuration and change management. g. Approach to enhancements and other new requirements. h. Maintaining system documentation. i. Maintaining training documentation. j. Archiving requirements. k. Tasks, timelines, and responsible parties for design and configure/build tasks. l. Reporting status against relevant Service Level Agreements (SLAs) m. Schedule of major and minor releases.	Yes								
Documentation	DOC14	The State defines System Design Document (SDD) as documentation that describes how the functional and nonfunctional requirements recorded in the Requirements Response Matrix transform into more technical system design specifications from which the system is configured and built. The SDD documents the high-level system design and the low-level detailed design specifications. The SDD describes design goals and considerations, provides a high-level overview of the system architecture, and describes the data design associated with the system, as well as the human-machine interface and operational scenarios. The high-level system design is further decomposed into low-level detailed design specifications for each system component, including hardware, internal communications, software, system integrity controls, and external interfaces. The SDD documents and tracks the necessary information required to effectively define architecture and system design in order to give the development team guidance on the architecture of the system to be developed. Design documents are incrementally and iteratively updated during the system development cycle and includes proprietary contractor material (this excludes proprietary information related to COTS products). Its intended audience is the project manager, project team, and development team. The Contractor shall provide and maintain system design documentation that includes at a minimum: • A description of each component, their purpose, including basic functions and the business areas supported • User stories/use cases • User interface design • Physical database design • A module system diagram, including all components, identifying all business process diagrams, data flows, systems functions, and their associated data storage	Yes								
Documentation	DOC15	The Contractor shall develop and maintain a Communication Plan. The purpose of the Communication Plan is to provide a description of the communication that will occur on the project and how it will be managed. This includes details about various types and means of communication, communication channels, communication flow within the organizational structure, escalation, guidelines for meetings, dissemination of knowledge, and communication effectiveness. The Communication Plan shall ensure the communication approach addresses communication across multiple vendors. Effective	Yes								
Documentation	DOC16	The Contractor shall develop and maintain a Quality Management Plan. The Quality Management Plan identifies the quality standards for the project and how quality standards are measured. It includes the process steps and quality tools that will be used (e.g., templates, standards, and checklists).	Yes								
Documentation	DOC18	The Contractor shall develop and maintain a Change Management Plan. The Change Management Plan must include the following elements. a. Tools to support change management b. Change management process steps c. Escalation process d. Training	Yes								
Documentation	DOC19	The Contractor shall provide and maintain Technical Documentation including written description of module component(s) design, function and architecture that will provide guidance to system developers. Additionally, the Contractor must include a detailed list of all environments, each environments' IT technologies including software, middleware, hardware, utility applications, development tools, testing tools, and provides detailed information on the programming languages and protocols used.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
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Documentation	DOC21	The Contractor shall provide a Solution Architecture Document. The Solution Architecture Document includes a technical explanation of all aspects of the solution including detailed architectural diagrams, data flows, component specifications, SaaS, COTS products and hosting environment details. The document will include architectural tradeoffs using the Architecture Tradeoff Analysis Method (ATAM) method or other suitable method for evaluating the proposed platform architecture relative to the enterprise goals to identify risks that would inhibit the achievement of Agency's business goals.	Yes								
Documentation	DOC22	The Contractor shall develop and maintain a Defect Management Plan that describes the process of submitting, monitoring and resolving defects. The plan will detail the following: a. Approach and tools utilized to assign, identify, prioritize, track, resolve, and test system defects. b. Approach to defect severity categorization using an industry standard methodology. c. Approach to reporting and documenting defects. d. Describe how the Contractor will work collaboratively with other State healthcare programs enterprise vendors. e. Describe the defect management processes related to all test types and levels in the RFP (e.g., the relationship between defect resolution and the coordinated test case execution). f. Describe the defect management processes after implementation.	Yes								
Documentation	DOC24	The Contractor shall submit and maintain a Staffing Plan as part of the Project Management Plan. The Staffing Plan must include: a. Identify the roles and responsibilities by resource type throughout all phases of the contract, including identifying key and non-key personnel as well as FTE allocation for all personnel. b. Staffing Levels (estimated by resource type by phase for the duration of the project) to be reported in the Resource Allocation Matrix. c. Detail how the staffing levels shall achieve consistent, dependable service regardless of changes that may influence work volume. d. Detail differentiated by Proposer staff, subcontractor staff, if applicable, and State project staff. e. Identify total hours to be expended, per phase or effort, and for the entire project, by Proposer staff and by State project staff. f. Tools and processes used to screen available staff and fill positions.	Yes								
Documentation	DOC26	The Contractor shall develop, submit and maintain a Master Test Plan that describes the Contractor's plan for all testing activities, processes, types and levels. Testing must be as automated and self-documenting as possible (e.g., continuous unit testing). At a minimum, the Master Test Plan must address the following: a. Overall testing strategy for the following testing types: unit testing, system testing, integration testing, regression testing, parallel testing, performance and load testing, manual and automated and/or scripted testing, disaster recovery and end-to-end integration testing of COTS products if any. b. Approach to planning and preparing the test/staging environment c. Approach to conducting each test level. d. Approach for supporting UAT. e. Approach for testing nonfunctional requirements. f. Approach to test documentation (e.g., test cases, test scripts, test case matrices added as design progresses). g. Approach to quality control/quality assurance. h. Approach to bi-traceability to requirements and design. i. Tools, techniques, and methods. j. Reporting mechanisms, traceability and metrics. k. Defects and defects resolution. l. Entrance and exit criteria for each test level including alignment with industry standards.	Yes								

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Documentation	DOC28	The Contractor shall develop in collaboration with the Department, a System Test Plan that describes the Contractor's System Testing approach and includes at a minimum the following: a.Test Coverage b.Walkthroughs and Inspections c.Test Data Considerations d.Entrance Criteria e.Exit Criteria f.Configuration Management g.Testing Documentation h.Process Steps i. Inputs to System Testing j. Outputs for System Testing k.Metrics l. Pass/Fail Criteria m.Suspension Criteria and Resumption requirements	Yes								
Documentation	DOC29	The Contractor shall provide during the initiation phase of the project and maintain throughout the project, system documentation that at a minimum includes: • A description of each component, their purpose, including basic functions and the business areas supported • User stories/use cases • Screen layouts, report layouts, and other output definitions, including examples and content definitions • Physical database design • A module system diagram, including all components, identifying all business process diagrams, data flows, systems functions, and their associated data storage • Configurations • Job streams within each module, identifying programs, inputs and outputs, control, job stream flow, operating procedures, and error and recovery procedures. • A network schematic showing all network components and technical security control • Listing of the edits and audits applied to each input item and the corresponding error messages. • As applicable, listing and description of all control reports • Interface Control Documents • Narrative descriptions of each of the reports and an explanation of their use must be presented.	Yes								
Documentation	DOC37	At least twelve (12) months before the start of the final Contract year (including option years that have been exercised) the Contractor shall provide, a Turnover Plan to the Department. The Plan will include: a. Proposed approach to turnover. b. Tasks and subtasks for turnover. c. Schedule for turnover. d. Updated operational tasks and procedures during turnover. e. Description of vendor coordination activities that will occur during the turnover task and implementation of the activities to ensure continued system and services as deemed necessary by the Department. f. List of incomplete tasks, such as system defects, modifications or enhancements, mass adjustments, reference updates, and configuration requests. g. A detailed description of the services that would be required by another Contractor to fully take over system, technical, and business functions outlined in the Contract. The description shall also include an estimate of the number and type of personnel required to support the technical platform and supporting services. h. The data and documentation shall be organized in a format required by the State (e.g., by provider	Yes								

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Documentation	DOC38	The Risk Management portion of the Project Management Plan must describe at a minimum: a. Proactive identification and analysis of risks before they become issues. b. Development of risk avoidance, transfer, mitigation or management strategies. c. Approach to monitoring, communicating, reporting of risk status including procedures for documenting, resolving, and reporting issues and risks identified by the Contractor, the Department or other project contractors. d. Approach to root cause analysis. e. The appropriate methods, tools, and techniques for active and ongoing identification and assessment of project risks.	Yes								
Documentation	DOC39	The Contractor shall develop comprehensive Desk Level Procedures which provide guidelines for the operation and use of the Contractor's solution. At minimum the Desk Level Procedures shall contain policies, processes and workflows for the MPATH module.	No								
Documentation	DOC40	The Issues Management Plan portion of the Project Management Plan must describe at a minimum: a. Approach to issue management. b. Issue management process steps including: -Approach to prioritizing, tracking, escalating, communicating, reporting issues -Approach to documenting, reporting, and resolving issues identified by the Contractor, the Department or other module contractors. -Approach to impact analysis. c. Tools, and techniques for active and ongoing identification and monitoring of project issues. d. Roles and responsibilities. e. Describe how issues will be quantified and qualified.	Yes								
Documentation	DOC41	The Contractor shall provide a Deliverable Expectations Document (DED) for each deliverable that describes the purpose, content, applicable MECT minimum required content and industry standards (e.g., PMI, IEEE/ISO, CMS XLC) that are satisfied for each Deliverable. Each DED is a deliverable.	Yes								
Documentation	DOC42	The Contractor shall develop a comprehensive Operations Procedure Manual which shall provide guidelines for the operation and use of the module and/or module component(s). At minimum the Operations Procedure Manual shall contain policies, processes and workflows for the module and/or module component(s).	Yes								
Documentation	DOC44	The Contractor shall maintain Attachment L- Technology Matrix, and deliver annually for the Department for review.	Yes								
Documentation	DOC46	The Contractor shall provide a User Interface Style Guide or equivalent document defining the design standards for user interfaces. The User Interface Style Guide must demonstrate how the solution meets the most current MECT user interface requirements including: a. User ability to customize or make adjustments (e.g. language support, font size) to portal presentation. b. Users utilizing scripting languages and/or assistive technology have the ability to access the information, field elements, and functionality required for electronic form or page completion and submission including directions and cues. c. User Interface organization so documents are readable without requiring an associated style sheet. d. User Interfaces identifying row and column headers for data tables. e. User Interfaces informing users when a timed response is required and given sufficient time to indicate more time is required. f. User Interfaces providing a method that permits users to skip repetitive navigation links. g. User Interfaces provide text titles for frames to facilitate frame identification and navigation.	Yes								

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Documentation	DOC50	The Contractor shall develop a Module Implementation Plan in conjunction with the State that describes, at a minimum: a. The rollout approach, including phased implementation, if necessary. b. Overall integration approach c. Approach to continuous integration of other modules or data from other data providing entities. d. Integration Testing, including coordination procedures with System Integrator, other modules, other stakeholders and vendors. e. Approach to continuous integration of other modules or data from other data providing entities. f. The proposed implementation schedule. g. The rollback strategy. h. Communication and Contractor support procedures. i. Contractor and State roles and responsibilities	No								
Documentation	DOC51	The Contractor shall develop and submit a Training Plan that, at a minimum, addresses the following: a. Summary of the Contractor's training approach that focuses on methodology, objectives, and desired outcomes. b. Training needs analysis, including an assessment of the target audience and their knowledge and skills. c. Recommendations on type and delivery approach based on training needs analysis. d. Summary of proposed training materials and documentation in addition to hands-on training. e. Approach to maintaining training documentation and accompanying materials. f. Approach to providing training necessary to support new functionality and/or major software releases that materially change the user interaction. g. Approach for incorporating feedback to improve training effectiveness over the life of the Contract. h. Training schedule to be approved by the agency	No								
ECM	ECM01	The Contractor will configure, support and maintain Enterprise Content Management (ECM) functionality (including Document Management, Workflow, OCR/ICR) to meet the business needs of the State's enterprise.	Yes								

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ECM	ECM02	The Contractor's ECM solution must be able to support all common document types (i.e., Word, PDF, Visio, Excel, PowerPoint, TIFF, and JPEG) and must integrate seamlessly with the most common document viewing and editing tools used by the Department.	Yes								
ECM	ECM03	The Contractor's ECM solution must allow users to access documents from any platform with all core features available across platforms (desktop, web, mobile). The ECM must allow users to view all documents and images without the use of plug-ins.	Yes								
ECM	ECM04	The Contractor's ECM solution must support role-based control and access of documents, as well as including the following: a. Granular authorizations for access, preview, editing and sharing. b. Automatic access expirations for documents deemed sensitive by the Department. c. Content security policy enforcement, such as unusual document access activity and sharing of documents with sensitive information of uploads/downloads of prohibitive data.	Yes								
ECM	ECM05	The Contractor's ECM solution must include a flexible search engine, including document and content search capabilities.	Yes								

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ECM	ECM06	The Contractor's ECM solution must allow users to associate metadata with documents.	Yes								
ECM	ECM07	The Contractor's ECM solution must support simple integration with scanning solutions (support for bulk scanning).	Yes								
ECM	ECM08	The Contractor's ECM solution must support version control.	Yes								
ECM	ECM09	The Contractor's ECM solution must be configurable to comply with the Department's document retention policies.	Yes								

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ECM	ECM11	The Contractor's ECM solution must scan all uploaded documents for viruses prior to storage.	Yes								
ECM	ECM12	The Contractor's solution shall be able to index, link and display incoming correspondence or uploaded documentation with the entity record.	Yes								
ECM	ECM13	The Contractor's solution shall send all documentation to the Systems Integration Services module for storage in the centralized ECM.	Yes								
ECM	ECM15	The Contractor's solution shall accept, record, store, and retrieve freeform or HIPAA attachment documents submitted with or in reference to claim submission activity (e.g. operative reports, occupational, physical, and speech therapy reports, durable medical equipment and warranty data, manufacture's tracking data for implants, waivers and demonstration specific requirements).	Yes								

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ECM	ECM17	The Contractor's solution shall have an integrated electronic document management solution to meet the business needs of the State's healthcare program enterprise.	No								
ECM	ECM18	The Contractor's ECM solution must support event based document workflows with configurable reviews/approvals (e.g., work type, role, priority, dollar amount) with the ability to collect digital signatures.	Yes								
Edits, Processing, and Adjustments	EPA01	The Contractor's solution shall receive, store with encryption, maintain, and index all imaged documents. Imaged documents shall be indexed with sufficient metadata to allow users to search and retrieve images and easily differentiate between similar documents.	No								
Edits, Processing, and Adjustments	EPA02	The Contractor's shall provide the ability to automatically suspend claims based on configurable business rules (e.g., inactive eligibility, one day-specific eligibility, nursing home span, attachment) including the ability to cycle claims for adjudication automatically when criteria is met as defined by the Agency	No								

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Edits, Processing, and Adjustments	EPA03	The Contractor's solution shall have the ability to receive service authorizations for services to be performed by specific and non-specific providers.	No								
Edits, Processing, and Adjustments	EPA04	The Contractor shall adhere to data retention requirements cited in 45 CFR 164.316 and State specific policies. The Agency may require a longer retention period on an exception basis to support ongoing business needs (e.g., TPL recovery and drug rebate).	No								
Edits, Processing, and Adjustments	EPA05	The Contractor's solution shall adjudicate all claims transactions and apply edits based on configurable business rules (e.g., Duplicate Checking Edits, History Checking Edits, Bundling Edits, Payment Error Rate Measurements (PERM) Audit Support, Edits based on trend analysis against claims history, NCCI / MUE – Medically Unlikely Edits, NCCI / PTP – Procedure to Procedure Edits, Edits for CPT4 to HCPCS Relationship, Maximum allowable units by Revenue Code/HCPCS relationship, Limit checks for client accumulators such as dollar and units limits reached monthly, annual, and lifetime, diagnosis codes to procedure code relationships, service authorizations, age, gender, eligibility, provider type/specialty, category of service) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA06	The Contractor's solution shall process all claims transactions using edits and business rules during adjudication to validate transactions against service authorization(s), track utilization (e.g., authorized vs. used) and post edits if there are duplicate service authorizations or one or more service authorizations that conflict with each other as defined by the Agency.	No								

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Edits, Processing, and Adjustments	EPA07	The Contractor's solution shall provide the ability to reprocess a claim transaction that has suspended due to a service authorization edit once the service authorization has been modified.	No								
Edits, Processing, and Adjustments	EPA08	The Contractor's solution shall have the ability to automatically reprocess claims (e.g., paid, denied, suspended) based on Agency configurable business rules (e.g., new/updated eligibility, TPL, benefit plan changes, aid category changes, rate updates, date of death, member liability, new/updated service authorization, edit resolution).	No								
Edits, Processing, and Adjustments	EPA09	The Contractor's solution shall support electronic forms needed for proper claims processing and ensure the form is matched to the submitted claim.	No								
Edits, Processing, and Adjustments	EPA10	The Contractor's solution shall include a validation feature that performs configurable real-time front-end editing prior to claim submission, prevent further processing for claims that fail the front-end edits (e.g., active provider enrollment, valid revenue codes, procedure codes, and diagnosis codes) as defined by the Agency.	No								

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Edits, Processing, and Adjustments	EPA11	The Contractor's solution shall retain the relationship between the service authorization and any claim adjudicated against the service authorization, as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA12	The Contractor's solution shall capture, store, maintain, and display the status of each claims transaction (e.g., as suspended, paid, denied, to be paid, to be denied) based on Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA13	The Contractor's solution shall enforce timely filing requirements using configurable business rules as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA14	The Contractor's solution shall provide the capability for Agency staff to mass adjust claims based on specific criteria and allow for edits to be bypassed as defined by Agency. At the direction of the Agency the Contractor's must perform the requested mass adjustment using the Agency's specific criteria.	No								

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Edits, Processing, and Adjustments	EPA15	The Contractor's solution shall provide searchable options that are applicable to specific business rules including but not limited to: client, provider, benefits, reference data, claims processing, prior authorization, third party liability (TPL), and financial, as defined by Agency	No								
Edits, Processing, and Adjustments	EPA16	The Contractor's solution shall optimize the processing steps for working suspended claims to maximize user efficiency and meet or exceed claim suspension service level agreements.	No								
Edits, Processing, and Adjustments	EPA17	The Contractor's solution shall accept attachments through the following mechanisms: fax, mail, electronic upload via the online provider portal. Additionally the Contractor's solution shall accept attachments via standard HIPAA transaction formats or any standard healthcare delivery methods.	No								
Edits, Processing, and Adjustments	EPA18	The Contractor's solution shall provide a base set of effective dated claims edits, audits, and rules for Agency use and maintain a version history of rules.	No								

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Edits, Processing, and Adjustments	EPA19	The Contractor's solution shall create, store, and maintain configurable edits and audits (e.g., member groups, benefit plan, age, region, claim type, procedure, provider type and/or specialty, provider taxonomy, tooth number, modifiers, benefit plan or lock-in or lock-out) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA20	The Contractor's solution shall identify and deny or suspend duplicate or suspected duplicate claims across all claims transactions (e.g., fee for service, encounter) submitted by all enrolled providers, organizations, MCOs based on configurable business rules as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA21	The Contractor's solution shall process and adjudicate all claims transactions using configurable business rules (e.g., bundle vs. unbundled, suspect or exact duplicates, invalid tooth number, age vs. procedure, category of eligibility vs. procedure, mutually exclusive, incidental, emergent visits) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA22	The Contractor's solution shall receive, process, and store encounter data from a variety of sources (e.g., Managed Care Health Plans, NEMT vendors) based on configurable business rules.	No								

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Edits, Processing, and Adjustments	EPA23	The Contractor's solution shall, using configurable business rules, automatically review suspended claims based on Agency defined timeframes. The priority for these claims will systematically increase and where appropriate be automatically escalated for additional evaluation. All claims shall be electronically tracked until the claim is finalized.	No								
Edits, Processing, and Adjustments	EPA24	The Contractor's solution shall automatically identify missing claims attachments (e.g., required forms, reporting, medical records) and automatically search the document repository for relevant documentation (e.g., a document associated to the member and service type for the attachment) and associate the document with the claim.	No								
Edits, Processing, and Adjustments	EPA25	The Contractor's solution shall allow for user friendly manual entry of claims and adjustments by Contractor's and Agency staff.	No								
Edits, Processing, and Adjustments	EPA26	The Contractor's solution shall identify, store, and display and report all edits, audits, and exceptions (error codes) applied to the claim during processing and provide viewable audit trail for all edits and exceptions that are applied to a claim as it is processed, as defined by the Agency.	No								

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Edits, Processing, and Adjustments	EPA27	The Contractor's solution shall create notification for requesting and performing providers, case managers, authorized users and participants of service authorization activity, as defined by the Agency	No								
Edits, Processing, and Adjustments	EPA28	The Contractor's solution shall adjudicate and finalize claims at a frequency (e.g., real-time, near-real-time processing, and batch processing where appropriate and/or necessary) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA29	The Contractor's solution shall identify and utilize third-party and/or Medicare coverage/payments at the header or line level to pay (e.g., pay in full, pay reduced amount, pay at zero, or pay coinsurance and deductible) or deny as defined by Agency business rules.	No								
Edits, Processing, and Adjustments	EPA30	The Contractor's solution shall process all claims transactions utilizing specific information contained in a benefit plan (e.g., member's healthcare coverage, provider, procedure/service, cost share, diagnosis) using Agency defined configurable business rules.	No								

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Edits, Processing, and Adjustments	EPA31	The Contractor's solution shall identify, rollback/recover, reprocess and report on all claims transactions processed in error (e.g., system malfunction, sending or receiving error, Contractor's error) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA32	The Contractor's solution shall provide the ability to process claims with Medicaid-covered, non-covered and non-healthcare services (e.g., DME, transportation, EPSDT, home modifications, waiver services) as defined by Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA33	The Contractor's solution shall provide the capability to waive timely filing on claims based on Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA34	The Contractor's solution shall accept, validate, and process all current and future approved HIPAA ASC X12 transactions from covered entities (e.g., health plans, health care clearinghouses, billing companies, trading partners, and health care providers)	No								

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Edits, Processing, and Adjustments	EPA35	The Contractor shall have an online solution for providers to complete submission of claim transactions with efficient keying of claims without requiring additional keystrokes such as slashes, dashes or double entry (e.g., allow providers to submit individual and/or batch claims file, allow providers to submit through direct data entry, allow providers to submit adjustments, voids, replacements, and corrections to existing claims as well as resubmissions of denied claims, allow providers to submit service authorization requests, allow providers to submit required participant attachments, forms, and requests for information, including the ability to submit supporting claims documentation, allow providers to review upfront validation of claims data at the point of entry by the billers, and allow for necessary correction) and allow for any additional types of submissions as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA36	The Contractor's solution shall accept and process all current and future paper claim types (e.g.,, CMS 1500 (Professional Claim form), UB04 (Institutional Claim), ADA (Dental Claim) and paper adjustments as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA37	The Contractor's solution shall display claims and associated documents which shall be searchable and printable as defined by the Agency	No								
Edits, Processing, and Adjustments	EPA38	The Contractor's solution shall allow manual override of edits that do not suspend for manual intervention based on the Agency's configurable business rules.	No								

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Edits, Processing, and Adjustments	EPA39	The Contractor's solution shall have the ability to configure edit dispositions (i.e. deny, pay, pay and report, suspend, and super-suspend), as defined by the Agency's configurable business rules.	No								
Edits, Processing, and Adjustments	EPA40	The Contractor's solution shall provide the capability to apply and maintain edits and pricing rules for EPSDT related services or Agency defined name for a EPSDT program.	No								
Edits, Processing, and Adjustments	EPA41	The Contractor's solution shall allow manual (e.g., force, deny, clear edit, super-suspend) and system overrides, and bypass criteria for edits on an individual claim or batch of claims including the source of the override as part of each individual claim record.	No								
Edits, Processing, and Adjustments	EPA42	The Contractor's solution shall receive, store, maintain, display, and use current and support all future versions of the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules (CORE) standards: Claim Adjustment Group Codes (CAGC), Claim Adjustment Reason Code (CARC), and Remittance Advice Remark Code (RARC).	No								

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Edits, Processing, and Adjustments	EPA43	The Contractor's solution shall provide the ability to view summary level claim information for a member. Users shall have the ability to view utilization by service type (e.g., dental, vision, therapy), the ability to view header and line level edits, including the ability to filter the claims (e.g., date of service, date of payment, claim status, provider type, claim type, rendering provider, pay-to provider) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA44	The Contractor's solution shall have the ability to create, receive, maintain, and issue service authorizations for service(s) to be provided to a member with or without a specified provider using configurable business rules (e.g., service type) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA45	The Contractor's solution shall provide a service/prior authorization process that is flexible (e.g. across numerous programs, benefit plans, external systems interfaces, claim types, and services).	No								
Edits, Processing, and Adjustments	EPA46	The Contractor's solution shall provide the ability to generate claim based event notifications to providers of required action (e.g., provide missing attachments) based on their preferred method of communication. The frequency (e.g., once per adjudication cycle) and content of the notification must be aggregated into a single event and configurable by the Agency.	No								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Edits, Processing, and Adjustments	EPA47	The Contractor's system shall have the capability to create and maintain and configurable set of work queues to support the routing and assignment of suspended claims based on edits using Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA48	The Contractor's solution shall automatically reprocess suspended transactions after any modification(s) or edit resolution(s) based on Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA49	The Contractor's solution shall adjudicate claims transactions against all identified member third-party payer benefits (e.g., primary, secondary, tertiary). The Contractor shall ensure all third-party payer benefits are exhausted prior to billing Medicaid.	No								
Edits, Processing, and Adjustments	EPA50	The Contractor's solution shall have the ability to create, receive, update, and store member Third Party Liability (TPL) information (e.g., primary, secondary, tertiary) as defined by the Agency.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Edits, Processing, and Adjustments	EPA51	The Contractor's solution shall support coordination of benefits pricing and editing when TPL sources such as Medicare, private, commercial, or other insurance is present, based on Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA52	The Contractor's solution shall capture, track, maintain, store, and report claims processing and payment information based on configurable business rules (e.g. service category, provider type, submission date, entry date, claim input media, adjudication date, payment date) and Federal requirements as defined by the Agency	No								
Edits, Processing, and Adjustments	EPA53	The Contractor's solution shall capture, track, maintain, store, and report claims processing and payment information based on configurable business rules (e.g. service category, provider type, submission date, entry date, claim input media, adjudication date, payment date) to validate requirements contained in 42 CFR 447.45.	No								
Edits, Processing, and Adjustments	EPA54	The Contactor's solution shall adjudicate claims transactions and edit against provider enrollment status based on Agency defined configurable business rules.	No								

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Matrix of Requirements											
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Edits, Processing, and Adjustments	EPA55	The Contactor's solution shall identify all claims in the adjudication cycle by billing provider, group by claim status (e.g., paid, denied, suspended, adjusted) and generate a remittance or downloadable remittance using a current or future HIPAA standard format following CAQH core operating rules.	No								
Edits, Processing, and Adjustments	EPA56	The Contractor's solution shall have the ability to automatically and/or manually configure an edit to process claims or adjustments for a specific event (e.g., retroactive rate adjustment) or group of claims (e.g., edit, batch, provider type, member, claim type) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA57	The Contractor's web portal real-time direct data entry claims solution shall support the creation and maintenance of provider type specific claim templates for recurring billing (i.e., roster billing to allow institutional or residential service providers to create a template with multiple members for monthly billing, enter patient days, generate and submit claims, recall the template, add or remove members or service authorization numbers, and generate claims for the next month, recall a specific claim from the template for adjustment/void) and provide notification to the provider via secure inbox if a template is not regenerated within a timeframe defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA58	The Contractor's solution shall assign each claims transaction, adjustment, and void a unique identification number (i.e. ICN or TCN). The unique ID must be assigned to each claim and associated attachment pr to adjudication.	No								

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Matrix of Requirements											
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Edits, Processing, and Adjustments	EPA59	The Contractor's solution shall process claims adjustments and voids; maintain the original claim and list all adjustments and voids to allow users to easily view the claim processing history as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA60	The Contractor's solution shall have the ability to edit new claims against prior history of adjudicated an process claims (e.g., once in a lifetime service limits, cumulative limits, duplicates) using Agency's defir configurable business rules.	No								
Edits, Processing, and Adjustments	EPA61	The Contractor's solution shall, in the absence of required information (i.e. missing attachment) and afte multiple adjudication cycles over a timeframe defined by Agency, auto-deny the edit and process the claim.	No								
Edits, Processing, and Adjustments	EPA62	The Contractor's solution shall have the ability for users to manually route suspended claims to work queues based on Agency defined business rules.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Edits, Processing, and Adjustments	EPA63	The Contractor's solution shall have the ability to automatically route suspended claims to work queues based on Agency defined business rules.	No								
Edits, Processing, and Adjustments	EPA64	The Contractor's solution shall create, maintain, store, and display a configurable crosswalk (e.g., procedure codes, diagnosis codes, benefit plans) to define valid/invalid combinations as defined by Agency.	No								
Edits, Processing, and Adjustments	EPA65	The Contractor's solution shall allow for a configurable edit disposition (i.e., retain all, none, or selected prior edit dispositions) on a claim adjustment (e.g., mass adjustment, individual claim adjustment) to finalized claims.	No								
Edits, Processing, and Adjustments	EPA66	The Contractor's solution shall have the ability to override an auto-deny edit prior to adjudication and the ability to retain the override when a claim is adjusted, and allow for all original edits on an adjustment to be retained and overridden as defined by the Agency	No								

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Matrix of Requirements											
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Edits, Processing, and Adjustments	EPA67	The Contractor's solution shall provide online, real-time claims processing functionality to allow authorized users to override certain edit and audit errors, the application of which must be reflected in the audit trail.	No								
Edits, Processing, and Adjustments	EPA68	The Contractor's business rules engine shall be configurable for users to define alerts, notifications, and claim processing business rules.	No								
Edits, Processing, and Adjustments	EPA69	The Contractor's solution shall provide the ability to configure business rules to be date-specific (e.g., d added, date modified, start date, end date, and effective date) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA70	The Contractor's solution shall provide a complete claims audit trail to track, report, and display all actio made to a claim by the system or a user, including the date of each action and processing step.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Edits, Processing, and Adjustments	EPA71	The Contractor's solution shall maintain all data from the adjudication of each claims transactions, as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA72	The Contractor's shall suspend claims for manual review or automated reprocessing based on edits that post using configurable business rules.	No								
Edits, Processing, and Adjustments	EPA73	The Contractor's solution shall provide, maintain, store, and display a configurable edit hierarchy for all claims transactions and apply the hierarchy during claims adjudication.	No								
Edits, Processing, and Adjustments	EPA74	The Contractor's solution shall receive, maintain, store, and display claims transactions data included in service authorization based on configurable business rules as defined by the Agency.	No								

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Matrix of Requirements											
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Edits, Processing, and Adjustments	EPA75	The Contractor's solution shall identify, maintain, store, display and report the status of all service authorization requests (e.g., approved, denied, in process) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA76	The Contractor's solution shall support TPL cost avoidance during the claims adjudication process as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA77	The Contractor's solution shall have the ability to adjudicate all claims transactions against one or more service authorization limits (e.g., units, dollars, date ranges, procedures, provider) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA78	The Contractor's solution shall create and maintain work queues for adjudicated claims with TPL information identified for members without active TPL for the carrier reported on the claim and automatically produce inquiries to the member and billing provider using their preferred method of communication.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Edits, Processing, and Adjustments	EPA79	The Contractor's solution shall configure, support, and maintain all claims business rules (e.g., add, modify, or remove/retire rules) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA80	The Contractor's solution shall have the ability to apply claims edits based on a provider's role (e.g., rendering, attending, treating, ordering, referring, prescribing, billing, and pay to).	No								
Edits, Processing, and Adjustments	EPA81	The Contractor's solution shall provide searchable options that are applicable to specific business rules (e.g., member, provider, benefits, reference data, claims processing, prior authorization, third party liability (TPL), financial) as defined by Agency	No								
Edits, Processing, and Adjustments	EPA82	The Contractor's solution shall provide an efficient claims resolution process by presenting the information necessary to work the edit in the edit work item and minimizing the number of navigation steps or the n to view multiple screens.	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Edits, Processing, and Adjustments	EPA83	The Contractor's solution shall provide spenddown editing and accumulation processing as defined by Agency configurable business rules. Additionally, the solution shall maintain information including the dollar amount accumulated toward the spenddown amount, and information identifying all claims applied to the spenddown amount for each eligibility span period.	No								
Edits, Processing, and Adjustments	EPA84	The Contractor's solution shall provide a cutback processing for services limited (e.g., pre-certification/prior authorization, dollar amount, additional ancillary services) as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA85	The Contractor's solution shall provide, as part of the adjustment request, the ability to record a detailed description of the reason for performing adjustments (e.g. mass adjustments, individual adjustments, history only adjustments). Additionally this description shall link to all affected claims/encounters and a Agency staff inquiry.	No								
Edits, Processing, and Adjustments	EPA86	The Contractor's solution shall provide the ability to generate adjustment notifications (e.g., mass adjustment, gross adjustment, history adjustment, individual adjustment) for user requested adjustments to the Agency user based on Agency defined configurable business rules.	No								

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Edits, Processing, and Adjustments	EPA87	The Contractor's solution shall provide the ability for the adjustment (e.g. mass adjustment, individual adjustment, history only adjustment) process to maintain claim specific recoupments as specified by Agency configurable business rules.	No								
Edits, Processing, and Adjustments	EPA88	The Contractor's solution shall provide the ability to update applicable systems after data validation and processing of claims as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA89	The Contractor's solution shall perform real-time edits (e.g., member, date of service, service/supply code) against pharmacy DME claims to prevent duplicate claim submission based on Agency defined configurable business rules.	No								
Edits, Processing, and Adjustments	EPA90	The Contractor's solution shall reprocess suspended claims transactions based on configurable business rules by edit type as defined by the Agency (e.g., system cycle frequency, total number of days before the claim is finalized, suspense location/work queue).	No								

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Edits, Processing, and Adjustments	EPA91	The Contractor's solution shall have the ability to view from the claim, the service authorization details u for adjudication, as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA92	The Contractor's solution shall have the ability to view from the service authorization all (e.g., paid, denied adjustments, suspended) claims adjudicated against the service authorization, as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA93	The Contractor's solution shall edit medical claims against adjudicated pharmacy claims transactions from the pharmacy system to ensure that the service or product (e.g. DME) has not already been paid on a pharmacy claim using configurable business rules as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA94	The Contractor's solution shall receive, store, maintain, and display Explanation of Benefit (EOB) codes, adjustment reason codes, and exception codes. Additionally the Contractor will map these codes to their respective CAQH CORE standard codes for processing X12 transactions (e.g., 837, 835.) The Contractor's solution shall support configuration for valid values for both of these code sets and support standard values for X12 837 and X12 835 files.	No								

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Edits, Processing, and Adjustments	EPA95	The Contractor's solution shall have the ability to override the approved premium payment amount as defined by the Agency.	No								
Edits, Processing, and Adjustments	EPA96	The Contractor's solution shall update cost and unit balances to applicable service authorizations on a claim during the claims adjudication process.	No								
Federal Reporting	FDRP01	The Contractor's solution shall maintain, track, and report claims data (e.g., prompt payment of clean claims, claims inventory) to support compliance with 42 CFR 447.45	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP02	The Contractor's solution shall track, maintain, and report recoveries for the federal share of overpayments to support compliance with 42 CFR 433.320.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP03	The Contractor's solution shall create, update, store, and maintain required and supplemental information to identify and group all claims transactions and non-claim transactions for completion of specified federal and state report (e.g. CMS-64 report) per Agency defined criteria.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP04	The Contractor's solution shall have the ability to gather, store, and report data, as required by CMS specification, for T-MSIS (Medicaid Statistical Information System) data reporting.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP05	The Contractor's solution shall have the ability to meet all Agency and federal reporting guidelines, requirements, and periodicity. Any new CMS reporting requirements must be accommodated at no additional cost to Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP06	The contractor's solution shall have the ability to provide data to the State to satisfy the federal MARS reporting requirement.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP07	The Contractor's solution shall have the ability to produce CMS 64 (MAR) report as specified by Agency	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP08	The Contractor's solution shall have the ability to produce CMS 21 (MAR) report as specified by Agency	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP09	The Contractor's solution shall have the ability to produce CMS 21e and CMS 64ec (MAR) statistical eligibility reports.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP10	The Contractor's solution shall have the ability to support Health Check edits and reporting on fee for service and encounter claims as required by DCH and CMS (CMS-416 report). The Contractor must provide CMS-416 interface extracts to third party contractors as required by DCH.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP100	The Contractor's solution shall have the ability to produce Claim Details by Member Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP101	The Contractor's solution shall have the ability to produce Disease Global View report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP102	The Contractor's solution shall have the ability to produce Disease Quick View report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP103	The Contractor's solution shall have the ability to produce Distribution Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP104	The Contractor's solution shall have the ability to produce Inpatient Claim Details By Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP105	The Contractor's solution shall have the ability to produce Inpatient Claim Details By Provider Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP106	The Contractor's solution shall have the ability to produce Inpatient Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP107	The Contractor's solution shall have the ability to produce Member Case Group Ranking Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP108	The Contractor's solution shall have the ability to produce Member Case Type Comparison by Peer Group report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP109	The Contractor's solution shall have the ability to produce Member Case Type Comparison by Peer Group Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP11	The Contractor's solution shall supplement into T-MSIS data from outside sources if required (e.g. Capitation payment records from enrollment process, Eligibility characteristic data from eligibility intake process, Medicaid services processed by non-MMIS State departments, such as mental health services, Utilization based on Managed Care encounters) as defined by the Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP110	The Contractor's solution shall have the ability to produce Member Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP111	The Contractor's solution shall have the ability to produce Member Frequency Distribution report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP112	The Contractor's solution shall have the ability to produce Member Frequency Distribution Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP113	The Contractor's solution shall have the ability to produce Member Peer Group Comparison report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP114	The Contractor's solution shall have the ability to produce Member Peer Group Comparison Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP115	The Contractor's solution shall have the ability to produce Member Profile report as specified by Agency	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP116	The Contractor's solution shall have the ability to produce Member Profile Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP117	The Contractor's solution shall have the ability to produce Nursing Facility Claim Details by Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP118	The Contractor's solution shall have the ability to produce Nursing Facility Claim Details by Provider Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP119	The Contractor's solution shall have the ability to produce Nursing Facility Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP12	The Contractor's solution shall have the ability to provide data to the State to satisfy reporting requirements (e.g., SURS, EPSDT, MARS, TMSIS) as defined by the Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP120	The Contractor's solution shall have the ability to produce Nursing Facility Provider Profile report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP121	The Contractor's solution shall have the ability to produce Outpatient Claim Details By Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP122	The Contractor's solution shall have the ability to produce Outpatient Claim Details By Provider Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP123	The Contractor's solution shall have the ability to produce Outpatient Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP124	The Contractor's solution shall have the ability to produce Pharmacy Claim Details by Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP125	The Contractor's solution shall have the ability to produce Pharmacy Claim Details by Provider Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP126	The Contractor's solution shall have the ability to produce Pharmacy Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Federal Reporting	FDRP127	The Contractor's solution shall have the ability to produce Professional Claim Details By Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP128	The Contractor's solution shall have the ability to produce Professional Claim Details by Provider Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP129	The Contractor's solution shall have the ability to produce Professional Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP13	The Contractor's solution shall have the ability to meet federal and state TPL reporting requirements as defined by the Agency.	No	Yes	Option C - Federal Reporting						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP130	The Contractor's solution shall have the ability to produce Professional Referrals Claim Details By Prov report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP131	The Contractor's solution shall have the ability to produce Professional Referrals Claim Details By Prov Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP132	The Contractor's solution shall have the ability to produce Professional Referrals Exception Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP133	The Contractor's solution shall have the ability to produce Provider Case Group Ranking Quarterly repo as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP134	The Contractor's solution shall have the ability to produce Provider Case Type Comparison by Peer Grou Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP135	The Contractor's solution shall have the ability to produce Provider Case Type Comparison by Peer Grou Yearly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP136	The Contractor's solution shall have the ability to produce Provider Frequency Distribution report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP137	The Contractor's solution shall have the ability to produce Provider Frequency Distribution Quarterly rep as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP138	The Contractor's solution shall have the ability to produce Provider Peer Group Comparison report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP139	The Contractor's solution shall have the ability to produce Provider Peer Group Comparison Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP14	The contractor's solution shall have the ability to provide data to comply with CMS TMSIS data reporting guidelines and its timelines (e.g., Eligible, OT(Other), IP(Inpatient), RX(Pharmacy), LTC(Long Term Care), TPL, Provider and Managed Care) and incur no additional costs for future enhancements as defined by the Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP140	The Contractor's solution shall have the ability to produce Provider Profile report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP141	The Contractor's solution shall have the ability to produce Provider Profile Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP142	The Contractor's solution shall have the ability to produce Balance Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP143	The Contractor's solution shall have the ability to produce Case Group Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP144	The Contractor's solution shall have the ability to produce Case Type Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP145	The Contractor's solution shall have the ability to produce Peer Group Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP146	The Contractor's solution shall have the ability to produce SUR case type reports as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP147	The Contractor's solution shall have the ability to produce SURProfiler Member Peer Group Not Used report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP148	The Contractor's solution shall have the ability to produce SURProfiler Member Peer Group Usage report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP149	The Contractor's solution shall have the ability to produce SURProfiler Provider Peer Group Not Used report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP15	The Contractor's solution shall have the ability to produce the CMS 21 Expenditures Processed Through MMIS System report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP150	The Contractor's solution shall have the ability to produce SURProfiler Provider Peer Group Usage report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP151	The Contractor's solution shall have the ability to produce Chi Square Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP152	The Contractor's solution shall have the ability to produce CT Scans or MRI With No Specialty report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP153	The Contractor's solution shall have the ability to produce Diagnosis Codes by Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP154	The Contractor's solution shall have the ability to produce Trend by Rendering Provider report as specif by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP155	The Contractor's solution shall have the ability to produce CMO Chi Square Report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP156	The Contractor's solution shall have the ability to produce CMO Early Warning Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP157	The Contractor's solution shall have the ability to produce COS Quarterly Ranking report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP158	The Contractor's solution shall have the ability to produce Claim Error Status Detail report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP159	The Contractor's solution shall have the ability to produce Claim Error Status Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP16	The Contractor's solution shall have the ability to produce the CMS 64 Expenditures Processed Through MMIS System report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP160	The Contractor's solution shall have the ability to produce Early Warning Report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP161	The Contractor's solution shall have the ability to produce Excessive Hours Per Day report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP162	The Contractor's solution shall have the ability to produce Few Procedure Codes Billed report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP163	The Contractor's solution shall have the ability to produce Home Hospital Conflict report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP164	The Contractor's solution shall have the ability to produce Member Lock-In Activity report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP165	The Contractor's solution shall have the ability to produce Member Narcotics Exception Listing report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP166	The Contractor's solution shall have the ability to produce Lock-In Program Monthly Savings report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP167	The Contractor's solution shall have the ability to produce Member Ethnicity-Race Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP168	The Contractor's solution shall have the ability to produce PT OT Daily Overbilling report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP169	The Contractor's solution shall have the ability to produce Critical Care Services With No Associated Institutional Stay report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP17	The contractor's solution shall have the ability to balance and report MAR counts/amounts to the designated state's data source as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP170	The Contractor's solution shall have the ability to produce Excessive Miscellaneous Codes report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP171	The Contractor's solution shall have the ability to produce Nebulizer and Supplies report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP172	The Contractor's solution shall have the ability to produce Delayed Surgery Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP173	The Contractor's solution shall have the ability to produce Facility Visits Exception report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP174	The Contractor's solution shall have the ability to produce Office Visits Exception report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP175	The Contractor's solution shall have the ability to produce Physician Office Visits by Member report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP176	The Contractor's solution shall have the ability to produce Physician Office Visits by TANF report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP177	The Contractor's solution shall have the ability to produce Suspended Medical report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP18	The Contractor's solution shall have the ability to produce the Medical Assistance Program Status report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP19	The Contractor's solution shall have the ability to produce the Expenditure Analysis Detail report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP20	The Contractor's solution shall have the ability to produce the Expenditure Analysis Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP21	The Contractor's solution shall have the ability to produce the Provider Participation Analysis Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP22	The Contractor's solution shall have the ability to produce the Operational Performance Detail report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP23	The Contractor's solution shall have the ability to produce the Operational Performance Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP24	The Contractor's solution shall have the ability to produce the Claims Processing Performance Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP25	The Contractor's solution shall have the ability to produce the Claims Processing Thruput Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP26	The Contractor's solution shall have the ability to produce the Error Distribution Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP27	The Contractor's solution shall have the ability to produce the Provider Participation Analysis Detail report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP28	The Contractor's solution shall have the ability to produce the Provider Claim Filing Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP29	The Contractor's solution shall have the ability to produce the Provider Claim Filing Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP30	The Contractor's solution shall have the ability to produce the Provider Claim Filing Details report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP31	The Contractor's solution shall have the ability to produce the Coordination of Benefit Payment Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP32	The Contractor's solution shall have the ability to produce the Error Frequency Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP33	The Contractor's solution shall have the ability to produce the Provider Ranking List report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP34	The Contractor's solution shall have the ability to produce the CMO Member Participation Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP35	The Contractor's solution shall have the ability to produce the Member Expenditure Analysis County Detail report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP36	The Contractor's solution shall have the ability to produce the Member Expenditure Analysis Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP37	The Contractor's solution shall have the ability to produce the Member Cost Sharing Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP41	The Contractor's solution shall have the ability to produce the Top Twenty-five Providers by COS report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP42	The Contractor's solution shall have the ability to produce the Top Twenty-five Providers by Assignment Plan report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP43	The Contractor's solution shall have the ability to produce the MRDD Provider Services Rendered Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP44	The Contractor's solution shall have the ability to produce the MRDD Self-Directed Services Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP45	The Contractor's solution shall have the ability to produce the Provider Ranking List by Claims-County report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP46	The Contractor's solution shall have the ability to produce the CMO Provider Participation Analysis Summary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP47	The Contractor's solution shall have the ability to produce the CMO Provider Participation Analysis Detail report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP48	The Contractor's solution shall have the ability to produce the Self Directed Care Reconciliation Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP49	The Contractor's solution shall have the ability to produce the Medicaid Expenditure By Member County of Residence report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP50	The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on ICWP-TBI Waiver report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP51	The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on MRWP-NOW Waiver report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP52	The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on CHSS-COMP Waiver report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP53	The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on GAPP-DC Waiver report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP54	The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on ED Waiver report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP55	The Contractor's solution shall have the ability to produce the CMS 372 Annual Report on CBAY Waiver report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP56	The Contractor's solution shall have the ability to produce the CMS Enrollment Numbers report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP57	The Contractor's solution shall have the ability to produce the CMS 37.7 Medicaid Program Budget Rep as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP58	The Contractor's solution shall have the ability to produce the CMS21E-SCHIP Enrollment Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP59	The Contractor's solution shall have the ability to produce the CMS64EC-Non-SCHIP Enrollment Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP60	The Contractor's solution shall have the ability to produce the CMS64EC-Non-SCHIP Enrollment Report Preliminary report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP61	The Contractor's solution shall have the ability to produce the SCHIP Race Gender and Ethnicity Report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP62	The Contractor's solution shall have the ability to produce the CMS6421E-Non-SCHIP Enrollment Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP63	The Contractor's solution shall have the ability to produce the Payment Comparison by COS report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP64	The Contractor's solution shall have the ability to produce the Payment Comparison by Provider Type report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP65	The Contractor's solution shall have the ability to produce the Error Code Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP66	The Contractor's solution shall have the ability to produce the Expenditures By COS and Aid Category report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP67	The Contractor's solution shall have the ability to produce the Long Term Care Payments by Revenue Code report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP68	The Contractor's solution shall have the ability to produce the Medicare Participation Part A report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP69	The Contractor's solution shall have the ability to produce the Medicare Participation Part A B report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP70	The Contractor's solution shall have the ability to produce the Medicare Participation Part B report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP71	The Contractor's solution shall have the ability to produce the Expenditures by COS report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP72	The Contractor's solution shall have the ability to produce the Expenditures by Provider Type report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP73	The Contractor's solution shall have the ability to produce the Operational Performance - Averages and Percents report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP74	The Contractor's solution shall have the ability to produce the Operational Performance - Dollars report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP75	The Contractor's solution shall have the ability to produce the Operational Performance - Provider report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP76	The Contractor's solution shall have the ability to produce the Place of Service Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP77	The Contractor's solution shall have the ability to produce the Provider Error Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP78	The Contractor's solution shall have the ability to produce the Provider Filing Analysis report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP79	The Contractor's solution shall have the ability to produce the Provider Participation Average report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP80	The Contractor's solution shall have the ability to produce the Provider Participation Total report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP81	The Contractor's solution shall have the ability to produce the Provider Ranking report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP82	The Contractor's solution shall have the ability to produce the Participation Analysis by Aid Category report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP83	The Contractor's solution shall have the ability to produce the Participation Analysis by COS report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP84	The Contractor's solution shall have the ability to produce the Member Participation Summary by County report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP85	The Contractor's solution shall have the ability to produce the Member Copayment by Aid Category report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP86	The Contractor's solution shall have the ability to produce the Member Ranking report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP87	The Contractor's solution shall have the ability to produce the Third Party Payment Ranking report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP88	The Contractor's solution shall have the ability to produce the Claims Throughput Analysis - DOR to DOR report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP89	The Contractor's solution shall have the ability to produce the Claims Throughput Analysis - DOR to DOR report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP90	The Contractor's solution shall have the ability to produce GA Performance Measures report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP91	The Contractor's solution shall have the ability to produce Missing ETG Report Group Codes report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP92	The Contractor's solution shall have the ability to produce Performance Measure Summary Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP93	The Contractor's solution shall have the ability to produce Provider Increase Monthly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP94	The Contractor's solution shall have the ability to produce Provider Increase Quarterly report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP95	The Contractor's solution shall have the ability to produce Random Sample Request report as specified by Agency.	No	Yes	Option C - Federal Reporting						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Federal Reporting	FDRP96	The Contractor's solution shall have the ability to produce SUR CASE GROUP NOT USED REPORT QUARTERLY report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP97	The Contractor's solution shall have the ability to produce SUR CASE TYPE NOT USED REPORT QUARTERLY report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP98	The Contractor's solution shall have the ability to produce SUR Quarterly Aberrant Providers Summary Report as specified by Agency.	No	Yes	Option C - Federal Reporting						
Federal Reporting	FDRP99	The Contractor's solution shall have the ability to produce Claim Details by Member report as specified by Agency.	No	Yes	Option C - Federal Reporting						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS01	The Contractor's solution shall allow for collection of individual accounts receivable to be suspended but still reported and generate notices/invoices based on configurable business rules.	No	Yes	Option A - Financial						
Financial Reporting	FS02	The Contractor's solution shall produce payment cycle reports, such as the Claims Payment Summary Report, per a schedule that is configurable (e.g., first business day after the payment cycle).	No	Yes	Option A - Financial						
Financial Reporting	FS03	The Contractor's solution shall provide payment reports per Payee and summarized per Payee type (e.g. Provider, Member, Vendor) as defined by the Agency	No	Yes	Option A - Financial						
Financial Reporting	FS04	The Contractor's solution shall display and provide a monthly report showing the amount of federal funds that are owed on accounts receivable as defined by the Agency.	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS06	The Contractor's solution shall provide reports of cash receipts as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS07	The Contractor's solution shall include summary and detail reports for analyzing and monitoring payments per all funding sources. Detail shall include, but not be limited to, warrant number, electronic funds transfer (EFT) number, type of transaction, Provider ID, Member ID, account coding, transaction status as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS09	The Contractor's solution shall provide a report of Payers (e.g., Provider, Member, Vendor) receiving collection notices/letters as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS15	The Contractor's solution shall include an online portal that will allow Payees to have online access to configurable views, parameter driven reports, and the ability to export financial data (e.g., payments, ARs).	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS17	The Contractor's solution shall create financial reports which are required for monitoring Agency programs. The reports will present summary level information and allow the user to drill down to the supporting detailed financial transactions, claims, or lines of the claim as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS18	The Contractor's solution shall have the ability to report financial information side-by-side comparisons (e.g., expenditures by program, receipts) on a defined time period (e.g., state fiscal year, calendar year federal fiscal year, rolling year, quarter, month) as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS19	The Contractor's solution shall display, and provide a report, for collection activity of all accounts receivable that are federally funded as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS20	The Contractor's solution shall have the ability to track and report on payment types, per Agency defined criteria	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS21	The Contractor's solution shall provide and maintain a variety of processes and tools to identify, monitor, report on and resolve exceptions to routine fiscal processing (e.g., stale dating and canceling warrants, missing information, errors) as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS22	The Contractor's solution shall include an ad hoc reporting tool that allows users to create reports that include all types of financial transactions (e.g. Claims, Accounts Receivable, Cash Receipts, Levies, Holds, Withholds, Voids, Payments) at varying frequencies as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS23	The Contractor's solution shall have the ability to process, view and report 1099 adjustments (e.g., add, change, dollar amount) as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS24	The Contractor's solution shall have the ability to identify, process, pay, and report the federal share on claims as defined by the Agency.	No	Yes	Option A - Financial						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS26	The Contractor's solution shall produce payment reports for individual programs (e.g. HIPP, CHIPRA) as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS27	The Contractor's solution shall have the ability to identify transactions that are subject to 1099 reporting.	No	Yes	Option A - Financial						
Financial Reporting	FS28	The Contractor shall produce a report detailing all checks that have met a certain aging threshold (e.g. 180 days) at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS29	The Contractor's solution shall produce a report which summarizes and details provider/payee claims and financial transactions that have been placed on hold as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS30	The Contractor's solution shall produce a report detailing cash receipt dispositions at frequencies defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS31	The Contractor's solution shall produce a report summarizing and detailing other Entity (e.g. Department of Corrections, Department of Human Services) claim and financial transaction activity as define by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS33	The Contractor's solution shall produce 1099 reports (e.g. reconciliation, detail, summary, threshold, dropouts, corrections) at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS34	The Contractor's solution shall produce an electronic 1099 report per federal guidelines as defined by the Agency. This report must be printable in a format approved by the Agency.	No	Yes	Option A - Financial						

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Matrix of Requirements											
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Financial Reporting	FS35	The Contractor's solution shall produce a report of Backup Withholding at a frequency as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS36	The Contractor's solution shall produce a report detailing the expenditures that were paid for the Medicaid Electronic Health Record Incentive Program as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS37	The Contractor's solution shall produce a report detailing Money Follows the Person (MFP) transactions at a frequency defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS39	The Contractor's solution shall produce a report detailing voided checks where the claim reimbursement is still owed as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS40	The Contractor shall produce a report of all voided checks in the system at a frequency defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS41	The Contractor's solution shall produce a report detailing providers under a payment review status as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS42	The Contractor's solution shall produce a report detailing all checks that have not cleared at a frequenc as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS43	The Contractor's solution shall have the ability for non-emergency transportation transactions to be pre-paid based on configurable business rules.	No	Yes	Option A - Financial						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Financial Reporting	FS05	The Contractor's solution shall display, and provide a report, with summary and detail information for accounts receivable balances by category as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS08	The Contractor's solution shall display, and provide a report, of receivables and any financial transactions applied to each receivable.	No	Yes	Option A - Financial						
Financial Reporting	FS10	The Contractor's solution shall provide a report of Payers (e.g., Provider, Member, Vendor) referred to the Agency or other collection agent for collection as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS11	The Contractor's solution shall provide a report of accounts receivable related to bankrupt or deceased Payees and closed businesses	No	Yes	Option A - Financial						
Financial Reporting	FS12	The Contractor's solution shall provide a report for failed electronic funds transfers for various reasons (e.g. Invalid account number, ABA number) as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS13	The Contractor's solution shall allow for automatic updates of Payee information based on a comparison to IRS data (e.g., from the annual IRS "no match" Provider file). The system shall use configurable business rules to identify which updates can be made automatically and log all mismatches, providing a report for exceptions requiring manual review.	No	Yes	Option A - Financial						
Financial Reporting	FS14	The Contractor's solution shall provide for manual and automatic adjustments and history only changes to account coding (e.g., federal report coding) to single or multiple transactions to be done without requiring claims or financial transactions to be reprocessed, based on configurable business rules.	No	Yes	Option A - Financial						
Financial Reporting	FS16	The Contractor's solution shall perform payment cycle balancing and the ability to verify the balancing through the portal and via reports as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS25	The Contractor's solution shall maintain federal tax Information for all Entities (e.g. providers, payees) and allow for exclusion of those Entities not subject to 1099 reporting as defined by the Agency.	No	Yes	Option A - Financial						
Financial Reporting	FS32	The Contractor's solution shall generate a Payment Balancing and Reconciliation Report comparing data from various sources (e.g. Payments, Receipts, and other accounting information) as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						
Financial Reporting	FS38	The Contractor's solution shall produce a forecasting report detailing all payments that will be paid during the payment cycle as defined by the Agency. The report should allow the user to configure the fields that are displayed as well as the criteria (i.e. the WHERE clause) for the report details.	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM08	The Contractor's solution shall have the ability to calculate incentive payments based on different criteria (e.g., patient volume, re-admission rate) for different state healthcare programs based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM09	The Contractor's solution shall allow for one or more accounts receivable balances to be adjusted based on collections/recoupment as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM10	The Contractor's solution shall have the ability to automatically generate payment transactions from financial transactions, financial processes, and interfaces as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM100	The Contractor's solution shall receive, store, maintain, and display summary and detail payment information (e.g., payment type, warrant number, voucher number, warrant status, date issued, date reconciled, date cashed, date cancelled, EBT status, EFT paid date, journal issued date) as defined by the Agency.	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM101	The Contractor's solution shall support the prenote request process to another Entity, including determining when the process is required or overridden, using configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM102	The Contractor's solution shall allow for authorized system users to enter and modify prenote information as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM103	The Contractor's solution shall allow for authorized system users to enter and modify direct deposit information, including a comment field as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM104	The Contractor's solution shall have the ability to display financial transactions that have not been paid and the reason for non-payment as defined by the Agency.	No	Yes	Option A - Financial						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM105	The Contractor's solution shall use configurable business rules to allow for Agency payments to be offset against outstanding accounts receivable or credit balances within the same department in determining the payment amount as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM106	The Contractor's solution shall allow for withholding partial or full payments (e.g., reduce payment by percentage or by set amount, hold payments for a specific Provider type or specialty) based on configurable business rules. The Contractor's solution shall have the ability to send withheld amounts to a designated lien holder as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM107	The Contractor's solution shall allow for the creation of multiple categories of accounts receivable (e.g., audit, overpayments, fraud) at the claim header and detail level, per Agency defined criteria.	No	Yes	Option A - Financial						
Fiscal Management	FSCM108	The Contractor's solution shall have a flexible payment plan solution with automatic and manual options per Agency defined criteria (e.g., start date of payment plans, exempt or include specific ARs, base payment amount on percentage of original AR or percentage of payment) with configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM109	The Contractors solution shall ensure that payments received are deposited and accurately applied within a timeframe determine by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM11	The Contractor's solution shall assign or receive, store, maintain, and display separate accounting codes for accounts receivable and for the corresponding interest owed, based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM110	The Contractor's solution shall automate a balancing process to ensure the amounts of a transaction that is split between different account codes balances to the total amount of the transaction as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM111	The Contractor's solution shall allow users to sort (e.g., date, amount, program) and filter (e.g., payee, suspension reason, date range, program, amount range) suspended payments as defined by the Agency.	No	Yes	Option A - Financial						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM112	The Contractor's solution shall have the ability to configure (e.g., add, update, remove) fields/metadata to be collected or stored for financial transactions. Any change to the fields/metadata will have effective date and end dates as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM113	The Contractor's solution shall allow authorized users to manually suspend, correct, and release financial transactions based on configurable business rules as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM114	The Contractor's solution shall ensure that Payees are eligible for payment before payment is generated based on configurable business rules which can be specific for Payee type (e.g., Provider, Member, Vendor) or benefit (e.g., non-emergency transportation) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM115	The Contractor's solution shall provide the ability for authorized users to search all financial transactions any stage of processing (e.g., suspended, paid) based on one or more attributes (e.g., status, date rang Payee, type, amount range) as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM116	The Contractor's solution shall allow for multiple lines on a financial transaction and distinct account coding on each line as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM117	The Contractor's solution shall have the ability to process recoupments using predefined methodologies (e.g., percentage hierarchy, oldest claim first, payee, provider) based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM118	The Contractor's solution shall have the ability to allow for Electronic Funds Transfer (EFT) for payments received for drug rebate and provide the detail (e.g., claim detail, dispute detail, invoice detail) as needed to apply to the correct program (e.g., Medicaid, Federal, Supplemental, State Drug Program) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM119	The Contractor's solution shall allow for multiple payments from multiple systems to be applied to one accounts receivable using an established hierarchy as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM12	The Contractor's solution shall support automatic and manual processes to remove balances on prepaid debit cards, based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM120	The Contractor's solution shall have the ability to input data that controls the amount an Entity(e.g. pay provider) is paid, by uploading a file (e.g., Excel, comma or pipe delimited file) or manual entry as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM121	The Contractor's solution shall have the ability to manually transfer all or selected Accounts Receivable balances from one payee to another based on Agency configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM122	The Contractor's solution shall have the ability to manually and systematically change (e.g., retroactive, prospective, current) FFP for financial programs (e.g., Medicaid, CHIP, MCHIP, Family Planning, Refugee, Breast and Cervical Cancer, Money Follows the Person) as well as other elements (e.g., State Chart of Accounts) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM123	The Contractor's solution shall provide an online view of all non-claim based financial transactions that are scheduled for payment but have not been processed for payment as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM124	The Contractor's solution shall systematically reverse all related transactions when a provider payment is cancelled, stale-dated or replaced as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM125	The Contractor's solution shall process cash receipts (e.g., solicited and unsolicited) from providers and update records as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM126	The Contractor's solution shall allow the Agency to determine which users are authorized to determine if an accounts receivable is applied in full or in part as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM127	The Contractor's solution shall have the ability to send recoupment notifications to the appropriate payee department/division and system(s) in electronic or paper format based on the recipients communication preferences and as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM128	The Contractor's solution shall provide an online history view of all transactions (e.g., payments, transf charges, credits) made during a user-specified time period for each payee as defined by the Agency and in accordance with generally accepted accounting procedures.	No	Yes	Option A - Financial						
Fiscal Management	FSCM129	The Contractor's solution shall create, store, and maintain amortization schedules for repayment of recoupments (i.e. payee overpayment) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM13	The Contractor's solution shall allow for adjustments to automatically update an account receivable using configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM130	The Contractor's solution shall have the capability to establish an annual expenditure allowance by category (i.e. funding type, program category) for claims according to the timeframe designated for the program or waiver as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM131	The Contractor's solution shall have the capability to establish an annual threshold allowance for claims according to the timeframe designated for the program or waiver as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM132	The Contractor's solution shall have the ability to make payments for the Electronic Health Records Incentive Programs payments as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM133	Contractor's solution shall have the ability to track specific AR's by case number for the Office of the Inspector General as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM134	The Contractor's solution shall recoup or apply a receipt to any Accounts Receivable balance and the receipt and recoupment should be updated with the details from one or more account receivable(s) attributes of the AR (e.g. COS, FFP, Dept ID, Program) for which the recoupment and receipt have been applied based on Agency defined business rules.	No	Yes	Option A - Financial						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM135	The Contractor's solution shall receive, capture, store, maintain, display, and track various types of fees (e.g., Hospital Fees, Nursing Home Provider Fees, etc.) for providers and non-providers based on manually entered or uploaded files of fees assessed or collected, and assign a unique identifier for each fee as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM136	The Contractor's solution shall have the ability to allow Nursing home to enter patient days, generate an invoice (e.g. based on the days submitted, provider tax), track payments not received and auto generate a reminder or a notification based on the provider's chosen notification method to those who have not submitted their patient days as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM137	The Contractor's solution shall allow the state to manually add interest to any outstanding fees as well as manually add, change, and delete amounts owed as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM138	The Contractor's solution shall have the ability to identify and track payees with AR balances and the payee status (e.g., uncollectable, Demand Letter, Program Integrity review) as defined the Agency.	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM139	The Contractor's solution shall have the ability to apply a provider refund check to applicable claim(s) and systematically reduce the corresponding Accounts Receivables as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM14	The Contractor's solution shall automatically create accounts receivable based on other financial transactions (e.g., claim adjustments, cost settlements, unsolicited refunds, advances, gross adjustment payouts) using configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM140	The Contractor's solution shall identify and prevent claims that have had a cash receipt previously applied from being subsequently adjusted as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM141	The Contractor's solution shall have the ability to identify and apply configurable financial reason codes to specific financial transactions as defined by the Agency.	No	Yes	Option A - Financial						

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Matrix of Requirements											
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Fiscal Management	FSCM142	The Contractor's solution shall be able to refund withholding without affecting the 1099 balances using specific refund reason codes as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM143	The Contractor's solution shall allow for holding partial or full payments (e.g., reduce payment by percentage or by set amount, hold payments for a specific Provider type or specialty, provider, payee, program, or aid category) based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM144	The Contractor's solution shall calculate 1099s based on Federal Employee Identification Number (FEIN) or Social Security Number (Tax ID) and accumulate all payments to the same Tax ID on a single 1099 as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM145	The Contractor's solution shall provide the capability to void stale dated checks manually and automatically at a time period defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM146	The Contractor's solution shall have the ability to issue an amended 1099 and retain the original 1099 as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM147	The Contractor's solution shall allow for Accounts Receivable balances to be partially adjusted as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM148	The Contractor's solution shall maintain, process, store, and track capitation payments on a frequency defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM149	The Contractor's solution shall update each recoupment (e.g., payment amount, interest accrued this period , interest accrued to date, and receivable balance) after a payment is applied to the receivable, as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM15	The Contractor's solution shall allow for authorized users to manually create accounts receivable and the associated details based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM150	The Contractor's solution shall maintain a historical record of recoupments (e.g., original amount due, interest by period, total accrued interest, payments received, and current balance) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM151	The Contractor's solution shall create and maintain positive or negative balance of a receivable; in the event of overpayment of a recoupment, use the recoupment data (e.g., payer, recoupment number, etc.) to create a payout as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM152	The Contractor's solution shall have the capability to bypass the automatic update of a receivable and route to a business unit for manual review based on configurable business rules as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM153	The Contractor's solution shall provide, maintain, and apply a configurable workflow to systematically route financial transactions for review and approval as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM154	The Contractor's solution shall allow recoupments to be applied at the claim line item detail level as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM155	The Contractor's solution shall support the monitoring, verification, and validation of the timeliness and accuracy of all payouts for services (e.g., regular audits by state and federal auditors, an independent auditor) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM156	The Contractor's solution shall withhold the federal share of payouts to Medicaid providers to recover Medicare overpayments as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM157	The Contractor's solution shall process replacements for lost or stolen warrants and update records with new warrant information as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM158	The Contractor's solution shall create accounting extract files in a format that is suitable for upload to a third-party accounting system as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM159	The Contractor's solution shall store sufficient accounting transaction detail to ensure that accounting transactions for each drug rebate program administered under the contract can be uniquely identified and maintained separately as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM16	The Contractor's solution shall include the ability to exempt a receivable, or interest, from being used in offset process, based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM160	The Contractor's solution shall automatically post monies recouped to the principal and interest lines of a receivable as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM161	The Contractor's solution shall accept, store, and maintain text notes associated with each recoupment as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM162	The Contractor's solution shall have the ability to produce accurate annual 1099 forms in accordance with IRS specifications for all providers, vendors, and payees that reflect all payments and adjustments made (e.g. claims, adjustments, voids, and any other financial transactions) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM163	The Contractor's solution shall create an account receivable, or account payable for differences in percent of billed charges paid and maximum allowable amounts resulting from a cost settlement reconciliation on a timeframe as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM164	The Contractor's solution shall receive, update, and store provider tax assessment amounts (e.g., Facility Reimbursement Allowance, Nursing Facility Reimbursement Allowance) as determined by the agency, by criteria (e.g., provider number, processing date, calendar year, and/or fiscal year) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM165	The Contractor's solution shall allow updates to provider assessment amounts and/or allocation of the amounts to the Accounts Receivable using an automated and manual process as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM166	The Contractor's solution shall have the capability to maintain a history of refunds displayed that is searchable and filterable as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM167	The Contractor's solution shall provide the capability to receive and process payments or have the ability to receive payments in different formats (e.g., check, ACH, cash, credit/debit card, e-check) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM17	The Contractor's solution shall automatically update the accounts receivable status and details (e.g., date of update comments, financial coding) for payments received and link any supporting documentation, based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM18	The Contractor's solution shall have the ability to have different authorization and approval processes (e.g., single person approval or multiple person approval) for different financial transactions (e.g., update Payee information, journals, Health Insurance Premium Program (HIPP) payments) based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM19	The Contractor's solution shall provide financial audit controls meeting generally accepted accounting principles (GAAP) for governmental proprietary funds.	No	Yes	Option A - Financial						
Fiscal Management	FSCM20	The Contractor's solution shall allow for limiting payment amount based on single or multiple factors (e.g. total dollar amount, timeframe, date) per configurable business rules. These rules can be overridden, or the payments released without changing the factors, by authorized user.	No	Yes	Option A - Financial						
Fiscal Management	FSCM21	The Contractor's solution shall have the ability for authorized users to adjust processing windows for specific transactions (e.g., journals, vouchers, deposits) and different year end processing (e.g. state fiscal year, federal fiscal year, calendar year) based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM22	The Contractor's solution shall have the ability to hold specific transactions during processing for State Fiscal Year End, Federal Fiscal Year End, and Calendar Year End using configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM23	The Contractor's solution shall automatically setup recoupments based on payment transaction type (e.g., advance payments, manual check) per configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM24	The Contractor's solution shall have the ability to manually create and schedule adjustment requests to financial transactions, based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM25	The Contractor's solution shall receive, store, maintain, and display Federal Match Rate data.	No	Yes	Option A - Financial						
Fiscal Management	FSCM26	The Contractor's solution shall automatically generate journal entries from interfaces based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM27	The Contractor's solution shall support a process for importing (with second-party review and approval) journal information from a standardized Microsoft Excel spreadsheet to create journal entries based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM28	The Contractor's solution shall allow for processing of "one time payments" based on configurable business rules. Payees receiving one time payments may not be required to have Tax ID and a unique Payee ID will be created for them.	No	Yes	Option A - Financial						
Fiscal Management	FSCM29	The Contractor's solution shall have the ability to combine payments under one tax ID per Department or have separate payments based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM30	The Contractor's solution shall have a method for alerting appropriate State staff when significant change occurs in daily, weekly, or other time period payments, based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM31	The Contractor's solution shall process and reconcile payments (e.g., original payment, replacements, voids) by account coding (e.g., fund code, division, speed chart, payee ID, warrants) at periodic intervals based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM32	The Contractor's solution shall receive, store, maintain, and display returned payment information at the Individual Payee and/or group Payee level based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM33	The Contractor's solution shall have the ability to use multiple Agency lockboxes for receiving checks and follow a financially acceptable process for batching, balancing, and dispositioning the checks as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM34	The Contractor's solution shall have the ability to automatically validate that all Payees receiving incentive payments have met all the requirements for the incentive, based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM35	The Contractor's solution shall provide the ability to perform both automated and manual audits of designated payment types (e.g., lump sum, incentive) and take appropriate action (e.g., reverse, no change, route) per Agency defined criteria. Manual review and disposition will occur online.	No	Yes	Option A - Financial						
Fiscal Management	FSCM36	The Contractor's solution shall calculate and charge simple or complex interest on unpaid or partially paid accounts receivable based on configurable business rules and allow for exceptions (e.g., waive interest, change the start date, pause interest) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM37	The Contractor's solution shall support multiple accounts receivable for a Payer and have a process for prioritizing and applying receipts to outstanding balances as defined by the Agency. If the system has accounts receivable for multiple Entities, then the prioritization will be separate for each Entity.	No	Yes	Option A - Financial						
Fiscal Management	FSCM38	The Contractor's solution shall allow authorized users to override the prioritization order of accounts receivable as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM39	The Contractor's solution shall have the ability to automatically set or change the collection status of an accounts receivable based on configurable business rules.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM40	The Contractor's solution shall provide the ability to apply received payments from a different payee (e.g. NPI, Provider ID) than is associated to the accounts receivable, based on configurable business rules..	No	Yes	Option A - Financial						
Fiscal Management	FSCM41	The Contractor's solution shall have the ability to create work queues for different aging levels (e.g., 30, 60, 90 day) for Accounts Receivable based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM42	The Contractor's solution shall have the ability to provide Payees flexible payment capabilities (e.g., one time, scheduled, recurring) via the online portal as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM43	The Contractor's solution shall automatically initiate or generate statements reflecting all transactions applied to an accounts receivable on a regular timeframe (e.g., weekly, monthly) as defined by the Agency. The Contractor will display the statement via the portal and submit the notice via the Payees' preferred notification method.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM44	The Contractor's solution shall automatically generate alerts to specified Entities (e.g., Payees, providers) for financial activities (e.g., delinquent accounts receivable, contract utilization thresholds, accounts receivables with no activity), based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM45	The Contractor's solution shall automatically initiate or generate any notices to support financial processes (e.g., Accounts Receivable establishment notices, delinquency notices, increasing demand letters when accounts receivable are not satisfied, informational insert, hospitals for disproportionate share payment notices), based on configurable business rules. The Contractor will display the notice via the portal and submit the notice via the Payees' preferred notification method.	No	Yes	Option A - Financial						
Fiscal Management	FSCM46	The Contractor's solution shall provide comprehensive search capabilities that allow authorized users to search within and across transaction types on a combination of fields (e.g., date range, account code, organization, subclass, employer/plan name, identification number, policy number, etc.) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM47	The Contractor's solution shall allow for one payment to be applied to multiple accounts receivable for one or more Payees, based on configurable business rules (e.g. recouping federal funds first and/or applying funds by dollar amount or percentage).	No	Yes	Option A - Financial						

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Fiscal Management	FSCM48	The Contractor's solution shall assign or receive, store, maintain, and display account coding information (e.g., FMAP, program code, division, speed chart, voucher type) at the header and line level for every claim and financial transaction, regardless of how the transaction was created (e.g., automatically, manually, upload from spreadsheet, interface) based on configurable business rules. The Contractor solution shall provide this information to the Agency Data Warehouse to support budget tracking and allocations, such that details can be pulled when requested.	No	Yes	Option A - Financial						
Fiscal Management	FSCM49	The Contractor's solution shall translate incoming transaction information into consistent state defined account coding based on configurable business rules. Information needed to trace back to the source system must be maintained.	No	Yes	Option A - Financial						
Fiscal Management	FSCM50	The Contractor's solution shall indicate the date, time, reason and coding of any validation failure from an external Entity as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM51	The Contractor's solution shall allow authorized users to resubmit corrections to transactions with validation errors from an external Entity as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM52	The Contractor's solution shall include comprehensive edits to identify duplicate Payees and have an automatic and manual consolidation process, based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM53	The Contractor's solution shall allow authorized users to maintain, modify and view financial transaction types and account codes.	No	Yes	Option A - Financial						
Fiscal Management	FSCM54	The Contractor's solution shall provide an accounting structure (e.g., chart of accounts, program) that is compatible with the accounting structure used by an external entity. Additionally the solution shall translate and code outgoing transactions into standardized accounting codes using configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM55	The Contractor's solution shall display financial side-by-side comparisons (e.g., expenditures by program, receipts) on a year to year basis for state fiscal year, calendar year, federal fiscal year, and rolling year as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM56	The Contractor's solution shall include comprehensive edits (e.g. duplicate checking logic, duplicate ch numbers) of financial transactions based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM57	The Contractor's solution shall allow authorized users drill down capability to see all details linked to a specific financial transaction (e.g., claims/claim lines, per Member per month, accounts receivable) as defined by the Agency	No	Yes	Option A - Financial						
Fiscal Management	FSCM58	The Contractor's solution shall automate a balancing process at different levels (e.g., payment level, department level, financial cycle level) to ensure the total amount paid is equal to the payment for claims plus or minus any financial transactions that were applied to the payment on a scheduled basis (e.g., daily, weekly) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM59	The Contractor's solution shall generate a financial transaction to refund the federal share of overpayments within federal guidelines or as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM60	The Contractor's solution shall include sufficient detail to display any offsets to the payment (e.g., each discrete accounts receivable, discrete cash receipts) on the remittance advice as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM61	The Contractor's solution shall have the ability to automate the posting of recoupments from other syste based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM62	The Contractor's solution shall allow for more than one accounting code to be assigned to each header le detail level of a claim, managed care or financial transaction as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM63	The Contractor's solution shall provide an online mechanism which displays real time Aging of the accounts receivable providing both detailed (e.g., Name) and summary information as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM64	The Contractor's solution shall provide an online mechanism which displays real time Accounts Receivable Collection Activity providing both detailed (e.g., Payee Type) and summary information of collection activity as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM65	The Contractor's solution shall have processes to suspend, terminate, withhold, or continue processing payments to Providers under investigation as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM66	The Contractor's solution shall provide the ability to drill down to any financial transaction that has been linked to a specific program integrity transaction as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM67	The Contractor's solution shall allow for the collection and maintenance of recoveries that link to the SURS recovery solution as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM68	The Contractor's solution shall group payments as defined by the Agency (e.g., by Payee, Department) to reduce the number of transactions issued.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM69	The Contractor's solution shall provide the ability to enter financial transactions in real-time as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM70	The Contractor's solution shall provide the ability to copy a financial transaction (e.g., adjustment) so that users can edit selected information without having to re-enter all the information as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM71	The Contractor's solution shall have the ability to transfer payment information to an Entity for producing payments (e.g., warrant, check, EFT, journal, prepaid debit card, EBT card) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM72	The Contractor's solution shall allow multiple adjustments for each financial transaction as defined by the Agency.	No	Yes	Option A - Financial						

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Fiscal Management	FSCM73	The Contractor's solution shall allow for the transfer of an accounts receivable when Payees go through change of ownership or other legal restructuring as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM74	The Contractor's solution shall have the ability to manually or automatically identify, generate, and process refunds on a flexible schedule (e.g.,, specific day, date of the month, once a specific dollar amount has been reached) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM75	The Contractor's solution shall allow a single or group of financial transactions and related documents (e.g. statements, remittance advice, payments) to be held based on configurable business rules(e.g., member on review, provider on review, span dates).	No	Yes	Option A - Financial						
Fiscal Management	FSCM76	The Contractor's solution shall have the ability to deny, or cutback, the financial transaction (e.g. fund availability, contracted amounts) and reason will be noted on the invoice or remittance advice as defined by the Agency.	No	Yes	Option A - Financial						

Attachment F - Requirements Response Matrix

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Fiscal Management	FSCM77	The Contractor's solution shall provide the ability to receive, record, and process all payments received drug rebate in accordance with State and Federal requirements as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM78	The Contractor's solution shall ensure interfaces are initiated or accepted by a specific time of day based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM79	The Contractor's solution shall capture journal details (e.g., journal ID, journal status, date) from the return file from another Entity as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM80	The Contractor's solution shall allow authorized users to manually initiate or generate any financial correspondence (e.g., statements, delinquency notices). Contractor will display the notice on-screen and submit the notice via the Payees preferred notification method as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM81	The Contractor's solution shall have the capability to upload attachments and associate the attachments to the payee or line level on the appropriate financial transaction as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM82	The Contractor's solution shall allow authorized users to manually create and modify journal entries as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM83	The Contractor's solution shall allow users to manually apply recoupment rules across individual claims within a group of claims as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM84	The Contractor's solution shall perform real-time audit/balance of interfaces (e.g. journals) within same business unit where the lines should balance to zero by fund and provide notification if they do not balance as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM85	The Contractor's solution shall provide the ability to view detailed and consolidated history of all transactions (e.g., claims, invoices, payments, receipts, debt assessment, correspondence) applied to an account (e.g., Provider, Member, Payee). Allow the user to sort, filter, and group by transaction details (e.g., Payer, transaction type, date, status) as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM86	The Contractor's solution shall have the ability to assign unique Payee ID to each Payee who is uniquely identified by Tax ID as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM87	The Contractor's solution shall receive, store, maintain, and display detailed information on bank accounts as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM88	The Contractor's solution shall have the capability to modify a Payee's bank account information (e.g. manually, automatically) within the system based on Agency policy using configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM89	The Contractor's solution shall maintain effective dated payee information and link each payment to the payee information that was used at the time of payment as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM90	The Contractor's solution shall have the ability for authorized users to produce or initiate payments in different formats (e.g., check, ACH, journal, prepaid debit card, EBT) retain detailed data related to the payment (e.g., Payee identification, reason for issuance) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM91	The Contractor's solution shall have a process for all payments to be recorded and deposited daily, including payments from Payees who are not yet in the system, and link to an account receivable as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM92	The Contractor's solution shall calculate, receive, store, maintain, and display medical expenditure transactions processed outside of the Contractor's solution (e.g. spend-down, Member premium) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM93	The Contractor's solution shall automatically apply claims or financial transactions to a contract total based on configurable business rules and display a running total of the contract balance as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM94	The Contractor's solution shall be scalable to receive additional financial transactions as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM95	The Contractor's solution shall receive, store, maintain, and display payment request information with a unique identifier to trace the payment back to the source as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM96	The Contractor's solution shall receive, store, maintain, and display payment suspension, rejection, or cancellation reasons (e.g., incomplete tax information, payment below minimum threshold from the payment processing system) as defined by the Agency.	No	Yes	Option A - Financial						
Fiscal Management	FSCM97	The Contractor's solution shall allow authorized users to work and resolve suspended payments and release them for submission as defined by the Agency.	No	Yes	Option A - Financial						

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Fiscal Management	FSCM98	The Contractor's solution shall automatically reprocess system suspended transactions based on configurable business rules.	No	Yes	Option A - Financial						
Fiscal Management	FSCM99	The Contractor's solution shall allow for a unique identifier for each transaction allowing users the ability to research and follow a transaction through the entire life cycle as defined by the Agency.	No	Yes	Option A - Financial						
Hosting and Environments	ENV03	The Contractor's hosting solution shall provide the flexibility to integrate other solutions for security and regulatory purposes in the future and be cost-effective with burst capacity.	Yes								
Hosting and Environments	ENV06	The Contractor shall provide the ability to run multiple sessions /environments/applications/areas/views simultaneously. This includes providing sufficient environments and configurations (e.g., multiple environments, multiple application layers, hub architecture) necessary to perform all required functions (e.g., testing, training, production operations, modeling, disaster recovery).	Yes								

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Hosting and Environments	ENV09	The Contractor's environments (e.g., development, testing, training and production) shall be available and accessible twenty-four (24) hours a day, seven (7) days a week, with the exception of planned downtime due to system upgrades or routine maintenance. All planned downtime and maintenance outages shall be coordinated and approved by the Department at least five (5) business days in advance.	Yes								
Hosting and Environments	ENV10	The Contractor shall provide hosting services that shall meet all functional and non-functional requirements defined in the RFP.	Yes								
Hosting and Environments	ENV11	The Contractor shall identify the physical location(s) where the Contractor's solution is installed and operating. In the event the Contractor is utilizing a SaaS or PaaS-based service the Contractor shall provide the State with sufficient identifying characteristics of the physical location(s) and allow the State to independently verify the security of said location(s). To the extent possible, the State must have transparent access to this location(s).	No								
Implementation and Acceptance	IA01	The Contractor shall follow the following process for deploying each proposed solution(s) to production: a. Submit an implementation letter to the State confirming that the solution is ready for implementation. b. Receive the State's approval of the implementation letter, accepting the Contractor's confirmation. c. Deploy the solution according to the approved Implementation Plan. d. Provide confirmation that the solution has been deployed to production and the Contractor has completed three (3) calendar days of operations without significant operational issues defined as no critical or high defects. e. Receive the State's acceptance of the system implementation.	Yes								
Implementation and Acceptance	IA02	The Contractor shall monitor the initial operation of the solution to ensure that there are no immediate or ongoing adverse effects on the Department's programs according to the performance expectations identified in the Contractor's scope of work.	Yes								

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Implementation and Acceptance	IA03	The Contractor shall demonstrate that the System infrastructure (hardware, software, and interfaces) is operational and meets federal and State architectural, technical, security and privacy requirements as w as the business and functional requirements.	Yes								
Implementation and Acceptance	IA04	The Contractor shall provide Operational Readiness test results demonstrating that the solution meets all Service Level Agreements for system performance as defined in the scope of work.	Yes								
Implementation and Acceptance	IA05	The Contractor shall conduct an Operational Readiness Walkthrough with the Department to validate the operational readiness of the Contractor, the solution, and the Department. The Department must formally sign off on the Operational Readiness Checklist prior to proceeding to implementation.	Yes								
Implementation and Acceptance	IA06	The Contractor shall develop Operational Readiness Review Checklists (ORR) that will examine the actual solution characteristics and the procedures of the product's operation to ensure that all hardware, software, resources, procedures, and user documentation accurately reflect the deployed state of the system.	Yes								
Integration	INT01	The Contractor's solution shall have the ability to identify errors in member information and member eligibility transactions and immediately notify the source system of the specific errors including whether the errors have precluded loading and/or using the data.	Yes								
Integration	INT02	The Contractor's solution shall support retrieval and presentation of data associated with geographic indicators such as by state, by county, by zip code, by peer group, or other geographical indicators specified by the Agency.	Yes								
Integration	INT10	The Contractor shall develop operational procedures in coordination with other enterprise module vendors to restore system availability.	Yes								
Integration	INT107	The Contractor's solution shall provide an architecture designed to support vertical and/or horizontal infrastructure and application scaling to meet increases in demand.	Yes								

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Integration	INT108	The Contractor's solution shall use standard messaging formats (e.g. XML, JSON, EDI, etc.) to ensure interoperability.	Yes								
Integration	INT109	All service endpoints/APIs shall be exposed to the State's Integration Platform and are able to receive and submit messages through the State's Integration Platform.	Yes								
Integration	INT110	The Contractor's solution shall have the ability to identify errors in transactions and immediately notify the State's Integration Platform and the source system of the specific errors including whether the errors have precluded loading and/or using the data.	Yes								
Integration	INT111	The Contractor's solution shall be integrated in loosely coupled design patterns with the rest of the enterprise by encapsulating its core functions and interacting with the rest of the enterprise via interfaces to and from the State's Integration Platform which leverage interoperability data standards.	No								

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Integration	INT112	The Contractor's solution shall support standard web services and specifications (e.g., REST, WSDL, WS-*, SOAP, JSON, XML, EDI).	Yes								
Integration	INT113	The Contractor's solution must be capable of receiving, translating, and processing data to and from the variety of secure protocols (e.g., HTTPS, FTPs, SFTP, AS2, AS3). The Contractor shall include in their response a list of protocols supported.	Yes								
Integration	INT114	The Contractor shall participate in the Data Governance process, as defined and administered by the Agency. The Data Governance process will define processes and adjudicate concerns for items includ but not limited to: • Enterprise data lifecycle management processes (including master data management) • Data synchronization processes • Data formats for data exchanged by/between systems in Agency's Enterprise • Management of reference data (i.e. code list versions) • Dispute resolution for data management issues	No								
Integration	INT115	The Contractor's solution shall support full and incremental data synchronization between the solution and the State's Integration Platform for data entities as defined by the Agency.	No								

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Integration	INT116	The Contractor's solution shall ensure that module operational data is available and is supplied to the State's Integration Platform in a format and frequency as defined by the Agency. The State's Integration Platform may require periodic data refreshes at agreed upon intervals.	No								
Integration	INT117	The Contractor shall work with the Agency and the Systems Integrator if data quality issues arise and s assist in remediating those issues.	No								
Integration	INT118	The Contractor shall participate in the API Governance process, as defined and administered by the Agency. The API Governance process will define processes and adjudicate concerns for items including but not limited to: • Design and definition of solution endpoint API specifications • Revisions to solution endpoint APIs (minor & major) • Deprecation of solution APIs • Definition of data formats and code lists utilized by an API • Dispute resolution for API designs and behavior	No								
Integration	INT119	The Contractor shall implement interfaces with the State's Integration Platform in accordance with technical specifications approved by the Agency.	No								

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Integration	INT120	The Contractor's solution shall support query-based service calls (e.g. request & response) for data entities and associated query parameters as required by the Agency.	No								
Integration	INT121	The Contractor's solution shall support real-time notifications as required by the Agency including but not limited to: changes to solution's data, transaction events, etc.	No								
Integration	INT122	The Contractor's solution shall transmit all dates in a format specified by the Agency (ISO8601).	No								
Integration	INT123	The Agency reserves the right to make use of and share with stakeholders at the Agency's discretion, the technical specifications supplied by the Contractor for the solution endpoints exposed to the State's Integration Platform.	No								
Integration	INT124	The Contractor shall ensure that all data, transactions and service calls between the Contractor's solution and other modules (including legacy systems) are routed through the State's Integration Platform as required by the Agency.	No								

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Integration	INT125	The Contractor shall route data, transactions and service calls between the Contractor's solution and third party systems and federal systems (e.g., CMS, IRS, SSA) through the State's Integration Platform as required by the Agency.	No								
Integration	INT126	The Contractor's solution shall utilize supporting services, data sources, or data feeds (master indices, reference data, etc.) provided by the State's Integration Platform as required by the Agency.	No								
Integration	INT127	The Contractor shall generate and supply solution test data (including synthetic or de-identified data). Test data shall approximate production data with sufficient fidelity to ensure reliability and accuracy of test results.	No								
Integration	INT128	The Contractor shall coordinate security configurations and data sensitivity for multiple environments (e.g., integration testing, pre-production) with the State's Integration Platform as required by the Agency.	No								

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Integration	INT129	The Contractor's solution shall capture, log, maintain and supply upon request to the Agency metadata for transactions and service calls between the solution and the State's Integration Platform. Metadata shall include but is not limited to, enterprise-supplied transaction IDs, transaction success/failure status, and other information as defined by the Agency.	No								
Integration	INT130	The Contractor must maintain any and all hardware and software products required to support the Contractor's solution at their most current major version (patches, fixes, upgrades, and releases for all software, firmware and operating systems) or no more than one version back from the most current major version.	No								
Integration	INT35	The Contractor shall provide an architecture that has clearly defined service endpoints.	Yes								
Integration	INT40	The Contractor shall provide technical, functional and performance documentation required by the IV&V Contractor for the solution in order to support IV&V reporting needs identified in the most current version of MECT.	Yes								

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Integration	INT52	The Contractor shall collaborate with all State enterprise contractors and solutions to accurately collect, process, and distribute applicable HIPAA EDI transactions.	Yes								
Integration	INT54	The Contractor's solution shall require (when appropriate), capture, and maintain the 10-digit NPI.	Yes								
Integration	INT55	The Contractor's solution, shall accept the NPI in all applicable standard electronic transactions mandated under HIPAA	Yes								
Integration	INT59	The Contractor shall ensure all hardware, software, and communication components installed for use by State staff are compatible with the State currently supported versions of the Microsoft Operating System, Microsoft Office Suite and Internet Explorer; and current technologies for data interchange.	Yes								

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Integration	INT61	The Contractor's solution shall allow internal and external stakeholders to upload and view electronically submitted documents.	Yes								
Integration	INT62	The Contractor's solution shall ensure information and event notifications include aggregated and integrated information.	Yes								
Integration	INT63	The Contractor's solution shall have business process orchestration in an event-driven environment that maximizes process automation.	Yes								
Integration	INT65	The system shall provide the ability to share and federate data with other data sharing partners.	Yes								

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Integration	INT66	The Contractor's solution shall provide the ability to create/edit, send, receive and process X12, NIEM standardized transactions and NCPDP D.0 transactions relative to the Contractor's scope of work.	Yes								
Integration	INT68	The Contractor shall collaborate with the Systems Integrator to automatically report system availability to the SI availability solution. The frequency of each module component verification will be defined by the Department.	Yes								
Integration	INT70	The Contractor shall identify and describe the licenses necessary for the scope of work to support the infrastructure that will provide sufficient bandwidth and redundancy to ensure accessibility, reliability/fault tolerance and acceptable performance.	Yes								
Integration	INT73	The Contractor shall be responsible for understanding the business processes to automate and orchestrate appropriate workflows, business rules, data flow and metadata within the solution and work collaboratively with the SI.	Yes								

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Integration	INT77	The Contractor's solution shall provide a highly automated systematic processing of healthcare claims and eligibility transactions.	Yes			[redacted]					
Integration	INT78	The Contractor shall provide an environment where components can be added or replaced quickly.	Yes								
Integration	INT79	The Contractor's solution shall allow internal and external users to enter data using electronic forms and receive documents electronically from other systems.	Yes								
Integration	INT81	The Contractor's solution shall have the capability to receive and display data , messages, and alerts from other systems in real-time.	Yes								

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Integration	INT87	The Contractor's solution shall provide context sensitive help (situational clarification and support associated with process specific steps), to support user activities (e.g., provider enrollment and maintenance activities).	Yes								
Integration	INT88	The Contractor shall implement a solution where module components are loosely coupled and can be added or replaced quickly.	Yes								
Integration	INT93	The Contractor shall provide electronic notification including detailed release notes for Major and Minor version, patches, updates and fixes deployed to the production environment.	Yes								
Integration	INT94	The Contractor shall work collaboratively with module vendors to reconcile ODS data elements with the data elements for each module component.	Yes								

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Interfaces	INR01	The Contractor's solution must ensure that all data exchanges including inbound and outbound interfaces shall comply with industry standards (e.g., National Information Exchange Model (NIEM), National Institute of Standards and Technology (NIST), HIPAA-compliance standards, Health level 7 (HL7), Fast Healthcare Interoperability Resources (FHIR)).	Yes								
Interfaces	INR02	The Contractor shall support the exchange of data between the System and the systems with which it interfaces (including external entities) to facilitate business functions that meet the requirements of Department policy, and federal and State rules and regulations.	Yes								
Interfaces	INR04	The system shall send and receive real-time discrete transactions between modules and the State's integration platform to reduce the need for bulk data transfers.	Yes								
Interfaces	INR05	The Contractor's solution shall provide the ability to view raw daily interface files for up to sixty (60) calendar days. Archive raw daily interface files after sixty (60) calendar days and maintain for up to six (6) months.	Yes								

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Interfaces	INR06	The Contractor's solution shall provide the ability to view raw monthly and quarterly interface files for up to one year (365) calendar days. Archive raw monthly and quarterly interface files for two years (730) calendar days and maintain for up to two (2) years.	Yes								
Interfaces	INR08	The Contractor's solution shall include a process and toolset to maintain interfaces, code, and data models.	Yes								
Interfaces	INR11	The Contractor shall design, develop and maintain interfaces. Each Application Program Interface (API) and components that will interface with the Systems Integration Services Integration Platform will be documented using a mutually agreed upon ICD template. This effort is performed in collaboration with other stakeholders in the State's healthcare programs enterprise.	Yes								
Interfaces	INR12	The Contractor shall ensure proprietary interfaces and protocols between modules are not used.	Yes								

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Interfaces	INR33	The Contractor shall document all interfaces in the Agency's Interface Control Document (ICD) format which will include data layout documentation, data mapping crosswalk, inbound/outbound capability and frequency of all interfaces. The Agency will approve finalized interface designs detailed in the ICDs.	Yes								
Interfaces	INR34	The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price.	No								
Key Personnel and Resources	KR01	The Contractor can use off-shore and near-shore resources. However, offshore or near shore resources cannot develop security controls. The Contractor shall advise the Department when work is being completed by offshore or near shore resources. The Contractor shall ensure that all Contractor practices and procedures, including but not limited to secure coding practices are used by all resources.	Yes								
Key Personnel and Resources	KR02	The Contractor, and any of its subcontractors, shall work cooperatively with module Contractors and Department staff to ensure the success of the program.	Yes								
Key Personnel and Resources	KR03	The Contractor shall help prevent project delays and address them if they occur. This includes assuran that sufficient resources and knowledgeable, experienced staff are available to meet the required project schedule.	Yes								
Key Personnel and Resources	KR04	The Contractor shall provide sufficient personnel to administer and execute required project activities, including approvals, during development, implementation, and operations.	Yes								
Key Personnel and Resources	KR07	Key personnel described in the proposal shall become named resources on the project and are subject to the following requirements: a. Key personnel shall not be transferred or removed without prior approval of the Department. b. The Department will approve key personnel assigned to the Contract. c. The Department reserves the right to request removal of any Contractor staff or subcontractor staff, if applicable, assigned to the project, and the Contractor shall comply with any such request immediately. d. If a vacancy occurs in a key role, the Contractor shall fill the position in compliance with identified SLAs.	Yes								
Key Personnel and Resources	KR08	The Contractor must designate a Project Manager to represent and oversee the day-to-day activities of the project. This individual shall serve as the Department's primary point of contact for matters relating to the project and serve as a liaison for certification, collaborating with other contractors, and stakeholders.	Yes								
Key Personnel and Resources	KR09	The Contractor's Project Manager must meet the following qualifications including: a. A minimum of seven (7) years' project management experience managing projects of similar size and scope, preferably in Medicaid or the healthcare industry. This experience must include relevant experience within the last three (3) years from the release date of the RFP. b. Project Management experience should include each phase of the system development life cycle. c. Project management certification through the Project Management Institute (PMI) is preferred.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	**Requirement ID**	**Requirement Language**	**Base Requirement Applicable to Core Claims Solution and All Proposed Options**	**Requirement Option Indicator**	**Requirement Option Assignment**	**General Status**	**roduction Statu**	**roduct Typ**	**Hosting**	**Security Tested**	**Additional Information**
Key Personnel and Resources	KR11	The Contractor's Integration Lead must meet the following qualifications including: a. Minimum of five (5) years leading system design and integration projects, including the technical des and implementation of projects similar in size and scope to this project. b. Experience must involve directing multi-discipline technical teams producing integration solutions (e.g., Service Oriented Architecture, network, hardware and software). c. A Bachelor's Degree in Information Systems Engineering, Computer Science, or a related field is	Yes								
Key Personnel and Resources	KR12	The Contractor must designate a Testing Lead to coordinate all testing activities.	Yes								
Key Personnel and Resources	KR13	The Contractor's Testing Lead must meet the following qualifications including: a. Minimum of three (3) years experience leading testing activities for a project similar in size and scope to this project. b. In-depth understanding of the testing lifecycle and all artifacts required to successfully validate the system	Yes								
Key Personnel and Resources	KR14	The Contractor must designate a Contract Manager to be the single point of contact for matters concerning the Contractor's performance under the Contract. This person shall have the authority to make decisions that are binding to the Contract, shall be responsible for timely completion of the project, and shall be responsible for meeting all contractual obligation	Yes								
Key Personnel and Resources	KR15	The Contractor's Contract Manager must have a minimum of five (5) years' contract management experience managing related services with similar budgets, preferably in Medicaid or the healthcare industry and for a project similar in size and scope to this projec	Yes								
Key Personnel and Resources	KR16	The Contractor shall submit two (2) references for each of the key personnel being proposed for the project. Each reference should depict relevant and current experience for work completed no more than seven (7) years prior to the date of this RFP	Yes								
Key Personnel and Resources	KR17	The Contractor must demonstrate that it can commit an adequate level of technical and human resources sufficient to complete the project within the required time frame and to meet the quality requirements outlined in this RFP. Furthermore, the level of technical and human resources which the Contractor agrees to commit to the project at the time of proposal must be maintained throughout the life of the pro at a necessary level to complete the scope of wor	Yes								
Key Personnel and Resources	KR18	The Contractor's staff shall have sufficient experience appropriate for their role.	Yes								
Key Personnel and Resources	KR19	The Contractor must supply a Personnel Background Check Attestation (written documentation) of a favorable background check for Contractor personnel who might reasonably be expected to access sensitive and confidential member data contained in any system accessed during the course of the Contract. The Department may request the removal of staff for disqualifying offenses. Contractor must describe their process for performing background checks for non-US citizens or Green Card holders.	Yes								
Key Personnel and Resources	KR20	The Contractor's Project Manager shall be required to perform work at the State's primary project location (e.g., city, state), unless approved by the Department to work remotely.	Yes								
Key Personnel and Resources	KR21	The Contractor's staff shall be available Monday through Friday as early as 7:00 AM and as late as 6:00 PM in the time zone of the participating State.	Yes								
Key Personnel and Resources	KR22	For any work performed at a location other than the primary Project site, the Contractor must identify the specific location (city, state, country), describe the type of work to be performed, and the percent of the total hours for that type of work at that locatio	Yes								
Key Personnel and Resources	KR23	The Contractor's staff working remotely, must be available to work in the State's primary project location at the Department's' request for functions necessary to support the scope of work (e.g., risk review meetings, root cause analysis sessions, integration planning, release planning, operational readiness reviews, UAT, implementation, and production deploymer	Yes								
Key Personnel and Resources	KR25	The Contractor's key personnel and/or management replacement must meet the minimum qualifications for the position . The Contractor shall provide a detailed resume for a proposed key personnel and/or management replacement. Replacements are subject to Department approval prior to any assignment	Yes								
Key Personnel and Resources	KR26	The Contractor shall provide the appropriate level of knowledge transfer/training to Contractor staff.	Yes								
Key Personnel and Resources	KR28	The Contractor must designate a Certification Lead to coordinate all certification activities.	Yes								
Key Personnel and Resources	KR29	The Contractor's Certification Lead must meet the following qualifications including: a. Minimum of three (3) years experience certifying systems against industry standards for projects similar in size and scope to this project. b. In-depth understanding of the most current MECT certification lifecycle required to successfully valid the system	Yes								
Key Personnel and Resources	KR34	The Contractor's key personnel positions may not be vacant for more than 10 Business Days without a qualified substitute (temporary replacement). A qualified substitute must be in place no more than 10 Business Days after the separation date of the vacating resource. The definition of a qualified substitute is someone meeting the requirements of the RFP and Contract Section 4. The Contractor may not fill vacant key personnel positions with other existing key personnel without approval by the Department. The Department will also have the authority to approve proposed replacements of key personnel by the Contractor	Yes								
Key Personnel and Resources	KR35	The Contractor must designate an Integration Lead to coordinate with the Systems Integrator, other module vendors, and other stakeholders, manage the design, configuration/build, integration, defect management, and implementation of the Contractor's scope of wo	Yes								
Key Personnel and Resources	KR36	The Contractor shall provide key personnel that at a minimum include the Project Manager, Technical Manager, Contract Manager, Claims Manager, Testing Lead, Integration Lead and a Certification Lead during the DDI and Certification Phases of the Program. For the Operations Phase of the Program, the Contractor shall provide key personnel that at a minimum include the Project Manager, Operations Manager, Claims Manager, Technical Manager, and Contract Manager. Key personnel shall not hold more than one key role unless otherwise approved by the Agency. The Agency will review and	No								
Key Personnel and Resources	KR37	For Option A - Financial, the Contractor shall provide defined key personnel of Financial Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personne	No	Yes	Option A - Financial						
Key Personnel and Resources	KR38	For Option B - Call Center, the Contractor shall provide defined key personnel of Provider Relations Manager and Enrollment Broker Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key person	No	Yes	Option B - Call Center						

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All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	**Requirement ID**	**Requirement Language**	**Base Requirement Applicable to Core Claims Solution and All Proposed Options**	**Requirement Option Indicator**	**Requirement Option Assignment**	**General Status**	**roduction Statu**	**roduct Typ**	**Hosting**	**Security Tested**	**Additional Information**
Key Personnel and Resources	KR39	For Option C - Federal Reporting, the Contractor shall provide defined key personnel of Federal Reporting Manager for the Operations, Maintenance and Configuration phase of the project. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personn	No	Yes	Option C - Federal Reporting						
Key Personnel and Resources	KR40	For Option D - State Specific Requirements, the Contractor shall provide key personnel for the Operations, Maintenance and Configuration phase of the project as defined in the Participating State's Participating Addendum. The Contractor must identify other key personnel for the Operations, Maintenance and Configuration phase of the project. The Department will review and approve all key personnel	No	Yes	Option D - State Specific Requirements						
Key Personnel and Resources	KR41	For Option A - Financial, The Contractor shall provide key personnel at a minimum that include a Finan Services Project Manager, Financial Services Lead Analyst, during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personn	No	Yes	Option A - Financial						
Key Personnel and Resources	KR42	For Option B - Call Center, The Contractor shall provide key personnel at a minimum that include a Call Center Implementation Project Manager, Call Center Lead Analyst, during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key person	No	Yes	Option B - Call Center						
Key Personnel and Resources	KR43	For Option C - Federal Reporting, The Contractor shall provide key personnel at a minimum that include Federal Reporting Implementation Project Manager, and three Federal Reporting Lead Analysts for the following areas: 1) Transformed Medicaid Statistical Information System (TMSIS), 2) CMS-64, CMS-21, CMS-37, 3) All other state and Federal reporting during the DDI and Certification Phases of the Program. Key personnel shall not hold more than one key role unless otherwise approved by the Department. The Department will review and approve all key personn	No	Yes	Option C - Federal Reporting						
Member and Provider Call Center	MPCC01	The Contractor shall staff, operate, and maintain a call center for members and providers with staff that are experienced, knowledgeable, and certified (if necessary) on the Agency's policies and claims solution as defined by the Agency	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC02	The Contractor shall provide an Automated Call Distribution (ACD) solution that intelligently prioritizes, sequences, and routes calls, via configurable workflow processes, in an order (e.g., agent availability, skill level, call type) as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC03	The Contractor's solution shall provide the software and services to enable and support interactive communications via SMS, chat, and email between the call center staff, Agency staff, the Agency's designee , and member and provider stakeholders as defined by the Agency.	No	Yes	Option B - Call Center						

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Member and Provider Call Center	MPCC04	The Contractor's solution shall provide HIPAA-compliant interactive communication methods (e.g., email, text chat) as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC05	The Contractor's solution shall provide automatic screen presentation of member/provider data (e.g., name, provider or member ID, phone number, email address, preferred language, associated documents, historical call records) when the call is answered as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC06	The Contractor's solution shall provide multiple language options (e.g., English, Spanish) and services for the hearing impaired (TTY/TTD) as defined by the agency	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC07	The Contractor's solution shall provide and maintain industry standard quality monitoring capability (e.g., silent monitoring, assignment of unique tracking numbers, voice and screen/multi-media capturing) to analyze the entire call experience as defined by the Agency.	No	Yes	Option B - Call Center						

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Member and Provider Call Center	MPCC08	The Contractor's solution shall track, store, monitor, maintain, report and display on a dashboard call center statistics at intervals as defined by the Agency (e.g., real time, weekly, monthly, quarterly, and annually) to include, but not limited to: a) Abandon rate b) Availability and agent utilization c) Average speed of answer (ASA) d) Call duration (e.g., minutes, seconds) e) Call volume f) Customer satisfaction g) Contact time (e.g., minutes, seconds) h) One call resolution rate i) Peak hour statistics j) Identification of historical trends k) Busy signal l) Disconnected calls m) Other areas as defined by the Agency	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC09	The Contractor's solution shall provide searchable and viewable communication management system that tracks all call center activities and communications, including all correspondence that is generated to and received from providers and members.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC10	The Contractor's solution shall provide, maintain and operate a secure interactive voice response system (IVRS) with a Contractor-supplied telephone number(s) (e.g., local, toll-free), as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC11	The Contractor shall provide an Interactive Voice Response System (IVRS) that allows a caller to select option to reach a live call center representative during hours of operation with the ability to support call center integration with a configurable menu-driven design, as defined by the Agency, that allows for efficient navigation to the appropriate resource(s). In addition the IVRS shall support configurable scripts for announcements and messages (e.g., regarding hours of operation, emergencies, and system availability) as defined by the Agency.	No	Yes	Option B - Call Center						

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Member and Provider Call Center	MPCC12	The Contractor's solution shall provide configurable role-based menus to authorized users that restricts user's access to information appropriate for the user type as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC13	The Contractor shall create, configure, and maintain Agency approved IVRS voice messages, messages responses, prompts by the required implementation date.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC14	The Contractor's solution shall provide the appropriate and scalable number of in-bound and out-bound access lines to meet caller demand based on monthly statistics as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC15	The Contractor's solution shall provide the ability to log and track incoming calls with call reason and queue codes (e.g., eligibility, claims, EDI, helpdesk) as defined by the Agency.	No	Yes	Option B - Call Center						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Member and Provider Call Center	MPCC16	The Contractor's solution shall provide the ability to log and track outgoing calls with call reason and queue codes (e.g., eligibility, claims, EDI, helpdesk) as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC17	The Contractor's solution shall provide the capability to store, track, prioritize, and maintain a configurable log (e.g.,, date/time reported, issue, description, follow up completed, resolution, escalation contact and workflow) of member and provider complaints received by the call center through the resolution and closure of the complaint. The Agency will have real-time access to detailed information about all complaints.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC18	The Contractor's solution shall capture, store, maintain, and report detailed information, including a unique transaction number, for all inquiries made to the ACD, IVRS and FAXBACK including information requested and conveyed, as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC19	The Contractor's solution shall capture, record, store, and maintain call information (e.g., time and date of call, duration, name and contact information, reason for calling, agent response, status of resolution, resolution description) for operations staff to utilize for research and/or auditing purposes as defined by the Agency.	No	Yes	Option B - Call Center						

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Member and Provider Call Center	MPCC20	The Contractor's solution shall capture, store, monitor, maintain, report and display all unique transactions (e.g., ACD, IVRS, Faxback) on a dashboard by transaction type with the ability to search and filter (e.g., call type, provider or member ID, name, representative's ID or name, or a combination of these data elements) and view the audit trail of each transaction as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC21	The Contractor's solution shall have the ability to automatically or manually route calls (e.g., internal, external, IVRS/FaxBack, voicemail) between the IVRS and the ACD as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC22	The Contractor's solution shall have the ability to update callers within the queue regarding how long the anticipated wait time is until their call is answered, with a routing option to leave a voicemail as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC23	The Contractor shall conduct quality call monitoring on a randomly selected sample of daily calls (a minimum of one half of one percent (0.005%) and no less than one call per agent, per day). The Contractor shall document and retain results of the quality call monitoring and submit the reports to the Agency.	No	Yes	Option B - Call Center						

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Member and Provider Call Center	MPCC24	The Contractor shall provide certified language interpretation (for verbal communication) and translation (for written communication) services for all callers and correspondence.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC25	The Contractor's solution shall utilize the same call center solution for both provider and member help line	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC26	The Contractor's solution shall provide users the ability to attach or link one or more associated docume (e.g., MS Word, Excel, PDF, image) to one or more unique call records and allow for viewing , printing, emailing, or faxing of documents from within the call or linked call record, as defined by the Agency.	No	Yes	Option B - Call Center						
Member and Provider Call Center	MPCC27	The Contractor's solution shall provide the ability to survey callers to rate performance measures (e.g., quality, timeliness, and other service delivery elements carried out by the Call Center) as defined by the Agency. The Contractor's solution shall capture caller satisfaction scores to determine the average satisfaction percentage score.	No	Yes	Option B - Call Center						

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Member and Provider Call Center	MPCC28	The Contractor shall capture, store, and maintain a multimedia recording of each distinct call center agent interaction with supporting index information (e.g., agent, topic, authorized user id, member id, provider id, date/time) as defined by the Agency. Upon request, provide the Agency with electronic copies of multimedia recordings which shall be archived according to Agency defined retention requirements.	No	Yes	Option B - Call Center						
Operations, Maintenance, and Configuration	OMC01	The Contractor shall cooperate and assist the Department in responding to all law enforcement, federal and State audit and review requests. The Contractor shall provide audit support including, random sample generation, data extracts, hard-copy documents, and provide any requested data or information.	Yes								
Operations, Maintenance, and Configuration	OMC02	The Contractor shall support the disaster recovery activities that will provide timely failover and create relevant documented policies and procedures to implement a recovery.	Yes								
Operations, Maintenance, and Configuration	OMC03	The Contractor shall conduct an annual test of the Disaster Recovery and Business Continuity Plan and submit the Disaster Recover/Business Continuity Test Report that includes the outcome, corrective action plan, and revisions, if any, to the Department.	Yes								

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Operations, Maintenance, and Configuration	OMC04	The Contractor shall provide Operations support, Maintenance, and ongoing Configuration of the provided Solution(s) throughout the life of the Contract. This includes providing Operations support as described in the scope of work as well as providing Maintenance and Enhancements to the provided Solution(s). The Contractor will follow project management and system development processes throughout the life of the Contract. The Department defines maintenance for each module as follows: 1. Making configuration updates as requested by the State. Configuration includes changes to table values, parameters, codes, and business logic, including hardcoded business logic. 2. Correcting deficiencies (defects) found in the solution(s) based on detailed requirements described in the scope of work and published design specifications. 3. Correcting deficiencies (defects) found in the solution(s) based on a failure to meet the detailed requirements in completed enhancement, configuration or maintenance requests. 4. Conducting research requested by the State or required to support the Department. For example: a. System behavior and results b. New healthcare initiatives c. Best practices research across states and industry d. Impacts of new State and federal legislation 5. Performing mass adjustments or mass changes as requested by the State or required to support the State's healthcare programs (for example, errors in pricing, eligibility, cost share, and financial code assignments, TPL discovery, and provider reimbursement change	Yes								
Operations, Maintenance, and Configuration	OMC05	The Contractor shall provide a notification web page that displays when the system is unavailable for scheduled maintenance or unscheduled outages.	Yes								
Operations, Maintenance, and Configuration	OMC06	The Contractor shall have processes in place to restrict access when inappropriate system access or misuse is detected.	Yes								
Operations, Maintenance, and Configuration	OMC07	The Contractor shall test and implement all production ready patches, upgrades, and releases for all software, firmware and operating systems in a timely manner, in coordination with other modules.	Yes								
Operations, Maintenance, and Configuration	OMC12	The Contractor shall notify the appropriate user community, as defined by the State, of system events (e.g., major system changes and system outages).	Yes								
Operations, Maintenance, and Configuration	OMC15	The module Contractor shall provide help desk services to provide level 0 (customer self-service) level 1(basic support), level 2 (moderate support) that includes as appropriate, escalation to the State and level 3 (technical/integration) support related to the functionality of the module's scope of work. Level 1 help desk is the first point of contact and is responsible for logging the issue and, if possible, assisting the user	Yes								

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Operations, Maintenance, and Configuration	OMC16	The Contractor shall provide online help for external and internal users.	Yes								
Operations, Maintenance, and Configuration	OMC18	The Contractor shall notify the Department when updated reference materials (e.g., Requirements Matrices, Manuals, System Documentation, System Design Documentation, User Documentation, Business Rules Catalog, and Training Materials) are available for review.	Yes								
Operations, Maintenance, and Configuration	OMC19	The Contractor shall provide 24x7 access to the Department for all reference materials (e.g., Requirements Matrices, Manuals, System Documentation, System Design Documentation, User Documentation, Business Rules Catalog, and Training Materials).	Yes								
Operations, Maintenance, and Configuration	OMC30	The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.	No								
Operations, Maintenance, and Configuration	OMC31	The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.	No								
Operations, Maintenance, and Configuration	OMC32	The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option A - Financial						
Operations, Maintenance, and Configuration	OMC33	The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option A - Financial						
Operations, Maintenance, and Configuration	OMC34	The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option B - Call Center						

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Matrix of Requirements											
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Operations, Maintenance, and Configuration	OMC35	The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option B - Call Center						
Operations, Maintenance, and Configuration	OMC36	The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option C - Federal Reporting						
Operations, Maintenance, and Configuration	OMC37	The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option C - Federal Reporting						
Operations, Maintenance, and Configuration	OMC38	The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option D - State Specific Requirements						
Operations, Maintenance, and Configuration	OMC39	The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.	No	Yes	Option D - State Specific Requirements						
Performance	PRFM01	The Contractor shall develop a method for maintaining performance compliance with Service Level Agreements (SLA).	Yes								
Performance	PRFM04	The Contractor shall meet Service Level Agreements and integrate tools for monitoring system and component performance and create the necessary reports or supply a dashboard to support SLAs.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Performance	PRFM05	The system shall track performance measures for each SLA requirement using predefined and ad hoc reporting methods	Yes								
Pricing and Payment	PP01	The Contractor's solution shall store, on the header and/or each claim line, the claims payment methodology used to adjudicate the respective header and/or claim line.	No								
Pricing and Payment	PP02	The Contractor's solution shall provide a configurable hierarchy of pricing and reimbursement methodologies determined by the Agency.	No								
Pricing and Payment	PP03	The Contractor's solution shall accept and process Medicare crossover claims using Medicare coinsurance and deductible amounts on the coordination of benefits segment/s using Agency configurable rules (e.g., claim type, provider type, benefit package, age, Medicare coinsurance, Medicare Deductible, Medicaid allowed, etc. with Medicaid as the payer of last resort).	No								

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Pricing and Payment	PP04	The Contractor's solution shall ensure all applicable third-party payment information is captured, stored, applied, and reported based on Agency configurable business rules.	No								
Pricing and Payment	PP05	The Contractor's solution shall identify claims applicable for drug rebate processing and post appropriate claim edits in accordance with 42 USC 1396r-8 PAYMENT FOR COVERED OUTPATIENT DRUGS (e.g., Medicare crossover, physician administered drugs), store a drug rebate indicator, and transmit the required data to the appropriate system.	No								
Pricing and Payment	PP06	The Contractor's solution shall reimburse providers based on Medicare's Outpatient Prospective Payment System (OPPS), based on Agency configurable business rules (e.g., Ambulatory Surgery Center, Hospital Outpatient, Comprehensive Outpatient Rehabilitation Facility (CORF)).	No								
Pricing and Payment	PP07	The Contractor's solution shall provide a clinical claims editor (grouper) with the capability to price inpatient hospital services according to DRG methodologies defined by the Agency.	No								

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Pricing and Payment	PP08	The Contractor's solution shall obtain transportation documentation via interface from the Agency's Ambulance Trip Reporting System and store the documentation associated with the claim in order to fully adjudicate ambulance transportation claims.	No								
Pricing and Payment	PP09	The Contractor's solution shall allow for configurable claim copays and/or cost-share assessments (e.g. benefit plan, age, claim type, service, provider, race, IHS utilization, nursing home residents, household limits by time period, and cost-share coordination) as defined by the Agency.	No								
Pricing and Payment	PP10	The Contractor's solution pricing process shall establish the allowed amount of the claim prior to member copay and/or cost-share amount.	No								
Pricing and Payment	PP11	The Contractor's solution shall capture, store, maintain, and report deductibles, copay, and coinsurance paid by member and benefit plan and/or program type.	No								

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Pricing and Payment	PP12	The Contractor's solution shall have the ability to capture, store, report, and apply multiple third party payments (e.g., primary, secondary, tertiary) to a single claim in the order indicated on the TPL data source.	No								
Pricing and Payment	PP13	The Contractor's solution shall accept member liability (e.g., Spenddown, nursing home, maximum out-of-pocket, cost-share coordination). information from relevant source(s) (e.g., eligibility, financial) and apply configurable business rules to deduct the liability from the appropriate claims.	No								
Pricing and Payment	PP14	The Contractor's solution shall track copays applied and/or credited for each assessment period.	No								
Pricing and Payment	PP15	The Contractor's solution shall notify the provider of cost sharing deducted from each claim (e.g. EOB, CARCs, RARCs, remittance advice (RAs)).	No								

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Matrix of Requirements											
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Pricing and Payment	PP16	The Contractor's solution shall provide the capability to view and maintain cost share information (e.g., maximum out of pocket, cost share) and generate notification as specified by the Agency.	No								
Pricing and Payment	PP17	The contractor's solution shall track cost sharing applied and/or adjusted/voided/credited for each assessment period and create a new assessment period as defined by the Agency.	No								
Pricing and Payment	PP18	The Contractor's solution shall calculate each claim's cost share (e.g., copayments, LTC patient liability) as specified by the Agency.	No								
Pricing and Payment	PP19	The Contractor's solution shall price claims according to pricing data and reimbursement methodologies applicable on the date(s) of service on the claim.	No								

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Pricing and Payment	PP20	The Contractor's solution shall include configurable alerts to notify the appropriate work unit of any payment changes requiring further review or investigation (e.g. statistical variances or rapid payment changes). The Agency shall define the work unit and notification process.	No								
Pricing and Payment	PP21	The Contractor's solution shall reimburse providers' inpatient claims identified as client transfers based on the Agency's pricing methodology.	No								
Pricing and Payment	PP22	The Contractor's solution shall reimburse providers short stay inpatient claims based on the Agency's pricing methodology.	No								
Pricing and Payment	PP23	The Contractor's solution shall reimburse providers pro-rated eligibility inpatient claims (e.g., overlapping benefit plans, changes in benefit plan) based on the Agency's pricing methodology.	No								

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Pricing and Payment	PP24	The Contractor's Solution shall have the ability to support outlier and interim billing as defined by the Agency.	No								
Pricing and Payment	PP25	The Contractor's solution shall provide the capability for the Agency to utilize multiple criteria to price services at different rates (e.g., geographic region, benefit plan).	No								
Pricing and Payment	PP26	The Contractor's solution provide the capability to exempt select services or members from cost share based on Federal or State law (e.g., emergency services, preventive services, family planning services, pregnancy related services, generic drugs, immunizations, EPSDT) as defined by the Agency.	No								
Pricing and Payment	PP27	The Contractor's solution shall provide the ability to create and modify rate types (e.g., rate increases/decreases, payment methodologies, beginning and end dates, date of service) based Agency defined business rules. All changes shall be effective dated and provide the user the capability to perform the changes in real time.	No								

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Pricing and Payment	PP28	The Contractor's solution shall provide capability to price medical claims that include physician administered drugs, including compound drugs, as defined by the Agency.	No								
Pricing and Payment	PP29	The Contractor's solution shall have the ability to apply a rate cap to claim line items based on the prior authorized rate, as defined by the Agency.	No								
Pricing and Payment	PP30	The Contractor's solution shall have the ability to calculate and apply member liability at the header or line level (e.g., FPL, aid category, benefit plan, monthly out of pocket maximum allowance, or other factors) as defined by the Agency.	No								
Pricing and Payment	PP31	The Contractor's solution shall set a manual pricing indicator flag on a claim that is manually priced by a user. The solution shall capture and store the reason for the manual pricing and identify the user.	No								

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Pricing and Payment	PP32	The Contractor's solution shall provide a grouping functionality that supports header and line level grou methodologies (e.g., APR-DRG, APC) as defined by the Agency.	No								
Pricing and Payment	PP33	The Contractor's solution shall utilize configurable data elements and business rules that support the requirements of 42 CFR 447.	No								
Pricing and Payment	PP34	The Contractor's solution shall retain pricing and reimbursement methodologies and their details (e.g., effective and end date, parameters, indicators, gender, age, units, benefit plan) and the audit history of changes for the determined retention period as defined by the Agency.	No all								
Pricing and Payment	PP35	The Contractor's solution shall price all claims according to benefit plans, provider contracts, and methodologies as directed by the Agency.	No								

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Pricing and Payment	PP36	The Contractor's solution shall apply automatic payment adjustments (e.g., incentives and penalties, fixed rates, percentage of approved payments) and apply appropriate incentive pricing as defined by the Agency.	No								
Pricing and Payment	PP37	The Contractor's solution shall provide the ability to configure payment adjustments (e.g., incentives and penalties, fixed rates, percentage, benefit plan) and schedule or automatically execute in real time the adjustment of claims as defined by the Agency.	No								
Pricing and Payment	PP38	The Contractor's solution shall have the ability to price global services (e.g., bariatric surgery, surgical services, surgery, pre- and post-op, prenatal) based on a primary procedure code. Additionally, the solution should allow for pricing incremental services related to the primary procedure code (e.g., lab services, pre- or post-op to the primary service) or services and procedures deemed related and concurrent to the primary procedure code.	No								
Pricing and Payment	PP39	The Contractor's solution shall apply prior authorization constraints when computing payment amounts using Agency defined criteria.	No								

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Pricing and Payment	PP40	The Contractor's solution shall issue reimbursement to one or more payees, some of which are different than the billing provider, as defined by the Agency.	No								
Pricing and Payment	PP41	The Contractor's solution shall provide the ability to configure, record, and maintain the proportion of the payment (e.g., percentage, fixed amount, claim type, provider type, service) to be reimbursed to each payee as defined by the Agency.	No								
Pricing and Payment	PP42	The Contractor's solution shall perform claims processing for encounter claims, including editing, pricing, reporting, in a manner consistent with the standard fee for service claims (i.e., shadow pricing). The results shall be stored and no reimbursement to the provider will be generated.	No								
Pricing and Payment	PP43	The Contractor's solution shall, upon receipt of TPL information, automatically adjust claims with dates of service within the TPL effective dates.	No								

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Pricing and Payment	PP44	The Contractor's solution shall create and maintain an annual maximum payout limit for providers and other Agency-designated entities providing specific services, and have the ability to cease payments or the established annual limit has been reached as defined by the Agency.	No								
Pricing and Payment	PP45	The Contractor's solution shall store the adjudicated encounter claim results (including the managed care plan's paid amount and the shadow-priced fee for service rates) applied to each encounter claim.	No								
Pricing and Payment	PP46	The Contractor's solution shall provide a remittance advice file to the source that includes the adjudication results of each encounter claim, and exclude shadow pricing information.	No								
Pricing and Payment	PP47	The Contractor's solution shall receive, store, and update multiple provider per diem rates based on member level of care and/or the provider's qualifications based on configurable business rules.	No								

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Pricing and Payment	PP48	The Contractor's solution shall place claims in suspended status for program or waiver funding limitations and allow authorized users the ability to release claims for payment upon review.	No								
Pricing and Payment	PP49	The Contractor's solution shall, upon reaching the threshold amount for program or waiver claims, reimburse on a pro-rated basis until the expenditure allowance is reached. Once the maximum expendi threshold is met, then pay no further claims.	No								
Pricing and Payment	PP50	The Contractor's solution shall receive, maintain, and store all Medicare Part A, B, and D claims payment information as specified by the Agency.	No								
Pricing and Payment	PP51	The Contractor's solution shall capture, store, maintain, update, display, and report all claim processing activity (e.g., adjudication status, suspended claims by status and location, claims origin, adjustments, pre-adjudication validation, payment status) as defined by the Agency.	No								

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Pricing and Payment	PP52	The Contractor's solution shall adjudicate crossover claims at the detailed line item or header level based on Agency configurable business rules.	No								
Pricing and Payment	PP53	The Contractor's solution shall accurately calculate based on Agency configurable business rules, allowable reimbursement criteria for each service according to date specific rules and limitations applicable to each claim and encounter type, including service, pricing modifiers (multiple), benefit plan category of service, and provider type/specialty in accordance with program policy established by the Agency.	No								
Pricing and Payment	PP54	The Contractor's solution shall provide automated processing logic to price out-of-state claims (e.g., local rate, percent of charges, or suspend for manual pricing) based on configurable business rules defined by the Agency.	No								
Pricing and Payment	PP55	The Contractor's solution shall allow payment to fee-for-service providers for services rendered to members in pre-enrollment periods or other periods of transition (e.g., presumptive eligibility) based on configurable business rules defined by the Agency.	No								

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Pricing and Payment	PP56	The Contractor's solution shall produce and maintain state-specific companion and user guides, payer sheets, and/or fee schedule as directed by the Agency.	No								
Pricing and Payment	PP57	The Contractor's solution shall provide pricing methodologies as defined by the Agency and compliant v 42 CFR 447 to include, but not limited to: a) provider contracted rates b) CPT/HCPS/CDT and modifier codes c) fee schedule for the corresponding date d) RBRVS claims e) Manual pricing f) Place of service g) Specialty type h) Pay by report i) Age range j) Category of service k) CDT procedure code fee schedule l) Revenue codes m) APR-DRG (Diagnosis-Related Group) n) APG o) Per Diem at provider specific rates p) Add-on pricing amounts to any pricing structures based on other claim attributes (e.g. service facility provider type/specialty, place of service etc.) q) Provider specific encounter rate r) Variable percentage of billed charge s) Variable percentage based on provider type (FQHC, RHC, IHSp) t) PMPM with line level detail u) Medicare's Outpatient Prospective Payment System v) Bundled/unbundled pricing w) Global service pricing x) Calculation required for resource-based relative value system fee schedule for radiology, anesthesia and general medical services y) Tiered pricing into which a variety of services are grouped depending on the treatment type and intensity of care required	No								
Pricing and Payment	PP58	The contractor solution shall identify, accept, adjudicate, and store claims (e. g. medical inpatient, outpatient, crossover) submitted with procedure codes for physician administered drugs and require and capture the corresponding NDC.	No								
Pricing and Payment	PP59	The Contractor's solution shall capture, store, maintain, and send the data required to invoice manufacturers for the drug rebate including any adjustments or credits to the claim as defined by the Agency.	No								

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Pricing and Payment	PP60	The Contractor's solution shall have automated pricing logic to convert time measurement units into the correct dollar value for payment (e.g., anesthesia)	No								
Pricing and Payment	PP61	The Contractor's solution shall allow for Payees to receive one payment and remittance advice (or ANSI X12 835) for services provided under one or more benefit plans based on configurable business rules.	No								
Pricing and Payment	PP62	The Contractor's solution shall provide bidirectional navigation (drill up/drill down) between the remittance advice and the corresponding financial transaction details.	No								
Pricing and Payment	PP63	The Contractor's solution shall automate the claw back process and Medicare accounts payable process based on configurable business rules.	No								

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Pricing and Payment	PP64	The Contractor's solution shall allow authorized users to manually create accounts payable for HIPP cases, based on configurable business rules.	No								
Pricing and Payment	PP65	The Contractor's solution shall associate all Health Insurance Premium Payment Program (HIPP) accounts payables to the Member even if the Payee is not the Member.	No								
Pricing and Payment	PP66	The Contractor's solution shall have the ability to generate separate remittance advices for transactions based on which Entity is responsible for payment as defined by the Agency.	No								
Pricing and Payment	PP67	The Contractor's solution shall have the ability to pay prior-authorized non-emergency transportation payments in part or in total, based on configurable business rules.	No								

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Pricing and Payment	PP68	The Contractor's solution shall manage the payment processes for Medicare programs (e.g., buy-in, cla back, Part D) related to Agency Healthcare Programs as defined by the Agency.	No								
Pricing and Payment	PP69	The Contractor's solution shall generate a detailed remittance advice in electronic and/or printed report format (e.g., paid claims, denied claims, reason and remark codes, error codes, payments, voids, suspensions and payment adjustments) for each Payee and/or Provider that reflects all financial activity in a payment cycle. The remittance advice will be formatted according to Agency's defined standards and language and include CMS required information (e.g., the NPI of the physician or other professional who ordered or referred the service).	No								
Pricing and Payment	PP70	The Contractor's solution shall update financial transactions with payment identification details (e.g., ch number, warrant number, paid date, amount paid) when the information is returned from external Entity.	No								
Pricing and Payment	PP71	The Contractor's solution shall allow for Health Insurance Premium Payment Program (HIPP) payments to be created for Members or non-Members (e.g., insurance carrier, employer, policy holders), based on configurable business rules.	No								

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Pricing and Payment	PP72	The Contractor's solution shall capture and allow entry of additional detail in a Health Insurance Premium Payment Program (HIPP) case (e.g., policy holder name, date of birth, gender) as defined by the Agency.	No								
Pricing and Payment	PP73	The Contractor's solution shall receive, and allow for entry or end date of the details (e.g., diagnosis, age, gender, cost, percentage) needed to do a cost effectiveness evaluation for the Health Insurance Premium Payment Program (HIPP) as defined by the Agency.	No								
Pricing and Payment	PP74	The Contractor's solution shall automatically perform the cost-effectiveness calculation using information(e.g. claims history) for a redetermination and update information (e.g., premium amount) on the case for the Health Insurance Premium Payment Program (HIPP) as defined by the Agency.	No								
Pricing and Payment	PP75	The Contractor's solution shall have the ability to automatically create a new HIPP case and allow for u to manually enter one as defined by the Agency.	No								

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Pricing and Payment	PP76	The Contractor's solution shall automatically assign unique case numbers on new Health Insurance Premium Payment Program (HIPP) cases as defined by the Agency.	No								
Pricing and Payment	PP77	The Contractor's solution shall receive, store, maintain, display, and update detail information related to the member's third-party insurance policy (e.g. number, type, status) as defined by the Agency	No								
Pricing and Payment	PP78	The Contractor's solution shall have the capability to associate a Group Policy Provider with a current Health Insurance Premium Payment Program (HIPP) case automatically and by user as defined by the Agency.	No								
Pricing and Payment	PP79	The Contractor's solution shall allow users to trigger a recalculation of the cost-effectiveness for the Health Insurance Premium Payment Program (HIPP) Program as defined by the Agency.	No								

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Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Pricing and Payment	PP80	The Contractor's solution shall have the ability to automatically recalculate the cost-effectiveness for a HIPP case when a field used in the calculation is changed as defined by the Agency.	No								
Pricing and Payment	PP82	The Contractor's solution shall have the ability to automatically check non-emergency transportation transactions against medical claims before reimbursing, based on configurable business rules.	No								
Pricing and Payment	PP83	The Contractor's solution shall allow for HIPP cases to have household members who are not enrolled in the HIPP program as defined by the Agency.	No								
Pricing and Payment	PP84	The Contractor's solution shall perform a reconciliation of the federal invoices for Medicare State Phase-Down contributions (also referred to as Claw back) and Medicare Buy-in payments against our member data. Invoices are corrected based on the reconciliation and submitted to Medicare as defined by the Agency.	No								

Attachment F - Requirements Response Matrix

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Pricing and Payment	PP85	The Contractor's solution shall receive, store, maintain, and display Payee (e.g. HIPP) information (e.g., tax, banking, address, contact, preferred payment method) for each Payee as defined by the Agency.	No								
Pricing and Payment	PP86	The Contractor's solution shall have the ability to pay a non-Member for expenses incurred for a Member (e.g., in state or out of state transportation, HIPP) and associate the payment with the Member's record as defined by the Agency.	No								
Pricing and Payment	PP87	The Contractor's solution shall provide notes capability for all financial types (e.g., Health Insurance Premium Program (HIPP), Eligibility). The notes capability must include standard fields (e.g., date, category) and text fields as defined by the Agency.	No								
Pricing and Payment	PP88	The Contractor's solution shall process, track and report financial transactions related to Lump Sum payments (e.g., DSH, GME) and alert Agency staff and Payee via their preferred notification method as defined by the Agency.	No								

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Pricing and Payment	PP89	The Contractor's solution shall capture, store, and maintain current and historical participant criteria (e.g. effective dates, income, family size, etc.) to calculate and apply participant cost-sharing, including premiums and co-pays, for particular benefits based on federal and/or Agency specific criteria.	No								
Pricing and Payment	PP90	The Contractor's solution will generate payments and remittance advice daily (or at an interval defined by the agency).	No								
Project Closeout and Turnover	PTO01	The Contractor shall provide a turnover approach and the services required for the transition of operations, services and module components.	Yes								
Project Closeout and Turnover	PTO02	At least six (6) months prior to the final Contract year (including option years that have been exercised) and at least six (6) months prior to the end of any contract extension(s), the Contractor shall provide the following: a. An updated Turnover Plan. b. Complete and update system and user documentation. c. Statement of the resources that would be required by the Department or another contractor to fully take over solution, technical, and business functions outlined in the Contract(s). This includes quantity a types of resources and volume of tasks to support the scope of work. d. Operational tasks and procedures as necessary to support ongoing operations of the solution. e. Lessons learned report. f. List of incomplete tasks, such as system defects, modifications or enhancements, mass adjustments, reference updates, and configuration requests. g. A detailed description of the services that would be required by another Contractor to fully take over system, technical, and business functions outlined in the Contract.	Yes								
Project Closeout and Turnover	PTO03	The Contractor shall provide a Monthly Turnover Report reflecting transition activities during the turnover period.	Yes								
Project Closeout and Turnover	PTO04	The Contractor shall provide operational procedures that describe how maintenance is performed for the solution.	Yes								
Project Closeout and Turnover	PTO05	The Contractor shall cooperate with the successor contractor while providing all required turnover services. This will include meeting with the successor and devising work schedules that are agreeable for both the Department and the successor contracts.	Yes								
Project Closeout and Turnover	PTO06	The Contractor must transfer solution and services documentation and all data requested by the State to the State.	Yes								
Project Closeout and Turnover	PTO07	The Contractor shall deliver a Turnover Results Report that documents completion of each step of the Turnover Plan.	Yes								

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Project Management	PMT01	The Contractor shall provide licenses as required by the Agency to allow users access to perform all necessary business functions.	Yes								
Project Management	PMT02	The Contractor shall support the Department in all program governance activities as necessary.	Yes								
Project Management	PMT03	The Contractor shall be responsible for the capture and dissemination to the Department of agendas, meeting minutes and documentation necessary for successful execution of the project.	Yes								
Project Management	PMT04	The Contractor shall participate in necessary meetings with the stakeholders and/or other Contractors.	Yes								
Project Management	PMT05	The Contractor shall provide deliverables or documentation as defined in the Project Work Plan (PWP) and approved by the Department.	Yes								
Project Management	PMT08	The Contractor shall support the State and its Contractor(s) in Independent Verification and Validation (IV&V) activities associated with the contract including CMS Certification(s).	Yes								
Project Management	PMT09	The Contractor shall conduct a monthly status meeting to discuss project tasks and activities (e.g., deliverables, milestones, issues, risks, and SLAs).	Yes								
Project Management	PMT10	The Contractor shall conduct weekly meetings to discuss issues, risks, progress of current projects, solution changes, resource changes, and other areas specific to the scope of work.	Yes								
Project Management	PMT11	The Contractor must employ a project management approach that will satisfy the scope of work and incorporate all activities described in the RFP. The Contractor shall adjust the project management approach or project schedules, as necessary, to collaborate with the module vendors in order to incrementally build the enterprise platform.	Yes								
Project Management	PMT12	The Contractor shall conduct a project initiation kick-off meeting with key stakeholders and the State's project team.	Yes								
Project Management	PMT13	The Contractor shall implement procedures and tools for tracking project action items, decisions, issues, risks and defects.	Yes								
Project Management	PMT14	The Contractor shall provide an electronic document repository for project documents and deliverables. The Contractor, Department staff and other contractors with the appropriate security level must have the ability to upload/attach new or revised versions of documents. The repository must perform version control and allow users to view all prior version.	Yes								
Project Management	PMT16	The Contractor shall provide deliverables that at a minimum meet the following quality standards: a. Provide accurate and comprehensive content, reflecting the specific requirements for the deliverable. b. Ensure appropriate technical level for the audience. c. Utilize correct grammar, spelling, and versioning. d. Ensure diagrams are clear, concise, and value added. e. Follow industry-related standards. f. Appropriately define and reference information.	Yes								
Project Management	PMT17	The Contractor shall submit a monthly status report. The monthly status report must contain, at a minimum: a. A complete set of updated and current output from the Project Work Plan along with a copy of the corresponding Project schedule files in electronic version. b. A description of the overall completion status of the Project including schedule variations that report the earned value of the work completed, the planned value of the work completed, and the variance. c. Planned tasks and activities for the next month. d. The Deliverable status, with percentage of completion and time ahead or behind schedule for particular tasks. e. Identification of any staffing issues or changes in the Resource Allocation Matrix. f. An updated status on all issues being monitored. g. An updated status on all risks being monitored. h. Provide metrics necessary to support the State CIO's Legislative Finance Committee (LFC) reporting requirements. i. Provide testing status and metrics. j. Provide System enhancement hourly pool total hours used and total hours remaining. k. An updated status on all SLA being monitored.	Yes								
Project Management	PMT18	The Contractor shall develop and maintain a Project Management Plan (PMP): The purpose of the Project Management Plan is to provide a comprehensive baseline of what needs to be achieved by the project, how it is to be achieved, who will be involved, how it will be reported and measured and how information will be communicated with the project. It will serve as a reference for decision and clarifications. All relevant project plans including but not limited to the Communication Plan, Change Management Plan, Staffing Management Plan, Quality Management Plan, Risk Management Plan, Issue Management Plan and the Work Breakdown Structure are incorporated into the Project Management Plan. It is a living document that evolves as the project progresses and is updated with the latest relevant information as required. The Project Management Plan may be broken into separate documents, but all documents will considered sections of the Project Management Plan.	Yes								
Project Management	PMT21	The Contractor shall coordinate with the Department and with the module vendors as required by the Department, to support the program-level change management process consistent with the Enterprise Change Management Plan.	Yes								
Project Management	PMT25	The Contractor shall be required to work collaboratively with the Department and the System Integrator to provide schedule information to be included in the Integrated Master Schedule (IMS). Elements necessary for the IMS include; start and end dates of major phases, key project milestones, integration points, cross module dependencies, and sufficient information to support the State CIO's Legislative Finance Committee (LFC) reporting requirement.	Yes								

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Project Management	PMT27	The Contractor shall coordinate module deliverable and milestone walkthroughs and participate in other module walkthroughs as required by the Department.	Yes								
Project Management	PMT29	The Contractor shall submit a monthly System Enhancement Pool report that details tickets invoiced to the hourly pool and must include hours used and hours remaining for the Department's approval.	Yes								
Project Management	PMT31	The Contractor shall cooperate with the State's PMO and the IV&V contractor to give an accurate, honest reporting of the project status.	Yes								
Project Management	PMT32	The Contractor shall contribute to the State's and/or the Systems Integration Services collaboration site technical and non-technical project artifacts for the Contractor's module or module components including requirements, use cases, user stories, storyboards, system design documents, supplemental specifications, test cases, test scripts, test results, user, system and training documentation at the State's direction.	Yes								
Project Management	PMT36	The Contractor shall develop and maintain a detailed Project Work Plan (PWP) and a Gantt Chart that is aligned with the scope of the work outlined in this RFP, and the resulting contract. The PWP must identify detailed project tasks, realistic person hours for each task, the sequence of tasks and activities including duration necessary to meet deliverable and milestone dates for each phase, estimated baseline start and completion dates, actual start and completion dates, the critical path(s), resources (by name or by resource type if not known), dependencies, permanent tracking number for each task, completion percentages, and phase-level milestones. The dates and hours in the approved PWP form the project baseline. Once established, the baseline will only be modified with approval from the State. Additionally, the PWP must be continually refined and updated as the project progresses and will retain the baseline comparative reporting. From the approved work plan, the Contractor must calculate the required information necessary to meet the Department's reporting requirements to the Legislative Finance Committee (LFC) which include: the work percent complete, SPI, CPI, earned value, planned value, schedule variance, planned amount pe	Yes								
Project Management	PMT37	The Contractor shall provide toll-free or call-back telephone and WebEx web-based conferencing capabilities (or an alternative solution approved by the Agency) to support contract activities.	Yes								
Project Management	PMT38	The Contractor shall establish and utilize a deliverable review and acceptance process agreed upon by the Department that incorporates the following: a. Review cycles, which will be conducted and scaled to the size and complexity of the deliverables. Security-related deliverables will have a 20-day review by the State after first submission, 10-day review cycle by the State after second submission; 5-day review cycle by the State after the third submission. All other deliverables will have a 10-day review by the State after first submission, 5-day review cycle by the State after second submission; 5-day review cycle by the State after the third submission) b. Deliverables will need to reflect coordination with the overall modular program and will follow agreed upon change control processes. c. Informal reviews and walkthroughs of draft and final deliverables are encouraged.	No								
Requirements Management	RQM01	During the requirements validation sessions, the Contractor must demonstrate a fully functioning solution that has been initially configured based on the Contractor's understanding of the requirements described in the RFP and publicly available policy documents, manuals, and fee schedules.	Yes								
Requirements Management	RQM02	The Contractor shall work with the Department to confirm the Contractor's understanding of the requirements and to clarify and/or elaborate requirements where necessary to achieve desired business outcomes.	Yes								
Requirements Management	RQM03	The Contractor shall document any gaps between the initially configured solution and the business requirements in the requirements management tool. Gaps must show bi-directional traceability with applicable business requirement(s), design, test cases, test results, MECT criteria and certification artifacts.	Yes								
Requirements Management	RQM04	The Contractor shall, during requirement validation, provide designated Department staff access to a fully functioning environment to become familiar with the solution.	Yes								
Requirements Management	RQM05	The Contractor shall utilize project control tools to formally track all requirements and related design, configuration, testing, and certification artifacts. The Contractor's requirements management tool shall ensure approved changes to requirements are linked back the approved change requ	Yes								
Requirements Management	RQM06	The Contractor shall develop, maintain and submit a Requirements Traceability Matrix (RTM) to show bi-directional traceability with applicable business requirements and their realization throughout all project phases (e.g., requirements, design, testing and certification (MECT) checklist items). This should include how the requirement is realized (e.g., configuration, custom development, base functionality). All revisions must be reviewed and approved by the Stat	Yes								
Requirements Management	RQM07	The Contractor's requirements management tool shall have the ability to manage requirements traceability by module(s), MITA business area, MITA business process and MECT checklists.	Yes								

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Security	SEC01	The System shall provide a physical and electronic environment that uses public key infrastructure to verify all transactions and the identity of all users and denies access to unauthorized users. For example: a. Require unique sign-on (ID and password) b. Require authentication of the receiving entity prior to a system-initiated session, such as transmitting responses to eligibility inquiries.	Yes								
Security	SEC02	The Contractor shall ensure that any data being transmitted or transported either physically or electronically will be encrypted.	Yes								
Security	SEC03	The Contractor shall ensure that any unneeded hardware, software, and licenses have been decommissioned.	Yes								
Security	SEC04	The Contractor shall protect all government data from loss or unauthorized disclosure.	Yes								

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Security	SEC05	The Contractor's solution shall streamline electronic transactions by incorporating electronic and digital signatures compliant with HIPAA and other State and federal statutes.	Yes								
Security	SEC06	The Contractor's solution shall provide tools (e.g., alerts or reports), which identifies usage anomalies or users who may have misused the system.	Yes								
Security	SEC07	The Contractor's solution shall automatically maintain an audit trail of users , including database administrators, who pass through or view a record, regardless of whether data is changed.	Yes								
Security	SEC08	The Contractor's solution shall have security audit trail reporting capabilities (e.g. security, level, locale, IP address, user ID, before and after changes).	Yes								

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Security	SEC09	The Contractor's solution shall ensure the audit trail that cannot be modified.	Yes								
Security	SEC10	The Contractor's solution shall contain information determined by the Department and must meet Health Information Technology for Economic and Clinical Health Act (HITECH) auditing standards.	Yes								
Security	SEC11	Risk assessments and security audit reports shall be completed on an annual basis and when additions or changes to functionality impact the security framework, architecture or when a new vulnerability exists.	Yes								
Security	SEC12	The Contractor's solution shall manage role-based permissions and provide a National Institute of Standards and Technology (NIST) compliant identification, authentication and accounting solution.	Yes								

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Security	SEC13	The Contractor's solution shall have multiple layers of external and internal security that provide administrative, physical, and technical mechanisms to protect sensitive or confidential information used in performing the responsibilities and duties defined for the module scope of work.	Yes								
Security	SEC14	The Contractor's solution shall not include any code of unknown origin.	Yes								
Security	SEC15	The Contractor shall provide an independent third party to perform penetration testing within six (6) mo prior to implementation. Penetration testing must also be performed by an independent third party on an annual basis and when additions or changes to functionality impact the security framework, architecture or when a new vulnerability exists. Penetration Test Report results shall be supplied to the Department and any major or critical vulnerabilities mitigated	Yes								
Security	SEC16	The Contractor shall provide the primary and disaster recovery facility(s) which will ensure security, performance and disaster recovery requirements outlined in the module scope of work.	Yes								

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Security	SEC17	The Contractor shall maintain policies and procedures for security clearance and staffing controls for allowing access to confidential information and/or to restricted areas within the Contractor's solution.	Yes								
Security	SEC18	The Contractor shall maintain adequate technical support/staffing to provide 24x7x365 coverage.	Yes								
Security	SEC19	The Contractor's data encryption solution shall meet Federal Information Processing Standard (FIPS) 140-2 and at a minimum use AES 128 encryption.	Yes								
Security	SEC20	The Contractor shall ensure that all data, regardless of its location, is encrypted at rest.	Yes								
Security	SEC22	The Contractor will provide a completed Security Audit Report with results to the Department by the 30th (thirtieth) of September each year. The Security Audit Report must include either an electronic data processing (EDP) systems audit using SSAE - 18 at a minimum level service organization control (SOC) Type II or a NIST 800-53 rev 4 assessment at a "moderate" system risk control level. The Contractor shall provide a mitigation plan for all reported deficiencies. Major and critical deficiencies must be corrected within forty (40) calendar days of the report submission to the Department.	Yes								

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Security	SEC23	The Contractor's solution shall provide security features that support increasing the complexity of the authentication and authorization as the sensitivity of the data or functionality increases.	Yes								
Security	SEC24	All Contractor's module components shall adhere to any applicable Department system security practices, configurations & procedures.	Yes								
Security	SEC25	The Contractor's solution shall provide the ability to grant authorization through role-based security (create, delete, modify and view) access to user interfaces, reports, data elements/field level, and menu items.	Yes								
Security	SEC26	The Contractor's solution shall allow access and role changes to be made in real-time with appropriate authorizations.	Yes								

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Security	SEC27	The Contractor's solution, in order to protect the database from SQL injection attacks, shall access the database from the application through a standard database abstraction layer.	Yes								
Security	SEC28	The Contractor's solution shall be easy-to-use and provide a user interface that allows authorized users to edit, create, and implement role-based and group-based security at the data element/field level for authorized users based upon individual characteristics or functional security groups.	Yes								
Security	SEC30	The Contractor must limit access to its off-site facilities; including storage facilities. The Department has the right to perform physical security audits of the Contractor's off-site and on-site facilities at the Department's discretion.	Yes								
Security	SEC31	The Contractor shall establish security and privacy standards and standard operating procedures. These standards include HIPAA, Federal Information Security Management Act (FISMA), Privacy Act, Federal Tax Information (FTI), and other Federal and State laws, regulations, and policies. The Contractor shall also establish business and technical protocols to ensure that the transmission and storage of information remains secure.	Yes								

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Security	SEC38	The Contractor's solution shall employ malicious code protection mechanisms at IT systems entry and exit points, at workstations, servers, and mobile computing devices on the network to detect and eradicate malicious code.	Yes								
Security	SEC39	The Contractor's solution shall use foundational technical standards such as X.509 Certificate format and Public Key Cryptography Standard (PKCS).	Yes								
Security	SEC41	The Contractor shall collaborate with the Systems Integration Services Contractor to integrate the Contractor's solution into the State's integration platform for single sign-on and federated identity management.	Yes								
Security	SEC42	The Contractor shall have an overall data security process that supports data security auditing.	Yes								

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Security	SEC43	The Contractor shall provide, configure, support, maintain and manage a federated identity and access management solution that will perform user authentication and authorization through single sign-on for all module components.	No								
Security	SEC44	The Contractor must be compliant with the security processes outlined in the "Security and Privacy Controls Requirements" document that has been included in the Procurement Library.	Yes								
Security	SEC45	The Contractor shall monitor system activity and prevent and detect intrusion, hacking, unusual activity, or system compromise. The Contractor shall immediately report any incidents of such, regardless of the outcome to the state, activate a Department approved communication strategy, perform mitigation activities, and provide continuous status updates to the Department until the issues are resolved to the Department's satisfaction. Only authorized contractor personnel may override system security alerts and edits.	Yes								
Security	SEC46	The Contractor shall provide and operate solutions that terminate access immediately and/or generate alerts for conditions that violate security rules, unauthorized attempts to access data and system functio and system activity based on security parameters.	Yes								

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Security	SEC47	The Contractor's solution shall ensure that only authorized users have access to systems and data, by requiring the following: - Unique authentication credentials identifiable to each user of the system, not allowing for the re-use of credentials; - Authenticates the receiving entity prior to a system initiated session, such as transmitting responses to case inquiries; - Maintenance of key user information as part of a user profile including user ID, name, employer/state agency, - Identity verification information, and an indicator of employee versus contractor; - Multi-factor user authentication and the ability to restrict or permit a user's access to system functions, features, and processes based on the user's assigned roles based on business need and user security profile and a unique user ID and password and including a read-only access level; - Column and row-level security access, data classification schemes, and/or the designation of data at multiple levels (e.g., case, individual) as restricted or sensitive (e.g., substance abuse treatment data) with the ability to define and implement exclusion controls on a per-user or user-group basis within a multi-level organizational structure, (e.g., external agencies and Appeals units). - A method for authentication of all internal and external users and systems and the ability to deny access to all invalid users and systems; - Encrypted passwords in storage and in transmission;	Yes								
Security	SEC48	The Contractor shall provide to the Department, upon request, a listing of all users having access to the Contractor's module components and/or data with details regarding the access granted to each user.	Yes								
Security	SEC49	The Contractor shall provide and operate solutions for security incident reporting and mitigation mechanisms. The Contractor shall preserve and report specified audit data when security violations are detected and mitigated.	Yes								

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Security	SEC50	The Contractor shall comply with NIST Special Publication 800-111: Guide to Storage Encryption Technologies for End User Devices where required by CMS to protect confidential information stored on end user devices.	Yes								
Security	SEC51	The Contractor shall comply with NIST Federal Information Processing Standards (FIPS) Publication 180-4: Secure Hash Standards as required by CMS for use of secure hash algorithms.	Yes								
Security	SEC52	The Contractor shall comply with NIST Federal Information Processing Standards (FIPS) Publication 186-4: Digital Signature Standard as required by CMS for use of secure algorithms in digital signatures.	Yes								
Security	SEC53	The Contractor shall comply with the Harmonized Security and Privacy Framework - Exchange Reference Architecture Supplement Version 1.0 and as required by CMS.	Yes								

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Security	SEC54	The Contractor shall comply with the OASIS Web Services Security - Simple Object Access Protocol (SOAP) Message Security Specifications to build secure web services to implement message content integrity and confidentiality.	Yes								
Security	SEC55	The Contractor shall respond to all risks identified through the periodic security risk assessments with a CMS Information Security Program Plan of Action and Milestones (POA&M) containing clarifying information, a proposed mitigation strategy if necessary, a timeline for implementation, and shall work with the Department to successfully execute the POA&M.	Yes								
Security	SEC56	The Contractor shall ensure all contractor and subcontractor personnel providing services under this contract are familiar with and comply with the Business Associate Agreement and the privacy and secu policies included in the RFP.	Yes								
Security	SEC57	The Contractor shall provide logical segregation of the Contractor's solution, components, and network connections with other entities and prevent any unauthorized disclosure of the States' data.	Yes								
Security	SEC58	The Contractor's solution code shall never run from a system level account with unlimited privileges such as "root" or "administrator".	Yes								

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Security	SEC59	The Contractor shall ensure the confidentiality, privacy, and security of all state data passing through the Contractor and subcontractor networks.	Yes								
Security	SEC60	The Contractor shall establish and implement emergency access procedures for the Department to obtain secure access to module data during an emergency. Emergency access procedures shall be subject to the Department's approval.	Yes								
Security	SEC61	The Contractor's solution must protect data from improper alteration or destruction including authentica mechanisms and to corroborate that the data has not been altered or destroyed in an unauthorized manner.	Yes								
Security	SEC62	The Contractor's solution shall display a security warning banner prior to allowing entry into the system. The solution shall have security warning banners and headers and footers that adhere to Federal, state, and other applicable standards that are prominently displayed introductory screens.	Yes								

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Security	SEC63	The Contractor shall utilize cloud-based technology wherever advantageous to maximize the efficient and effective utilization of technology.	Yes								
Security	SEC64	The Contractor shall ensure user account access is reviewed on a quarterly basis at a minimum. User accounts should be appropriately disabled as roles and responsibilities change.	Yes								
Security	SEC66	The Contractor's solution shall meet the minimum password requirements below: 1. Must not contain the user's account name or parts of the user's full name that exceed two consecutive characters 2. Minimum password length: 8 characters 3. Contain characters from 3 of the following 4 categories a. English uppercase characters (A through Z) b. English lowercase characters (a through z) c. Base 10 digits (0 through 9) d. Non-alphabetic characters (for example, !, $, #, %) (these will not work when logging into ReRite from Toshiba printers ... not on the key pad) 4. History: Cannot reuse a password for 24 password changes, user cannot reset password again for 24 hours 5. Expiration time frame: 60 day 6. Lockouts for failed attempts – account locks after 3 failed attempts, will unlock after 15 minutes	Yes								
Security	SEC67	The Contractor's solution shall track disclosures of ePHI; provide authorized users access to and reports on the disclosures.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Security	SEC68	The Contractor shall support the State in developing a Privacy Impact Analysis for each module or modu component that includes the following information: Use of personally identifiable information (PII) or personal health information (PHI) and a description of the types of data that will be collected Sources of PII/PHI, populations, and transfer and disclosure mechanisms Legal environment (legal authorities and state privacy laws) Details about the entities with which the collected information will be shared Privacy and security standards for its business partners and other third parties and the agreements that bind these entities Incident handling procedures	Yes								
Security	SEC70	The Contractor shall provide the ability to de-identify and/or redact data for entities not authorized to receive PII or PHI and utilize de-identification algorithms to allow for re-identification of data if required.	Yes								
Security	SEC71	The Contractor shall provide a process for masking, sanitizing, scrambling, or de-sensitizing sensitive d (e.g., PII/PHI) when extracting data from the production environment for use in non-production environments.	Yes								
Security	SEC72	The Contractor shall review and identify monthly, any unneeded hardware, software, and licenses, pres recommendations to the State for review and ensure that any unneeded hardware, software, and licenses have been decommissioned upon approval from the State.	Yes								
Security	SEC82	The Contractor's transmission security shall use, at a minimum, TLS 1.2, SHA 2 with a minimum of a 2048 bit key, or a more advanced industry standard transmission security protocol.	Yes								

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Security	SEC83	The Contractor will provide the completed reports with the results of the service organization control (S 1 Type II audit annually on date identified by the State. The Contractor shall provide a mitigation plan for all areas of non-compliance. Issues found to be non-compliant shall be corrected within ninety (90) calendar days of the report submission to the Department.	No								
Subcontractor	SUB02	If the Contractor transfers resources required to fulfill the contract to a third party, the third party is considered a sub-contractor and the transfer will be subject to the 40% subcontractor limitation.	Yes								
Subcontractor	SUB03	The Contractor shall list all subcontractors, if any, in the proposal.	Yes								
Subcontractor	SUB04	The Contractor shall provide a detailed description of all work to be subcontracted to third parties.	Yes								
Subcontractor	SUB05	The Contractor must submit to the Department annually, a Subcontractor Usage Report on the use of subcontractors and certify that all subcontractors are in compliance with the employment practices mandated by federal and State statutes and regulations. The Subcontractor Usage Report must at a minimum contain the total subcontract dollar value, total subcontractor FTE's, total subcontractor hours	Yes								
Subcontractor	SUB06	The subcontractor will be required to enter into a signed Business Associate Agreement (BAA) as a part of the contract, that is in compliance with the Privacy and Security provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) prior to start of work. The BAA is included in the contract template found in the Procurement Libra	Yes								
Subcontractor	SUB07	The Contractor shall allow Department personnel direct access to all subcontractor or third-party personnel serving in critical roles on the project and shall not act as an intermediary between the Department and such parties for questions about the proposed solution or operation of the proposed solution. The Department reserves the right to discuss design, configuration, implementation, operation, routine maintenance, and enhancement of the proposed solution(s) directly with any subcontractors or third parties involved in performing work for the Departme	Yes								
Subcontractor	SUB08	The Department shall have the right to review and approve any subcontracts through the Contractor.	Yes								
Subcontractor	SUB09	The Contractor may use subcontractors for no more than forty percent (40%) of the scope of work included in the contract. The subcontractor 40% will be determined using the highest proportional value among the following factors: subcontract dollar value relative to the overall contract value, subcontractor FTE's relative to the total contract FTE's, subcontractor hours relative to the total contract hours. If the proposed solution to meet the core functional requirements (e.g., core product) is a commercially licens COTS or SaaS product (e.g., the State will receive a commercially available license for the product), the specific product that satisfies this condition can be excluded from the 40% subcontractor calculation. In Attachment L - Technology Matrix, the vendor must include "Commercially Licensed" in the column titled "Other" for the specific line item. This exclusion also applies to infrastructure, infrastructure software, or software that supports the core product.	Yes								
System Administration & Operations	SAO01	The Contractor shall establish and maintain an automated reconciliation of all electronic claims received and provide a dashboard with daily aggregate summary and the ability to drill down by specific trading partner, billing provider, transaction type (e.g., 837I, 837P, 837D, encounter) and search capabilities using all available data elements to validate all transactions received are processed according to Agency defined business rules.	No								
System Administration & Operations	SAO02	The Contractor shall provide staff to develop, organize, lead, and conduct training and education activities (e.g., provider and Agency staff training) as defined by the Agency.	No								

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System Administration & Operations	SAO03	The Contractor's solution shall provide flexible publishing capabilities (e.g., formatting and stylistic consistency, allow control of format, font, graphics, layout, and page design, allow creation of master pages and style sheets to automate and structure documents, utilize industry standard tools to assure proper spelling, punctuation, grammar, capitalization, and checks for technical compliance with printing industry standards before publication) as defined by the Agency.	No								
System Administration & Operations	SAO04	The Contractor shall provide flexible publishing capabilities for multi-chapter publications and large technical documents (e.g., generate and insert footnotes and endnotes, generate table of contents, generate indices, include appendices, manage chapter files, manage centralized style sheets, manage tabular material, import tables from various data sources into controlled table structures) as defined by the Agency.	No								
System Administration & Operations	SAO05	The Contractor shall provide flexible publishing capabilities to allow for control over all typographical characteristics (e.g., leading and kerning) and support for full color output as defined by the Agency	No								
System Administration & Operations	SAO06	The Contractor's solution shall provide a ticket (e.g., customer service request, state task request) dashboard to include, but not limited to: request, design, analysis of change (e.g., level of effort, schedu resources), ticket type (e.g., Enhancements, Deficiencies, Maintenance, Research, Configuration and Mass Adjustments), test, implement, and approval and provide a detailed and viewable status of all ticket requests (including linking related tickets) from receipt through approval as defined by the Agency.	No								

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Requirement Section	**Requirement ID**	**Requirement Language**	**Base Requirement Applicable to Core Claims Solution and All Proposed Options**	**Requirement Option Indicator**	**Requirement Option Assignment**	**General Status**	**roduction Statu**	**roduct Typ**	**Hosting**	**Security Tested**	**Additional Information**
System Administration & Operations	SAO07	The Contractor shall create and maintain a communication inventory (e.g., letter, email templates) with necessary information (e.g., content, stakeholders) to communicate specific events (e.g., system or staff change) and develop appropriate communication and notifications for stakeholders as defined by the Agency.	No								
System Administration & Operations	SAO08	The Contractor's solution shall provide for the creation and processing of online surveys, store indexed survey results (e.g., survey number, date, topic, response date) and provide the results and supporting data of online surveys to authorized users as defined by the Agency.	No								
System Administration & Operations	SAO09	The Contractor shall supply staff to meet all service level agreements and perform all claims processing functions (e.g., claims supervisor, claims processing staff, quality assurance staff, publication staff, training staff) as defined by the Agency.	No								
System Administration & Operations	SAO10	The Contractor shall supply staff to analyze, develop, configure, and maintain all claims pricing and payment methodologies (e.g., claims processing updates, payment methodology updates, Federal and State policy guideline changes, ad hoc impact analysis, changes with third party tools) as defined by the Agency.	No								
System Administration & Operations	SAO11	The Contractor must receive approval from the Agency to make any changes to the system (e.g., applications, programs, procedures, specifications, parameters, disposition codes, definitions or objectives.) In the event that an emergency system change is required to continue normal system operations and the Contractor is unable to obtain Agency approval for the change, the Contractor must notify the Agency as soon as the change is made and the system returns to normal operations using the communication process as defined by the Agency.	No								
System Administration & Operations	SAO13	The Contractor must support the Agency during all audits and reviews conducted by CMS, authorized agencies and contractors, and/or by the State over the life of the contract, to include but not limited to: assisting the Agency and the auditing entity in sample selections, documentation and data gathering, and responding to questions as defined by the Agency.	No								
System Administration & Operations	SAO14	The Contractor shall provide and maintain a telecommunications link and associated hardware (e.g., VPN site to site connection) between the claims solution and all associated systems and subsystems.	No								
System Administration & Operations	SAO15	The Contractor's solution shall proactively monitor claims processing statistics (e.g., denial rates, denial reasons, claim suspense reasons and resolution) and identify and provide necessary training to mitigate continued claim denials as defined the Agency.	No								
System Administration & Operations	SAO16	The Contractor's solution shall maintain claims history available for adjustments and inquiry for a duration as defined by the Agency; and all "once in a lifetime" claims.	No								

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System Administration & Operations	SAO17	The Contractor's solution shall create, store, and return a unique identification number (e.g., internal control number) for all claims transactions as defined by the Agency.	No								
System Administration & Operations	SAO18	The Contractor's solution shall have the ability to create, maintain, and produce regularly-scheduled and ad-hoc publications (both print and electronic) of multilingual documents as defined by the Agency.	No								
System Administration & Operations	SAO19	The Contractor shall provide translator and integrated mapping software (e.g., flexible mapping functionality supporting all required formats and transactions, allowing for structure and information to be extracted directly from database tables, providing the ability to receive, assemble, validate, encrypt, respond, and transport batches of data to and from covered entities and other trading partners; accept, code, decode, balance, and transmit all current and future HIPAA healthcare transactions (e.g., 837, 835, 270, 271, 276, 277 (including unsolicited), 278, 820, 834, 997,999, 991, 824, TA-1) and providing support for automatically re-submitting the transaction when a transmission error occurs) as defined by the Agency.	No								
System Administration & Operations	SAO20	The Contractor's solution shall provide predictive modeling capability for the management of quality and cost-effectiveness of healthcare services, as defined by the Agency.	No								

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System Administration & Operations	SAO21	The Contractor shall develop and maintain a configurable summary dashboard for ticket requests with the ability to drill-down to detailed information to include, but not limited to: ticket type, identifier, prioritization, description, related notes or comments, request date, requester, start date, assigned resource(s), estimated completion date, estimated hours, hours worked to date, documentation impact and status, testing reports and status, agency approval, implementation date, post implementation updates as defined by the Agency.	No								
System Administration & Operations	SAO22	The Contractor's solution shall serve as the EDI broker/gateway to create, edit, receive, and respond (e.g., real-time, SFTP, batch file upload), translate, and process X12, standardized transactions and current and future HIPAA standard transactions as defined the Agency.	No								
System Administration & Operations	SAO23	The Contractor shall provide a secure web portal with the ability for members to receive REOMB and respond, as defined by the Agency.	No								
System Administration & Operations	SAO24	The Contractor shall receive, track, monitor, and respond (e.g., using Agency approved template, free-form) to inquiries through a secure portal inbox, as defined by the Agency.	No								

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System Administration & Operations	SAO25	The Contractor's secure web portal shall allow external users inquiry of member information (e.g., eligibility, demographic, detailed description of covered benefits and utilization information, service authorization requirements, copayment and out-of-pocket accumulation) as defined by the Agency.	No								
System Administration & Operations	SAO26	The Contractor shall provide a secure web portal with the ability to view, retrieve, download and print remittance advice (e.g., x12 835, PDF) as defined by the Agency.	No								
System Administration & Operations	SAO27	The Contractor provide a web portal with the capability to receive, store, maintain (e.g., version history) and upload documents, as defined by the Agency.	No								
System Administration & Operations	SAO28	The Contractor's solution shall provide a web portal with the ability for a secondary navigation scheme (e.g., breadcrumb trail) for navigation on the web portal as defined by the Agency.	No								

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System Administration & Operations	SAO29	The Contractor's solution shall provide operational support and maintenance of the web portal to include a dashboard detailing usage statistics (e.g., user count, transactions, uploads, downloads, secure messages) as defined by the Agency.	No								
System Administration & Operations	SAO30	The Contractor's solution shall provide a web portal with comprehensive functionality (e.g., contacting the Agency or a payee, view summary and detail information, remittance advices, warrant summaries, complete and submit an EDI trading partner application, frequently asked questions) as defined by the Agency.	No								
System Administration & Operations	SAO31	The Contractor's solution shall manage and maintain EDI transaction sets and permissions (e.g., eligibility inquiry and response only, 837 Dental submission and response only) for covered entities and/or trading partners as defined by the Agency.	No								
System Administration & Operations	SAO32	The Contractor shall create, maintain (e.g., current and historical versions) Agency-specific EDI companion guides in a format and timeframe defined by the Agency. All EDI companion guides must ha the required Agency and/or federal approval.	No								

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System Administration & Operations	SAO33	The Contractor shall provide a web portal with the ability to post and archive user specific or non-specific announcements or alerts (e.g., member, provider, specific benefit plan, and user role) that are displayed at user sign-on or at a frequency defined by the Agency. Users should be required to acknowledge the announcement so that it is not repeatedly displayed at subsequent sign-on, as defined by the Agency.	No								
System Administration & Operations	SAO34	The Contractor shall provide an interactive web portal with smart links to Agency, Federal, provider, and member resources and information (e.g., provider manuals, instructions, bulletins, program descriptions and updates, fee schedules, eligibility criteria, forms, member guides, certifying agencies, SSA, public health care and nutritional programs) for viewing, downloading, and printing as defined by the Agency.	No								
System Administration & Operations	SAO35	The Contractor shall establish and maintain a reconciliation process for all paper claims and attachments received and provide a dashboard with daily aggregate summary and the ability to drill down by specific billing provider, claim type (e.g., professional, institutional, dental, nursing home) and search capabilities using all available data elements to validate all claims and attachments received are processed according to Agency defined business rules.	No								
System Administration & Operations	SAO36	The Contractor shall identify, procure, and maintain licenses for all reference data (e.g., payment methodologies, claims editing, translator(s)) and electronic copies (e.g., implementation guides, reimbursement methodologies, National Correct Coding Initiative policy manual) necessary to support the acceptance, editing, pricing, adjudication, and payment of healthcare and non-healthcare claims for use by all modules as defined by the Agency. These licenses must allow the reference data to be shared with other modules (e.g., care management, EDW, provider services, TPL, customer care, fraud waste and abuse) to support the administration of the Agency healthcare programs.	No								

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System Administration & Operations	SAO37	The Contractor's Electronic Data Interchange solution shall provide the ability to support the exchange of EDI transactions with multiple distinct segregated testing environments with the full functionality of the production environment (including transaction processing, editing, validation, and reporting). The EDI solution will have the capability to create, update, and maintain X12 transactions (i.e. 834, 837, 270/271) as part of targeted testing scenario groups to support comprehensive system wide regression testing across all claim types, eligibility groups, and provider types as defined by the Agency. Following the execution of each EDI regression test group, Contractor will perform automated reconciliation between test outcomes and the expected outcomes. Whenever possible, EDI regression tests should utilize rea production transactions and outcomes for EDI regression tests.	No								
System Administration & Operations	SAO38	The Contractor shall establish and operate a mailroom for the intake of physical correspondence (e.g., scanning, batching claims, claims and attachments, faxes, adjustments and/or voids, medical records, appeals and grievances, letters, documents, surveys, returned mail) and processing and mailing of outbound physical correspondence (e.g., claims that fail prescreening, letters, documents, surveys, handbooks, mass mailings) including producing mailing labe	No								
System Administration & Operations	SAO39	The Contractor shall provide a courier to pick up and drop off mail at the Agency designated USPS faci including delivering provider correspondence, administrative mail, and other non-claims mail to the appropriate functional areas (e.g., Agency staff).	No								
System Administration & Operations	SAO40	The Contractor's solution shall test all current and future HIPAA transaction processing according to guidelines developed by the Strategic National Implementation Process as defined by the Agency (e.g., compliance testing; application, operations, and interface testing; business to business testing).	No								
System Administration & Operations	SAO41	The Contractor's shall create materials at a reading level and for a culturally diverse population in a language or format (e.g., Braille, large-fonts, recordings) preferred by the intended recipient (e.g., member, provider) as defined by the Agency.,	No								
System Administration & Operations	SAO42	The Contractor shall not require travel by Agency staff outside of the primary project location to support contract activities, as defined by the Agency.	No								
System Administration & Operations	SAO43	The Contractor's solution shall provide a configurable dashboard to display transaction activity (e.g., average processing time and transaction volume) as defined by the Agency.	No								
System Administration & Operations	SAO44	The Contractor shall create and maintain the comprehensive conceptual, physical, and logical data mode for all data throughout the life of the contract as defined by the Agency.	No								
System Administration & Operations	SAO45	The Contractor shall allow the state to purchase software licenses and software maintenance directly, if determined to be in the best interest of the Agency, for use within the solution as defined by the Agency.	No								
System Administration & Operations	SAO46	The Contractor's solution shall only utilize production data for testing with approval as defined by the Agency.	No								

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System Administration & Operations	SAO47	The Contactor's solution shall have the capability for use of the Web Portal to report fraud, waste, and abuse as defined by the Agency.	No								
System Administration & Operations	SAO48	The contractor's solution shall have the ability for members to manage their account using a Web Portal (e.g., verify eligibility (request a replacement Medicaid ID card), view claims information, and file complaints) as defined by the Agency.	No								
System Administration & Operations	SAO49	The Contractor shall supply staff to analyze, develop, and configure payment methodologies and coordinate with Agency staff during rule and policy changes as defined by the Agency.	No								
System Administration & Operations	SAO50	The Contractor's solution shall provide a web portal with the ability to upload forms and supplemental claim documents (e.g., primary payer EOB, medical records, contractor published documents, requests for information) and automatically associate the file to the claim or member record, as defined by the Agency.	No								

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System Administration & Operations	SAO51	The Contractor's solution shall process the following transactions: 837I Healthcare Claim: Institutional 837P Healthcare Claim: Professional 837D Healthcare Claim: Dental 835 Healthcare Claim Payment/Remittance Advice 270 Eligibility, Coverage, or Benefit Inquiry 271 Eligibility, Coverage, or Benefit Information 276 Healthcare Claim Status Request 277 Healthcare Claim Status Response 278 Healthcare Services Review – Request and Response 820 Premium Payment 834 Benefit Enrollment and Maintenance 997 Acknowledgement 824 Application Advice.	No								
System Administration & Operations	SAO52	The Contractor's solution shall accept, screen, date-stamp, assign unique control numbers, and store h copy all claim forms and attachments.	No								
System Administration & Operations	SAO54	The Contractor's hosting environment for all module components shall be compliant with Statement on Standards for Attestation Engagements (SSAE-18) SOC 2 Type 2 and has Federal Risk and Authorization Management Program (FedRAMP) Certification, FedRAMP Risk Assessment that indicates compliance has a documented NIST 800-53 rev 4 at a "moderate" system risk assessment designation. If the Contractor proposes either a multi-tenant solution or a public cloud, hybrid cloud (Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS)), or community cloud enviornment, the vendor must ensure that the environment is either FedRAMP certified or that the shared resources are only accessible by HIPAA-covered entities as defined in 45 CFR 160.103.	No								
System Administration & Operations	SAO55	In the event the Contractor is unable to continue meeting the requirements for the approved hosting model or if the Contractor desires to transition to different hosting model that is compliant with the requirements of the contract, the Contractor must: 1) provide the state with the opportunity to verify compliance of the new hosting environment with the contract requirements in advance of transition, 2) ensure that there is additional cost to the state for the new hosting model, and 3) ensure that there is no disruption of service [illegible]	No								
System Administration & Operations	SAO56	The Contractor's solution shall receive, store, create, and maintain an indicator and effective dates of an enrolled provider's participation in state specific programs (e.g., health home, primary care enhanced rate) as defined by the Agency.	No								

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System Administration & Operations	SAO58	The Contractor's solution must evaluate criteria defined by the agency (e.g. provider participation flags specified programs) to adjudicate claims and established pricing.	No								
System Administration & Operations	SAO59	The Contractor's solution shall validate that the member is assigned to the provider and has active eligi for the period prior to payment.	No								
System Administration & Operations	SAO64	The Contractor's claims processing environment will be sized to process up to 200 concurrent transactions per second.	No								
System Administration & Operations	SAO65	The Contractor shall provide tools for comprehensive performance monitoring and reporting via a dashboard, for SLAs related to the claims processing and management services scope of work and performance of the claims solution.	No								

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System Administration & Operations	SAO66	The Contractor must provide a secure communication mechanism that can be accessed by multiple vendors based on user role as defined by the Agency.	No								
System Administration & Operations	SAO67	To support exchange of data with the MMIS requested by other entities, the contractor shall establish network connections with other MMIS vendors or State trading partners as determined necessary by the State and shall host related hardware and software components to support secure network connectivity at a reasonable cost that is paid by the other MMIS vendors or trading partners and shall establish Interconnection Security Agreements that document interface characteristics, security requirements, and the nature of the information communicated over the connection	No								
System Administration & Operations	SAO69	Contractor shall ensure that individuals occupying Key Personnel positions shall, at a minumum, provide services between 8:00 a.m. and 5:00 p.m. local time Monday through Friday unless a resource-specific alternative schedule is approved by the Agency.	No								
System Administration & Operations	SAO70	The Contractor's solution shall allow authorized users to search and view Claims Based Medical History	No								

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System Administration & Operations	SAO71	The Contractor's solution shall include a self-service tool for providers to directly and efficiently enter claims.	No								
System Administration & Operations	SAO72	The Contractor's online self-service claims entry tool shall accommodate and accept all claim types including Professional, Institutional, Dental, Encounter claims, Adjustments, Roster billing, claim corrections, and the ability to void and replace claims.	No								
System Administration & Operations	SAO73	The Contractor's online self-service claims entry tool shall include a validation feature that performs real-time front end editing prior to claim submission, not allowing submission of claims that fail the front end edits. Edits will include, but are not limited to, active provider enrollment, member eligibility, valid revenue codes, procedure codes, and diagnosis codes. Front end edit(s) shall be displayed to the user for review and correction. The validation feature will not display pricing information.	No								
System Administration & Operations	SAO74	The Contractor's online self-service claims entry tool shall allow an authenticated user to upload an attachment to associate with a specific claim or multiple claims.	No								

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System Administration & Operations	SAO75	The Contractor's online self-service claims entry tool shall instruct users to include a claim confirmation number on any paper attachment when users indicate that an attachment is being mailed or faxed in order to allow for efficient association between a claim and an attachment.	No								
System Administration & Operations	SAO76	The Contractor's online self-service claims entry tool shall allow users to indicate paper attachments will be mailed and/or faxed.	No								
System Administration & Operations	SAO77	The Contractor's online self-service claims entry tool shall provide an tracking or control number to the user upon successful completion of the transaction.	No								
System Administration & Operations	SAO78	The Contractor's online self-service claims entry tool shall provide a configurable auto populate feature for appropriate fields for each claim type (e.g., provider information, submission date, member associated information).	No								

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Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
System Administration & Operations	SAO79	The Contractor's online self-service claims entry tool shall include a claim template feature that allows users to create a templates to be stored and used in the online claims entry tool.	No								
System Administration & Operations	SAO80	The Contractor's solution shall provide search capabilities for users entering data in the online claims entry tool. The search tool will include provider information and provider associated service authorization information.	No								
System Administration & Operations	SAO81	The Contractor's online self-service claims entry tool shall convert all entered claims into an X12 837 format.	No								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Testing	TEST02	At a minimum, the Contractor shall provide sufficient segregated environments to support testing processes that are equivalent to the following: a. Integration Testing: End-to-end testing performed to expose defects in the interfaces and in the interactions between integrated module components or other systems and validate the system's readiness to meet non-functional requirements. b. System testing: The process of demonstrating that a program, function, or integrated system components meets its requirements and objectives as stated in the requirements specification. c. Regression Testing: Testing of a previously tested function following modification to ensure that defects have not been introduced or uncovered, as a result of the changes made. It is performed each time the software or its environment is changed, and typically involves automated testing scripts. d. Parallel Testing: Validates that the system achieves the same results as compared to another system (e.g., a legacy system) or previous software version. e. Performance and Load Testing: Verifies the performance of a system will meet service level agreements and also measures the behavior of the system with increasing load (e.g. number of parallel users and/or numbers of transactions to determine what load can be handled by the system). f. User Acceptance Test: Testing conducted by the user or customer to determine whether or not a system satisfies the defined user acceptance criteria in an isolated environment.	Yes								
Testing	TEST03	The Contractor must identify and resolve interdependencies that restrict or impede required testing of the Contractor's solution, other enterprise modules, or module components from performing required testing. Unless otherwise identified by the State strategies to resolve interdependencies must be reviewed and approved by the State prior to implementing the resolution strateg	Yes								
Testing	TEST04	The Contractor shall perform testing and present the results for each of the following test levels: Performance Test results, System Test results, Parallel Test results, Regression Test results, Integration Test results. Test results shall be traced to the use case/user story and design documentation being tested	Yes								
Testing	TEST05	The Contractor shall provide sufficient environments and resources for the following: a. Synchronize the software and the data from the production environment and testing and impact analysis environment at a minimum on a quarterly basis or at the discretion of the Department. b. Synchronize the software and the data from the production environment and training environment following software deployments. c. Provide a fully functioning online test environment, which includes batch and online programs, files, and supporting systems. d. Provide technical and functional support to create and analyze "what-if" scenarios and compare results between scenarios in the impact analysis environment. Provide an analysis of outcomes in impact analysis environment and another environment, such as production or test. e. Provide State, Contractor, and IV&V staff a minimum of read-only access to all environments and tools. f. Provide sufficient resources to support the execution of automated regression testing. h. Provide comparative analysis support of regression testing results. i. Conduct testing of approved system configuration changes, corrections or enhancements or before implementation.	Yes								
Testing	TEST06	The Contractor shall ensure, in order to release code to UAT or production, it must meet the minimum acceptable defect levels: • Critical: 100% have been resolved. • High: 100% have been resolved	Yes								
Testing	TEST08	The Department plans to perform UAT on all software releases as part of the contract. The Contractor's approach to establishing testing environments should not impact the Department's ability to conduct continuous UAT in a separate, dedicated environmen	Yes								
Testing	TEST09	The Contractor shall facilitate UAT as follows: a. Provide test cases and scripts from previous test levels. b. Assist the Department in developing UAT test cases. c. Provide a dedicated UAT environment to the Department and maintain the environment as needed to support continuous UAT throughout design, configure/build and testing. d. Refresh data, execute processes, and migrate releases or code fixes as requested or on an agreed-upon schedule. e. Provide test data.	Yes								
Testing	TEST10	The Contractor shall provide Department resources or their designee access to test cases, test results defect tracking via online tools. The Department reserves the right to inspect artifacts and results at any time	Yes								
Testing	TEST11	The Department reserves the right to conduct independent testing of the solution at any time. The Contractor must cooperate with the Department or its designee, and provide environments, data, and technical support for independent testing	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Testing	TEST12	The Contractor's Performance and UAT test environments shall be sized to be capable of mirroring the production System in its infrastructure, files, databases, processing, and reporting.	Yes								
Testing	TEST13	The Contractor shall work proactively with the State's designated testing resources to review all test results and provide the necessary system and functional information to create verification procedures and user acceptance test cases.	Yes								
Testing	TEST19	The Contractor shall develop test criteria and algorithms for expected outcomes prior to production of reports.	Yes								
Testing	TEST20	The Contractor shall ensure that the Project Work Plan allocates sufficient time to the State's user acceptance testing activities relative to the detailed scope of work, requirements and gaps, the number of manually executed test cases, and the complexity of module integration. The Contractor will be responsible for extended user acceptance testing if the proposed testing duration is not sufficient for the State to validate the module.	Yes								
Testing	TEST22	The Contractor shall plan and execute testing for all inbound and outbound interfaces, ensure accurate and secure data transmission between the contractor's solution and the State's Integration Platform and coordinate with external entities as appropriate.	Yes								
Testing	TEST23	The Contractor shall coordinate with the Department, Systems Integrator, and specific module component vendors to conduct integration testing.	Yes								
Training	TRN01	The Contractor shall provide technical training to agency project resources and designated contractors to develop an understanding of how to monitor the system using available tools and dashboards while leveraging technical and functional documentation and/or report	Yes								
Training	TRN04	The Contractor shall update training materials when changes occur.	Yes								
Training	TRN05	The Contractor shall collaborate with the agency to finalize a training schedule.	Yes								
Training	TRN06	The Contractor shall maintain and update the training environment with training data to use during user training.	Yes								
Training	TRN08	The Contractor shall utilize a variety of delivery methods to best meet the training objectives. Examples include online self-paced training presentations, in-person classroom setting, written material, and demonstrations.	Yes								
Training	TRN09	The Contractor must provide training necessary to support new functionality and/or major software releases that materially change the user interaction.	Yes								
Training	TRN10	The Contractor shall provide training to Agency staff and other designated module vendors on the overall data management strategy and investigating data or process issues related to module integration.	Yes								
Training	TRN13	The Contractor shall provide training and support to State staff and individuals designated by the State (e.g., IV&V, QA/QC vendor), on the use of DDI tools provided by the contractor. This may include traceability tools, document repositories and testing tool.	Yes								
Training	TRN14	The Contractor shall provide training on the system for UAT testers. The Contractor shall provide upda User and System Documentation to UAT testers to support the UAT effort.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Workflow	WKF01	The Contractor's workflow solution shall provide a runtime engine that facilitates process events throughout the work type lifecycle.	Yes								
Workflow	WKF02	The Contractor's workflow solution shall provide configurable work distribution and redistribution based on work type, worker skill, priority, and age of work which can be configured by the State.	Yes								
Workflow	WKF03	The Contractor's workflow solution shall provide a user-friendly Graphical User Interface (GUI) for proc definition, execution, monitoring, and management. Support a role-based interface for process definition that leads the user through the steps of defining the workflow associated with a business process includ processes that are managed by Department staff only, and that captures all the information needed by the workflow engine to execute that process.	Yes								
Workflow	WKF04	The Contractor shall support and assist the Department in mapping all business processes and subprocesses to the workflow application and in transitioning from manual to automated process execution.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Statu	roduct Typ	Hosting	Security Tested	Additional Information
Workflow	WKF05	The Contractor's workflow solution shall support work-type processing that includes internal and external dependencies.	Yes								
Workflow	WKF06	The Contractor's workflow solution shall provide the ability to view alerts and/or reminders by user, by w type.	Yes								
Workflow	WKF07	The Contractor's workflow solution shall provide the ability to set alerts and or reminders by user, by wor type.	Yes								
Workflow	WKF08	The Contractor's workflow solution shall automatically set the state of the work item, based on the processing steps when completed to provide transparent, accurate status of the work at all times.	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	Requirement ID	Requirement Language	Base Requirement Applicable to Core Claims Solution and All Proposed Options	Requirement Option Indicator	Requirement Option Assignment	General Status	roduction Stat	roduct Typ	Hosting	Security Tested	Additional Information
Workflow	WKF09	The Contractor's workflow solution shall provide supervisors access and control of work by type and by user.	Yes								
Workflow	WKF11	The workflow engine shall be configured to support capturing business processes using Business Proc Model and Notation (BPMN) 2.0 or later, even if the engine uses a separate coding of the rules for execution.	Yes								
Workflow	WKF12	The workflow engine shall be configured to support the establishment of work queues allowing in-proces knowledge, data, and documentation to flow from one-solution to another solution.	Yes								
Workflow	WKF13	The workflow engine shall be configured to support workflow access, assignments, and execution for all essential aspects of the business processes (e.g., provider enrollment, provider screening, client communications).	Yes								

Attachment F - Requirements Response Matrix

All requirements must have responses in each of the following columns: General Status, Production Status, Product Type, and Hosting.

Matrix of Requirements											
Requirement Section	**Requirement ID**	**Requirement Language**	**Base Requirement Applicable to Core Claims Solution and All Proposed Options**	**Requirement Option Indicator**	**Requirement Option Assignment**	**General Status**	**roduction Statu**	**roduct Typ**	**Hosting**	**Security Tested**	**Additional Information**
Workflow	WKF14	The Contractor shall configure, support and maintain a configurable document management, workflow, and ICR/OCR solution that meets the State's requirements. If the Contractor's solution does not include an integrated content management solution that meets the state's requirements, the Contractor will be required to leverage the State of Montana's Perceptive Content Management solution with their overall solution.	Yes								
Workflow	WKF16	The Contractor's solution shall deliver automated business process/workflow management to support the establishment of work queues via an assigned worker portal allowing in-process knowledge, data, and documentation to route from one worker's queue to another as well as across solutions. The Contractor's solution shall ensure compliance with defined processes.	Yes								

Attachment L - Technology Matrix

Revision History

Date	Document Version	Revision Description	Author
10/28/2019	1.0	Final for RFP Release	DPHHS

Attachment L - Technology Matrix

Attachment L - Technology Matrix represents the technology being proposed by Offeror including product type, operating system, licensing, number of seat(s), hosting strategy, cost information and renewal information. The Offeror must provide the detailed hardware and software information for each applicable row using the values defined in the Legend below. The Offeror must include the costs for each component including all ongoing costs and annual maintenance costs detailed in the Technology Matrix. The costs outlined in the Technology Matrix must be included the appropriate Attachment G - Pricing Schedules. If the DDI duration extends beyond one year, the offeror should include the additional maintenance cost in the DDI Maintenance Cost column.

Complete a row for any solution being proposed. Every column should be filled out for the solution.

The Offeror shall only use the values detailed below in the matrix for each column. Each column will have only one value.

All rows must have responses in each of the columns.

Legend
Product Type
SaaS-Software as a Service
PaaS-Platform as a Service
COTS-Commercial Off the Shelf
OS-Open Source Solution
CS-Custom Solution
ND-Not Defined Above
Operating System
W-Windows
L-Linux
U-Unix
O-Other
M-Multiple
Licensing
P-Perpetual License
S-Subscription License
O-Open Source
F-Freeware
N-Not Licensed
User Licensing
V-Volume/per seat
E- Enterprise
U-Unlimited
Number of Seats
#x - Actual Number

Attachment L - Technology Matrix

Attachment L - Technology Matrix represents the technology being proposed by Offeror including product type, operating system, licensing, number of seat(s), hosting strategy, cost information and renewal information. The Offeror must provide the detailed hardware and software information for each applicable row using the values defined in the Legend below. The Offeror must include the costs for each component including all ongoing costs and annual maintenance costs detailed in the Technology Matrix. The costs outlined in the Technology Matrix must be included the appropriate Attachment G - Pricing Schedules. If the DDI duration extends beyond one year, the offeror should include the additional maintenance cost in the DDI Maintenance Cost column.

Complete a row for any solution being proposed. Every column should be filled out for the solution. **The Offeror shall only use the values detailed below in the matrix for each column. Each column will have only one value.** **All rows must have responses in each of the columns.**
N/A
Hosting
T-Third Party Hosting
V-Vendor On-Premise Hosting
O-Other
Security Tested
YP - Yes Penetration Testing last 12 months
YV - Yes Vulnerability Testing last 12 months
N - No Security Testing last 12 months
NA - This is not a Functional or Technical Requirement
Purchase Cost
Enter the cost of initial purchase and first year of maintenance for each row. These costs must be included in Attachment G, Pricing Schedule B.
DDI Maintenance Cost
Enter the total maintenance cost **(excluding the first year of maintenance)** for DDI for each row. These costs must be included in Attachment G, Pricing Schedule B.
Operations Annual Maintenance Cost
Enter the cost of ongoing annual maintenance for each row. These costs must be included in Attachment G, Pricing Schedule C.
Renewal Date
Enter the Renewal Date (if applicable) for each row.
NA-Renewal Date not applicable
Renewal Period
Enter the total Renew Period and specify the period is measured in years or months.
NA-Renewal Period not applicable

[redacted]

Attachment L - Technology Matrix - Interfaces

Attachment L - Technology Matrix - Include inbound and outbound interfaces to exchange data (publish and ingest) to other modules or systems included in the Offeror's solution. Refer to the 'L-3 Interface Categories' tab for a list of interfaces common to the sourcing states.

Provide the detailed interface information for each row using the values defined in the Interfaces Legend below. Indicate whether an interface is part of the Core Solution or one or more of the Options.

Reference requirement INR34 when populating your response: The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price.

Additionally, the Contractor shall include the interfaces listed in Attachment L - Technology Matrix, Tab L-2, where columns K, L, M and/or N are "Yes" in their overall fixed price. Additionally, the Contractor shall include the interfaces required by a Participating State that is not explicitly described in Attachment F – Requirements Response Matrix or that is listed in Attachment L – Technology Matrix Tab L-2 where columns K, L, M, and N are "No" will be implemented using the DDI requisitioned pool hours.

Complete a row for each distinct existing interface. Every column should be filled out for the interface.

The Offeror shall only use the values detailed below in the matrix for each column.

All rows must have responses in each of the columns.

Legend
Direction
Inbound-Data coming into the Offeror's solution
Outbound-Data coming out of the Offeror's solution
Interface Name
A name of the interface
Interface Description
A description of the interface including interface purpose, interface data and any other relevant details
Format
Industry Standard
Custom
Format Name or Description
Please name the industry standard or describe the custom format used
Method - Please use one or more of the applicable values
RESTful

Attachment L - Technology Matrix - Interfaces

Attachment L - Technology Matrix - Include inbound and outbound interfaces to exchange data (publish and ingest) to other modules or systems included in the Offeror's solution. Refer to the 'L-3 Interface Categories' tab for a list of interfaces common to the sourcing states.

Provide the detailed interface information for each row using the values defined in the Interfaces Legend below. Indicate whether an interface is part of the Core Solution or one or more of the Options.

Reference requirement INR34 when populating your response: The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price.

Additionally, the Contractor shall include the interfaces listed in Attachment L - Technology Matrix, Tab L-2, where columns K, L, M and/or N are "Yes" in their overall fixed price. Additionally, the Contractor shall include the interfaces required by a Participating State that is not explicitly described in Attachment F – Requirements Response Matrix or that is listed in Attachment L – Technology Matrix Tab L-2 where columns K, L, M, and N are "No" will be implemented using the DDI requisitioned pool hours.

Complete a row for each distinct existing interface. Every column should be filled out for the interface. **The Offeror shall only use the values detailed below in the matrix for each column.** **All rows must have responses in each of the columns.**
SOAP
Event-based
SFTP
Other (give description)
Method Description
Please describe the method if other was chosen
Recommended or Expected Frequency - Please use one or more of the applicable values
On Demand or Real-time
Scheduled - Hourly
Scheduled - Daily
Scheduled - Weekly
Scheduled - Monthly
Scheduled - Quarterly
Scheduled - Annually
Other (give description)
Recommended or Expected Frequency Description

Attachment L - Technology Matrix - Interfaces

Attachment L - Technology Matrix - Include inbound and outbound interfaces to exchange data (publish and ingest) to other modules or systems included in the Offeror's solution. Refer to the 'L-3 Interface Categories' tab for a list of interfaces common to the sourcing states.

Provide the detailed interface information for each row using the values defined in the Interfaces Legend below. Indicate whether an interface is part of the Core Solution or one or more of the Options.

Reference requirement INR34 when populating your response: The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price.

Additionally, the Contractor shall include the interfaces listed in Attachment L - Technology Matrix, Tab L-2, where columns K, L, M and/or N are "Yes" in their overall fixed price. Additionally, the Contractor shall include the interfaces required by a Participating State that is not explicitly described in Attachment F – Requirements Response Matrix or that is listed in Attachment L – Technology Matrix Tab L-2 where columns K, L, M, and N are "No" will be implemented using the DDI requisitioned pool hours.

Complete a row for each distinct existing interface. Every column should be filled out for the interface.

The Offeror shall only use the values detailed below in the matrix for each column.

All rows must have responses in each of the columns.

Please describe the frequency if other was chosen
Bulk - Please use one or more of the applicable values
No - single record per occurrence
Yes - multiple records per occurrence
Included with Core Offering (Yes / No)
Please indicate whether this interface is included in the Contractor's core offering base cost. If the Contractor indicates Yes for the specific interface, no DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface. If the Contractor indicates No for the specific interface, DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface.
Yes - included in core offering base cost
No - not included in core offering base cost
Included in Option A Offering (Yes / No)
Please indicate whether this interface is included in the Contractor's Option A base cost. If the Contractor indicates Yes for the specific interface, no DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface. If the Contractor indicates No for the specific interface, DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface.

Attachment L - Technology Matrix - Interfaces

Attachment L - Technology Matrix - Include inbound and outbound interfaces to exchange data (publish and ingest) to other modules or systems included in the Offeror's solution. Refer to the 'L-3 Interface Categories' tab for a list of interfaces common to the sourcing states.

Provide the detailed interface information for each row using the values defined in the Interfaces Legend below. Indicate whether an interface is part of the Core Solution or one or more of the Options.

Reference requirement INR34 when populating your response: The Contractor's solution shall include all integrations/interfaces listed in Attachment F - Requirements Response Matrix in their overall fixed price.

Additionally, the Contractor shall include the interfaces listed in Attachment L - Technology Matrix, Tab L-2, where columns K, L, M and/or N are "Yes" in their overall fixed price. Additionally, the Contractor shall include the interfaces required by a Participating State that is not explicitly described in Attachment F – Requirements Response Matrix or that is listed in Attachment L – Technology Matrix Tab L-2 where columns K, L, M, and N are "No" will be implemented using the DDI requisitioned pool hours.

Complete a row for each distinct existing interface. Every column should be filled out for the interface.

The Offeror shall only use the values detailed below in the matrix for each column.

All rows must have responses in each of the columns.

Yes - included in Option A base cost
No - not included in Option A base cost
Included in Option B Offering (Yes / No)
Please indicate whether this interface is included in the Contractor's Option B base cost. If the Contractor indicates Yes for the specific interface, no DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface. If the Contractor indicates No for the specific interface, DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface.
Yes - included in Option B base cost
No - not included in Option B base cost
Included in Option C Offering (Yes / No)
Please indicate whether this interface is included in the Contractor's Option C base cost. If the Contractor indicates Yes for the specific interface, no DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface. If the Contractor indicates No for the specific interface, DDI requisitioned pool hours will be used to implement the interface if the Participating State chooses to implement the interface.
Yes - included in Option C base cost
No - not included in Option C base cost

[redacted]

[redacted]

[redacted]

Attachment L - Interface Categories

Below is a list of interfaces that are common to the sourcing states. The Contractor should use this information as a guide in determining which specific interfaces (e.g., inbound, outbound) to include in the Contractor's base cost. It is important to understand each category can represent one or more distinct interfaces to be listed in tab L-2 Interfaces.

Interface Category	Interface Category Description
Eligibility	A set of interfaces to or from the Eligibility system for the purposes of updating/maintaining member eligibility information (e.g. member demographics, member eligibility spans, provider lock-in info).
Provider	A set of interfaces to or from the Provider module for the purposes of updating/maintaining provider information such as demographics, ownership, credentials, etc.
Third Party Liability (TPL)	A set of interfaces to or from the TPL vendor for the purposes of supporting and managing TPL functions (e.g. paid claims, recoveries).
Recovery Audit Contractor (RAC)	A set of interfaces to or from the Recovery Audit Contractor to supply information necessary for audit activities (e.g. paid claims).
Enterprise Data Warehouse (EDW)	A set of interfaces to support comprehensive exports of operational data relevant for reporting and analysis to the Enterprise Data Warehouse.
Statewide Financial System	A set of interfaces to support the sharing of relevant financial data with the Statewide Financial System.
Auditor	A set of interfaces to the Auditor systems to support furnishing of the data for audit purposes.
Electronic Data Interchange (EDI)	Interfaces to/from providers, clearinghouses and other modules/systems for the purposes of sending and receiving all EDI transactions. As described in requirement SAO19
Utilization Review	Interfaces to or from a module or system responsible in the utilization review to support receipt and processing of service/prior authorizations.
Cost share coordination	Interfaces to or from each of the paying systems to support updating of maximum out of pocket cost share information.
Care/Case management	Interfaces to or from care/case management module and system(s) in order to support care/case management functions.

Attachment L - Interface Categories

Below is a list of interfaces that are common to the sourcing states. The Contractor should use this information as a guide in determining which specific interfaces (e.g., inbound, outbound) to include in the Contractor's base cost. It is important to understand each category can represent one or more distinct interfaces to be listed in tab L-2 Interfaces.

Interface Category	Interface Category Description
Pharmacy	Interfaces to or from the Pharmacy Benefit Manager (PBM) to support the PBM operation and obtain data on pharmacy claim details.
Centers for Medicare & Medicaid Services (CMS)	Interfaces to or from CMS to support the import of information from or submission of information to CMS (e.g. Reference Data as described in requirement BRDM02, Qualified Medicare Beneficiary outreach file, COBA, Medicare A, B, D information for Buy-In purposes, T-MSIS)
Social Security Administration (SSA)	Interfaces to or from SSA to support the import of SSA data (e.g. beneficiary earnings records, Medicare-eligible members, SSI eligibility information)
Immunization Registry	Interfaces to or from the State Immunization registry to support submission/updates of immunization data.
Managed Care Networks (CMO / MCO)	Interfaces to or from the managed care organizations' systems to support CMO/MCO operations.
Banking	Interfaces to or from banking services provider(s) to support sending and receiving of banking information (e.g. EFT, cleared checks, positive pay)
Internal Revenue Service (IRS)	Interfaces to or from the IRS to support functions like IRS TIN matching, submission of 1099 forms, submission of 1095-B and 1094-B (Health Coverage) forms, etc.
Integrated Voice Response System (IVR)	Interfaces to support Integrated Voice Response functionality.
State's Integration Platform	Interfaces to or from the State's Integration Platform to support authentication, single-sign-on, system health reporting

Attachment H - Resource Allocation Schedules

Revision History

Date	Document Version	Revision Description	Author
10/28/2019	1	Final for RFP Release	DPHHS
11/20/2019	2	Revised the Resource List to Generalize the Resource Titles and include Key Personnel for Core and Options A, B, C, D. Removed the following language on all workbook pages: "Senior (Sr.) Positions are defined by a combination of education and experience and shall have a four year degree in a related field, and at least five (5) years of experience. In lieu of a four year degree, seven (7) years of experience is expected. All other positions must have a minimum of four (4) years of related experience. Please map your resource positions based on years of experience and educational requirements to the following generally named resource positions."	DPHHS

Attachment H - Instructions

List of Schedules	
Schedule	**Title**
Schedule A - Core	Number of Full Time Equivalent
Schedule B - Core	Number of Hours
Schedule A - Option A	Number of Full Time Equivalent
Schedule B - Option A	Number of Hours
Schedule A - Option B	Number of Full Time Equivalent
Schedule B - Option B	Number of Hours
Schedule A - Option C	Number of Full Time Equivalent
Schedule B - Option C	Number of Hours
Schedule A - Option D*	Number of Full Time Equivalent
Schedule B - Option D*	Number of Hours

* Option D Schedules should be completed during the Participating Addedndum process

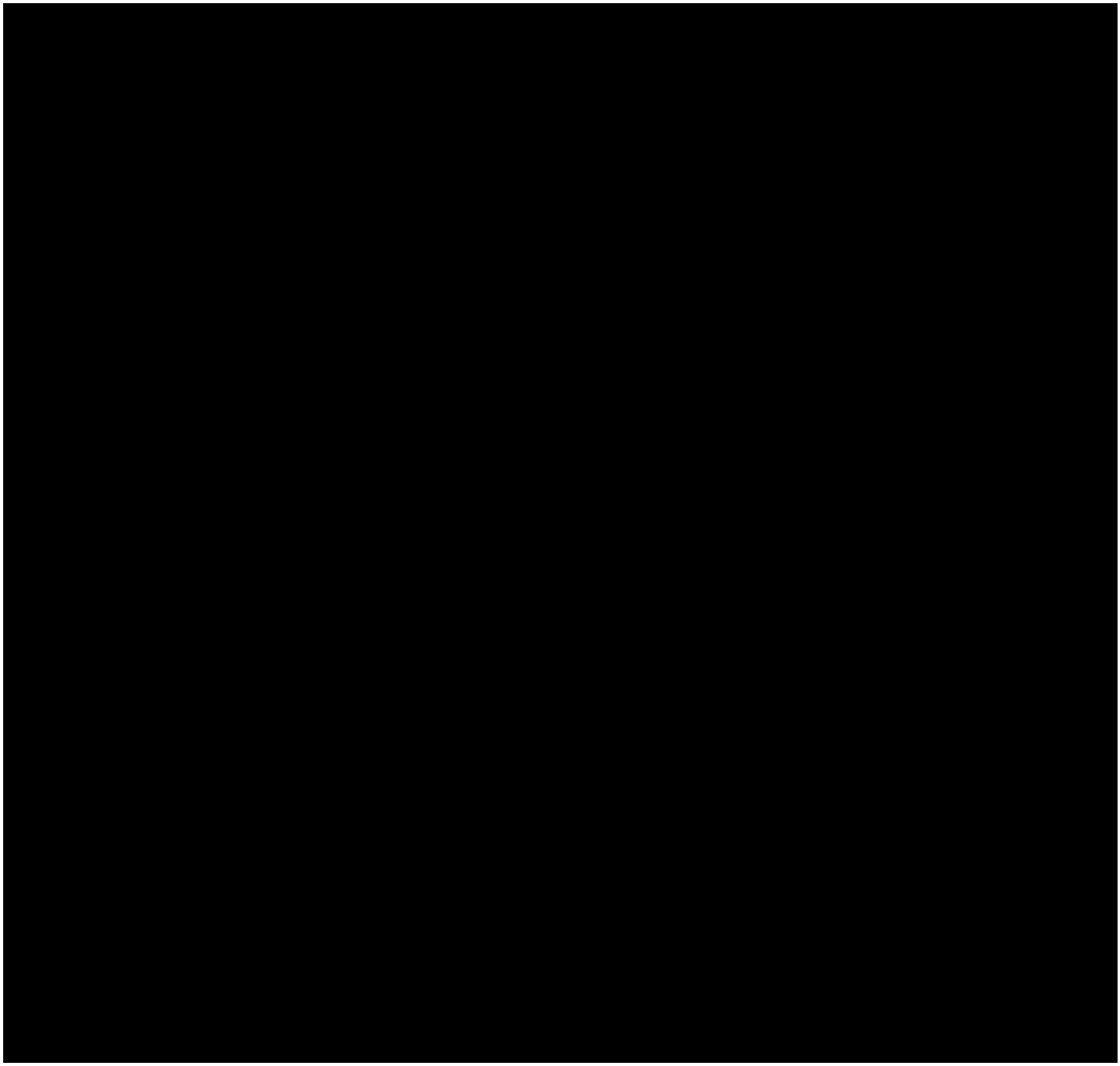
Instructions: Offerors must complete both Resource Allocation Schedules for the Core Claims solution and each Optional Service they intend to bid. These schedules serve as the representation of Offeror's plan for staffing the project by resource type. Offeror should include additional information as necessary to explain the Offeror's resource allocation. If the Offeror has one or more subcontractors, the Offeror must submit a Schedule A and Schedule B with a comprehensive total for all FTE and hours representing the effort of the prime contractor and all subcontractor work in total. In addition, a separate Schedule A and Schedule B for each contractor (prime contractor and subcontractor) must be submitted.

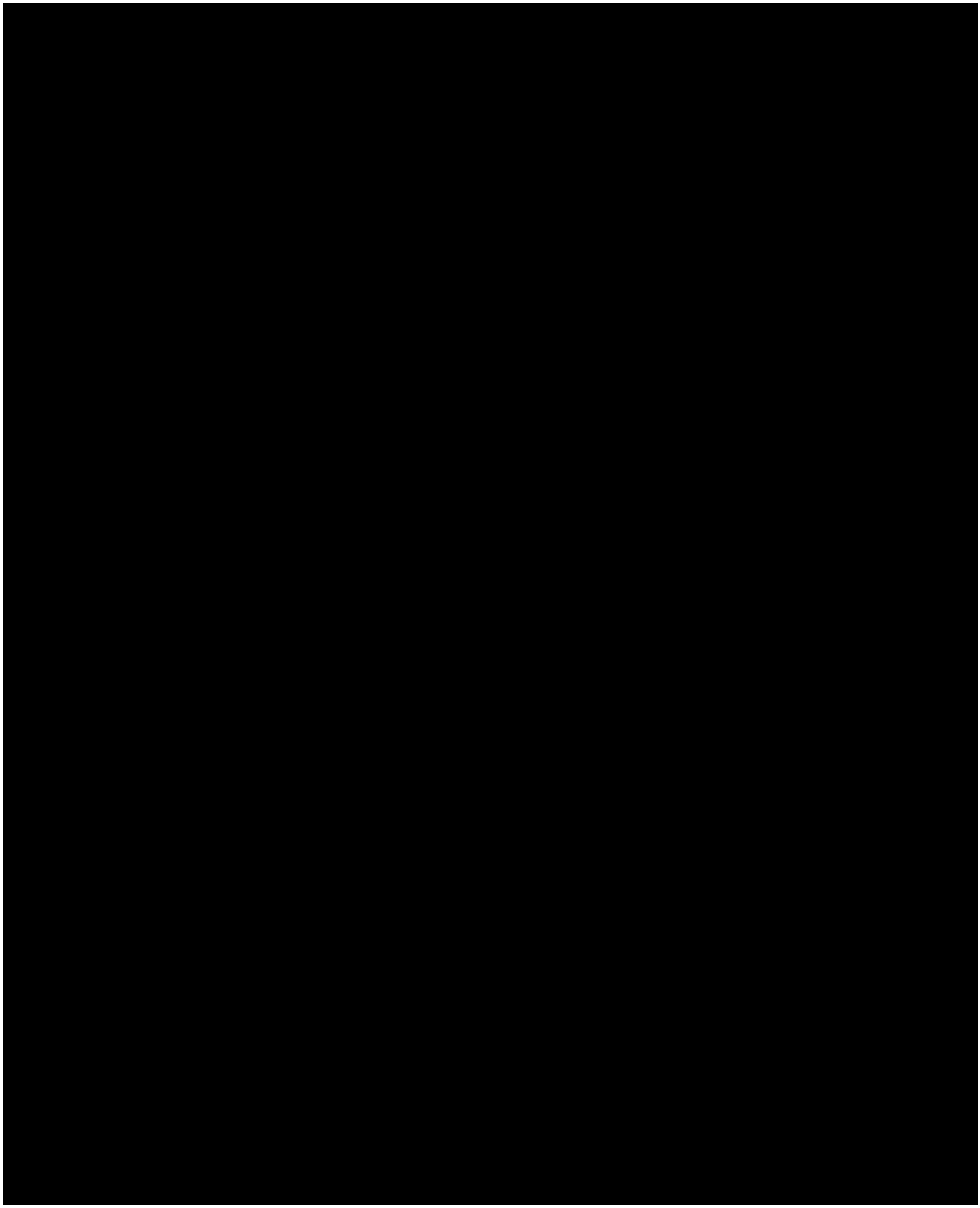
All schedules must be completed in full at the time of submittal, except Option D, which will be completed during the Participating Addendum process. The resource types listed in the schedule are not exhaustive, nor should the Contractor assume that DPHHS is requesting resources from each category. Add resource types necessary to successfully deliver the scope of work.

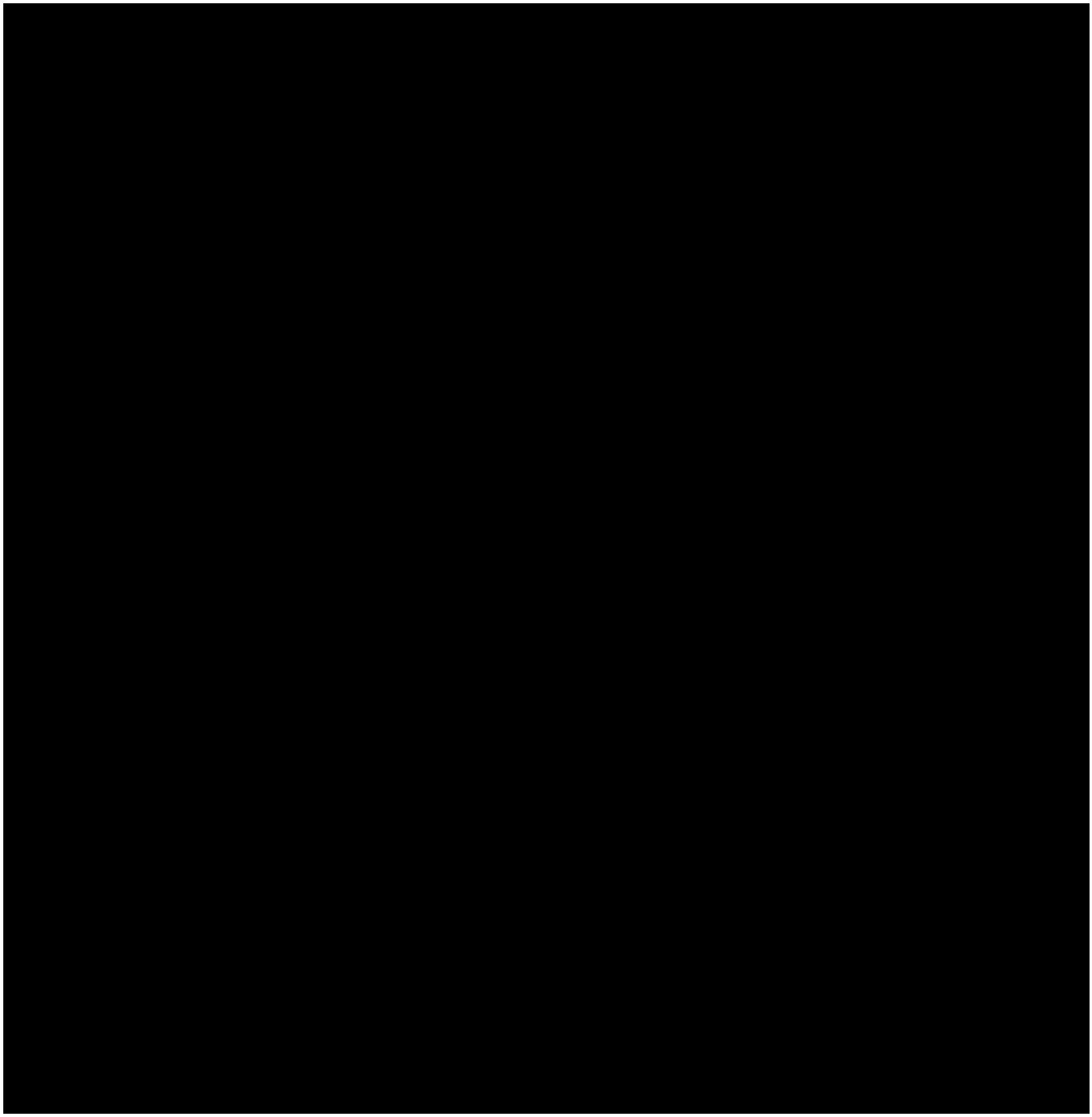
Schedule A: This schedule details the number of full time equivalents the Offeror plans to allocate to the project by phase and by resource type.

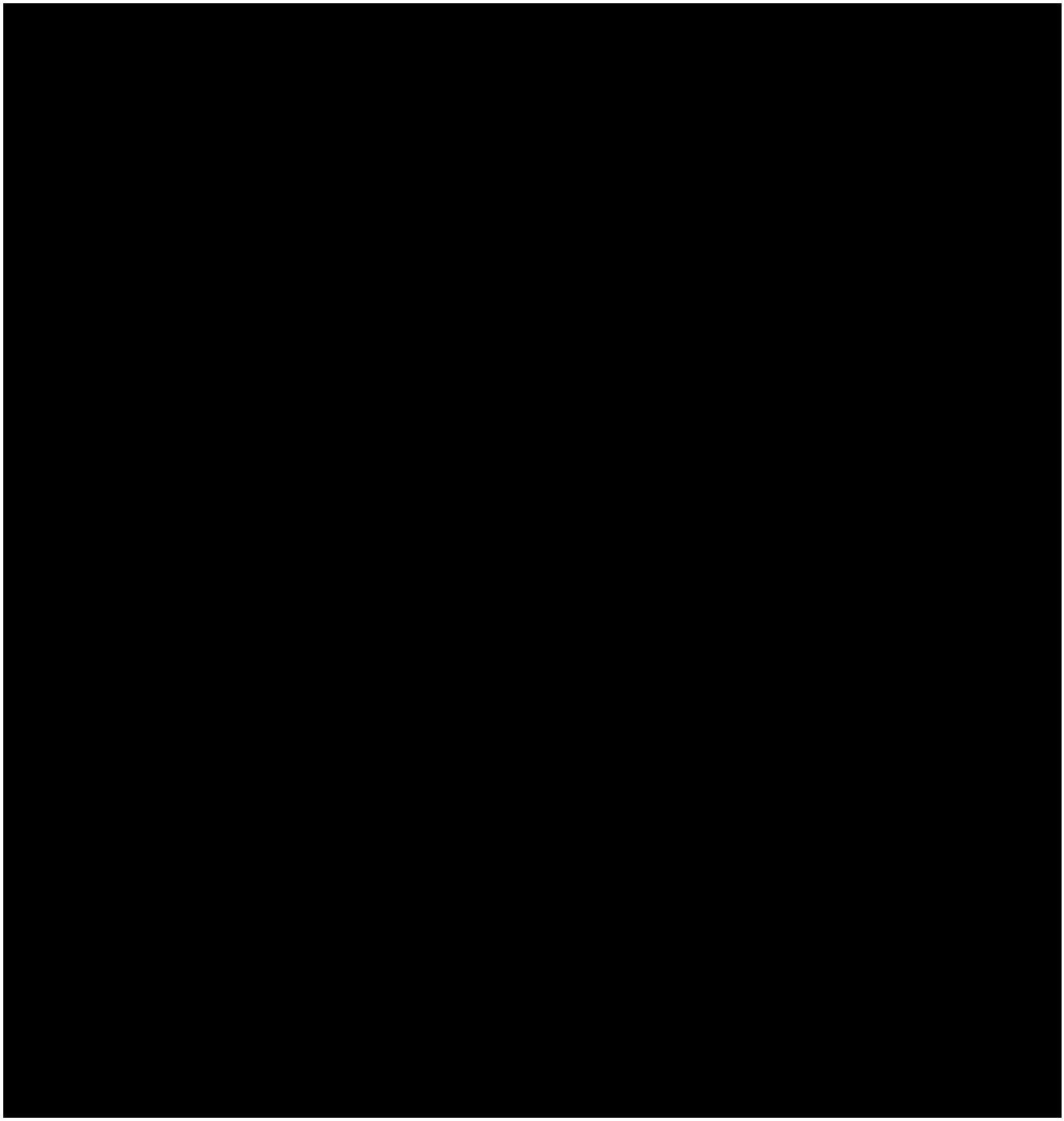
Schedule B: This schedule details the number of resource hours the Offeror plans to allocate to the project by phase and by resource type.

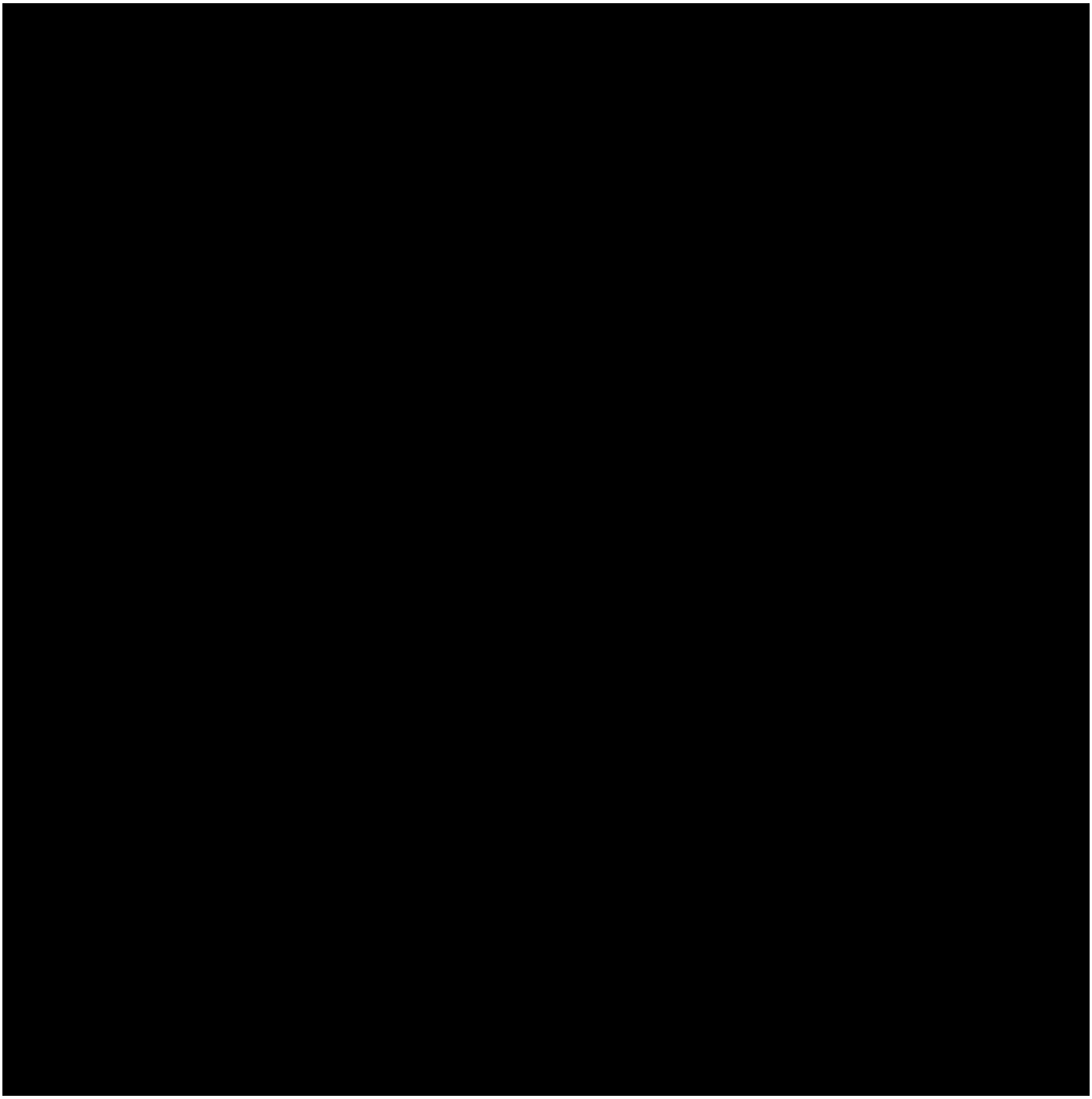
Offerors should include in their submission of Attachment H – Resource Allocation Schedules, resource allocation reflecting Attachment F – Requirements Response Matrix and detailed information found in Attachment E – Sourcing State Information.
Schedule H – Resource Allocation Schedules will be updated as a part of the participating addendum process.

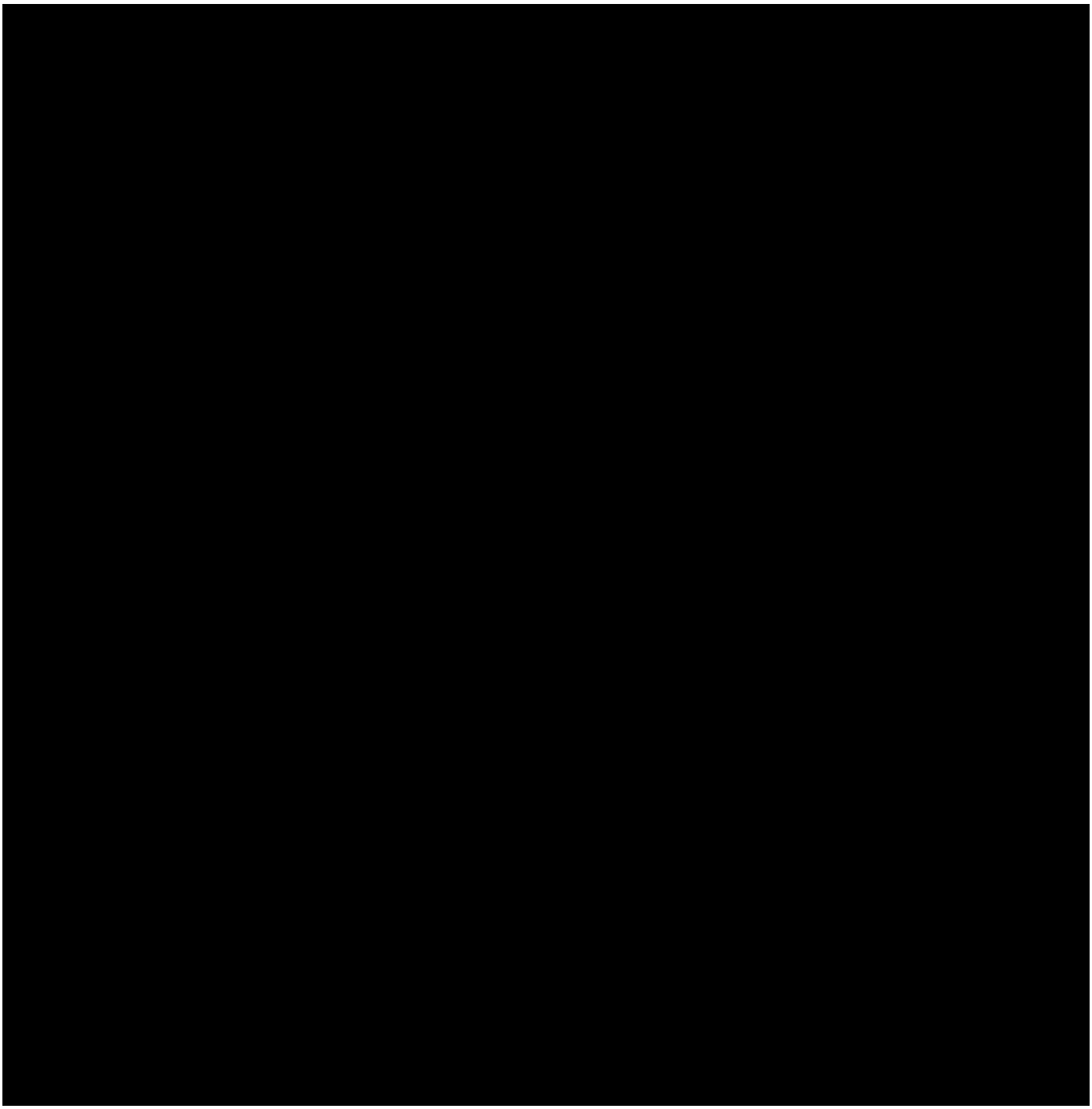


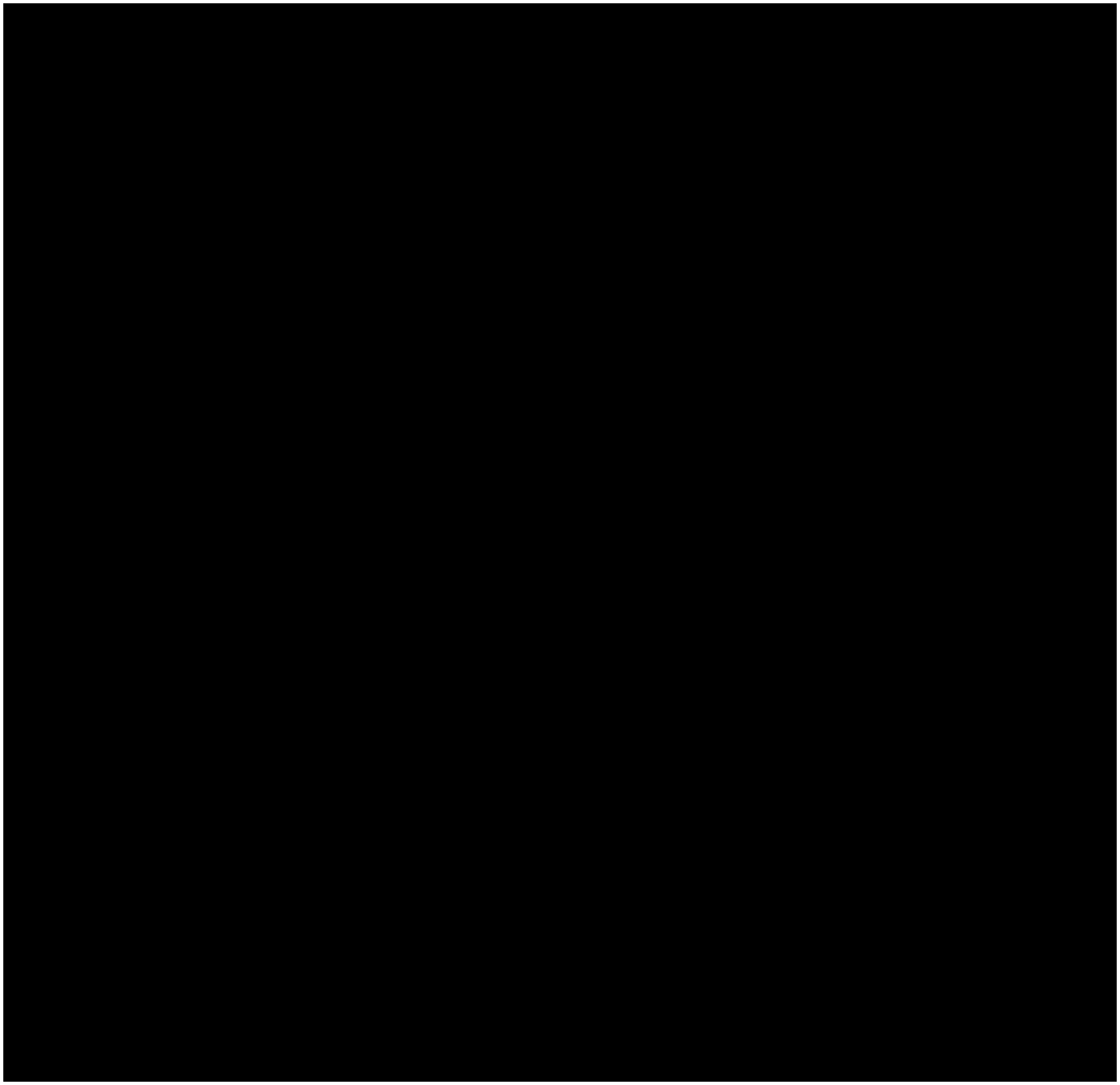


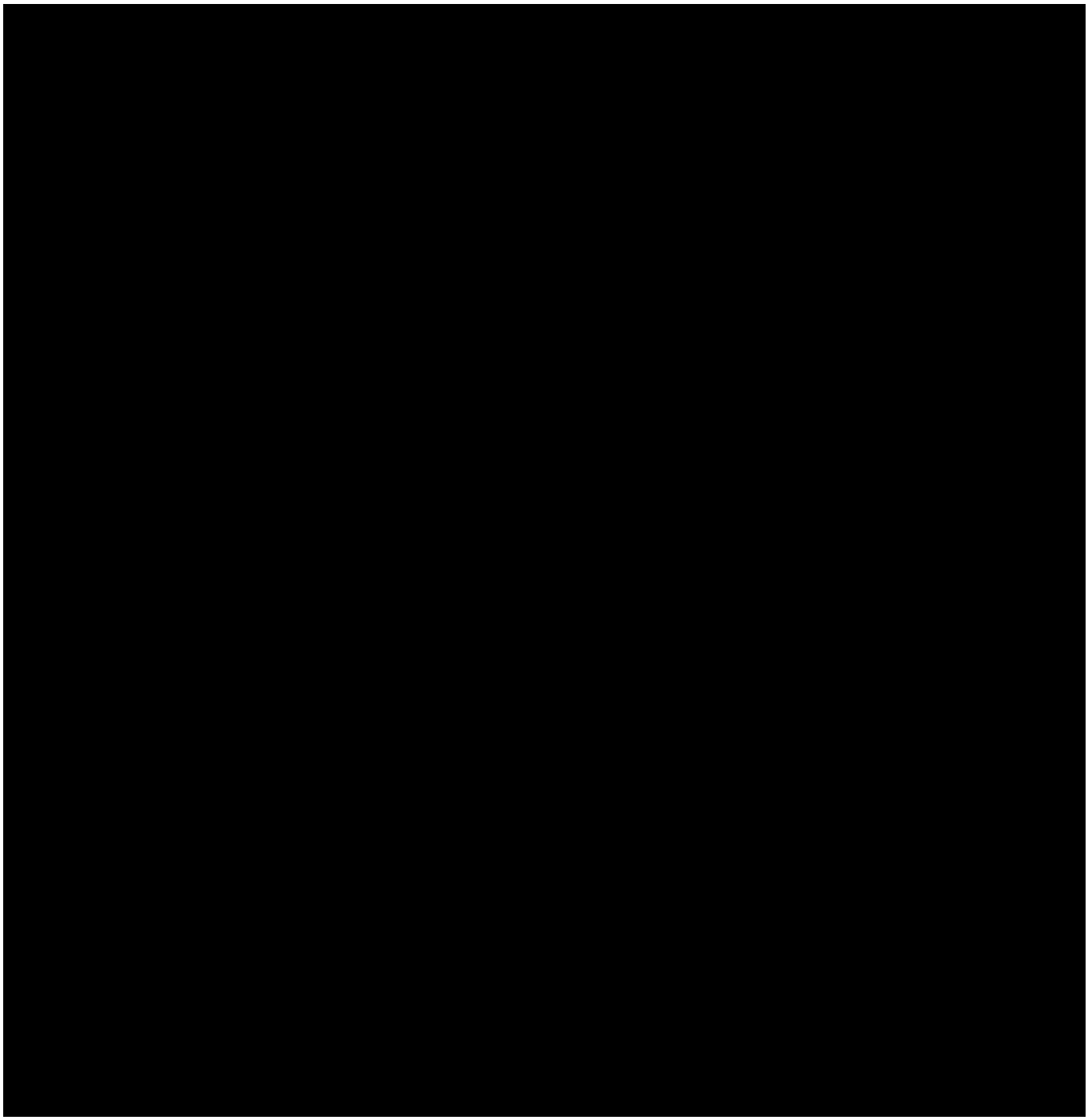


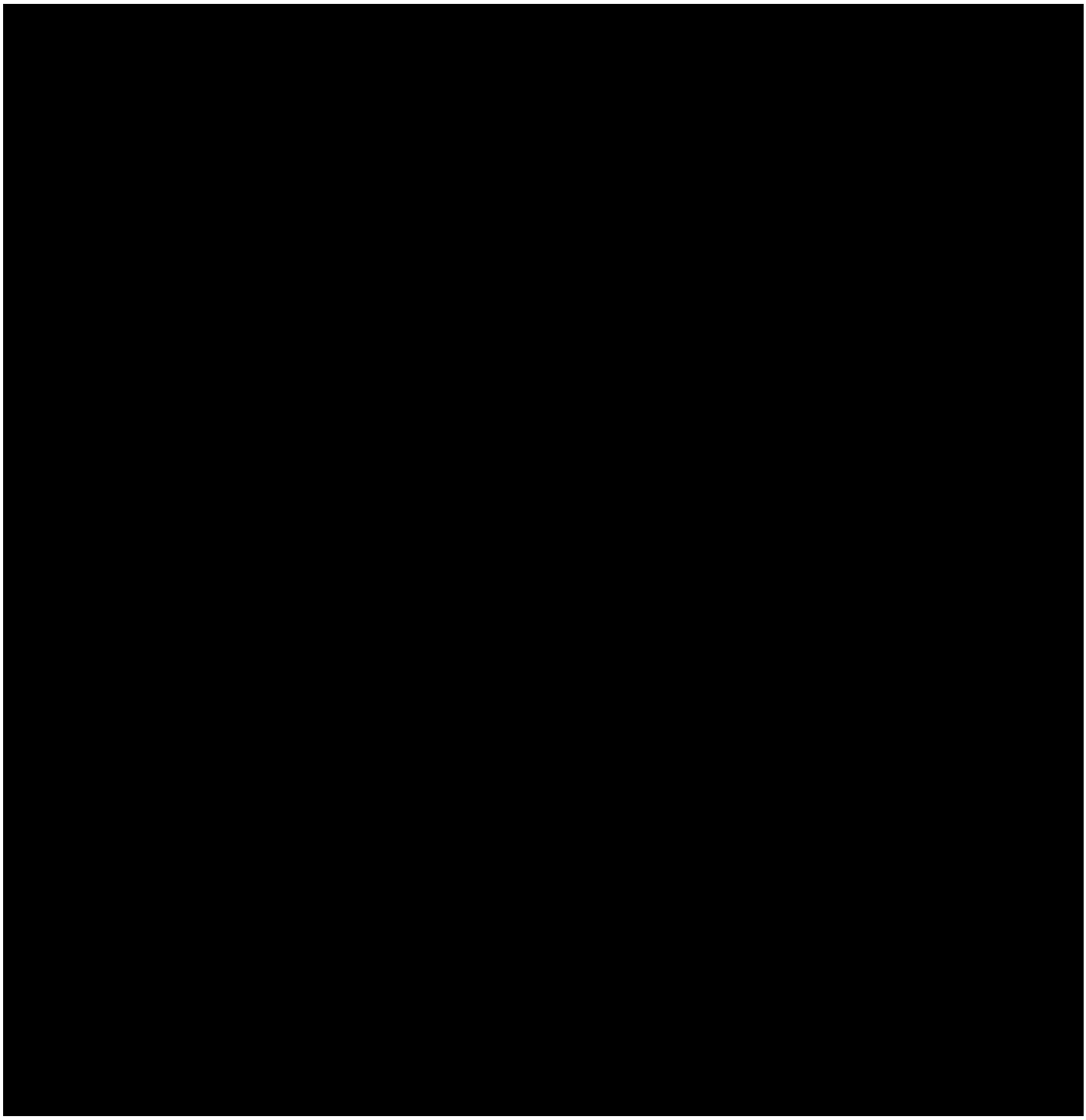


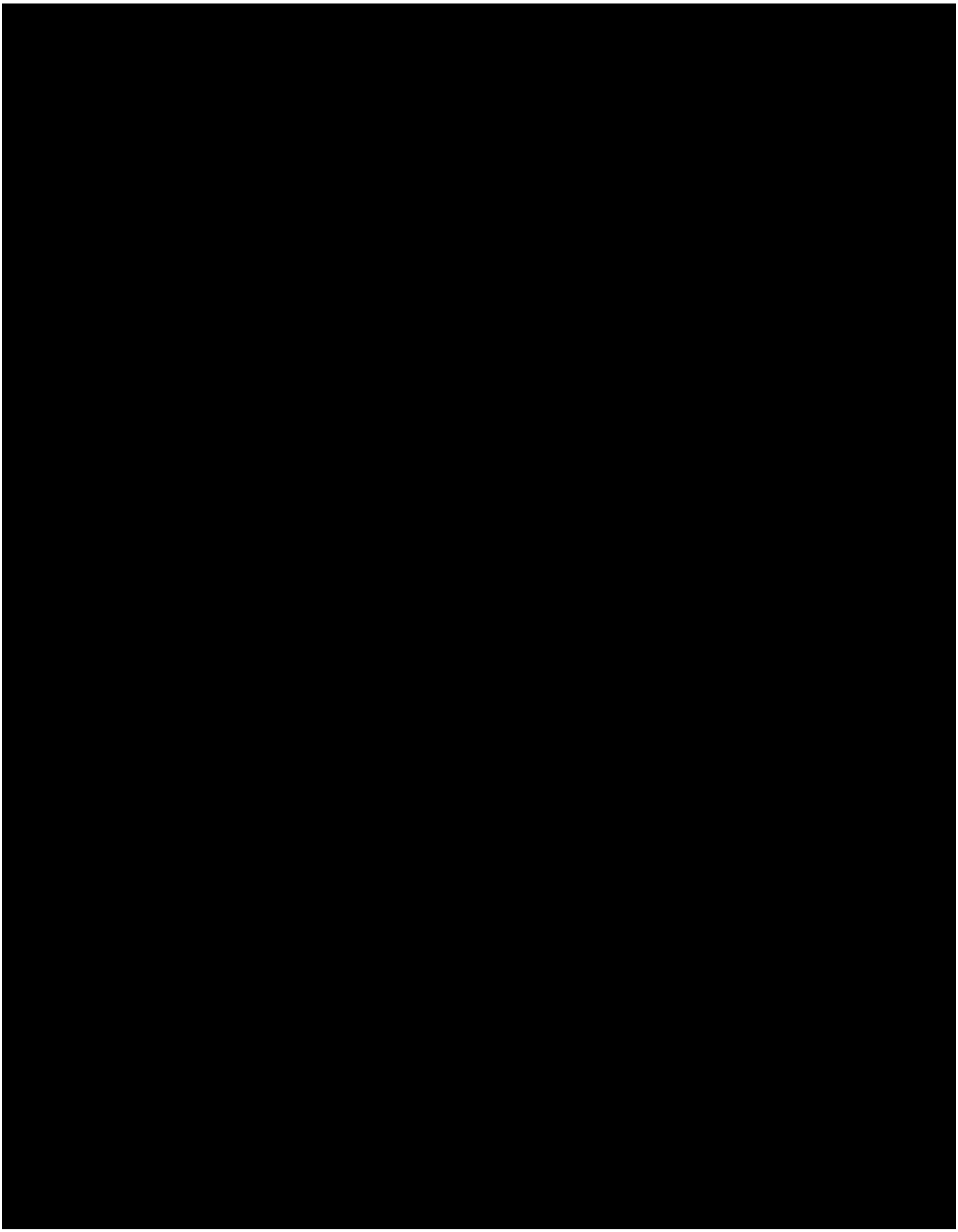


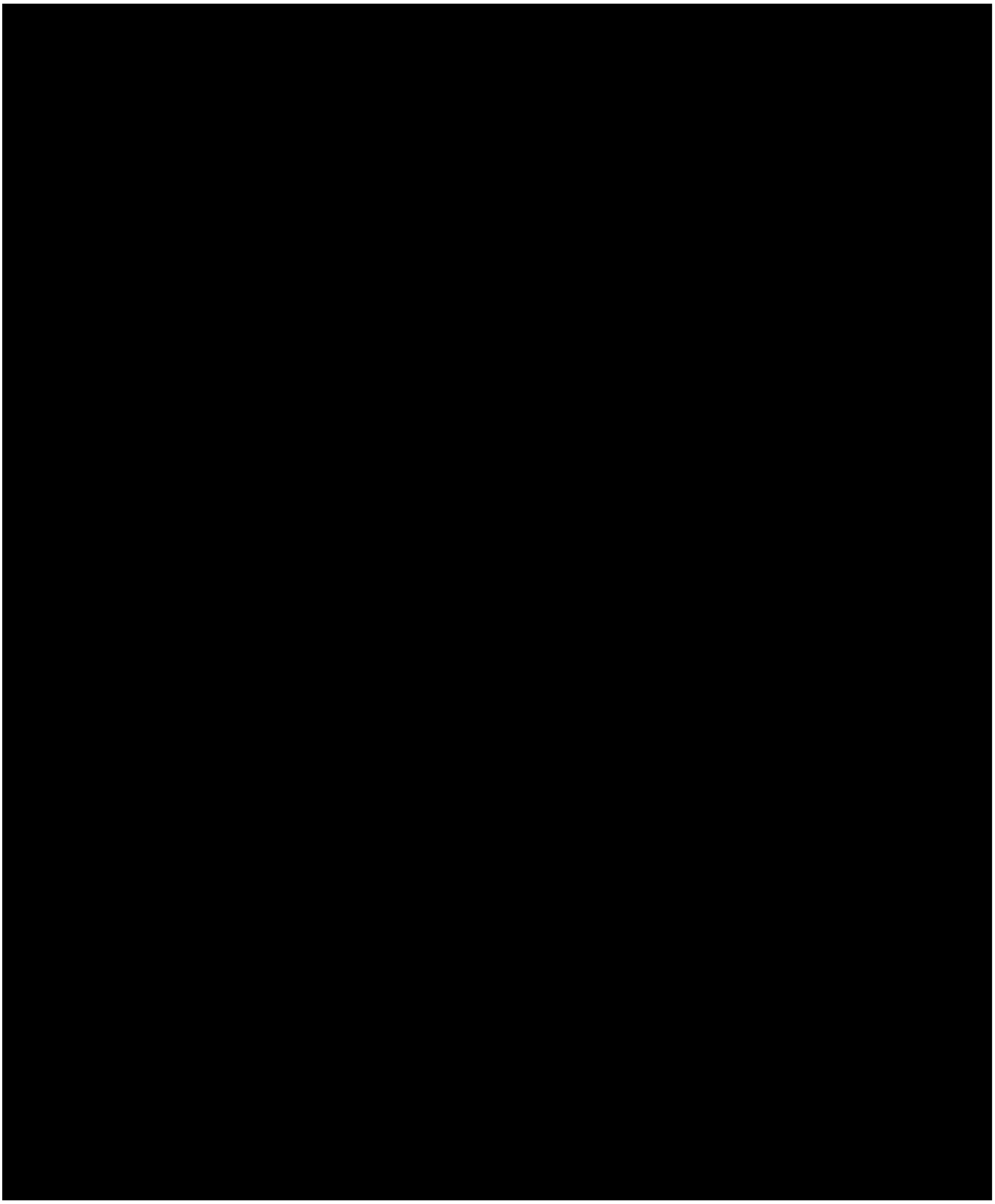


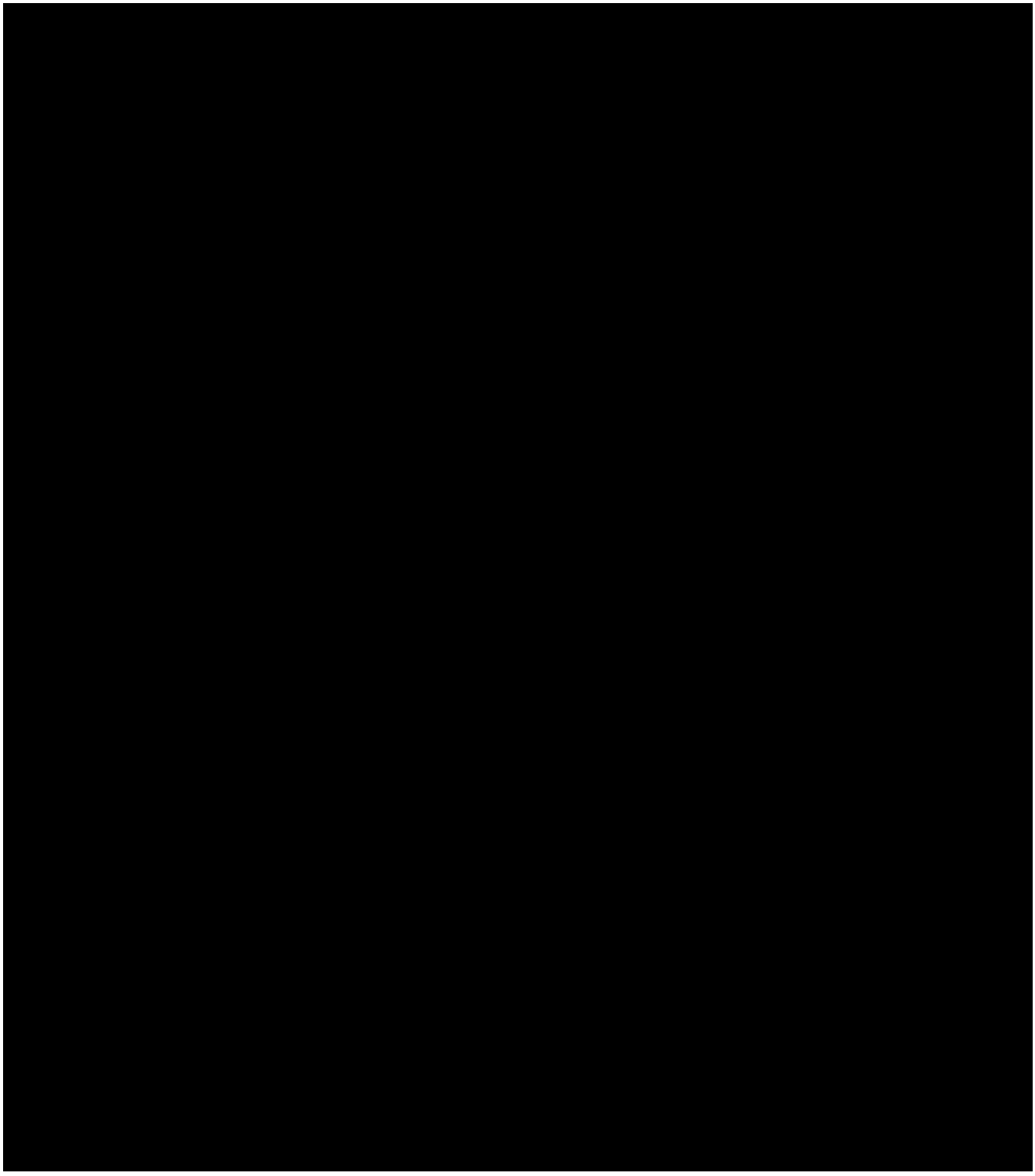


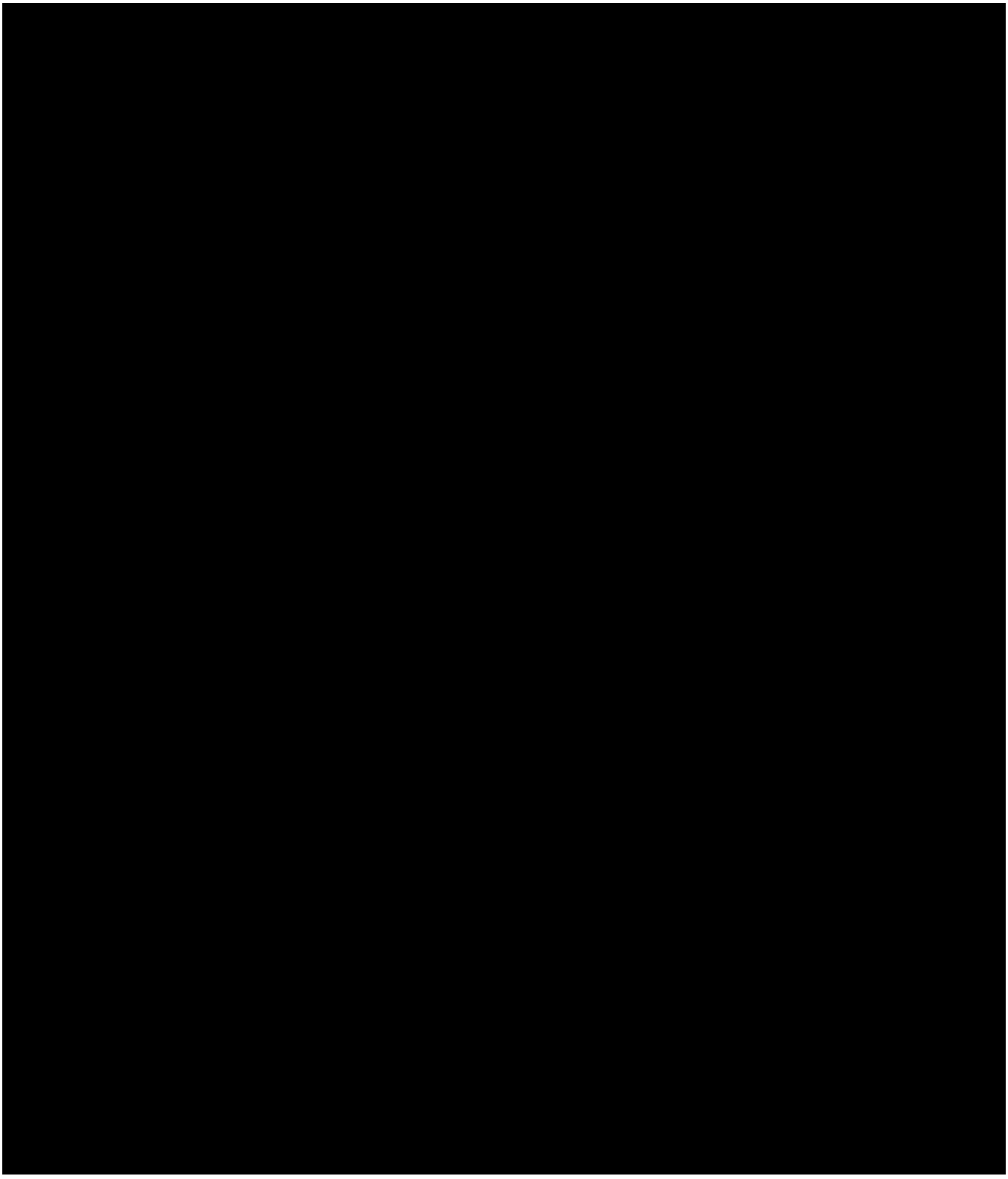


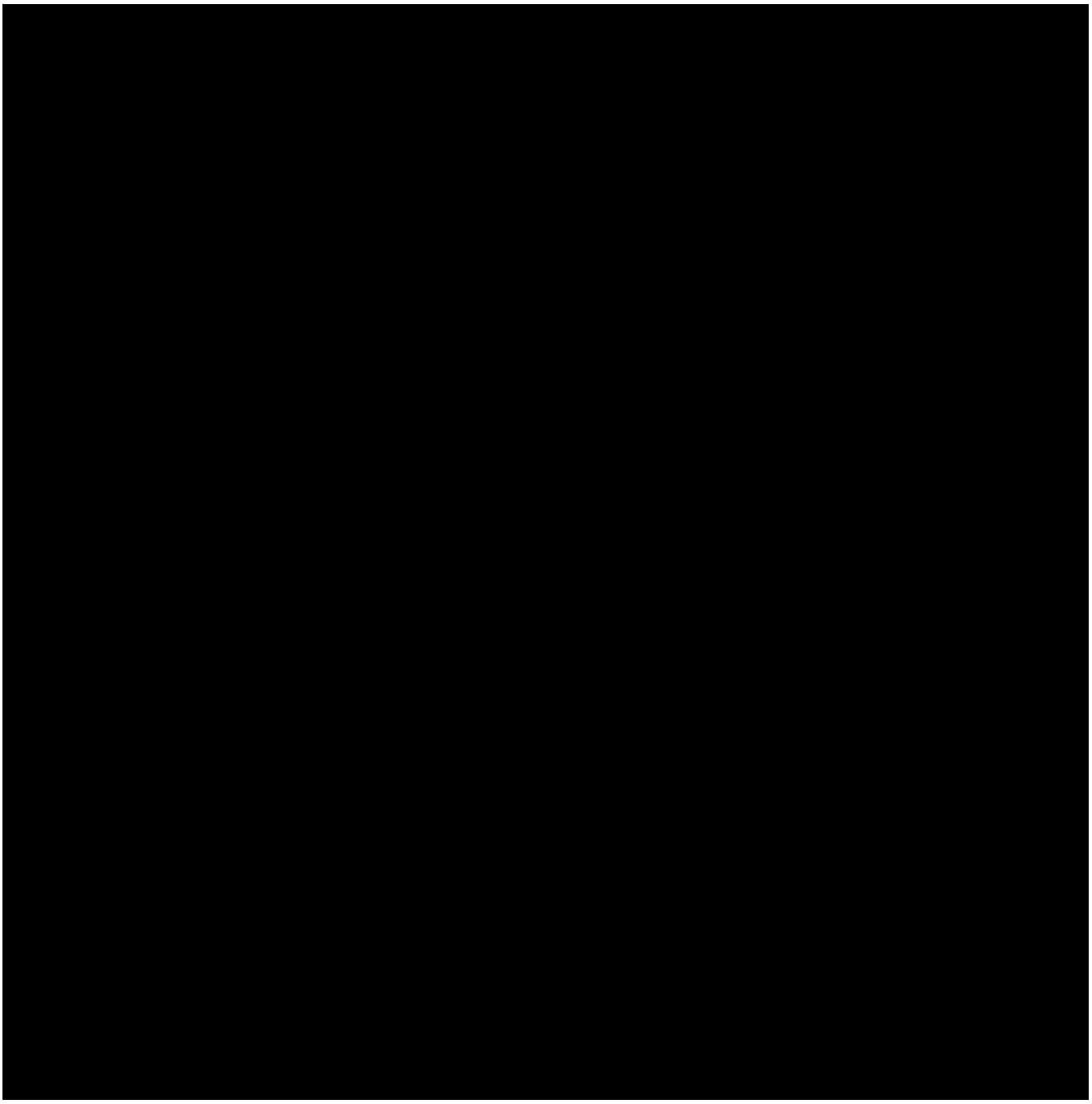


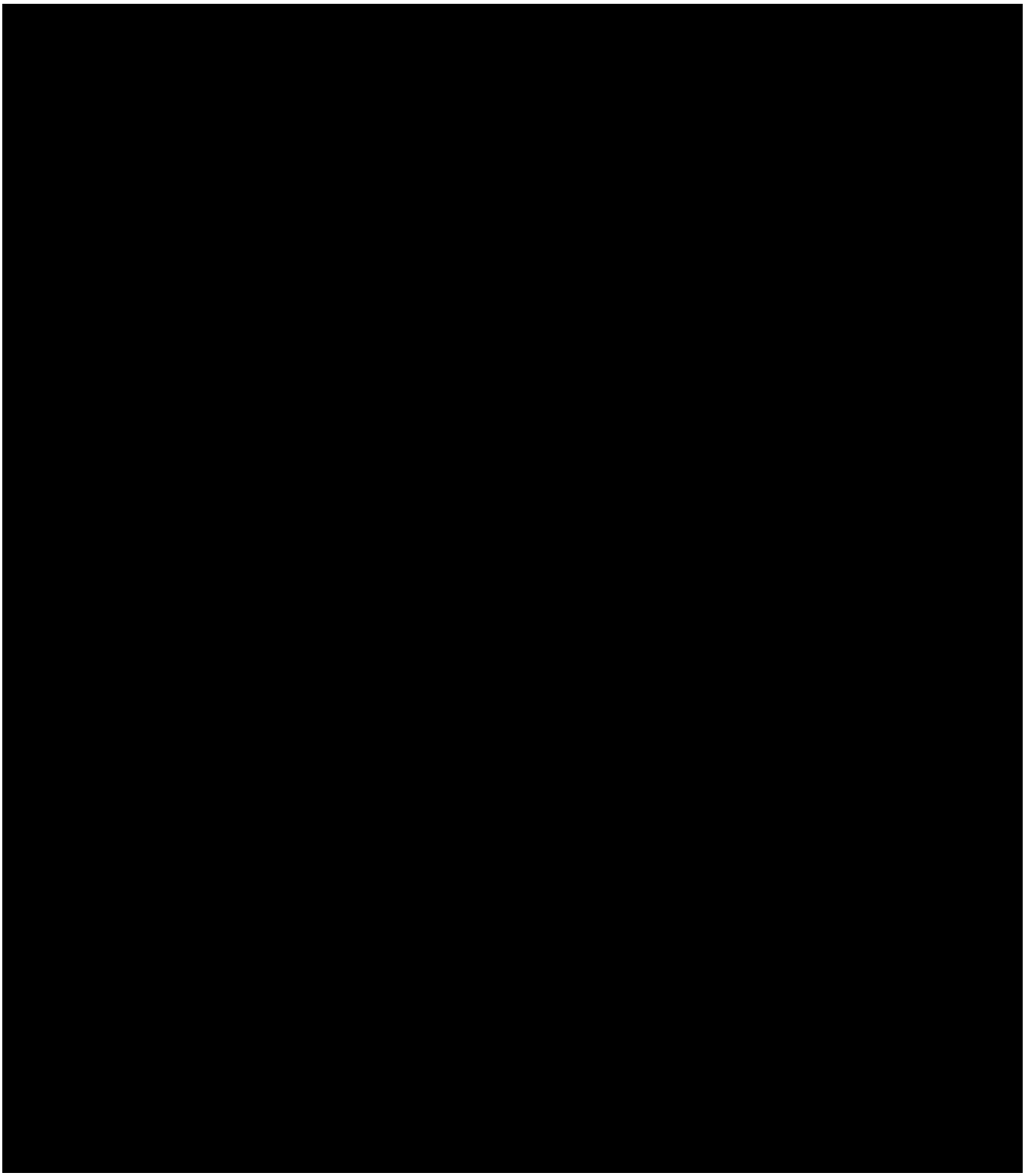


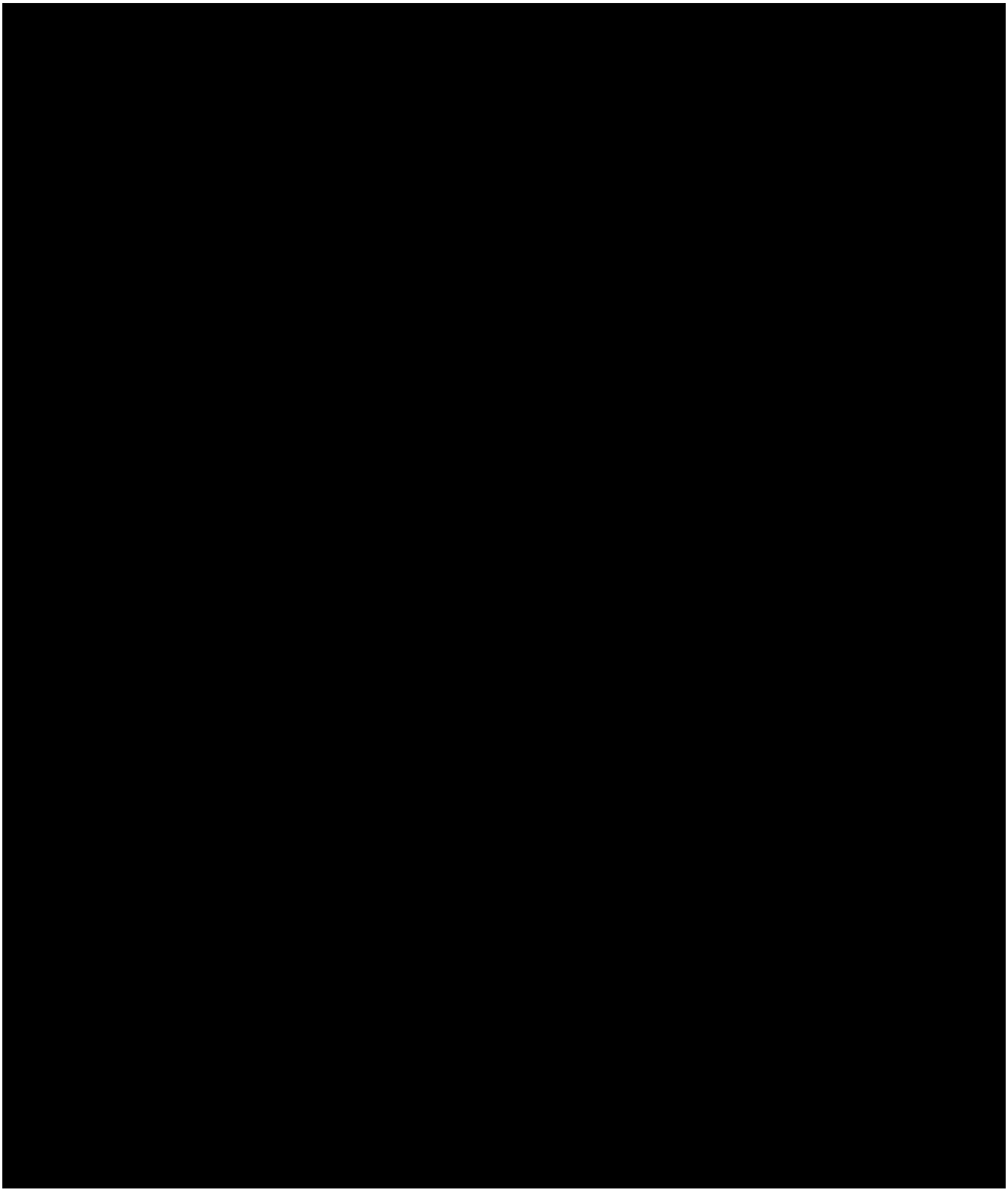












Claims Services Schedule A - Cost Summary

Schedule A-1: Claims Processing and Management Services Core Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Core Claims Solution Installation DDI	$ 1,751,795.43	Insert "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work DDI	$ 20,145,647.44	Insert "Total Core Base + Group DDI * CPI-U Costs" from Schedule F, Tab F-1 less "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work Operations	$ 98,773,541.52	Insert "Total Core Base + Group Operations * CPI-U Costs" from Schedule F, Tab F-2
Claims Processing and Management Services DDI Requisitioned Integration Services Pool Hours and Cost	$ 5,007,600.00	Insert "Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost" from Schedule K cell F14
Claims Processing and Management Services DDI Data Conversion Optional Years of Data Cost	$ 3,442,296.00	Insert "Total Optional Conversion Years of Data Costs * CPI-U Costs" from Schedule L cell C26
Claims Processing and Management Services Core Scope of Work DDI Enhancement Pool Hours	$ -	Insert "Total Core DDI Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-3
Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hours	$ -	Insert "Total Core Operations Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-4
All Claims Processing and Management Services Core Scope of Work Cost	**$ 129,120,880.39**	

Schedule A-2: Claims Processing and Management Services Option A (Financial) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option A DDI	$ 3,467,491.68	Insert "Total Option A (Financial) Base + Group DDI * CPI-U Costs" from Schedule G, Tab G-1
Claims Processing and Management Services Option A Operations	$ 27,057,496.20	Insert "Total Option A (Financial) Base + Group Operations * CPI-U Costs" from Schedule G, Tab G-2
Claims Processing and Management Services Option A DDI Enhancement Pool Hours	$ -	Insert "Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-3
Claims Processing and Management Services Option A Operations Enhancement Pool Hours	$ -	Insert "Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-4
All Claims Processing and Management Services Option A Cost	**$ 30,524,987.88**	

Schedule A-3: Claims Processing and Management Services Option B (Call Center) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option B DDI	$ 1,507,108.98	Insert "Total Option B (Call Center) Base + Group DDI * CPI-U Costs" from Schedule H, Tab H-1
Claims Processing and Management Services Option B Operations	$ 11,809,849.92	Insert "Total Option B (Call Center) Base + Group Operations * CPI-U Costs" from Schedule H, Tab H-2
Claims Processing and Management Services Option B DDI Enhancement Pool Hours	$ -	Insert "Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-3
Claims Processing and Management Services Option B Operations Enhancement Pool Hou	$ -	Insert "Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-
All Claims Processing and Management Services Option B Cost	**$ 13,316,958.90**	

Schedule A-4: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option C DDI	$ 2,400,290.07	Insert "Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs" from Schedule I, Tab I-1
Claims Processing and Management Services Option C Operations	$ 20,256,413.52	Insert "Total Option C (Federal Reporting) Base + Group Operations * CPI-U Costs" from Schedule I, Tab I-2
Claims Processing and Management Services Option C DDI Enhancement Pool Hours	$ -	Insert "Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-3
Claims Processing and Management Services Option C Operations Enhancement Pool Hou	$ -	Insert "Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-
All Claims Processing and Management Services Option C Cost	**$ 22,656,703.59**	

Schedule A-5: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option D DDI	$ -	Insert "Total Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs" from Schedule M, Tab M-1
Claims Processing and Management Services Option D Operations	$ -	Insert "Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Costs" from Schedule M, Tab M-2
Claims Processing and Management Services Option D DDI Enhancement Pool Hours	$ -	Insert "Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-3
Claims Processing and Management Services Option D Operations Enhancement Pool Hou	$ -	Insert "Total Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-
All Claims Processing and Management Services Option D Cost	**$ -**	

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-1: Claims Processing and Management Services Core Scope of Work
Claims Solution Installation for Agency

Payment Milestone	DDI Phase				
	Installation and Access				Total Cost
Claims Solution Installation for Agency	$ 1,751,795.43	N/A	N/A	N/A	$1,751,795.43
Total Claim Solution Installation Cost	**$ 1,751,795.43**	N/A	N/A	N/A	**$1,751,795.43**
Total Percentage By Phase	8.00%	N/A	N/A	N/A	N/A
Minimum percent of Total DDI Cost cannot be less than the following percentages for each phase.*	5%	N/A	N/A	N/A	N/A
Maximum percent of Total DDI Cost cannot exceed the following percentages for each phase.*	10%	N/A	N/A	N/A	N/A

**** The Claims Solution Installation is complete once the Contractor completes the Claim Solution Installation, provides access to designated Agency staff, and makes the solution ready for requirements confirmation and design session. The Claim Solution Installation percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total Core DDI Costs = $10,000,000, the Claim Solution Installation Cost must be between $500,000 and $1,000,000 ($500,000/$10,000,000= 5% and $1,000,000/$10,000,000=10%)***

Schedule B-2: Claims Processing and Management Services Core Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claim Solution Implementation	$ 4,379,488.57	$ 4,817,437.43	$ 7,664,105.00	$ 3,284,616.43	$20,145,647.44	
Total Cost By Phase	$4,379,488.57	$4,817,437.43	$7,664,105.00	$3,284,616.43	$20,145,647.44	$ 20,145,647.44
Total Percentage By Phase	21.74%	23.91%	38.04%	16.30%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
Grand Total	$20,145,647.44					

**** The Grand Total cost for Schedule B-2 cannot exceed the "Total Core DDI Cost" from Schedule F-1 less the total cost from Schedule B-1 above. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%***

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-3: Claims Processing and Management Services Option A (Financial) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option A	$ 866,872.92	$ 693,498.34	$ 1,386,996.67	$ 520,123.75	$ 3,467,491.68	
Total Cost By Phase	$866,872.92	$693,498.34	$1,386,996.67	$520,123.75	$3,467,491.68	$ 3,467,491.68
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$3,467,491.68					

*** The Grand Total cost for Schedule B-3 cannot exceed the "Total Option A DDI Cost" from Schedule G-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equa to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-4: Claims Processing and Management Services Option B (Call Center) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option B	$ 376,777.25	$ 301,421.80	$ 602,843.59	$ 226,066.35	$ 1,507,108.98	
Total Cost By Phase	$376,777.25	$301,421.80	$602,843.59	$226,066.35	$1,507,108.98	$ 1,507,108.98
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$1,507,108.98					

*** The Grand Total cost for Schedule B-4 cannot exceed the "Total Option B DDI Cost" from Schedule H-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-5: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option C	$ 600,072.52	$ 480,058.01	$ 960,116.03	$ 360,043.51	$ 2,400,290.07	
Total Cost By Phase	$600,072.52	$480,058.01	$960,116.03	$360,043.51	$2,400,290.07	$ 2,400,290.07
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$2,400,290.07					

*** The Grand Total cost for Schedule B-5 cannot exceed the "Total Option C DDI Cost" from Schedule I-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-6: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option D	$ -	$ -	$ -	$ -	$ -	
Total Cost By Phase	$0.00	$0.00	$0.00	$0.00	$0.00	$ -
Total Percentage By Phase	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$0.00					

*** The Grand Total cost for Schedule B-6 cannot exceed the "Total Option D DDI Cost" from Schedule M-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-1: Cost of Operations Core	
Phase	**Cost**
Core Operations Year 1	$10,031,843.16
Core Operations Year 2	$10,255,553.28
Core Operations Year 3	$10,484,252.16
Core Operations Year 4	$10,718,051.04
Core TOTAL	**$41,489,699.64**
Core Operations Optional Year 5	$10,957,063.56
Core Operations Optional Year 6	$11,201,406.12
Core Operations Optional Year 7	$11,451,197.52
Core Operations Optional Year 8	$11,706,559.20
Core Operations Optional Year 9	$11,967,615.48
Core TOTAL	**$57,283,841.88**
Core GRAND TOTAL	**$98,773,541.52**

Operations Year one begins the first day of the month following the implementation of the Claims Solution

Schedule C-2: Cost of Operations Option A (Financial)	
Phase	**Cost**
Option A Operations Year 1	$2,748,069.60
Option A Operations Year 2	$2,809,351.56
Option A Operations Year 3	$2,872,000.08
Option A Operations Year 4	$2,936,045.64
Option A (Financial) TOTAL	**$11,365,466.88**
Option A Operations Optional Year 5	$3,001,519.44
Option A Operations Optional Year 6	$3,068,453.28
Option A Operations Optional Year 7	$3,136,879.80
Option A Operations Optional Year 8	$3,206,832.24
Option A Operations Optional Year 9	$3,278,344.56
Option A (Financial) TOTAL	**$15,692,029.32**
Option A (Financial) GRAND TOTAL	**$27,057,496.20**

Operations Year one begins the first day of the month following the implementation of the Financial Solution

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-3: Cost of Operations Option B (Call Center)	
Phase	**Cost**
Option B Operations Year 1	$1,199,456.40
Option B Operations Year 2	$1,226,204.28
Option B Operations Year 3	$1,253,548.68
Option B Operations Year 4	$1,281,502.80
Option B (Call Center) TOTAL	**$4,960,712.16**
Option B Operations Optional Year 5	$1,310,080.32
Option B Operations Optional Year 6	$1,339,295.16
Option B Operations Optional Year 7	$1,369,161.48
Option B Operations Optional Year 8	$1,399,693.80
Option B Operations Optional Year 9	$1,430,907.00
Option B (Call Center) TOTAL	**$6,849,137.76**
Option B (Call Center) GRAND TOTAL	**$11,809,849.92**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution

Schedule C-4: Cost of Operations Option C (Federal Reporting)	
Phase	**Cost**
Option C Operations Year 1	$2,057,323.92
Option C Operations Year 2	$2,103,202.20
Option C Operations Year 3	$2,150,103.60
Option C Operations Year 4	$2,198,050.92
Option C (Federal Reporting) TOTAL	**$8,508,680.64**
Option C Operations Optional Year 5	$2,247,067.44
Option C Operations Optional Year 6	$2,297,177.04
Option C Operations Optional Year 7	$2,348,404.08
Option C Operations Optional Year 8	$2,400,773.52
Option C Operations Optional Year 9	$2,454,310.80
Option C (Federal Reporting) TOTAL	**$11,747,732.88**
Option C (Federal Reporting) GRAND TOTAL	**$20,256,413.52**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule C - Cost of Operations	
Schedule C-5: Cost of Operations Option D (State Specific Requirements)	
Phase	**Cost**
Option D Operations Year 1	$0.00
Option D Operations Year 2	$0.00
Option D Operations Year 3	$0.00
Option D Operations Year 4	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D Operations Optional Year 5	$0.00
Option D Operations Optional Year 6	$0.00
Option D Operations Optional Year 7	$0.00
Option D Operations Optional Year 8	$0.00
Option D Operations Optional Year 9	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D (State Specific Requirements) GRAND TOTAL	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-1: Enhancement Pool Hours Core	
Phase	**Cost**
Core DDI - 7,500 hours	$0.00
Total Core DDI	**$0.00**
Core Operations Year 1 - 4,000 hours	$0.00
Core Operations Year 2 - 4,000 hours	$0.00
Core Operations Year 3 - 4,000 hours	$0.00
Core Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 1 - 4,000 hours	$0.00
Core Optional Operations Year 2 - 4,000 hours	$0.00
Core Optional Operations Year 3 - 4,000 hours	$0.00
Core Optional Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 5 - 4,000 hours	$0.00
Total Core Operations	**$0.00**
Core Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Claims Solution and overlaps with the year of Certification.

Schedule D-2: Enhancement Pool Hours Option A (Financial)	
Phase	**Cost**
Option A DDI - 3,000 hours	$0.00
Total Option A (Financial) DDI	**$0.00**
Option A Operations Year 1 - 2,000 hours	$0.00
Option A Operations Year 2 - 2,000 hours	$0.00
Option A Operations Year 3 - 2,000 hours	$0.00
Option A Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 1 - 2,000 hours	$0.00
Option A Optional Operations Year 2 - 2,000 hours	$0.00
Option A Optional Operations Year 3 - 2,000 hours	$0.00
Option A Optional Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 5 - 2,000 hours	$0.00
Total Option A (Financial) Operations	**$0.00**
Option A (Financial) Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Financial Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-3: Enhancement Pool Hours Option B (Call Center)	
Phase	**Cost**
Option B DDI - 3,000 hours	$0.00
Total Option B (Call Center) DDI	**$0.00**
Option B Operations Year 1 - 2,000 hours	$0.00
Option B Operations Year 2 - 2,000 hours	$0.00
Option B Operations Year 3 - 2,000 hours	$0.00
Option B Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 1 - 2,000 hours	$0.00
Option B Optional Operations Year 2 - 2,000 hours	$0.00
Option B Optional Operations Year 3 - 2,000 hours	$0.00
Option B Optional Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 5 - 2,000 hours	$0.00
Total Option B (Call Center) Operations	**$0.00**
Option B (Call Center) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution and overlaps with the year of Certification.

Schedule D-4: Enhancement Pool Hours Option C (Federal Reporting)	
Phase	**Cost**
Option C DDI - 3,000 hours	$0.00
Total Option B (Federal Reporting) DDI	**$0.00**
Option C Operations Year 1 - 2,000 hours	$0.00
Option C Operations Year 2 - 2,000 hours	$0.00
Option C Operations Year 3 - 2,000 hours	$0.00
Option C Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 1 - 2,000 hours	$0.00
Option C Optional Operations Year 2 - 2,000 hours	$0.00
Option C Optional Operations Year 3 - 2,000 hours	$0.00
Option C Optional Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 5 - 2,000 hours	$0.00
Total Option C (Federal Reporting) Operations	**$0.00**
Option C (Federal Reporting) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-5: Enhancement Pool Hours Option D (State Specific Requirements)	
Phase	**Cost**
Option D DDI - 3,000 hours	$0.00
Total Option B (State Specific Requirements) DDI	**$0.00**
Option D Operations Year 1 - 2,000 hours	$0.00
Option D Operations Year 2 - 2,000 hours	$0.00
Option D Operations Year 3 - 2,000 hours	$0.00
Option D Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 1 - 2,000 hours	$0.00
Option D Optional Operations Year 2 - 2,000 hours	$0.00
Option D Optional Operations Year 3 - 2,000 hours	$0.00
Option D Optional Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 5 - 2,000 hours	$0.00
Total Option D (State Specific Requirements) Operations	**$0.00**
Option D (State Specific Requirements) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the State Specific Requirements Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule E - Resource Hourly Rates

Schedule E - Resource Hourly Rates

Type of Resource	DDI	DDI * CPI-U Adjust	Operations Year 1	Operations Year 1 * CPI-U Adjust	Operations Year 2	Operations Year 2 * CPI-U Adjust	Operations Year 3	Operations Year 3 * CPI-U Adjust	Operations Year 4	Operations Year 4 * CPI-U Adjust
Project Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Technical Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Contract Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Integration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Claims Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Operations Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Security Lead	$ 150.00	$ 150.00	$ 153.35	$ 153.35	$ 156.76	$ 156.76	$ 160.26	$ 160.26	$ 163.83	$ 163.83
Security Analyst	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
Architecture Lead	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
System Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Sr. System Architect	$ 130.00	$ 130.00	$ 132.90	$ 132.90	$ 135.86	$ 135.86	$ 138.89	$ 138.89	$ 141.99	$ 141.99
Configuration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Configuration Specialist	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Configuration Specialist	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Infrastructure Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Infrastructure Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Developer	$ 110.00	$ 110.00	$ 112.45	$ 112.45	$ 114.96	$ 114.96	$ 117.52	$ 117.52	$ 120.15	$ 120.15
Sr. Developer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Database Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Database Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Testing Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Tester	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Technical Writer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Data Scientist	$ 200.00	$ 200.00	$ 204.46	$ 204.46	$ 209.02	$ 209.02	$ 213.68	$ 213.68	$ 218.45	$ 218.45
Data Scientist	$ 175.00	$ 175.00	$ 178.90	$ 178.90	$ 182.89	$ 182.89	$ 186.97	$ 186.97	$ 191.14	$ 191.14
Data Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Engineer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Data Developer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Sr. System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Business Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Business Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Certification Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Training Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Trainer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Claims Processing and Management Services Sch

Type of Resource	Phases Optional Operations Year 5	Optional Operations Year 5 * CPI-U Adjust	Optional Operations Year 6	Optional Operations Year 6 * CPI-U Adjust	Optional Operations Year 7	Optional Operations Year 7 * CPI-U Adjust	Optional Operations Year 8	Optional Operations Year 8 * CPI-U Adjust	Optional Operations Year 9	Optional Operations Year 9 * CPI-U Adjust
Project Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Technical Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Contract Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Integration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Claims Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Operations Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Security Lead	$ 167.49	$ 167.49	$ 171.22	$ 171.22	$ 175.04	$ 175.04	$ 178.94	$ 178.94	$ 182.93	$ 182.93
Security Analyst	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
Architecture Lead	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
System Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Sr. System Architect	$ 145.16	$ 145.16	$ 148.38	$ 148.38	$ 151.70	$ 151.70	$ 155.09	$ 155.09	$ 158.54	$ 158.54
Configuration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Configuration Specialist	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Configuration Specialist	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Infrastructure Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Infrastructure Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Developer	$ 122.82	$ 122.82	$ 125.56	$ 125.56	$ 128.36	$ 128.36	$ 131.23	$ 131.23	$ 134.15	$ 134.15
Sr. Developer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Database Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Database Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Testing Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Tester	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Technical Writer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Data Scientist	$ 223.32	$ 223.32	$ 228.30	$ 228.30	$ 233.39	$ 233.39	$ 238.59	$ 238.59	$ 243.91	$ 243.91
Data Scientist	$ 195.40	$ 195.40	$ 199.76	$ 199.76	$ 204.21	$ 204.21	$ 208.77	$ 208.77	$ 213.42	$ 213.42
Data Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Engineer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Data Developer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Sr. System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Business Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Business Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Certification Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Training Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Trainer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-1 Claims Processing and Management Services Core DDI Costs

Claims Processing and Management Services Core DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 21,897,442.87	$ 21,897,442.87	$ -	$ -	$ 1.2346	$ -	$ 7.9574	$ -	$ 7.8258	$ -	$ 7.7402	$ -	$ 7.6827	$ -	$ 7.5521	$ -
Core Base DDI * CPI-U Costs:	**$ 21,897,442.87**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core Base + Group DDI * CPI-U Costs:	**$ 21,897,442.87**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -															
Variable Rate Factor Group 1-7:																

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-2 Claims Processing and Management Services Core Operations Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		*+*	
Total Members:			-			-			-			-			-			-			-			
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 835,986.93	$ 10,031,843.16	$ 0.4260	$ -	$ -	$ 0.4016	$ -	$ -	$ 0.5313	$ -	$ -	$ 0.5013	$ -	$ -	$ 0.4869	$ -	$ -	$ 0.4158	$ -	$ -	$ 0.3362	$ -	$ -	$ 10,031,843.16
Operations Year 2:	$ 854,629.44	$ 10,255,553.28	$ 0.4355	$ -	$ -	$ 0.4105	$ -	$ -	$ 0.5431	$ -	$ -	$ 0.5125	$ -	$ -	$ 0.4978	$ -	$ -	$ 0.4251	$ -	$ -	$ 0.3437	$ -	$ -	$ 10,255,553.28
Operations Year 3:	$ 873,687.68	$ 10,484,252.16	$ 0.4453	$ -	$ -	$ 0.4197	$ -	$ -	$ 0.5552	$ -	$ -	$ 0.5239	$ -	$ -	$ 0.5089	$ -	$ -	$ 0.4345	$ -	$ -	$ 0.3514	$ -	$ -	$ 10,484,252.16
Operations Year 4:	$ 893,170.92	$ 10,718,051.04	$ 0.4552	$ -	$ -	$ 0.4290	$ -	$ -	$ 0.5676	$ -	$ -	$ 0.5356	$ -	$ -	$ 0.5202	$ -	$ -	$ 0.4442	$ -	$ -	$ 0.3592	$ -	$ -	$ 10,718,051.04
Operations Optional Year 5:	$ 913,088.63	$ 10,957,063.56	$ 0.4653	$ -	$ -	$ 0.4386	$ -	$ -	$ 0.5803	$ -	$ -	$ 0.5475	$ -	$ -	$ 0.5318	$ -	$ -	$ 0.4541	$ -	$ -	$ 0.3672	$ -	$ -	$ 10,957,063.56
Operations Optional Year 6:	$ 933,450.51	$ 11,201,406.12	$ 0.4757	$ -	$ -	$ 0.4484	$ -	$ -	$ 0.5932	$ -	$ -	$ 0.5598	$ -	$ -	$ 0.5437	$ -	$ -	$ 0.4643	$ -	$ -	$ 0.3754	$ -	$ -	$ 11,201,406.12
Operations Optional Year 7:	$ 954,266.46	$ 11,451,197.52	$ 0.4863	$ -	$ -	$ 0.4584	$ -	$ -	$ 0.6064	$ -	$ -	$ 0.5722	$ -	$ -	$ 0.5558	$ -	$ -	$ 0.4746	$ -	$ -	$ 0.3838	$ -	$ -	$ 11,451,197.52
Operations Optional Year 8:	$ 975,546.60	$ 11,706,559.20	$ 0.4972	$ -	$ -	$ 0.4686	$ -	$ -	$ 0.6200	$ -	$ -	$ 0.5850	$ -	$ -	$ 0.5682	$ -	$ -	$ 0.4852	$ -	$ -	$ 0.3923	$ -	$ -	$ 11,706,559.20
Operations Optional Year 9:	$ 997,301.29	$ 11,967,615.48	$ 0.5082	$ -	$ -	$ 0.4790	$ -	$ -	$ 0.6338	$ -	$ -	$ 0.5980	$ -	$ -	$ 0.5809	$ -	$ -	$ 0.4960	$ -	$ -	$ 0.4011	$ -	$ -	$ 11,967,615.48
Core Base Operations * CPI-U Costs		**$ 98,773,541.52**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 98,773,541.52

Total Core Base + Group Operations * CPI-U Cost: $ 98,773,541.52

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-3 Claims Processing and Management Services Core DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Core DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.0000	$ -	$ 120.0000	$ -	$ 120.0000	$ -	$ 120.0000	$ -	$ 120.0000	$ -	$ 120.0000	$ -	$ 120.0000	$ -
Core DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC30: The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7,500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-4 Claims Processing and Management Services Core Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Core Operations Enhancement Pool Hour:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Core Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%													
Year 1 Hourly Rate:	$ 122.68													
Variable Rate Factor Group 2-7:														

OMC31:The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-1 Claims Processing and Management Services Option A (Financial) DDI Costs

Claims Processing and Management Services Option A (Financial) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 3,467,491.68	$ 3,467,491.68	$ -	$ -	$ -	$ -	$ 0.0951	$ -	$ 0.4029	$ -	$ 0.5677	$ -	$ 0.4209	$ -	$ 0.3254	$ -
Option A (Financial) Base DDI * CPI-U Costs:	$ 3,467,491.68			$ -		$ -		$ -		$ -		$ -		$ -		$ -

Total Option A (Financial) Base + Group DDI * CPI-U Costs:	**$ 3,467,491.68**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-2 Claims Processing and Management Services Option A (Financial) Operations Costs

Claims Processing and Management Services Option A (Financial) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000		+	
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ 229,005.80	$ 2,748,069.60	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0040	$ -	$ -	$ 0.0084	$ -	$ -	$ 0.0060	$ -	$ -	$ 0.0065	$ -	$ -	$ 2,748,069.60
Operations Year 2:	$ 234,112.63	$ 2,809,351.56	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0041	$ -	$ -	$ 0.0086	$ -	$ -	$ 0.0062	$ -	$ -	$ 0.0067	$ -	$ -	$ 2,809,351.56
Operations Year 3:	$ 239,333.34	$ 2,872,000.08	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0042	$ -	$ -	$ 0.0087	$ -	$ -	$ 0.0063	$ -	$ -	$ 0.0068	$ -	$ -	$ 2,872,000.08
Operations Year 4:	$ 244,670.47	$ 2,936,045.64	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0043	$ -	$ -	$ 0.0089	$ -	$ -	$ 0.0064	$ -	$ -	$ 0.0070	$ -	$ -	$ 2,936,045.64
Operations Optional Year 5:	$ 250,126.62	$ 3,001,519.44	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0044	$ -	$ -	$ 0.0091	$ -	$ -	$ 0.0066	$ -	$ -	$ 0.0071	$ -	$ -	$ 3,001,519.44
Operations Optional Year 6:	$ 255,704.44	$ 3,068,453.28	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0045	$ -	$ -	$ 0.0093	$ -	$ -	$ 0.0067	$ -	$ -	$ 0.0073	$ -	$ -	$ 3,068,453.28
Operations Optional Year 7:	$ 261,406.65	$ 3,136,879.80	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0046	$ -	$ -	$ 0.0095	$ -	$ -	$ 0.0069	$ -	$ -	$ 0.0075	$ -	$ -	$ 3,136,879.80
Operations Optional Year 8:	$ 267,236.02	$ 3,206,832.24	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0047	$ -	$ -	$ 0.0098	$ -	$ -	$ 0.0070	$ -	$ -	$ 0.0076	$ -	$ -	$ 3,206,832.24
Operations Optional Year 9:	$ 273,195.38	$ 3,278,344.56	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0048	$ -	$ -	$ 0.0100	$ -	$ -	$ 0.0072	$ -	$ -	$ 0.0078	$ -	$ -	$ 3,278,344.56
Option A (Financial) Base Operations * CPI-U Cost		**$ 27,057,496.20**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 27,057,496.20

Total Option A (Financial) Base + Group Operations * CPI-U Cost $ 27,057,496.20

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-3 Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Member

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option A (Financial) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC32: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-4 Claims Processing and Management Services Option A (Financial) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option A (Financial) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC33:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-1 Claims Processing and Management Services Option B (Call Center) DDI Costs

Claims Processing and Management Services Option B (Call Center) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 1,507,108.98	$ 1,507,108.98	$ 1.2268	$ -	$ 2.5335	$ -	$ 3.0865	$ -	$ 3.0051	$ -	$ 2.7731	$ -	$ 2.7352	$ -	$ 2.3873	$ -
Option B (Call Center) Base DDI * CPI-U Costs:	**$ 1,507,108.98**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option B (Call Center) Base + Group DDI * CPI-U Costs:	**$ 1,507,108.98**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-2 Claims Processing and Management Services Option B (Call Center) Operations Costs

Claims Processing and Management Services Option B (Call Center) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000		+	
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 99,954.70	$ 1,199,456.40	$ -	$ -	$ -	$ 0.1346	$ -	$ -	$ 0.2377	$ -	$ -	$ 0.1995	$ -	$ -	$ 0.1077	$ -	$ -	$ 0.0904	$ -	$ -	$ 0.0717	$ -	$ -	$ 1,199,456.40
Operations Year 2:	$ 102,183.69	$ 1,226,204.28	$ -	$ -	$ -	$ 0.1376	$ -	$ -	$ 0.2430	$ -	$ -	$ 0.2039	$ -	$ -	$ 0.1101	$ -	$ -	$ 0.0924	$ -	$ -	$ 0.0733	$ -	$ -	$ 1,226,204.28
Operations Year 3:	$ 104,462.39	$ 1,253,548.68	$ -	$ -	$ -	$ 0.1407	$ -	$ -	$ 0.2484	$ -	$ -	$ 0.2084	$ -	$ -	$ 0.1126	$ -	$ -	$ 0.0944	$ -	$ -	$ 0.0750	$ -	$ -	$ 1,253,548.68
Operations Year 4:	$ 106,791.90	$ 1,281,502.80	$ -	$ -	$ -	$ 0.1438	$ -	$ -	$ 0.2540	$ -	$ -	$ 0.2131	$ -	$ -	$ 0.1151	$ -	$ -	$ 0.0965	$ -	$ -	$ 0.0766	$ -	$ -	$ 1,281,502.80
Operations Optional Year 5:	$ 109,173.36	$ 1,310,080.32	$ -	$ -	$ -	$ 0.1470	$ -	$ -	$ 0.2596	$ -	$ -	$ 0.2178	$ -	$ -	$ 0.1177	$ -	$ -	$ 0.0987	$ -	$ -	$ 0.0784	$ -	$ -	$ 1,310,080.32
Operations Optional Year 6:	$ 111,607.93	$ 1,339,295.16	$ -	$ -	$ -	$ 0.1502	$ -	$ -	$ 0.2654	$ -	$ -	$ 0.2227	$ -	$ -	$ 0.1203	$ -	$ -	$ 0.1009	$ -	$ -	$ 0.0801	$ -	$ -	$ 1,339,295.16
Operations Optional Year 7:	$ 114,096.79	$ 1,369,161.48	$ -	$ -	$ -	$ 0.1536	$ -	$ -	$ 0.2714	$ -	$ -	$ 0.2277	$ -	$ -	$ 0.1230	$ -	$ -	$ 0.1032	$ -	$ -	$ 0.0819	$ -	$ -	$ 1,369,161.48
Operations Optional Year 8:	$ 116,641.15	$ 1,399,693.80	$ -	$ -	$ -	$ 0.1570	$ -	$ -	$ 0.2774	$ -	$ -	$ 0.2327	$ -	$ -	$ 0.1257	$ -	$ -	$ 0.1055	$ -	$ -	$ 0.0837	$ -	$ -	$ 1,399,693.80
Operations Optional Year 9:	$ 119,242.25	$ 1,430,907.00	$ -	$ -	$ -	$ 0.1605	$ -	$ -	$ 0.2836	$ -	$ -	$ 0.2379	$ -	$ -	$ 0.1285	$ -	$ -	$ 0.1078	$ -	$ -	$ 0.0856	$ -	$ -	$ 1,430,907.00
Option B (Call Center) Base Operations * CPI-U Cost		**$ 11,809,849.92**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 11,809,849.92

Total Option B (Call Center) Base + Group Operations * CPI-U Cost $ 11,809,849.92

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-3 Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option B (Call Center) DDI Enhancement Pool Hour * CPI-U Costs:		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -

Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC34: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-4 Claims Processing and Management Services Option B (Call Center) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option B (Call Center) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs:	$ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC35:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-1 Claims Processing and Management Services Option C (Federal Reporting) DDI Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 2,400,290.07	$ 2,400,290.07	$ 0.1301	$ -	$ 0.1301	$ -	$ 0.1301	$ -	$ 0.1301	$ -	$ 0.1342	$ -	$ 0.1347	$ -	$ 0.1334	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	**$ 2,400,290.07**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs:	**$ 2,400,290.07**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-2 Claims Processing and Management Services Option C (Federal Reporting) Operations Costs

Claims Processing and Management Services Option C (Federal Reporting) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0	-	249,999	250,000	-	399,999	400,000	-	899,999	900,000	-	1,349,999	1,350,000	-	1,799,999	1,800,000	-	3,999,999	4,000,000	+		
Total Members:				-			-			-			-			-			-			-		
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 171,443.66	$ 2,057,323.92	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0015	$ -	$ -	$ 2,057,323.92
Operations Year 2:	$ 175,266.85	$ 2,103,202.20	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0015	$ -	$ -	$ 2,103,202.20
Operations Year 3:	$ 179,175.30	$ 2,150,103.60	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0015	$ -	$ -	$ 2,150,103.60
Operations Year 4:	$ 183,170.91	$ 2,198,050.92	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0016	$ -	$ -	$ 2,198,050.92
Operations Optional Year 5:	$ 187,255.62	$ 2,247,067.44	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0016	$ -	$ -	$ 2,247,067.44
Operations Optional Year 6:	$ 191,431.42	$ 2,297,177.04	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0016	$ -	$ -	$ 2,297,177.04
Operations Optional Year 7:	$ 195,700.34	$ 2,348,404.08	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0017	$ -	$ -	$ 2,348,404.08
Operations Optional Year 8:	$ 200,064.46	$ 2,400,773.52	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0017	$ -	$ -	$ 2,400,773.52
Operations Optional Year 9:	$ 204,525.90	$ 2,454,310.80	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0017	$ -	$ -	$ 2,454,310.80
Option C (Federal Reporting) Base Operations * CPI-U Cost		**$ 20,256,413.52**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 20,256,413.52

Total Option C (Federal Reporting) Base + Group Operations * CPI-U Cost **$ 20,256,413.52**

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-3 Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC36: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-4 Claims Processing and Management Services Option C (Federal Reporting) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC37:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

Major Integration Service Type Effort

Resource Type	Hours
Project Manager	96
Business Analyst	120
Configuration Lead	64
Sr. Developer	80
Developer	264
Database Administrator	24
Security Analyst	24
Test Lead	40
Tester	152
Technical Writer	24
Total Fixed Hours for Each Major Service Integration:	**888**

Complex Integration Service Type Effort

Resource Type	Hours
Project Manager	72
Business Analyst	80
Configuration Lead	40
Sr. Developer	64
Developer	176
Database Administrator	16
Security Analyst	16
Test Lead	24
Tester	120
Technical Writer	16
Total Fixed Hours for Each Complex Service Integration:	**624**

Standard Integration Service Type Effort

Resource Type	Hours
Project Manager	40
Business Analyst	64
Configuration Lead	24
Sr. Developer	48
Developer	136
Database Administrator	16
Security Analyst	16
Test Lead	16
Tester	104
Technical Writer	16
Total Fixed Hours for Each Standard Service Integration:	**480**

Simple Integration Service Type Effort

Resource Type	Hours
Project Manager	32
Business Analyst	40
Configuration Lead	16
Sr. Developer	40
Developer	64
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	48
Technical Writer	8
Total Fixed Hours for Each Simple Service Integration:	**272**

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

On Boarding Integration Service Type Effort	
Resource Type	**Hours**
Project Manager	24
Business Analyst	24
Configuration Lead	8
Sr. Developer	24
Developer	40
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	40
Technical Writer	8
Total Fixed Hours for Each Onboarding Service Integration:	**192**

NOTE: Please see RFP Section 3.10.1.4.1 titled "Integration Services Type Definition" for a more complete definition of each integration service type listed above.

The Contractor should allocate the hours across the Resource Types applicable for each Integration Service Type. If a Resource Type is not required for a specific Integration Service Type, put zero (0) in the Hours column. When an Integration Service is required, the Contractor will evaluate the Integration Service and document the detailed requirements. Using the detailed requirements, the Contractor will propose the Integration Service Type to the Department. Once the Department and Contractor mutually agree on the Integration Service Type, the value indicated in the "Total Fixed Hours..." row for each Integration Service Type will be the total hours that the Department will reimburse the Contractor for the respective Integration Service Type regardless of the actual level of effort required to complete the work.

Claims Processing and Management Services Schedule K - DDI Requisitioned Integration Services Pool Hours and Cost

DDI Requisitioned Integration Services Pool Hours and Cost

Integration Service Type Category	Number of Interfaces	Hours		Cost	Cost * CPI-U Adjust
Major Services	**5**	4,440	*		
Complex Services	**20**	12,480	*		
Standard Services	**35**	16,800	*		
Simple Services	**25**	6,800	*		
Onboarding Services	**15**	2,880	*		
Total DDI Requisitioned Integration Services Pool Hours:		**43,400**			
Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost:			**	**$ 5,007,600**	**$ 5,007,600**
DDI Requisitioned Integration Services Pool Average Hourly Rate & CPI-U Adjusted Hourly Rate:			***	**$ 115.38**	**$115**

**** The values found in C7 through C11 are derived by multiplying the value in each cell in column B by the fixed hour amounts found in Schedule J.***
***** The Contractor should enter the total cost for the Integration Services Pool Hours in E14 for the total hours identified in cell C12.***
****** Cell F14 is a calculated by dividing the value in E14 by the value in C12.***

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Schedule L - Data Conversion Optional Years of Data
Schedule L-1 Claims Management and Processing Services Conversion Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+	
Total Members:				-		-		-		-		-		-		-	
Operations Year	*Base Conversion Cost*	*Base Conversion Cos * CPI-U Adjust*	*Variable Conversion Rate*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Total Optional Conversion Cost*
Conversion Year 1 (Included in Contractors Base Cost):																	
Conversion Year 2 (Included in Contractors Base Cost):																	
Conversion Year 3 (Included in Contractors Base Cost):																	
Optional Conversion Year 4:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 5:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 6:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 7:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 8:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 9:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Conversion Costs:		**$ 3,442,296.00**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ 3,442,296.00**

Total Optional Conversion Years of Data Costs * CPI-U Costs: $ 3,442,296.00

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%
Year 4 Variable Rate:	$ -
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-1 Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	$ -			$ -		$ -		$ -		$ -		$ -		$ -		$ -

Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -													
Variable Rate Factor Group 1-7:														

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-2 Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs

Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base Operations * CPI-U Cost		$ -			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ -

Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Cost $ -

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	0.00%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-3 Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ -													
Variable Rate Factor Group 1-7:														

OMC38: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-4 Claims Processing and Management Services Option D (State Specific Requirements) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000 +		
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

tal Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%	
Year 1 Hourly Rate:	$ -	
Variable Rate Factor Group 2-7:		

OMC39:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Participating State Information

		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Total Number of De-duplicated Members (Total Members)		*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
Consumer Price Index Urban (CPI-U) Adjustment:			-		-		-		-		-		-		-
A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**														
B. CPI-U for Participating Addendum Date:	**0.000000**														
C. Index Point Change equals B minus A:	**0.000000**														
D. Equals C divided by A:	**0.000000**														
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**														

Participating Addendum Options	**Choose Yes/No**
Will the Participating State use Option A (Financial)?	**Yes**
Will the Participating State use Option B (Contact Center/Call Center)?	**Yes**
Will the Participating State use Option C (Federal Reporting)?	**Yes**
Will the Participating State use Option D (State Specific)?*	

*This will be done in the Participating Addendum Process

Pool Hours by Schedule	**Sch F (3, 4)**	**Sch G (3, 4)**	**Sch H (3, 4)**	**Sch I (3, 4)**	**Sch M (3, 4)**
DDI Enhancement Pool Hours (F-3, G-3, H-3, I-3, M-3)	**7,500**	**3,000**	**3,000**	**3,000**	**3,000**
Operations Enhancement pool hours (F-4, G-4, H-4, I-4, M-4)	**4,000**	**2,000**	**2,000**	**2,000**	**2,000**

Claims Services Schedule A - Cost Summary

Schedule A-1: Claims Processing and Management Services Core Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Core Claims Solution Installation DDI	$ 1,628,002.71	Insert "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work DDI	$ 18,722,031.16	Insert "Total Core Base + Group DDI * CPI-U Costs" from Schedule F, Tab F-1 less "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work Operations	$ 98,738,980.44	Insert "Total Core Base + Group Operations * CPI-U Costs" from Schedule F, Tab F-2
Claims Processing and Management Services DDI Requisitioned Integration Services Pool Hours and Cost	$ 5,007,600.00	Insert "Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost" from Schedule K cell F14
Claims Processing and Management Services DDI Data Conversion Optional Years of Data Cost	$ 3,442,296.00	Insert "Total Optional Conversion Years of Data Costs * CPI-U Costs" from Schedule L cell C26
Claims Processing and Management Services Core Scope of Work DDI Enhancement Pool Hours	$ -	Insert "Total Core DDI Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-3
Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hours	$ -	Insert "Total Core Operations Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-4
All Claims Processing and Management Services Core Scope of Work Cost	**$ 127,538,910.31**	

Schedule A-2: Claims Processing and Management Services Option A (Financial) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option A DDI	$ 3,428,749.76	Insert "Total Option A (Financial) Base + Group DDI * CPI-U Costs" from Schedule G, Tab G-1
Claims Processing and Management Services Option A Operations	$ 27,149,529.36	Insert "Total Option A (Financial) Base + Group Operations * CPI-U Costs" from Schedule G, Tab G-2
Claims Processing and Management Services Option A DDI Enhancement Pool Hours	$ -	Insert "Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-3
Claims Processing and Management Services Option A Operations Enhancement Pool Hours	$ -	Insert "Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-4
All Claims Processing and Management Services Option A Cost	**$ 30,578,279.12**	

Schedule A-3: Claims Processing and Management Services Option B (Call Center) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option B DDI	$ 2,190,456.23	Insert "Total Option B (Call Center) Base + Group DDI * CPI-U Costs" from Schedule H, Tab H-1
Claims Processing and Management Services Option B Operations	$ 17,668,420.44	Insert "Total Option B (Call Center) Base + Group Operations * CPI-U Costs" from Schedule H, Tab H-2
Claims Processing and Management Services Option B DDI Enhancement Pool Hours	$ -	Insert "Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-3
Claims Processing and Management Services Option B Operations Enhancement Pool Hou	$ -	Insert "Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-
All Claims Processing and Management Services Option B Cost	**$ 19,858,876.67**	

Schedule A-4: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option C DDI	$ 2,604,254.26	Insert "Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs" from Schedule I, Tab I-1
Claims Processing and Management Services Option C Operations	$ 21,717,924.24	Insert "Total Option C (Federal Reporting) Base + Group Operations * CPI-U Costs" from Schedule I, Tab I-2
Claims Processing and Management Services Option C DDI Enhancement Pool Hours	$ -	Insert "Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-3
Claims Processing and Management Services Option C Operations Enhancement Pool Hou	$ -	Insert "Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-
All Claims Processing and Management Services Option C Cost	**$ 24,322,178.50**	

Schedule A-5: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option D DDI	$ -	Insert "Total Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs" from Schedule M, Tab M-1
Claims Processing and Management Services Option D Operations	$ -	Insert "Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Costs" from Schedule M, Tab M-2
Claims Processing and Management Services Option D DDI Enhancement Pool Hours	$ -	Insert "Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-3
Claims Processing and Management Services Option D Operations Enhancement Pool Hou	$ -	Insert "Total Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-
All Claims Processing and Management Services Option D Cost	**$ -**	

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-1: Claims Processing and Management Services Core Scope of Work
Claims Solution Installation for Agency

Payment Milestone	DDI Phase				
	Installation and Access				Total Cost
Claims Solution Installation for Agency	$ 1,628,002.71	N/A	N/A	N/A	$1,628,002.71
Total Claim Solution Installation Cost	**$ 1,628,002.71**	N/A	N/A	N/A	**$1,628,002.71**
Total Percentage By Phase	8.00%	N/A	N/A	N/A	N/A
Minimum percent of Total DDI Cost cannot be less than the following percentages for each phase.*	5%	N/A	N/A	N/A	N/A
Maximum percent of Total DDI Cost cannot exceed the following percentages for each phase.*	10%	N/A	N/A	N/A	N/A

**** The Claims Solution Installation is complete once the Contractor completes the Claim Solution Installation, provides access to designated Agency staff, and makes the solution ready for requirements confirmation and design session. The Claim Solution Installation percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total Core DDI Costs = $10,000,000, the Claim Solution Installation Cost must be between $500,000 and $1,000,000 ($500,000/$10,000,000= 5% and $1,000,000/$10,000,000=10%)***

Schedule B-2: Claims Processing and Management Services Core Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claim Solution Implementation	$ 4,070,006.77	$ 4,477,007.45	$ 7,122,511.85	$ 3,052,505.08	$18,722,031.16	
Total Cost By Phase	$4,070,006.77	$4,477,007.45	$7,122,511.85	$3,052,505.08	$18,722,031.16	$ 18,722,031.16
Total Percentage By Phase	21.74%	23.91%	38.04%	16.30%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
Grand Total	$18,722,031.16					

**** The Grand Total cost for Schedule B-2 cannot exceed the "Total Core DDI Cost" from Schedule F-1 less the total cost from Schedule B-1 above. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%***

No

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-3: Claims Processing and Management Services Option A (Financial) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option A	$ 857,187.44	$ 685,749.95	$ 1,371,499.90	$ 514,312.46	$ 3,428,749.76	
Total Cost By Phase	$857,187.44	$685,749.95	$1,371,499.90	$514,312.46	$3,428,749.76	$ 3,428,749.76
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$3,428,749.76					

*** The Grand Total cost for Schedule B-3 cannot exceed the "Total Option A DDI Cost" from Schedule G-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equa to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-4: Claims Processing and Management Services Option B (Call Center) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option B	$ 547,614.06	$ 438,091.25	$ 876,182.49	$ 328,568.43	$ 2,190,456.23	
Total Cost By Phase	$547,614.06	$438,091.25	$876,182.49	$328,568.43	$2,190,456.23	$ 2,190,456.23
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$2,190,456.23					

*** The Grand Total cost for Schedule B-4 cannot exceed the "Total Option B DDI Cost" from Schedule H-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-5: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option C	$ 651,063.57	$ 520,850.85	$ 1,041,701.70	$ 390,638.14	$ 2,604,254.26	
Total Cost By Phase	$651,063.57	$520,850.85	$1,041,701.70	$390,638.14	$2,604,254.26	$ 2,604,254.26
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$2,604,254.26					

*** The Grand Total cost for Schedule B-5 cannot exceed the "Total Option C DDI Cost" from Schedule I-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-6: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option D	$ -	$ -	$ -	$ -	$ -	
Total Cost By Phase	$0.00	$0.00	$0.00	$0.00	$0.00	$ -
Total Percentage By Phase	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$0.00					

*** The Grand Total cost for Schedule B-6 cannot exceed the "Total Option D DDI Cost" from Schedule M-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-1: Cost of Operations Core	
Phase	**Cost**
Core Operations Year 1	$10,028,333.04
Core Operations Year 2	$10,251,964.92
Core Operations Year 3	$10,480,583.76
Core Operations Year 4	$10,714,300.80
Core TOTAL	**$41,475,182.52**
Core Operations Optional Year 5	$10,953,229.68
Core Operations Optional Year 6	$11,197,486.68
Core Operations Optional Year 7	$11,447,190.60
Core Operations Optional Year 8	$11,702,463.00
Core Operations Optional Year 9	$11,963,427.96
Core TOTAL	**$57,263,797.92**
Core GRAND TOTAL	**$98,738,980.44**

Operations Year one begins the first day of the month following the implementation of the Claims Solution

Schedule C-2: Cost of Operations Option A (Financial)	
Phase	**Cost**
Option A Operations Year 1	$2,757,416.76
Option A Operations Year 2	$2,818,907.16
Option A Operations Year 3	$2,881,768.80
Option A Operations Year 4	$2,946,032.28
Option A (Financial) TOTAL	**$11,404,125.00**
Option A Operations Optional Year 5	$3,011,728.80
Option A Operations Optional Year 6	$3,078,890.40
Option A Operations Optional Year 7	$3,147,549.60
Option A Operations Optional Year 8	$3,217,740.00
Option A Operations Optional Year 9	$3,289,495.56
Option A (Financial) TOTAL	**$15,745,404.36**
Option A (Financial) GRAND TOTAL	**$27,149,529.36**

Operations Year one begins the first day of the month following the implementation of the Financial Solution

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-3: Cost of Operations Option B (Call Center)	
Phase	**Cost**
Option B Operations Year 1	$1,794,476.76
Option B Operations Year 2	$1,834,493.64
Option B Operations Year 3	$1,875,402.84
Option B Operations Year 4	$1,917,224.28
Option B (Call Center) TOTAL	**$7,421,597.52**
Option B Operations Optional Year 5	$1,959,978.36
Option B Operations Optional Year 6	$2,003,685.84
Option B Operations Optional Year 7	$2,048,368.08
Option B Operations Optional Year 8	$2,094,046.68
Option B Operations Optional Year 9	$2,140,743.96
Option B (Call Center) TOTAL	**$10,246,822.92**
Option B (Call Center) GRAND TOTAL	**$17,668,420.44**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution

Schedule C-4: Cost of Operations Option C (Federal Reporting)	
Phase	**Cost**
Option C Operations Year 1	$2,205,760.80
Option C Operations Year 2	$2,254,949.28
Option C Operations Year 3	$2,305,234.68
Option C Operations Year 4	$2,356,641.36
Option C (Federal Reporting) TOTAL	**$9,122,586.12**
Option C Operations Optional Year 5	$2,409,194.52
Option C Operations Optional Year 6	$2,462,919.60
Option C Operations Optional Year 7	$2,517,842.76
Option C Operations Optional Year 8	$2,573,990.64
Option C Operations Optional Year 9	$2,631,390.60
Option C (Federal Reporting) TOTAL	**$12,595,338.12**
Option C (Federal Reporting) GRAND TOTAL	**$21,717,924.24**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule C - Cost of Operations	
Schedule C-5: Cost of Operations Option D (State Specific Requirements)	
Phase	**Cost**
Option D Operations Year 1	$0.00
Option D Operations Year 2	$0.00
Option D Operations Year 3	$0.00
Option D Operations Year 4	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D Operations Optional Year 5	$0.00
Option D Operations Optional Year 6	$0.00
Option D Operations Optional Year 7	$0.00
Option D Operations Optional Year 8	$0.00
Option D Operations Optional Year 9	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D (State Specific Requirements) GRAND TOTAL	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-1: Enhancement Pool Hours Core	
Phase	**Cost**
Core DDI - 7,500 hours	$0.00
Total Core DDI	**$0.00**
Core Operations Year 1 - 4,000 hours	$0.00
Core Operations Year 2 - 4,000 hours	$0.00
Core Operations Year 3 - 4,000 hours	$0.00
Core Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 1 - 4,000 hours	$0.00
Core Optional Operations Year 2 - 4,000 hours	$0.00
Core Optional Operations Year 3 - 4,000 hours	$0.00
Core Optional Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 5 - 4,000 hours	$0.00
Total Core Operations	**$0.00**
Core Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Claims Solution and overlaps with the year of Certification.

Schedule D-2: Enhancement Pool Hours Option A (Financial)	
Phase	**Cost**
Option A DDI - 3,000 hours	$0.00
Total Option A (Financial) DDI	**$0.00**
Option A Operations Year 1 - 2,000 hours	$0.00
Option A Operations Year 2 - 2,000 hours	$0.00
Option A Operations Year 3 - 2,000 hours	$0.00
Option A Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 1 - 2,000 hours	$0.00
Option A Optional Operations Year 2 - 2,000 hours	$0.00
Option A Optional Operations Year 3 - 2,000 hours	$0.00
Option A Optional Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 5 - 2,000 hours	$0.00
Total Option A (Financial) Operations	**$0.00**
Option A (Financial) Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Financial Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-3: Enhancement Pool Hours Option B (Call Center)	
Phase	**Cost**
Option B DDI - 3,000 hours	$0.00
Total Option B (Call Center) DDI	**$0.00**
Option B Operations Year 1 - 2,000 hours	$0.00
Option B Operations Year 2 - 2,000 hours	$0.00
Option B Operations Year 3 - 2,000 hours	$0.00
Option B Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 1 - 2,000 hours	$0.00
Option B Optional Operations Year 2 - 2,000 hours	$0.00
Option B Optional Operations Year 3 - 2,000 hours	$0.00
Option B Optional Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 5 - 2,000 hours	$0.00
Total Option B (Call Center) Operations	**$0.00**
Option B (Call Center) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution and overlaps with the year of Certification.

Schedule D-4: Enhancement Pool Hours Option C (Federal Reporting)	
Phase	**Cost**
Option C DDI - 3,000 hours	$0.00
Total Option B (Federal Reporting) DDI	**$0.00**
Option C Operations Year 1 - 2,000 hours	$0.00
Option C Operations Year 2 - 2,000 hours	$0.00
Option C Operations Year 3 - 2,000 hours	$0.00
Option C Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 1 - 2,000 hours	$0.00
Option C Optional Operations Year 2 - 2,000 hours	$0.00
Option C Optional Operations Year 3 - 2,000 hours	$0.00
Option C Optional Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 5 - 2,000 hours	$0.00
Total Option C (Federal Reporting) Operations	**$0.00**
Option C (Federal Reporting) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-5: Enhancement Pool Hours Option D (State Specific Requirements)	
Phase	**Cost**
Option D DDI - 3,000 hours	$0.00
Total Option B (State Specific Requirements) DDI	**$0.00**
Option D Operations Year 1 - 2,000 hours	$0.00
Option D Operations Year 2 - 2,000 hours	$0.00
Option D Operations Year 3 - 2,000 hours	$0.00
Option D Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 1 - 2,000 hours	$0.00
Option D Optional Operations Year 2 - 2,000 hours	$0.00
Option D Optional Operations Year 3 - 2,000 hours	$0.00
Option D Optional Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 5 - 2,000 hours	$0.00
Total Option D (State Specific Requirements) Operations	**$0.00**
Option D (State Specific Requirements) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the State Specific Requirements Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule E - Resource Hourly Rates

Schedule E - Resource Hourly Rates

Type of Resource	DDI	DDI * CPI-U Adjust	Operations Year 1	Operations Year 1 * CPI-U Adjust	Operations Year 2	Operations Year 2 * CPI-U Adjust	Operations Year 3	Operations Year 3 * CPI-U Adjust	Operations Year 4	Operations Year 4 * CPI-U Adjust
Project Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Technical Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Contract Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Integration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Claims Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Operations Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Security Lead	$ 150.00	$ 150.00	$ 153.35	$ 153.35	$ 156.76	$ 156.76	$ 160.26	$ 160.26	$ 163.83	$ 163.83
Security Analyst	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
Architecture Lead	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
System Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Sr. System Architect	$ 130.00	$ 130.00	$ 132.90	$ 132.90	$ 135.86	$ 135.86	$ 138.89	$ 138.89	$ 141.99	$ 141.99
Configuration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Configuration Specialist	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Configuration Specialist	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Infrastructure Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Infrastructure Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Developer	$ 110.00	$ 110.00	$ 112.45	$ 112.45	$ 114.96	$ 114.96	$ 117.52	$ 117.52	$ 120.15	$ 120.15
Sr. Developer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Database Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Database Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Testing Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Tester	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Technical Writer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Data Scientist	$ 200.00	$ 200.00	$ 204.46	$ 204.46	$ 209.02	$ 209.02	$ 213.68	$ 213.68	$ 218.45	$ 218.45
Data Scientist	$ 175.00	$ 175.00	$ 178.90	$ 178.90	$ 182.89	$ 182.89	$ 186.97	$ 186.97	$ 191.14	$ 191.14
Data Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Engineer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Data Developer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Sr. System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Business Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Business Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Certification Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Training Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Trainer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Claims Processing and Management Services Sch

Type of Resource	Phases Optional Operations Year 5	Optional Operations Year 5 * CPI-U Adjust	Optional Operations Year 6	Optional Operations Year 6 * CPI-U Adjust	Optional Operations Year 7	Optional Operations Year 7 * CPI-U Adjust	Optional Operations Year 8	Optional Operations Year 8 * CPI-U Adjust	Optional Operations Year 9	Optional Operations Year 9 * CPI-U Adjust
Project Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Technical Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Contract Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Integration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Claims Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Operations Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Security Lead	$ 167.49	$ 167.49	$ 171.22	$ 171.22	$ 175.04	$ 175.04	$ 178.94	$ 178.94	$ 182.93	$ 182.93
Security Analyst	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
Architecture Lead	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
System Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Sr. System Architect	$ 145.16	$ 145.16	$ 148.38	$ 148.38	$ 151.70	$ 151.70	$ 155.09	$ 155.09	$ 158.54	$ 158.54
Configuration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Configuration Specialist	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Configuration Specialist	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Infrastructure Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Infrastructure Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Developer	$ 122.82	$ 122.82	$ 125.56	$ 125.56	$ 128.36	$ 128.36	$ 131.23	$ 131.23	$ 134.15	$ 134.15
Sr. Developer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Database Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Database Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Testing Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Tester	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Technical Writer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Data Scientist	$ 223.32	$ 223.32	$ 228.30	$ 228.30	$ 233.39	$ 233.39	$ 238.59	$ 238.59	$ 243.91	$ 243.91
Data Scientist	$ 195.40	$ 195.40	$ 199.76	$ 199.76	$ 204.21	$ 204.21	$ 208.77	$ 208.77	$ 213.42	$ 213.42
Data Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Engineer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Data Developer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Sr. System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Business Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Business Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Certification Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Training Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Trainer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-1 Claims Processing and Management Services Core DDI Costs

Claims Processing and Management Services Core DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 20,350,033.87	$ 20,350,033.87	$ -	$ -	$ 2.8134	$ -	$ 11.5614	$ -	$ 7.2068	$ -	$ 6.9615	$ -	$ 5.3043	$ -	$ 4.6303	$ -
Core Base DDI * CPI-U Costs:	**$ 20,350,033.87**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core Base + Group DDI * CPI-U Costs:	**$ 20,350,033.87**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -															
Variable Rate Factor Group 1-7:																

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-2 Claims Processing and Management Services Core Operations Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		*+*	
Total Members:			-			-			-			-			-			-			-			-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 835,694.42	$ 10,028,333.04	$ 0.4253	$ -	$ -	$ 0.3475	$ -	$ -	$ 0.5434	$ -	$ -	$ 0.5185	$ -	$ -	$ 0.5228	$ -	$ -	$ 0.5176	$ -	$ -	$ 0.4042	$ -	$ -	$ 10,028,333.04
Operations Year 2:	$ 854,330.41	$ 10,251,964.92	$ 0.4348	$ -	$ -	$ 0.3553	$ -	$ -	$ 0.5555	$ -	$ -	$ 0.5301	$ -	$ -	$ 0.5345	$ -	$ -	$ 0.5291	$ -	$ -	$ 0.4132	$ -	$ -	$ 10,251,964.92
Operations Year 3:	$ 873,381.98	$ 10,480,583.76	$ 0.4445	$ -	$ -	$ 0.3632	$ -	$ -	$ 0.5679	$ -	$ -	$ 0.5419	$ -	$ -	$ 0.5464	$ -	$ -	$ 0.5409	$ -	$ -	$ 0.4224	$ -	$ -	$ 10,480,583.76
Operations Year 4:	$ 892,858.40	$ 10,714,300.80	$ 0.4544	$ -	$ -	$ 0.3713	$ -	$ -	$ 0.5806	$ -	$ -	$ 0.5540	$ -	$ -	$ 0.5586	$ -	$ -	$ 0.5530	$ -	$ -	$ 0.4318	$ -	$ -	$ 10,714,300.80
Operations Optional Year 5:	$ 912,769.14	$ 10,953,229.68	$ 0.4646	$ -	$ -	$ 0.3796	$ -	$ -	$ 0.5935	$ -	$ -	$ 0.5664	$ -	$ -	$ 0.5710	$ -	$ -	$ 0.5653	$ -	$ -	$ 0.4415	$ -	$ -	$ 10,953,229.68
Operations Optional Year 6:	$ 933,123.89	$ 11,197,486.68	$ 0.4749	$ -	$ -	$ 0.3880	$ -	$ -	$ 0.6067	$ -	$ -	$ 0.5790	$ -	$ -	$ 0.5838	$ -	$ -	$ 0.5779	$ -	$ -	$ 0.4513	$ -	$ -	$ 11,197,486.68
Operations Optional Year 7:	$ 953,932.55	$ 11,447,190.60	$ 0.4855	$ -	$ -	$ 0.3967	$ -	$ -	$ 0.6203	$ -	$ -	$ 0.5919	$ -	$ -	$ 0.5968	$ -	$ -	$ 0.5908	$ -	$ -	$ 0.4614	$ -	$ -	$ 11,447,190.60
Operations Optional Year 8:	$ 975,205.25	$ 11,702,463.00	$ 0.4963	$ -	$ -	$ 0.4055	$ -	$ -	$ 0.6341	$ -	$ -	$ 0.6051	$ -	$ -	$ 0.6101	$ -	$ -	$ 0.6040	$ -	$ -	$ 0.4717	$ -	$ -	$ 11,702,463.00
Operations Optional Year 9:	$ 996,952.33	$ 11,963,427.96	$ 0.5074	$ -	$ -	$ 0.4146	$ -	$ -	$ 0.6482	$ -	$ -	$ 0.6186	$ -	$ -	$ 0.6237	$ -	$ -	$ 0.6174	$ -	$ -	$ 0.4822	$ -	$ -	$ 11,963,427.96
Core Base Operations * CPI-U Costs		**$ 98,738,980.44**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 98,738,980.44

Total Core Base + Group Operations * CPI-U Cost: $ 98,738,980.44

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-3 Claims Processing and Management Services Core DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Core DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Core DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC30: The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7,500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-4 Claims Processing and Management Services Core Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Core Operations Enhancement Pool Hour:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Core Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%													
Year 1 Hourly Rate:	$ 122.68													
Variable Rate Factor Group 2-7:														

OMC31:The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-1 Claims Processing and Management Services Option A (Financial) DDI Costs

Claims Processing and Management Services Option A (Financial) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 3,428,749.76	$ 3,428,749.76	$ -	$ -	$ 0.0270	$ -	$ 0.0787	$ -	$ 0.4357	$ -	$ 0.6114	$ -	$ 0.5192	$ -	$ 0.3351	$ -
Option A (Financial) Base DDI * CPI-U Costs:	**$ 3,428,749.76**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) Base + Group DDI * CPI-U Costs:	**$ 3,428,749.76**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-2 Claims Processing and Management Services Option A (Financial) Operations Costs

Claims Processing and Management Services Option A (Financial) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		*+*	
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 229,784.73	$ 2,757,416.76	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0008	$ -	$ -	$ 0.0039	$ -	$ -	$ 0.0080	$ -	$ -	$ 0.0086	$ -	$ -	$ 0.0063	$ -	$ -	$ 2,757,416.76
Operations Year 2:	$ 234,908.93	$ 2,818,907.16	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0008	$ -	$ -	$ 0.0040	$ -	$ -	$ 0.0082	$ -	$ -	$ 0.0087	$ -	$ -	$ 0.0065	$ -	$ -	$ 2,818,907.16
Operations Year 3:	$ 240,147.40	$ 2,881,768.80	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0008	$ -	$ -	$ 0.0041	$ -	$ -	$ 0.0084	$ -	$ -	$ 0.0089	$ -	$ -	$ 0.0066	$ -	$ -	$ 2,881,768.80
Operations Year 4:	$ 245,502.69	$ 2,946,032.28	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0008	$ -	$ -	$ 0.0042	$ -	$ -	$ 0.0086	$ -	$ -	$ 0.0091	$ -	$ -	$ 0.0068	$ -	$ -	$ 2,946,032.28
Operations Optional Year 5:	$ 250,977.40	$ 3,011,728.80	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0008	$ -	$ -	$ 0.0043	$ -	$ -	$ 0.0087	$ -	$ -	$ 0.0093	$ -	$ -	$ 0.0069	$ -	$ -	$ 3,011,728.80
Operations Optional Year 6:	$ 256,574.20	$ 3,078,890.40	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0008	$ -	$ -	$ 0.0044	$ -	$ -	$ 0.0089	$ -	$ -	$ 0.0096	$ -	$ -	$ 0.0071	$ -	$ -	$ 3,078,890.40
Operations Optional Year 7:	$ 262,295.80	$ 3,147,549.60	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0009	$ -	$ -	$ 0.0045	$ -	$ -	$ 0.0091	$ -	$ -	$ 0.0098	$ -	$ -	$ 0.0072	$ -	$ -	$ 3,147,549.60
Operations Optional Year 8:	$ 268,145.00	$ 3,217,740.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0009	$ -	$ -	$ 0.0046	$ -	$ -	$ 0.0093	$ -	$ -	$ 0.0100	$ -	$ -	$ 0.0074	$ -	$ -	$ 3,217,740.00
Operations Optional Year 9:	$ 274,124.63	$ 3,289,495.56	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0009	$ -	$ -	$ 0.0047	$ -	$ -	$ 0.0095	$ -	$ -	$ 0.0102	$ -	$ -	$ 0.0076	$ -	$ -	$ 3,289,495.56
Option A (Financial) Base Operations * CPI-U Cost		**$ 27,149,529.36**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 27,149,529.36

Total Option A (Financial) Base + Group Operations * CPI-U Cost $ 27,149,529.36

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-3 Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Member

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option A (Financial) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC32: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-4 Claims Processing and Management Services Option A (Financial) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option A (Financial) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC33:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-1 Claims Processing and Management Services Option B (Call Center) DDI Costs

Claims Processing and Management Services Option B (Call Center) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 2,190,456.23	$ 2,190,456.23	$ -	$ -	$ 0.4361	$ -	$ 2.3905	$ -	$ 2.5639	$ -	$ 2.5730	$ -	$ 2.5966	$ -	$ 2.2872	$ -
Option B (Call Center) Base DDI * CPI-U Costs:	**$ 2,190,456.23**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option B (Call Center) Base + Group DDI * CPI-U Costs:	**$ 2,190,456.23**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-2 Claims Processing and Management Services Option B (Call Center) Operations Costs

Claims Processing and Management Services Option B (Call Center) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ 149,539.73	$ 1,794,476.76	$ -	$ -	$ -	$ 0.1374	$ -	$ -	$ 0.1275	$ -	$ -	$ 0.1210	$ -	$ -	$ 0.1207	$ -	$ -	$ 0.1037	$ -	$ -	$ 0.0653	$ -	$ -	$ 1,794,476.76
Operations Year 2:	$ 152,874.47	$ 1,834,493.64	$ -	$ -	$ -	$ 0.1405	$ -	$ -	$ 0.1304	$ -	$ -	$ 0.1237	$ -	$ -	$ 0.1234	$ -	$ -	$ 0.1060	$ -	$ -	$ 0.0667	$ -	$ -	$ 1,834,493.64
Operations Year 3:	$ 156,283.57	$ 1,875,402.84	$ -	$ -	$ -	$ 0.1436	$ -	$ -	$ 0.1333	$ -	$ -	$ 0.1264	$ -	$ -	$ 0.1261	$ -	$ -	$ 0.1083	$ -	$ -	$ 0.0682	$ -	$ -	$ 1,875,402.84
Operations Year 4:	$ 159,768.69	$ 1,917,224.28	$ -	$ -	$ -	$ 0.1468	$ -	$ -	$ 0.1363	$ -	$ -	$ 0.1292	$ -	$ -	$ 0.1290	$ -	$ -	$ 0.1108	$ -	$ -	$ 0.0697	$ -	$ -	$ 1,917,224.28
Operations Optional Year 5:	$ 163,331.53	$ 1,959,978.36	$ -	$ -	$ -	$ 0.1501	$ -	$ -	$ 0.1393	$ -	$ -	$ 0.1321	$ -	$ -	$ 0.1318	$ -	$ -	$ 0.1132	$ -	$ -	$ 0.0713	$ -	$ -	$ 1,959,978.36
Operations Optional Year 6:	$ 166,973.82	$ 2,003,685.84	$ -	$ -	$ -	$ 0.1535	$ -	$ -	$ 0.1424	$ -	$ -	$ 0.1351	$ -	$ -	$ 0.1348	$ -	$ -	$ 0.1158	$ -	$ -	$ 0.0729	$ -	$ -	$ 2,003,685.84
Operations Optional Year 7:	$ 170,697.34	$ 2,048,368.08	$ -	$ -	$ -	$ 0.1569	$ -	$ -	$ 0.1456	$ -	$ -	$ 0.1381	$ -	$ -	$ 0.1378	$ -	$ -	$ 0.1183	$ -	$ -	$ 0.0745	$ -	$ -	$ 2,048,368.08
Operations Optional Year 8:	$ 174,503.89	$ 2,094,046.68	$ -	$ -	$ -	$ 0.1604	$ -	$ -	$ 0.1488	$ -	$ -	$ 0.1411	$ -	$ -	$ 0.1408	$ -	$ -	$ 0.1210	$ -	$ -	$ 0.0762	$ -	$ -	$ 2,094,046.68
Operations Optional Year 9:	$ 178,395.33	$ 2,140,743.96	$ -	$ -	$ -	$ 0.1640	$ -	$ -	$ 0.1521	$ -	$ -	$ 0.1443	$ -	$ -	$ 0.1440	$ -	$ -	$ 0.1237	$ -	$ -	$ 0.0779	$ -	$ -	$ 2,140,743.96
Option B (Call Center) Base Operations * CPI-U Cost		$ 17,668,420.44			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 17,668,420.44

Total Option B (Call Center) Base + Group Operations * CPI-U Cost $ 17,668,420.44

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-3 Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option B (Call Center) DDI Enhancement Pool Hour * CPI-U Costs:		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -

Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC34: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-4 Claims Processing and Management Services Option B (Call Center) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option B (Call Center) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs:	$ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC35:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-1 Claims Processing and Management Services Option C (Federal Reporting) DDI Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000 +	
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 2,604,254.26	$ 2,604,254.26	$ -	$ -	$ 0.0591	$ -	$ 0.1075	$ -	$ 0.1323	$ -	$ 0.5085	$ -	$ 0.5117	$ -	$ 0.5117	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	**$ 2,604,254.26**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs:	**$ 2,604,254.26**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-2 Claims Processing and Management Services Option C (Federal Reporting) Operations Costs

Claims Processing and Management Services Option C (Federal Reporting) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0	-	249,999	250,000	-	399,999	400,000	-	899,999	900,000	-	1,349,999	1,350,000	-	1,799,999	1,800,000	-	3,999,999	4,000,000	+		
Total Members:				-			-			-			-			-			-			-		
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 183,813.40	$ 2,205,760.80	$ 0.0013	$ -	$ -	$ 0.0035	$ -	$ -	$ 0.0020	$ -	$ -	$ 0.0160	$ -	$ -	$ 0.0696	$ -	$ -	$ 0.0697	$ -	$ -	$ 0.0696	$ -	$ -	$ 2,205,760.80
Operations Year 2:	$ 187,912.44	$ 2,254,949.28	$ 0.0013	$ -	$ -	$ 0.0035	$ -	$ -	$ 0.0020	$ -	$ -	$ 0.0164	$ -	$ -	$ 0.0712	$ -	$ -	$ 0.0712	$ -	$ -	$ 0.0712	$ -	$ -	$ 2,254,949.28
Operations Year 3:	$ 192,102.89	$ 2,305,234.68	$ 0.0013	$ -	$ -	$ 0.0036	$ -	$ -	$ 0.0021	$ -	$ -	$ 0.0167	$ -	$ -	$ 0.0728	$ -	$ -	$ 0.0728	$ -	$ -	$ 0.0728	$ -	$ -	$ 2,305,234.68
Operations Year 4:	$ 196,386.78	$ 2,356,641.36	$ 0.0014	$ -	$ -	$ 0.0037	$ -	$ -	$ 0.0021	$ -	$ -	$ 0.0171	$ -	$ -	$ 0.0744	$ -	$ -	$ 0.0744	$ -	$ -	$ 0.0744	$ -	$ -	$ 2,356,641.36
Operations Optional Year 5:	$ 200,766.21	$ 2,409,194.52	$ 0.0014	$ -	$ -	$ 0.0038	$ -	$ -	$ 0.0022	$ -	$ -	$ 0.0175	$ -	$ -	$ 0.0760	$ -	$ -	$ 0.0761	$ -	$ -	$ 0.0761	$ -	$ -	$ 2,409,194.52
Operations Optional Year 6:	$ 205,243.30	$ 2,462,919.60	$ 0.0014	$ -	$ -	$ 0.0039	$ -	$ -	$ 0.0022	$ -	$ -	$ 0.0179	$ -	$ -	$ 0.0777	$ -	$ -	$ 0.0778	$ -	$ -	$ 0.0778	$ -	$ -	$ 2,462,919.60
Operations Optional Year 7:	$ 209,820.23	$ 2,517,842.76	$ 0.0015	$ -	$ -	$ 0.0039	$ -	$ -	$ 0.0023	$ -	$ -	$ 0.0183	$ -	$ -	$ 0.0795	$ -	$ -	$ 0.0795	$ -	$ -	$ 0.0795	$ -	$ -	$ 2,517,842.76
Operations Optional Year 8:	$ 214,499.22	$ 2,573,990.64	$ 0.0015	$ -	$ -	$ 0.0040	$ -	$ -	$ 0.0023	$ -	$ -	$ 0.0187	$ -	$ -	$ 0.0812	$ -	$ -	$ 0.0813	$ -	$ -	$ 0.0813	$ -	$ -	$ 2,573,990.64
Operations Optional Year 9:	$ 219,282.55	$ 2,631,390.60	$ 0.0015	$ -	$ -	$ 0.0041	$ -	$ -	$ 0.0024	$ -	$ -	$ 0.0191	$ -	$ -	$ 0.0831	$ -	$ -	$ 0.0831	$ -	$ -	$ 0.0831	$ -	$ -	$ 2,631,390.60
Option C (Federal Reporting) Base Operations * CPI-U Cost		**$ 21,717,924.24**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 21,717,924.24

Total Option C (Federal Reporting) Base + Group Operations * CPI-U Cost $ 21,717,924.24

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-3 Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC36: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-4 Claims Processing and Management Services Option C (Federal Reporting) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC37:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

Major Integration Service Type Effort

Resource Type	Hours
Project Manager	96
Business Analyst	120
Configuration Lead	64
Sr. Developer	80
Developer	264
Database Administrator	24
Security Analyst	24
Test Lead	40
Tester	152
Technical Writer	24
Total Fixed Hours for Each Major Service Integration:	**888**

Complex Integration Service Type Effort

Resource Type	Hours
Project Manager	72
Business Analyst	80
Configuration Lead	40
Sr. Developer	64
Developer	176
Database Administrator	16
Security Analyst	16
Test Lead	24
Tester	120
Technical Writer	16
Total Fixed Hours for Each Complex Service Integration:	**624**

Standard Integration Service Type Effort

Resource Type	Hours
Project Manager	40
Business Analyst	64
Configuration Lead	24
Sr. Developer	48
Developer	136
Database Administrator	16
Security Analyst	16
Test Lead	16
Tester	104
Technical Writer	16
Total Fixed Hours for Each Standard Service Integration:	**480**

Simple Integration Service Type Effort

Resource Type	Hours
Project Manager	32
Business Analyst	40
Configuration Lead	16
Sr. Developer	40
Developer	64
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	48
Technical Writer	8
Total Fixed Hours for Each Simple Service Integration:	**272**

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

On Boarding Integration Service Type Effort	
Resource Type	**Hours**
Project Manager	24
Business Analyst	24
Configuration Lead	8
Sr. Developer	24
Developer	40
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	40
Technical Writer	8
Total Fixed Hours for Each Onboarding Service Integration:	**192**

NOTE: Please see RFP Section 3.10.1.4.1 titled "Integration Services Type Definition" for a more complete definition of each integration service type listed above.

The Contractor should allocate the hours across the Resource Types applicable for each Integration Service Type. If a Resource Type is not required for a specific Integration Service Type, put zero (0) in the Hours column. When an Integration Service is required, the Contractor will evaluate the Integration Service and document the detailed requirements. Using the detailed requirements, the Contractor will propose the Integration Service Type to the Department. Once the Department and Contractor mutually agree on the Integration Service Type, the value indicated in the "Total Fixed Hours..." row for each Integration Service Type will be the total hours that the Department will reimburse the Contractor for the respective Integration Service Type regardless of the actual level of effort required to complete the work.

Claims Processing and Management Services Schedule K - DDI Requisitioned Integration Services Pool Hours and Cost

DDI Requisitioned Integration Services Pool Hours and Cost

Integration Service Type Category	Number of Interfaces	Hours		Cost	Cost * CPI-U Adjust
Major Services	5	4,440	*		
Complex Services	20	12,480	*		
Standard Services	35	16,800	*		
Simple Services	25	6,800	*		
Onboarding Services	15	2,880	*		
Total DDI Requisitioned Integration Services Pool Hours:		**43,400**			
Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost:			**	**$ 5,007,600**	**$ 5,007,600**
DDI Requisitioned Integration Services Pool Average Hourly Rate & CPI-U Adjusted Houry Rate:			***	**$ 115.38**	**$115**

**** The values found in C7 through C11 are derived by multiplying the value in each cell in column B by the fixed hour amounts found in Schedule J.***
***** The Contractor should enter the total cost for the Integration Services Pool Hours in E14 for the total hours identified in cell C12.***
****** Cell F14 is a calculated by dividing the value in E14 by the value in C12.***

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Schedule L - Data Conversion Optional Years of Data
Schedule L-1 Claims Management and Processing Services Conversion Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+	
Total Members:				-		-		-		-		-		-		-	
Operations Year	*Base Conversion Cost*	*Base Conversion Cos * CPI-U Adjust*	*Variable Conversion Rate*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Total Optional Conversion Cost*
Conversion Year 1 (Included in Contractors Base Cost):																	
Conversion Year 2 (Included in Contractors Base Cost):																	
Conversion Year 3 (Included in Contractors Base Cost):																	
Optional Conversion Year 4:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 5:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 6:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 7:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 8:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 9:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Conversion Costs:		**$ 3,442,296.00**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ 3,442,296.00**

Total Optional Conversion Years of Data Costs * CPI-U Costs: $ 3,442,296.00

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%
Year 4 Variable Rate:	$ -
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-1 Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000 +	
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	$ -			$ -		$ -		$ -		$ -		$ -		$ -		$ -

l Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs:	$ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

Year 1 Variable Rate:	$ -													
Variable Rate Factor Group 1-7:														

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-2 Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs

Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base Operations * CPI-U Cost		$ -			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ -

Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Cost $ -

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	0.00%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-3 Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ -
Variable Rate Factor Group 1-7:	

OMC38: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-4 Claims Processing and Management Services Option D (State Specific Requirements) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

tal Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%	
Year 1 Hourly Rate:	$ -	
Variable Rate Factor Group 2-7:		

OMC39:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Participating State Information

		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Total Number of De-duplicated Members (Total Members)	-	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
Consumer Price Index Urban (CPI-U) Adjustment:			-		-		-		-		-		-		-
A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**														
B. CPI-U for Participating Addendum Date:	**0.000000**														
C. Index Point Change equals B minus A:	**0.000000**														
D. Equals C divided by A:	**0.000000**														
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**														

Participating Addendum Options	**Choose Yes/No**	
Will the Participating State use Option A (Financial)?	**Yes**	
Will the Participating State use Option B (Contact Center/Call Center)?	**Yes**	
Will the Participating State use Option C (Federal Reporting)?	**Yes**	
Will the Participating State use Option D (State Specific)?*		*This will be done in the Participating Addendum Process

Pool Hours by Schedule	**Sch F (3, 4)**	**Sch G (3, 4)**	**Sch H (3, 4)**	**Sch I (3, 4)**	**Sch M (3, 4)**
DDI Enhancement Pool Hours (F-3, G-3, H-3, I-3, M-3)	**7,500**	**3,000**	**3,000**	**3,000**	**3,000**
Operations Enhancement pool hours (F-4, G-4, H-4, I-4, M-4)	**4,000**	**2,000**	**2,000**	**2,000**	**2,000**

Claims Services Schedule A - Cost Summary

Schedule A-1: Claims Processing and Management Services Core Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Core Claims Solution Installation DDI	$ 1,824,414.58	Insert "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work DDI	$ 20,980,767.64	Insert "Total Core Base + Group DDI * CPI-U Costs" from Schedule F, Tab F-1 less "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work Operations	$ 114,591,105.96	Insert "Total Core Base + Group Operations * CPI-U Costs" from Schedule F, Tab F-2
Claims Processing and Management Services DDI Requisitioned Integration Services Pool Hours and Cost	$ 5,007,600.00	Insert "Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost" from Schedule K cell F14
Claims Processing and Management Services DDI Data Conversion Optional Years of Data Cost	$ 3,442,296.00	Insert "Total Optional Conversion Years of Data Costs * CPI-U Costs" from Schedule L cell C26
Claims Processing and Management Services Core Scope of Work DDI Enhancement Pool Hours	$ -	Insert "Total Core DDI Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-3
Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hours	$ -	Insert "Total Core Operations Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-4
All Claims Processing and Management Services Core Scope of Work Cost	**$ 145,846,184.18**	

Schedule A-2: Claims Processing and Management Services Option A (Financial) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option A DDI	$ 3,525,144.95	Insert "Total Option A (Financial) Base + Group DDI * CPI-U Costs" from Schedule G, Tab G-1
Claims Processing and Management Services Option A Operations	$ 27,165,023.64	Insert "Total Option A (Financial) Base + Group Operations * CPI-U Costs" from Schedule G, Tab G-2
Claims Processing and Management Services Option A DDI Enhancement Pool Hours	$ -	Insert "Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-3
Claims Processing and Management Services Option A Operations Enhancement Pool Hours	$ -	Insert "Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-4
All Claims Processing and Management Services Option A Cost	**$ 30,690,168.59**	

Schedule A-3: Claims Processing and Management Services Option B (Call Center) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option B DDI	$ 1,921,089.86	Insert "Total Option B (Call Center) Base + Group DDI * CPI-U Costs" from Schedule H, Tab H-1
Claims Processing and Management Services Option B Operations	$ 18,244,672.08	Insert "Total Option B (Call Center) Base + Group Operations * CPI-U Costs" from Schedule H, Tab H-2
Claims Processing and Management Services Option B DDI Enhancement Pool Hours	$ -	Insert "Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-3
Claims Processing and Management Services Option B Operations Enhancement Pool Hou	$ -	Insert "Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-
All Claims Processing and Management Services Option B Cost	**$ 20,165,761.94**	

Schedule A-4: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option C DDI	$ 2,595,394.17	Insert "Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs" from Schedule I, Tab I-1
Claims Processing and Management Services Option C Operations	$ 24,055,887.48	Insert "Total Option C (Federal Reporting) Base + Group Operations * CPI-U Costs" from Schedule I, Tab I-2
Claims Processing and Management Services Option C DDI Enhancement Pool Hours	$ -	Insert "Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-3
Claims Processing and Management Services Option C Operations Enhancement Pool Hou	$ -	Insert "Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-
All Claims Processing and Management Services Option C Cost	**$ 26,651,281.65**	

Schedule A-5: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs

Phase	Cost	Instruction
Claims Processing and Management Services Option D DDI	$ -	Insert "Total Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs" from Schedule M, Tab M-1
Claims Processing and Management Services Option D Operations	$ -	Insert "Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Costs" from Schedule M, Tab M-2
Claims Processing and Management Services Option D DDI Enhancement Pool Hours	$ -	Insert "Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-3
Claims Processing and Management Services Option D Operations Enhancement Pool Hou	$ -	Insert "Total Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-
All Claims Processing and Management Services Option D Cost	**$ -**	

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-1: Claims Processing and Management Services Core Scope of Work
Claims Solution Installation for Agency

Payment Milestone	DDI Phase				
	Installation and Access				Total Cost
Claims Solution Installation for Agency	$ 1,824,414.58	N/A	N/A	N/A	$1,824,414.58
Total Claim Solution Installation Cost	**$ 1,824,414.58**	N/A	N/A	N/A	**$1,824,414.58**
Total Percentage By Phase	8.00%	N/A	N/A	N/A	N/A
Minimum percent of Total DDI Cost cannot be less than the following percentages for each phase.*	5%	N/A	N/A	N/A	N/A
Maximum percent of Total DDI Cost cannot exceed the following percentages for each phase.*	10%	N/A	N/A	N/A	N/A

**** The Claims Solution Installation is complete once the Contractor completes the Claim Solution Installation, provides access to designated Agency staff, and makes the solution ready for requirements confirmation and design session. The Claim Solution Installation percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total Core DDI Costs = $10,000,000, the Claim Solution Installation Cost must be between $500,000 and $1,000,000 ($500,000/$10,000,000= 5% and $1,000,000/$10,000,000=10%)***

Schedule B-2: Claims Processing and Management Services Core Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claim Solution Implementation	$ 4,561,036.44	$ 5,017,140.09	$ 7,981,813.78	$ 3,420,777.33	$20,980,767.64	
Total Cost By Phase	$4,561,036.44	$5,017,140.09	$7,981,813.78	$3,420,777.33	$20,980,767.64	$ 20,980,767.64
Total Percentage By Phase	21.74%	23.91%	38.04%	16.30%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
Grand Total	$20,980,767.64					

**** The Grand Total cost for Schedule B-2 cannot exceed the "Total Core DDI Cost" from Schedule F-1 less the total cost from Schedule B-1 above. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%***

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-3: Claims Processing and Management Services Option A (Financial) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option A	$ 881,286.24	$ 705,028.99	$ 1,410,057.98	$ 528,771.74	$ 3,525,144.95	
Total Cost By Phase	$881,286.24	$705,028.99	$1,410,057.98	$528,771.74	$3,525,144.95	$ 3,525,144.95
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$3,525,144.95					

*** The Grand Total cost for Schedule B-3 cannot exceed the "Total Option A DDI Cost" from Schedule G-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equa to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-4: Claims Processing and Management Services Option B (Call Center) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option B	$ 480,272.47	$ 384,217.97	$ 768,435.94	$ 288,163.48	$ 1,921,089.86	
Total Cost By Phase	$480,272.47	$384,217.97	$768,435.94	$288,163.48	$1,921,089.86	$ 1,921,089.86
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$1,921,089.86					

*** The Grand Total cost for Schedule B-4 cannot exceed the "Total Option B DDI Cost" from Schedule H-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-5: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option C	$ 648,848.54	$ 519,078.83	$ 1,038,157.67	$ 389,309.13	$ 2,595,394.17	
Total Cost By Phase	$648,848.54	$519,078.83	$1,038,157.67	$389,309.13	$2,595,394.17	$ 2,595,394.17
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$2,595,394.17					

*** The Grand Total cost for Schedule B-5 cannot exceed the "Total Option C DDI Cost" from Schedule I-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-6: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option D	$ -	$ -	$ -	$ -	$ -	
Total Cost By Phase	$0.00	$0.00	$0.00	$0.00	$0.00	$ -
Total Percentage By Phase	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$0.00					

*** The Grand Total cost for Schedule B-6 cannot exceed the "Total Option D DDI Cost" from Schedule M-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-1: Cost of Operations Core	
Phase	**Cost**
Core Operations Year 1	$11,638,339.56
Core Operations Year 2	$11,897,874.48
Core Operations Year 3	$12,163,197.12
Core Operations Year 4	$12,434,436.36
Core TOTAL	**$48,133,847.52**
Core Operations Optional Year 5	$12,711,724.32
Core Operations Optional Year 6	$12,995,195.76
Core Operations Optional Year 7	$13,284,988.68
Core Operations Optional Year 8	$13,581,243.96
Core Operations Optional Year 9	$13,884,105.72
Core TOTAL	**$66,457,258.44**
Core GRAND TOTAL	**$114,591,105.96**

Operations Year one begins the first day of the month following the implementation of the Claims Solution

Schedule C-2: Cost of Operations Option A (Financial)	
Phase	**Cost**
Option A Operations Year 1	$2,758,990.56
Option A Operations Year 2	$2,820,516.00
Option A Operations Year 3	$2,883,413.52
Option A Operations Year 4	$2,947,713.60
Option A (Financial) TOTAL	**$11,410,633.68**
Option A Operations Optional Year 5	$3,013,447.56
Option A Operations Optional Year 6	$3,080,647.44
Option A Operations Optional Year 7	$3,149,345.88
Option A Operations Optional Year 8	$3,219,576.24
Option A Operations Optional Year 9	$3,291,372.84
Option A (Financial) TOTAL	**$15,754,389.96**
Option A (Financial) GRAND TOTAL	**$27,165,023.64**

Operations Year one begins the first day of the month following the implementation of the Financial Solution

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-3: Cost of Operations Option B (Call Center)	
Phase	**Cost**
Option B Operations Year 1	$1,853,003.16
Option B Operations Year 2	$1,894,325.16
Option B Operations Year 3	$1,936,568.64
Option B Operations Year 4	$1,979,754.12
Option B (Call Center) TOTAL	**$7,663,651.08**
Option B Operations Optional Year 5	$2,023,902.60
Option B Operations Optional Year 6	$2,069,035.68
Option B Operations Optional Year 7	$2,115,175.20
Option B Operations Optional Year 8	$2,162,343.60
Option B Operations Optional Year 9	$2,210,563.92
Option B (Call Center) TOTAL	**$10,581,021.00**
Option B (Call Center) GRAND TOTAL	**$18,244,672.08**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution

Schedule C-4: Cost of Operations Option C (Federal Reporting)	
Phase	**Cost**
Option C Operations Year 1	$2,443,213.92
Option C Operations Year 2	$2,497,697.64
Option C Operations Year 3	$2,553,396.24
Option C Operations Year 4	$2,610,336.96
Option C (Federal Reporting) TOTAL	**$10,104,644.76**
Option C Operations Optional Year 5	$2,668,547.52
Option C Operations Optional Year 6	$2,728,056.12
Option C Operations Optional Year 7	$2,788,891.80
Option C Operations Optional Year 8	$2,851,084.08
Option C Operations Optional Year 9	$2,914,663.20
Option C (Federal Reporting) TOTAL	**$13,951,242.72**
Option C (Federal Reporting) GRAND TOTAL	**$24,055,887.48**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule C - Cost of Operations	
Schedule C-5: Cost of Operations Option D (State Specific Requirements)	
Phase	**Cost**
Option D Operations Year 1	$0.00
Option D Operations Year 2	$0.00
Option D Operations Year 3	$0.00
Option D Operations Year 4	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D Operations Optional Year 5	$0.00
Option D Operations Optional Year 6	$0.00
Option D Operations Optional Year 7	$0.00
Option D Operations Optional Year 8	$0.00
Option D Operations Optional Year 9	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D (State Specific Requirements) GRAND TOTAL	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-1: Enhancement Pool Hours Core	
Phase	**Cost**
Core DDI - 7,500 hours	$0.00
Total Core DDI	**$0.00**
Core Operations Year 1 - 4,000 hours	$0.00
Core Operations Year 2 - 4,000 hours	$0.00
Core Operations Year 3 - 4,000 hours	$0.00
Core Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 1 - 4,000 hours	$0.00
Core Optional Operations Year 2 - 4,000 hours	$0.00
Core Optional Operations Year 3 - 4,000 hours	$0.00
Core Optional Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 5 - 4,000 hours	$0.00
Total Core Operations	**$0.00**
Core Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Claims Solution and overlaps with the year of Certification.

Schedule D-2: Enhancement Pool Hours Option A (Financial)	
Phase	**Cost**
Option A DDI - 3,000 hours	$0.00
Total Option A (Financial) DDI	**$0.00**
Option A Operations Year 1 - 2,000 hours	$0.00
Option A Operations Year 2 - 2,000 hours	$0.00
Option A Operations Year 3 - 2,000 hours	$0.00
Option A Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 1 - 2,000 hours	$0.00
Option A Optional Operations Year 2 - 2,000 hours	$0.00
Option A Optional Operations Year 3 - 2,000 hours	$0.00
Option A Optional Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 5 - 2,000 hours	$0.00
Total Option A (Financial) Operations	**$0.00**
Option A (Financial) Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Financial Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-3: Enhancement Pool Hours Option B (Call Center)	
Phase	**Cost**
Option B DDI - 3,000 hours	$0.00
Total Option B (Call Center) DDI	**$0.00**
Option B Operations Year 1 - 2,000 hours	$0.00
Option B Operations Year 2 - 2,000 hours	$0.00
Option B Operations Year 3 - 2,000 hours	$0.00
Option B Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 1 - 2,000 hours	$0.00
Option B Optional Operations Year 2 - 2,000 hours	$0.00
Option B Optional Operations Year 3 - 2,000 hours	$0.00
Option B Optional Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 5 - 2,000 hours	$0.00
Total Option B (Call Center) Operations	**$0.00**
Option B (Call Center) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution and overlaps with the year of Certification.

Schedule D-4: Enhancement Pool Hours Option C (Federal Reporting)	
Phase	**Cost**
Option C DDI - 3,000 hours	$0.00
Total Option B (Federal Reporting) DDI	**$0.00**
Option C Operations Year 1 - 2,000 hours	$0.00
Option C Operations Year 2 - 2,000 hours	$0.00
Option C Operations Year 3 - 2,000 hours	$0.00
Option C Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 1 - 2,000 hours	$0.00
Option C Optional Operations Year 2 - 2,000 hours	$0.00
Option C Optional Operations Year 3 - 2,000 hours	$0.00
Option C Optional Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 5 - 2,000 hours	$0.00
Total Option C (Federal Reporting) Operations	**$0.00**
Option C (Federal Reporting) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-5: Enhancement Pool Hours Option D (State Specific Requirements)	
Phase	**Cost**
Option D DDI - 3,000 hours	$0.00
Total Option B (State Specific Requirements) DDI	**$0.00**
Option D Operations Year 1 - 2,000 hours	$0.00
Option D Operations Year 2 - 2,000 hours	$0.00
Option D Operations Year 3 - 2,000 hours	$0.00
Option D Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 1 - 2,000 hours	$0.00
Option D Optional Operations Year 2 - 2,000 hours	$0.00
Option D Optional Operations Year 3 - 2,000 hours	$0.00
Option D Optional Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 5 - 2,000 hours	$0.00
Total Option D (State Specific Requirements) Operations	**$0.00**
Option D (State Specific Requirements) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the State Specific Requirements Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule E - Resource Hourly Rates

Schedule E - Resource Hourly Rates

Type of Resource	DDI	DDI * CPI-U Adjust	Operations Year 1	Operations Year 1 * CPI-U Adjust	Operations Year 2	Operations Year 2 * CPI-U Adjust	Operations Year 3	Operations Year 3 * CPI-U Adjust	Operations Year 4	Operations Year 4 * CPI-U Adjust
Project Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Technical Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Contract Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Integration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Claims Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Operations Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Security Lead	$ 150.00	$ 150.00	$ 153.35	$ 153.35	$ 156.76	$ 156.76	$ 160.26	$ 160.26	$ 163.83	$ 163.83
Security Analyst	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
Architecture Lead	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
System Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Sr. System Architect	$ 130.00	$ 130.00	$ 132.90	$ 132.90	$ 135.86	$ 135.86	$ 138.89	$ 138.89	$ 141.99	$ 141.99
Configuration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Configuration Specialist	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Configuration Specialist	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Infrastructure Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Infrastructure Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Developer	$ 110.00	$ 110.00	$ 112.45	$ 112.45	$ 114.96	$ 114.96	$ 117.52	$ 117.52	$ 120.15	$ 120.15
Sr. Developer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Database Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Database Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Testing Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Tester	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Technical Writer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Data Scientist	$ 200.00	$ 200.00	$ 204.46	$ 204.46	$ 209.02	$ 209.02	$ 213.68	$ 213.68	$ 218.45	$ 218.45
Data Scientist	$ 175.00	$ 175.00	$ 178.90	$ 178.90	$ 182.89	$ 182.89	$ 186.97	$ 186.97	$ 191.14	$ 191.14
Data Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Engineer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Data Developer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Sr. System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Business Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Business Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Certification Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Training Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Trainer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Claims Processing and Management Services Sch

Type of Resource	Phases Optional Operations Year 5	Optional Operations Year 5 * CPI-U Adjust	Optional Operations Year 6	Optional Operations Year 6 * CPI-U Adjust	Optional Operations Year 7	Optional Operations Year 7 * CPI-U Adjust	Optional Operations Year 8	Optional Operations Year 8 * CPI-U Adjust	Optional Operations Year 9	Optional Operations Year 9 * CPI-U Adjust
Project Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Technical Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Contract Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Integration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Claims Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Operations Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Security Lead	$ 167.49	$ 167.49	$ 171.22	$ 171.22	$ 175.04	$ 175.04	$ 178.94	$ 178.94	$ 182.93	$ 182.93
Security Analyst	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
Architecture Lead	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
System Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Sr. System Architect	$ 145.16	$ 145.16	$ 148.38	$ 148.38	$ 151.70	$ 151.70	$ 155.09	$ 155.09	$ 158.54	$ 158.54
Configuration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Configuration Specialist	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Configuration Specialist	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Infrastructure Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Infrastructure Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Developer	$ 122.82	$ 122.82	$ 125.56	$ 125.56	$ 128.36	$ 128.36	$ 131.23	$ 131.23	$ 134.15	$ 134.15
Sr. Developer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Database Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Database Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Testing Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Tester	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Technical Writer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Data Scientist	$ 223.32	$ 223.32	$ 228.30	$ 228.30	$ 233.39	$ 233.39	$ 238.59	$ 238.59	$ 243.91	$ 243.91
Data Scientist	$ 195.40	$ 195.40	$ 199.76	$ 199.76	$ 204.21	$ 204.21	$ 208.77	$ 208.77	$ 213.42	$ 213.42
Data Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Engineer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Data Developer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Sr. System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Business Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Business Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Certification Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Training Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Trainer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-1 Claims Processing and Management Services Core DDI Costs

Claims Processing and Management Services Core DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 22,805,182.22	$ 22,805,182.22	$ 6.9901	$ -	$ 7.0881	$ -	$ 5.3004	$ -	$ 5.6238	$ -	$ 3.9948	$ -	$ 3.9862	$ -	$ 4.1520	$ -
Core Base DDI * CPI-U Costs:	$ 22,805,182.22			$ -		$ -		$ -		$ -		$ -		$ -		$ -

Total Core Base + Group DDI * CPI-U Costs:	**$ 22,805,182.22**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

Year 1 Variable Rate:	$ -															
Variable Rate Factor Group 1-7:																

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-2 Claims Processing and Management Services Core Operations Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:					-			-			-			-			-			-			-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 969,861.63	$ 11,638,339.56	$ 0.8823	$ -	$ -	$ 0.7667	$ -	$ -	$ 0.5790	$ -	$ -	$ 0.5554	$ -	$ -	$ 0.5609	$ -	$ -	$ 0.5120	$ -	$ -	$ 0.4166	$ -	$ -	$ 11,638,339.56
Operations Year 2:	$ 991,489.54	$ 11,897,874.48	$ 0.9020	$ -	$ -	$ 0.7838	$ -	$ -	$ 0.5878	$ -	$ -	$ 0.5678	$ -	$ -	$ 0.5735	$ -	$ -	$ 0.5235	$ -	$ -	$ 0.4259	$ -	$ -	$ 11,897,874.48
Operations Year 3:	$ 1,013,599.76	$ 12,163,197.12	$ 0.9221	$ -	$ -	$ 0.8013	$ -	$ -	$ 0.6009	$ -	$ -	$ 0.5805	$ -	$ -	$ 0.5862	$ -	$ -	$ 0.5351	$ -	$ -	$ 0.4354	$ -	$ -	$ 12,163,197.12
Operations Year 4:	$ 1,036,203.03	$ 12,434,436.36	$ 0.9427	$ -	$ -	$ 0.8191	$ -	$ -	$ 0.6143	$ -	$ -	$ 0.5934	$ -	$ -	$ 0.5993	$ -	$ -	$ 0.5471	$ -	$ -	$ 0.4451	$ -	$ -	$ 12,434,436.36
Operations Optional Year 5:	$ 1,059,310.36	$ 12,711,724.32	$ 0.9637	$ -	$ -	$ 0.8374	$ -	$ -	$ 0.6280	$ -	$ -	$ 0.6067	$ -	$ -	$ 0.6127	$ -	$ -	$ 0.5593	$ -	$ -	$ 0.4550	$ -	$ -	$ 12,711,724.32
Operations Optional Year 6:	$ 1,082,932.98	$ 12,995,195.76	$ 0.9852	$ -	$ -	$ 0.8561	$ -	$ -	$ 0.6420	$ -	$ -	$ 0.6202	$ -	$ -	$ 0.6263	$ -	$ -	$ 0.5717	$ -	$ -	$ 0.4651	$ -	$ -	$ 12,995,195.76
Operations Optional Year 7:	$ 1,107,082.39	$ 13,284,988.68	$ 1.0072	$ -	$ -	$ 0.8752	$ -	$ -	$ 0.6563	$ -	$ -	$ 0.6340	$ -	$ -	$ 0.6403	$ -	$ -	$ 0.5845	$ -	$ -	$ 0.4755	$ -	$ -	$ 13,284,988.68
Operations Optional Year 8:	$ 1,131,770.33	$ 13,581,243.96	$ 1.0296	$ -	$ -	$ 0.8947	$ -	$ -	$ 0.6710	$ -	$ -	$ 0.6481	$ -	$ -	$ 0.6546	$ -	$ -	$ 0.5975	$ -	$ -	$ 0.4861	$ -	$ -	$ 13,581,243.96
Operations Optional Year 9:	$ 1,157,008.81	$ 13,884,105.72	$ 1.0526	$ -	$ -	$ 0.9146	$ -	$ -	$ 0.6859	$ -	$ -	$ 0.6626	$ -	$ -	$ 0.6692	$ -	$ -	$ 0.6108	$ -	$ -	$ 0.4970	$ -	$ -	$ 13,884,105.72
Core Base Operations * CPI-U Costs		**$ 114,591,105.96**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 114,591,105.96

Total Core Base + Group Operations * CPI-U Cost: $ 114,591,105.96

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-3 Claims Processing and Management Services Core DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Core DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Core DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC30: The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7,500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-4 Claims Processing and Management Services Core Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Core Operations Enhancement Pool Hour:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Core Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC31:The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-1 Claims Processing and Management Services Option A (Financial) DDI Costs

Claims Processing and Management Services Option A (Financial) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 3,525,144.95	$ 3,525,144.95	$ -	$ -	$ 0.0141	$ -	$ 0.1228	$ -	$ 0.4558	$ -	$ 0.5699	$ -	$ 0.4106	$ -	$ 0.3150	$ -
Option A (Financial) Base DDI * CPI-U Costs:	**$ 3,525,144.95**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) Base + Group DDI * CPI-U Costs:	**$ 3,525,144.95**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-2 Claims Processing and Management Services Option A (Financial) Operations Costs

Claims Processing and Management Services Option A (Financial) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		*+*	
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 229,915.88	$ 2,758,990.56	$ -	$ -	$ -	$ 0.0009	$ -	$ -	$ 0.0063	$ -	$ -	$ 0.0165	$ -	$ -	$ 0.0170	$ -	$ -	$ 0.0130	$ -	$ -	$ 0.0092	$ -	$ -	$ 2,758,990.56
Operations Year 2:	$ 235,043.00	$ 2,820,516.00	$ -	$ -	$ -	$ 0.0009	$ -	$ -	$ 0.0065	$ -	$ -	$ 0.0169	$ -	$ -	$ 0.0174	$ -	$ -	$ 0.0133	$ -	$ -	$ 0.0094	$ -	$ -	$ 2,820,516.00
Operations Year 3:	$ 240,284.46	$ 2,883,413.52	$ -	$ -	$ -	$ 0.0010	$ -	$ -	$ 0.0066	$ -	$ -	$ 0.0172	$ -	$ -	$ 0.0178	$ -	$ -	$ 0.0136	$ -	$ -	$ 0.0096	$ -	$ -	$ 2,883,413.52
Operations Year 4:	$ 245,642.80	$ 2,947,713.60	$ -	$ -	$ -	$ 0.0010	$ -	$ -	$ 0.0068	$ -	$ -	$ 0.0176	$ -	$ -	$ 0.0182	$ -	$ -	$ 0.0139	$ -	$ -	$ 0.0098	$ -	$ -	$ 2,947,713.60
Operations Optional Year 5:	$ 251,120.63	$ 3,013,447.56	$ -	$ -	$ -	$ 0.0010	$ -	$ -	$ 0.0069	$ -	$ -	$ 0.0180	$ -	$ -	$ 0.0186	$ -	$ -	$ 0.0142	$ -	$ -	$ 0.0100	$ -	$ -	$ 3,013,447.56
Operations Optional Year 6:	$ 256,720.62	$ 3,080,647.44	$ -	$ -	$ -	$ 0.0010	$ -	$ -	$ 0.0071	$ -	$ -	$ 0.0184	$ -	$ -	$ 0.0190	$ -	$ -	$ 0.0145	$ -	$ -	$ 0.0102	$ -	$ -	$ 3,080,647.44
Operations Optional Year 7:	$ 262,445.49	$ 3,149,345.88	$ -	$ -	$ -	$ 0.0010	$ -	$ -	$ 0.0072	$ -	$ -	$ 0.0188	$ -	$ -	$ 0.0195	$ -	$ -	$ 0.0149	$ -	$ -	$ 0.0105	$ -	$ -	$ 3,149,345.88
Operations Optional Year 8:	$ 268,298.02	$ 3,219,576.24	$ -	$ -	$ -	$ 0.0011	$ -	$ -	$ 0.0074	$ -	$ -	$ 0.0193	$ -	$ -	$ 0.0199	$ -	$ -	$ 0.0151	$ -	$ -	$ 0.0107	$ -	$ -	$ 3,219,576.24
Operations Optional Year 9:	$ 274,281.07	$ 3,291,372.84	$ -	$ -	$ -	$ 0.0011	$ -	$ -	$ 0.0076	$ -	$ -	$ 0.0197	$ -	$ -	$ 0.0203	$ -	$ -	$ 0.0155	$ -	$ -	$ 0.0109	$ -	$ -	$ 3,291,372.84
Option A (Financial) Base Operations * CPI-U Cost		**$ 27,165,023.64**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 27,165,023.64

Total Option A (Financial) Base + Group Operations * CPI-U Cost $ 27,165,023.64

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-3 Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Member

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option A (Financial) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC32: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-4 Claims Processing and Management Services Option A (Financial) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option A (Financial) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC33:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-1 Claims Processing and Management Services Option B (Call Center) DDI Costs

Claims Processing and Management Services Option B (Call Center) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 1,921,089.86	$ 1,921,089.86	$ 1.2870	$ -	$ 1.4242	$ -	$ 1.5187	$ -	$ 2.1639	$ -	$ 2.4253	$ -	$ 2.9765	$ -	$ 2.4922	$ -
Option B (Call Center) Base DDI * CPI-U Costs:	**$ 1,921,089.86**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option B (Call Center) Base + Group DDI * CPI-U Costs:	**$ 1,921,089.86**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-2 Claims Processing and Management Services Option B (Call Center) Operations Costs

Claims Processing and Management Services Option B (Call Center) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 154,416.93	$ 1,853,003.16	$ -	$ -	$ -	$ 0.1388	$ -	$ -	$ 0.1198	$ -	$ -	$ 0.0803	$ -	$ -	$ 0.0679	$ -	$ -	$ 0.1435	$ -	$ -	$ 0.0719	$ -	$ -	$ 1,853,003.16
Operations Year 2:	$ 157,860.43	$ 1,894,325.16	$ -	$ -	$ -	$ 0.1419	$ -	$ -	$ 0.1225	$ -	$ -	$ 0.0821	$ -	$ -	$ 0.0694	$ -	$ -	$ 0.1467	$ -	$ -	$ 0.0735	$ -	$ -	$ 1,894,325.16
Operations Year 3:	$ 161,380.72	$ 1,936,568.64	$ -	$ -	$ -	$ 0.1451	$ -	$ -	$ 0.1252	$ -	$ -	$ 0.0839	$ -	$ -	$ 0.0710	$ -	$ -	$ 0.1500	$ -	$ -	$ 0.0752	$ -	$ -	$ 1,936,568.64
Operations Year 4:	$ 164,979.51	$ 1,979,754.12	$ -	$ -	$ -	$ 0.1483	$ -	$ -	$ 0.1280	$ -	$ -	$ 0.0858	$ -	$ -	$ 0.0726	$ -	$ -	$ 0.1533	$ -	$ -	$ 0.0769	$ -	$ -	$ 1,979,754.12
Operations Optional Year 5:	$ 168,658.55	$ 2,023,902.60	$ -	$ -	$ -	$ 0.1516	$ -	$ -	$ 0.1309	$ -	$ -	$ 0.0877	$ -	$ -	$ 0.0742	$ -	$ -	$ 0.1567	$ -	$ -	$ 0.0786	$ -	$ -	$ 2,023,902.60
Operations Optional Year 6:	$ 172,419.64	$ 2,069,035.68	$ -	$ -	$ -	$ 0.1550	$ -	$ -	$ 0.1338	$ -	$ -	$ 0.0897	$ -	$ -	$ 0.0758	$ -	$ -	$ 0.1602	$ -	$ -	$ 0.0803	$ -	$ -	$ 2,069,035.68
Operations Optional Year 7:	$ 176,264.60	$ 2,115,175.20	$ -	$ -	$ -	$ 0.1585	$ -	$ -	$ 0.1368	$ -	$ -	$ 0.0917	$ -	$ -	$ 0.0775	$ -	$ -	$ 0.1638	$ -	$ -	$ 0.0821	$ -	$ -	$ 2,115,175.20
Operations Optional Year 8:	$ 180,195.30	$ 2,162,343.60	$ -	$ -	$ -	$ 0.1620	$ -	$ -	$ 0.1398	$ -	$ -	$ 0.0937	$ -	$ -	$ 0.0793	$ -	$ -	$ 0.1674	$ -	$ -	$ 0.0839	$ -	$ -	$ 2,162,343.60
Operations Optional Year 9:	$ 184,213.66	$ 2,210,563.92	$ -	$ -	$ -	$ 0.1656	$ -	$ -	$ 0.1430	$ -	$ -	$ 0.0958	$ -	$ -	$ 0.0810	$ -	$ -	$ 0.1712	$ -	$ -	$ 0.0858	$ -	$ -	$ 2,210,563.92
Option B (Call Center) Base Operations * CPI-U Cost		**$ 18,244,672.08**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 18,244,672.08

Total Option B (Call Center) Base + Group Operations * CPI-U Cost **$ 18,244,672.08**

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-3 Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option B (Call Center) DDI Enhancement Pool Hour * CPI-U Costs:		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -

Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC34: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-4 Claims Processing and Management Services Option B (Call Center) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option B (Call Center) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs:	$ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC35:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-1 Claims Processing and Management Services Option C (Federal Reporting) DDI Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 2,595,394.17	$ 2,595,394.17	$ 0.1319	$ -	$ 0.1423	$ -	$ 0.1356	$ -	$ 0.1371	$ -	$ 0.5149	$ -	$ 0.5084	$ -	$ 0.5057	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	**$ 2,595,394.17**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs:	**$ 2,595,394.17**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-2 Claims Processing and Management Services Option C (Federal Reporting) Operations Costs

Claims Processing and Management Services Option C (Federal Reporting) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 203,601.16	$ 2,443,213.92	$ 0.0013	$ -	$ -	$ 0.0021	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0558	$ -	$ -	$ 0.0422	$ -	$ -	$ 0.0420	$ -	$ -	$ 2,443,213.92
Operations Year 2:	$ 208,141.47	$ 2,497,697.64	$ 0.0013	$ -	$ -	$ 0.0021	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0571	$ -	$ -	$ 0.0431	$ -	$ -	$ 0.0429	$ -	$ -	$ 2,497,697.64
Operations Year 3:	$ 212,783.02	$ 2,553,396.24	$ 0.0013	$ -	$ -	$ 0.0022	$ -	$ -	$ 0.0016	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0584	$ -	$ -	$ 0.0441	$ -	$ -	$ 0.0439	$ -	$ -	$ 2,553,396.24
Operations Year 4:	$ 217,528.08	$ 2,610,336.96	$ 0.0014	$ -	$ -	$ 0.0022	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0597	$ -	$ -	$ 0.0451	$ -	$ -	$ 0.0449	$ -	$ -	$ 2,610,336.96
Operations Optional Year 5:	$ 222,378.96	$ 2,668,547.52	$ 0.0014	$ -	$ -	$ 0.0023	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0610	$ -	$ -	$ 0.0461	$ -	$ -	$ 0.0459	$ -	$ -	$ 2,668,547.52
Operations Optional Year 6:	$ 227,338.01	$ 2,728,056.12	$ 0.0014	$ -	$ -	$ 0.0023	$ -	$ -	$ 0.0017	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0624	$ -	$ -	$ 0.0471	$ -	$ -	$ 0.0469	$ -	$ -	$ 2,728,056.12
Operations Optional Year 7:	$ 232,407.65	$ 2,788,891.80	$ 0.0015	$ -	$ -	$ 0.0024	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0637	$ -	$ -	$ 0.0481	$ -	$ -	$ 0.0479	$ -	$ -	$ 2,788,891.80
Operations Optional Year 8:	$ 237,590.34	$ 2,851,084.08	$ 0.0015	$ -	$ -	$ 0.0024	$ -	$ -	$ 0.0018	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0652	$ -	$ -	$ 0.0492	$ -	$ -	$ 0.0490	$ -	$ -	$ 2,851,084.08
Operations Optional Year 9:	$ 242,888.60	$ 2,914,663.20	$ 0.0015	$ -	$ -	$ 0.0025	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0020	$ -	$ -	$ 0.0666	$ -	$ -	$ 0.0503	$ -	$ -	$ 0.0501	$ -	$ -	$ 2,914,663.20
Option C (Federal Reporting) Base Operations * CPI-U Cost		**$ 24,055,887.48**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	

Total Option C (Federal Reporting) Base + Group Operations * CPI-U Cost **$ 24,055,887.48**

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-3 Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate: $ 120.00

Variable Rate Factor Group 1-7:

OMC36: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-4 Claims Processing and Management Services Option C (Federal Reporting) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC37:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

Major Integration Service Type Effort

Resource Type	Hours
Project Manager	96
Business Analyst	120
Configuration Lead	64
Sr. Developer	80
Developer	264
Database Administrator	24
Security Analyst	24
Test Lead	40
Tester	152
Technical Writer	24
Total Fixed Hours for Each Major Service Integration:	**888**

Complex Integration Service Type Effort

Resource Type	Hours
Project Manager	72
Business Analyst	80
Configuration Lead	40
Sr. Developer	64
Developer	176
Database Administrator	16
Security Analyst	16
Test Lead	24
Tester	120
Technical Writer	16
Total Fixed Hours for Each Complex Service Integration:	**624**

Standard Integration Service Type Effort

Resource Type	Hours
Project Manager	40
Business Analyst	64
Configuration Lead	24
Sr. Developer	48
Developer	136
Database Administrator	16
Security Analyst	16
Test Lead	16
Tester	104
Technical Writer	16
Total Fixed Hours for Each Standard Service Integration:	**480**

Simple Integration Service Type Effort

Resource Type	Hours
Project Manager	32
Business Analyst	40
Configuration Lead	16
Sr. Developer	40
Developer	64
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	48
Technical Writer	8
Total Fixed Hours for Each Simple Service Integration:	**272**

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

On Boarding Integration Service Type Effort	
Resource Type	**Hours**
Project Manager	24
Business Analyst	24
Configuration Lead	8
Sr. Developer	24
Developer	40
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	40
Technical Writer	8
Total Fixed Hours for Each Onboarding Service Integration:	**192**

NOTE: Please see RFP Section 3.10.1.4.1 titled "Integration Services Type Definition" for a more complete definition of each integration service type listed above.

The Contractor should allocate the hours across the Resource Types applicable for each Integration Service Type. If a Resource Type is not required for a specific Integration Service Type, put zero (0) in the Hours column. When an Integration Service is required, the Contractor will evaluate the Integration Service and document the detailed requirements. Using the detailed requirements, the Contractor will propose the Integration Service Type to the Department. Once the Department and Contractor mutually agree on the Integration Service Type, the value indicated in the "Total Fixed Hours..." row for each Integration Service Type will be the total hours that the Department will reimburse the Contractor for the respective Integration Service Type regardless of the actual level of effort required to complete the work.

Claims Processing and Management Services Schedule K - DDI Requisitioned Integration Services Pool Hours and Cost

DDI Requisitioned Integration Services Pool Hours and Cost

Integration Service Type Category	Number of Interfaces	Hours		Cost	Cost * CPI-U Adjust
Major Services	5	4,440	*		
Complex Services	20	12,480	*		
Standard Services	35	16,800	*		
Simple Services	25	6,800	*		
Onboarding Services	15	2,880	*		
Total DDI Requisitioned Integration Services Pool Hours:		**43,400**			
Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost:			**	**$ 5,007,600**	**$ 5,007,600**
DDI Requisitioned Integration Services Pool Average Hourly Rate & CPI-U Adjusted Houry Rate:			***	**$ 115.38**	**$115**

**** The values found in C7 through C11 are derived by multiplying the value in each cell in column B by the fixed hour amounts found in Schedule J.***
***** The Contractor should enter the total cost for the Integration Services Pool Hours in E14 for the total hours identified in cell C12.***
****** Cell F14 is a calculated by dividing the value in E14 by the value in C12.***

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Schedule L - Data Conversion Optional Years of Data
Schedule L-1 Claims Management and Processing Services Conversion Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+	
Total Members:				-		-		-		-		-		-		-	
Operations Year	*Base Conversion Cost*	*Base Conversion Cos * CPI-U Adjust*	*Variable Conversion Rate*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Total Optional Conversion Cost*
Conversion Year 1 (Included in Contractors Base Cost):																	
Conversion Year 2 (Included in Contractors Base Cost):																	
Conversion Year 3 (Included in Contractors Base Cost):																	
Optional Conversion Year 4:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 5:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 6:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 7:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 8:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 9:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Conversion Costs:		**$ 3,442,296.00**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ 3,442,296.00**

Total Optional Conversion Years of Data Costs * CPI-U Costs: $ 3,442,296.00

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 4 Variable Rate:	$ -
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-1 Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	$ -			$ -		$ -		$ -		$ -		$ -		$ -		$ -

l Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

Year 1 Variable Rate: $ -
Variable Rate Factor Group 1-7:

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-2 Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs

Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000		+	
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base Operations * CPI-U Cost		$ -			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ -

Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Cost $ -

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	0.00%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-3 Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ -													
Variable Rate Factor Group 1-7:														

OMC38: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-4 Claims Processing and Management Services Option D (State Specific Requirements) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

tal Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%	
Year 1 Hourly Rate:	$ -	
Variable Rate Factor Group 2-7:		

OMC39:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Participating State Information

		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Total Number of De-duplicated Members (Total Members)	-	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
Consumer Price Index Urban (CPI-U) Adjustment:			-		-		-		-		-		-		-
A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**														
B. CPI-U for Participating Addendum Date:	**0.000000**														
C. Index Point Change equals B minus A:	**0.000000**														
D. Equals C divided by A:	**0.000000**														
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**														

Participating Addendum Options	**Choose Yes/No**	
Will the Participating State use Option A (Financial)?	**Yes**	
Will the Participating State use Option B (Contact Center/Call Center)?	**Yes**	
Will the Participating State use Option C (Federal Reporting)?	**Yes**	
Will the Participating State use Option D (State Specific)?*		*This will be done in the Participating Addendum Process

Pool Hours by Schedule	**Sch F (3, 4)**	**Sch G (3, 4)**	**Sch H (3, 4)**	**Sch I (3, 4)**	**Sch M (3, 4)**
DDI Enhancement Pool Hours (F-3, G-3, H-3, I-3, M-3)	**7,500**	**3,000**	**3,000**	**3,000**	**3,000**
Operations Enhancement pool hours (F-4, G-4, H-4, I-4, M-4)	**4,000**	**2,000**	**2,000**	**2,000**	**2,000**

Claims Services Schedule A - Cost Summary

Schedule A-1: Claims Processing and Management Services Core Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Core Claims Solution Installation DDI	$	2,106,230.10	Insert "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work DDI	$	24,221,646.11	Insert "Total Core Base + Group DDI * CPI-U Costs" from Schedule F, Tab F-1 less "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work Operations	$	148,202,457.12	Insert "Total Core Base + Group Operations * CPI-U Costs" from Schedule F, Tab F-2
Claims Processing and Management Services DDI Requisitioned Integration Services Pool Hours and Cost	$	5,007,600.00	Insert "Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost" from Schedule K cell F14
Claims Processing and Management Services DDI Data Conversion Optional Years of Data Cost	$	3,442,296.00	Insert "Total Optional Conversion Years of Data Costs * CPI-U Costs" from Schedule L cell C26
Claims Processing and Management Services Core Scope of Work DDI Enhancement Pool Hours	$	-	Insert "Total Core DDI Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-3
Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hours	$	-	Insert "Total Core Operations Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-4
All Claims Processing and Management Services Core Scope of Work Cost	**$**	**182,980,229.33**	

Schedule A-2: Claims Processing and Management Services Option A (Financial) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option A DDI	$	3,525,144.95	Insert "Total Option A (Financial) Base + Group DDI * CPI-U Costs" from Schedule G, Tab G-1
Claims Processing and Management Services Option A Operations	$	27,165,023.64	Insert "Total Option A (Financial) Base + Group Operations * CPI-U Costs" from Schedule G, Tab G-2
Claims Processing and Management Services Option A DDI Enhancement Pool Hours	$	-	Insert "Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-3
Claims Processing and Management Services Option A Operations Enhancement Pool Hours	$	-	Insert "Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-4
All Claims Processing and Management Services Option A Cost	**$**	**30,690,168.59**	

Schedule A-3: Claims Processing and Management Services Option B (Call Center) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option B DDI	$	2,496,185.15	Insert "Total Option B (Call Center) Base + Group DDI * CPI-U Costs" from Schedule H, Tab H-1
Claims Processing and Management Services Option B Operations	$	21,976,110.48	Insert "Total Option B (Call Center) Base + Group Operations * CPI-U Costs" from Schedule H, Tab H-2
Claims Processing and Management Services Option B DDI Enhancement Pool Hours	$	-	Insert "Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-3
Claims Processing and Management Services Option B Operations Enhancement Pool Hou	$	-	Insert "Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-
All Claims Processing and Management Services Option B Cost	**$**	**24,472,295.63**	

Schedule A-4: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option C DDI	$	3,779,591.90	Insert "Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs" from Schedule I, Tab I-1
Claims Processing and Management Services Option C Operations	$	24,219,533.16	Insert "Total Option C (Federal Reporting) Base + Group Operations * CPI-U Costs" from Schedule I, Tab I-2
Claims Processing and Management Services Option C DDI Enhancement Pool Hours	$	-	Insert "Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-3
Claims Processing and Management Services Option C Operations Enhancement Pool Hou	$	-	Insert "Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-
All Claims Processing and Management Services Option C Cost	**$**	**27,999,125.06**	

Schedule A-5: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option D DDI	$	-	Insert "Total Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs" from Schedule M, Tab M-1
Claims Processing and Management Services Option D Operations	$	-	Insert "Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Costs" from Schedule M, Tab M-2
Claims Processing and Management Services Option D DDI Enhancement Pool Hours	$	-	Insert "Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-3
Claims Processing and Management Services Option D Operations Enhancement Pool Hou	$	-	Insert "Total Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-
All Claims Processing and Management Services Option D Cost	**$**	**-**	

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-1: Claims Processing and Management Services Core Scope of Work
Claims Solution Installation for Agency

Payment Milestone	DDI Phase				
	Installation and Access				Total Cost
Claims Solution Installation for Agency	$ 2,106,230.10	N/A	N/A	N/A	$2,106,230.10
Total Claim Solution Installation Cost	**$ 2,106,230.10**	N/A	N/A	N/A	**$2,106,230.10**
Total Percentage By Phase	8.00%	N/A	N/A	N/A	N/A
Minimum percent of Total DDI Cost cannot be less than the following percentages for each phase.*	5%	N/A	N/A	N/A	N/A
Maximum percent of Total DDI Cost cannot exceed the following percentages for each phase.*	10%	N/A	N/A	N/A	N/A

**** The Claims Solution Installation is complete once the Contractor completes the Claim Solution Installation, provides access to designated Agency staff, and makes the solution ready for requirements confirmation and design session. The Claim Solution Installation percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total Core DDI Costs = $10,000,000, the Claim Solution Installation Cost must be between $500,000 and $1,000,000 ($500,000/$10,000,000= 5% and $1,000,000/$10,000,000=10%)***

Schedule B-2: Claims Processing and Management Services Core Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claim Solution Implementation	$ 5,265,575.24	$ 5,792,132.77	$ 9,214,756.67	$ 3,949,181.43	$24,221,646.11	
Total Cost By Phase	$5,265,575.24	$5,792,132.77	$9,214,756.67	$3,949,181.43	$24,221,646.11	$ 24,221,646.11
Total Percentage By Phase	21.74%	23.91%	38.04%	16.30%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
Grand Total	$24,221,646.11					

**** The Grand Total cost for Schedule B-2 cannot exceed the "Total Core DDI Cost" from Schedule F-1 less the total cost from Schedule B-1 above. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%***

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-3: Claims Processing and Management Services Option A (Financial) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option A	$ 881,286.24	$ 705,028.99	$ 1,410,057.98	$ 528,771.74	$ 3,525,144.95	
Total Cost By Phase	$881,286.24	$705,028.99	$1,410,057.98	$528,771.74	$3,525,144.95	$ 3,525,144.95
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$3,525,144.95					

*** The Grand Total cost for Schedule B-3 cannot exceed the "Total Option A DDI Cost" from Schedule G-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equa to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-4: Claims Processing and Management Services Option B (Call Center) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option B	$ 624,046.29	$ 499,237.03	$ 998,474.06	$ 374,427.77	$ 2,496,185.15	
Total Cost By Phase	$624,046.29	$499,237.03	$998,474.06	$374,427.77	$2,496,185.15	$ 2,496,185.15
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$2,496,185.15					

*** The Grand Total cost for Schedule B-4 cannot exceed the "Total Option B DDI Cost" from Schedule H-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-5: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option C	$ 944,897.98	$ 755,918.38	$ 1,511,836.76	$ 566,938.79	$ 3,779,591.90	
Total Cost By Phase	$944,897.98	$755,918.38	$1,511,836.76	$566,938.79	$3,779,591.90	$ 3,779,591.90
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$3,779,591.90					

*** The Grand Total cost for Schedule B-5 cannot exceed the "Total Option C DDI Cost" from Schedule I-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-6: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option D	$ -	$ -	$ -	$ -	$ -	
Total Cost By Phase	$0.00	$0.00	$0.00	$0.00	$0.00	$ -
Total Percentage By Phase	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$0.00					

*** The Grand Total cost for Schedule B-6 cannot exceed the "Total Option D DDI Cost" from Schedule M-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-1: Cost of Operations Core	
Phase	**Cost**
Core Operations Year 1	$15,052,045.20
Core Operations Year 2	$15,387,705.84
Core Operations Year 3	$15,730,851.72
Core Operations Year 4	$16,081,649.76
Core TOTAL	**$62,252,252.52**
Core Operations Optional Year 5	$16,440,270.60
Core Operations Optional Year 6	$16,806,888.60
Core Operations Optional Year 7	$17,181,682.20
Core Operations Optional Year 8	$17,564,833.68
Core Operations Optional Year 9	$17,956,529.52
Core TOTAL	**$85,950,204.60**
Core GRAND TOTAL	**$148,202,457.12**

Operations Year one begins the first day of the month following the implementation of the Claims Solution

Schedule C-2: Cost of Operations Option A (Financial)	
Phase	**Cost**
Option A Operations Year 1	$2,758,990.56
Option A Operations Year 2	$2,820,516.00
Option A Operations Year 3	$2,883,413.52
Option A Operations Year 4	$2,947,713.60
Option A (Financial) TOTAL	**$11,410,633.68**
Option A Operations Optional Year 5	$3,013,447.56
Option A Operations Optional Year 6	$3,080,647.44
Option A Operations Optional Year 7	$3,149,345.88
Option A Operations Optional Year 8	$3,219,576.24
Option A Operations Optional Year 9	$3,291,372.84
Option A (Financial) TOTAL	**$15,754,389.96**
Option A (Financial) GRAND TOTAl	**$27,165,023.64**

Operations Year one begins the first day of the month following the implementation of the Financial Solution

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-3: Cost of Operations Option B (Call Center)	
Phase	**Cost**
Option B Operations Year 1	$2,231,983.32
Option B Operations Year 2	$2,281,756.56
Option B Operations Year 3	$2,332,639.68
Option B Operations Year 4	$2,384,657.52
Option B (Call Center) TOTAL	**$9,231,037.08**
Option B Operations Optional Year 5	$2,437,835.40
Option B Operations Optional Year 6	$2,492,199.12
Option B Operations Optional Year 7	$2,547,775.20
Option B Operations Optional Year 8	$2,604,590.64
Option B Operations Optional Year 9	$2,662,673.04
Option B (Call Center) TOTAL	**$12,745,073.40**
Option B (Call Center) GRAND TOTAL	**$21,976,110.48**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution

Schedule C-4: Cost of Operations Option C (Federal Reporting)	
Phase	**Cost**
Option C Operations Year 1	$2,459,834.40
Option C Operations Year 2	$2,514,688.68
Option C Operations Year 3	$2,570,766.24
Option C Operations Year 4	$2,628,094.32
Option C (Federal Reporting) TOTAL	**$10,173,383.64**
Option C Operations Optional Year 5	$2,686,700.88
Option C Operations Optional Year 6	$2,746,614.36
Option C Operations Optional Year 7	$2,807,863.92
Option C Operations Optional Year 8	$2,870,479.32
Option C Operations Optional Year 9	$2,934,491.04
Option C (Federal Reporting) TOTAL	**$14,046,149.52**
Option C (Federal Reporting) GRAND TOTAL	**$24,219,533.16**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule C - Cost of Operations	
Schedule C-5: Cost of Operations Option D (State Specific Requirements)	
Phase	**Cost**
Option D Operations Year 1	$0.00
Option D Operations Year 2	$0.00
Option D Operations Year 3	$0.00
Option D Operations Year 4	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D Operations Optional Year 5	$0.00
Option D Operations Optional Year 6	$0.00
Option D Operations Optional Year 7	$0.00
Option D Operations Optional Year 8	$0.00
Option D Operations Optional Year 9	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D (State Specific Requirements) GRAND TOTAL	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-1: Enhancement Pool Hours Core	
Phase	**Cost**
Core DDI - 7,500 hours	$0.00
Total Core DDI	**$0.00**
Core Operations Year 1 - 4,000 hours	$0.00
Core Operations Year 2 - 4,000 hours	$0.00
Core Operations Year 3 - 4,000 hours	$0.00
Core Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 1 - 4,000 hours	$0.00
Core Optional Operations Year 2 - 4,000 hours	$0.00
Core Optional Operations Year 3 - 4,000 hours	$0.00
Core Optional Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 5 - 4,000 hours	$0.00
Total Core Operations	**$0.00**
Core Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Claims Solution and overlaps with the year of Certification.

Schedule D-2: Enhancement Pool Hours Option A (Financial)	
Phase	**Cost**
Option A DDI - 3,000 hours	$0.00
Total Option A (Financial) DDI	**$0.00**
Option A Operations Year 1 - 2,000 hours	$0.00
Option A Operations Year 2 - 2,000 hours	$0.00
Option A Operations Year 3 - 2,000 hours	$0.00
Option A Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 1 - 2,000 hours	$0.00
Option A Optional Operations Year 2 - 2,000 hours	$0.00
Option A Optional Operations Year 3 - 2,000 hours	$0.00
Option A Optional Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 5 - 2,000 hours	$0.00
Total Option A (Financial) Operations	**$0.00**
Option A (Financial) Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Financial Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-3: Enhancement Pool Hours Option B (Call Center)	
Phase	**Cost**
Option B DDI - 3,000 hours	$0.00
Total Option B (Call Center) DDI	**$0.00**
Option B Operations Year 1 - 2,000 hours	$0.00
Option B Operations Year 2 - 2,000 hours	$0.00
Option B Operations Year 3 - 2,000 hours	$0.00
Option B Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 1 - 2,000 hours	$0.00
Option B Optional Operations Year 2 - 2,000 hours	$0.00
Option B Optional Operations Year 3 - 2,000 hours	$0.00
Option B Optional Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 5 - 2,000 hours	$0.00
Total Option B (Call Center) Operations	**$0.00**
Option B (Call Center) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution and overlaps with the year of Certification.

Schedule D-4: Enhancement Pool Hours Option C (Federal Reporting)	
Phase	**Cost**
Option C DDI - 3,000 hours	$0.00
Total Option B (Federal Reporting) DDI	**$0.00**
Option C Operations Year 1 - 2,000 hours	$0.00
Option C Operations Year 2 - 2,000 hours	$0.00
Option C Operations Year 3 - 2,000 hours	$0.00
Option C Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 1 - 2,000 hours	$0.00
Option C Optional Operations Year 2 - 2,000 hours	$0.00
Option C Optional Operations Year 3 - 2,000 hours	$0.00
Option C Optional Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 5 - 2,000 hours	$0.00
Total Option C (Federal Reporting) Operations	**$0.00**
Option C (Federal Reporting) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-5: Enhancement Pool Hours Option D (State Specific Requirements)	
Phase	**Cost**
Option D DDI - 3,000 hours	$0.00
Total Option B (State Specific Requirements) DDI	**$0.00**
Option D Operations Year 1 - 2,000 hours	$0.00
Option D Operations Year 2 - 2,000 hours	$0.00
Option D Operations Year 3 - 2,000 hours	$0.00
Option D Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 1 - 2,000 hours	$0.00
Option D Optional Operations Year 2 - 2,000 hours	$0.00
Option D Optional Operations Year 3 - 2,000 hours	$0.00
Option D Optional Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 5 - 2,000 hours	$0.00
Total Option D (State Specific Requirements) Operations	**$0.00**
Option D (State Specific Requirements) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the State Specific Requirements Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule E - Resource Hourly Rates

Schedule E - Resource Hourly Rates

Type of Resource	DDI	DDI * CPI-U Adjust	Operations Year 1	Operations Year 1 * CPI-U Adjust	Operations Year 2	Operations Year 2 * CPI-U Adjust	Operations Year 3	Operations Year 3 * CPI-U Adjust	Operations Year 4	Operations Year 4 * CPI-U Adjust
Project Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Technical Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Contract Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Integration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Claims Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Operations Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Security Lead	$ 150.00	$ 150.00	$ 153.35	$ 153.35	$ 156.76	$ 156.76	$ 160.26	$ 160.26	$ 163.83	$ 163.83
Security Analyst	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
Architecture Lead	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
System Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Sr. System Architect	$ 130.00	$ 130.00	$ 132.90	$ 132.90	$ 135.86	$ 135.86	$ 138.89	$ 138.89	$ 141.99	$ 141.99
Configuration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Configuration Specialist	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Configuration Specialist	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Infrastructure Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Infrastructure Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Developer	$ 110.00	$ 110.00	$ 112.45	$ 112.45	$ 114.96	$ 114.96	$ 117.52	$ 117.52	$ 120.15	$ 120.15
Sr. Developer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Database Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Database Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Testing Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Tester	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Technical Writer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Data Scientist	$ 200.00	$ 200.00	$ 204.46	$ 204.46	$ 209.02	$ 209.02	$ 213.68	$ 213.68	$ 218.45	$ 218.45
Data Scientist	$ 175.00	$ 175.00	$ 178.90	$ 178.90	$ 182.89	$ 182.89	$ 186.97	$ 186.97	$ 191.14	$ 191.14
Data Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Engineer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Data Developer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Sr. System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Business Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Business Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Certification Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Training Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Trainer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Claims Processing and Management Services Sch

Type of Resource	Phases Optional Operations Year 5	Optional Operations Year 5 * CPI-U Adjust	Optional Operations Year 6	Optional Operations Year 6 * CPI-U Adjust	Optional Operations Year 7	Optional Operations Year 7 * CPI-U Adjust	Optional Operations Year 8	Optional Operations Year 8 * CPI-U Adjust	Optional Operations Year 9	Optional Operations Year 9 * CPI-U Adjust
Project Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Technical Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Contract Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Integration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Claims Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Operations Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Security Lead	$ 167.49	$ 167.49	$ 171.22	$ 171.22	$ 175.04	$ 175.04	$ 178.94	$ 178.94	$ 182.93	$ 182.93
Security Analyst	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
Architecture Lead	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
System Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Sr. System Architect	$ 145.16	$ 145.16	$ 148.38	$ 148.38	$ 151.70	$ 151.70	$ 155.09	$ 155.09	$ 158.54	$ 158.54
Configuration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Configuration Specialist	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Configuration Specialist	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Infrastructure Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Infrastructure Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Developer	$ 122.82	$ 122.82	$ 125.56	$ 125.56	$ 128.36	$ 128.36	$ 131.23	$ 131.23	$ 134.15	$ 134.15
Sr. Developer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Database Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Database Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Testing Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Tester	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Technical Writer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Data Scientist	$ 223.32	$ 223.32	$ 228.30	$ 228.30	$ 233.39	$ 233.39	$ 238.59	$ 238.59	$ 243.91	$ 243.91
Data Scientist	$ 195.40	$ 195.40	$ 199.76	$ 199.76	$ 204.21	$ 204.21	$ 208.77	$ 208.77	$ 213.42	$ 213.42
Data Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Engineer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Data Developer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Sr. System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Business Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Business Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Certification Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Training Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Trainer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-1 Claims Processing and Management Services Core DDI Costs

Claims Processing and Management Services Core DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 26,327,876.21	$ 26,327,876.21	$ 5.0490	$ -	$ 5.3047	$ -	$ 3.6757	$ -	$ 3.9933	$ -	$ 4.4632	$ -	$ 4.1932	$ -	$ 3.3940	$ -
Core Base DDI * CPI-U Costs:	**$ 26,327,876.21**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core Base + Group DDI * CPI-U Costs:	**$ 26,327,876.21**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-2 Claims Processing and Management Services Core Operations Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:					-			-			-			-			-			-			-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 1,254,337.10	$ 15,052,045.20	$ 0.4297	$ -	$ -	$ 0.4210	$ -	$ -	$ 0.3356	$ -	$ -	$ 0.2840	$ -	$ -	$ 0.5926	$ -	$ -	$ 0.3566	$ -	$ -	$ 0.2574	$ -	$ -	$ 15,052,045.20
Operations Year 2:	$ 1,282,308.82	$ 15,387,705.84	$ 0.4392	$ -	$ -	$ 0.4304	$ -	$ -	$ 0.3431	$ -	$ -	$ 0.2904	$ -	$ -	$ 0.6059	$ -	$ -	$ 0.3646	$ -	$ -	$ 0.2632	$ -	$ -	$ 15,387,705.84
Operations Year 3:	$ 1,310,904.31	$ 15,730,851.72	$ 0.4490	$ -	$ -	$ 0.4400	$ -	$ -	$ 0.3507	$ -	$ -	$ 0.2968	$ -	$ -	$ 0.6194	$ -	$ -	$ 0.3727	$ -	$ -	$ 0.2690	$ -	$ -	$ 15,730,851.72
Operations Year 4:	$ 1,340,137.48	$ 16,081,649.76	$ 0.4590	$ -	$ -	$ 0.4498	$ -	$ -	$ 0.3586	$ -	$ -	$ 0.3035	$ -	$ -	$ 0.6332	$ -	$ -	$ 0.3810	$ -	$ -	$ 0.2750	$ -	$ -	$ 16,081,649.76
Operations Optional Year 5:	$ 1,370,022.55	$ 16,440,270.60	$ 0.4693	$ -	$ -	$ 0.4598	$ -	$ -	$ 0.3666	$ -	$ -	$ 0.3102	$ -	$ -	$ 0.6473	$ -	$ -	$ 0.3895	$ -	$ -	$ 0.2812	$ -	$ -	$ 16,440,270.60
Operations Optional Year 6:	$ 1,400,574.05	$ 16,806,888.60	$ 0.4797	$ -	$ -	$ 0.4701	$ -	$ -	$ 0.3747	$ -	$ -	$ 0.3171	$ -	$ -	$ 0.6617	$ -	$ -	$ 0.3982	$ -	$ -	$ 0.2875	$ -	$ -	$ 16,806,888.60
Operations Optional Year 7:	$ 1,431,806.85	$ 17,181,682.20	$ 0.4904	$ -	$ -	$ 0.4805	$ -	$ -	$ 0.3831	$ -	$ -	$ 0.3242	$ -	$ -	$ 0.6765	$ -	$ -	$ 0.4071	$ -	$ -	$ 0.2939	$ -	$ -	$ 17,181,682.20
Operations Optional Year 8:	$ 1,463,736.14	$ 17,564,833.68	$ 0.5014	$ -	$ -	$ 0.4913	$ -	$ -	$ 0.3916	$ -	$ -	$ 0.3314	$ -	$ -	$ 0.6916	$ -	$ -	$ 0.4162	$ -	$ -	$ 0.3004	$ -	$ -	$ 17,564,833.68
Operations Optional Year 9:	$ 1,496,377.46	$ 17,956,529.52	$ 0.5126	$ -	$ -	$ 0.5022	$ -	$ -	$ 0.4004	$ -	$ -	$ 0.3388	$ -	$ -	$ 0.7070	$ -	$ -	$ 0.4254	$ -	$ -	$ 0.3071	$ -	$ -	$ 17,956,529.52
Core Base Operations * CPI-U Costs		**$ 148,202,457.12**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 148,202,457.12

Total Core Base + Group Operations * CPI-U Cost: $ 148,202,457.12

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-3 Claims Processing and Management Services Core DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Core DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Core DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC30: The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7,500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-4 Claims Processing and Management Services Core Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Core Operations Enhancement Pool Hour:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Core Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC31:The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-1 Claims Processing and Management Services Option A (Financial) DDI Costs

Claims Processing and Management Services Option A (Financial) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 3,525,144.95	$ 3,525,144.95	$ -	$ -	$ -	$ -	$ 0.1561	$ -	$ 0.4339	$ -	$ 0.5719	$ -	$ 0.4694	$ -	$ 0.3108	$ -
Option A (Financial) Base DDI * CPI-U Costs:	$ 3,525,144.95			$ -		$ -		$ -		$ -		$ -		$ -		$ -

Total Option A (Financial) Base + Group DDI * CPI-U Costs:	**$ 3,525,144.95**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-2 Claims Processing and Management Services Option A (Financial) Operations Costs

Claims Processing and Management Services Option A (Financial) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		+	
Total Members:			-		+	-		+	-		+	-		+	-		+	-		+	-		-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 229,915.88	$ 2,758,990.56	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0073	$ -	$ -	$ 0.0204	$ -	$ -	$ 0.0168	$ -	$ -	$ 0.0135	$ -	$ -	$ 0.0083	$ -	$ -	$ 2,758,990.56
Operations Year 2:	$ 235,043.00	$ 2,820,516.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0075	$ -	$ -	$ 0.0209	$ -	$ -	$ 0.0172	$ -	$ -	$ 0.0138	$ -	$ -	$ 0.0085	$ -	$ -	$ 2,820,516.00
Operations Year 3:	$ 240,284.46	$ 2,883,413.52	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0076	$ -	$ -	$ 0.0213	$ -	$ -	$ 0.0175	$ -	$ -	$ 0.0141	$ -	$ -	$ 0.0087	$ -	$ -	$ 2,883,413.52
Operations Year 4:	$ 245,642.80	$ 2,947,713.60	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0078	$ -	$ -	$ 0.0218	$ -	$ -	$ 0.0179	$ -	$ -	$ 0.0144	$ -	$ -	$ 0.0089	$ -	$ -	$ 2,947,713.60
Operations Optional Year 5:	$ 251,120.63	$ 3,013,447.56	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0080	$ -	$ -	$ 0.0223	$ -	$ -	$ 0.0183	$ -	$ -	$ 0.0148	$ -	$ -	$ 0.0090	$ -	$ -	$ 3,013,447.56
Operations Optional Year 6:	$ 256,720.62	$ 3,080,647.44	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0082	$ -	$ -	$ 0.0228	$ -	$ -	$ 0.0187	$ -	$ -	$ 0.0151	$ -	$ -	$ 0.0092	$ -	$ -	$ 3,080,647.44
Operations Optional Year 7:	$ 262,445.49	$ 3,149,345.88	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0084	$ -	$ -	$ 0.0233	$ -	$ -	$ 0.0192	$ -	$ -	$ 0.0154	$ -	$ -	$ 0.0095	$ -	$ -	$ 3,149,345.88
Operations Optional Year 8:	$ 268,298.02	$ 3,219,576.24	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0085	$ -	$ -	$ 0.0238	$ -	$ -	$ 0.0196	$ -	$ -	$ 0.0158	$ -	$ -	$ 0.0097	$ -	$ -	$ 3,219,576.24
Operations Optional Year 9:	$ 274,281.07	$ 3,291,372.84	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0087	$ -	$ -	$ 0.0244	$ -	$ -	$ 0.0200	$ -	$ -	$ 0.0161	$ -	$ -	$ 0.0099	$ -	$ -	$ 3,291,372.84
Option A (Financial) Base Operations * CPI-U Cost		**$ 27,165,023.64**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 27,165,023.64

Total Option A (Financial) Base + Group Operations * CPI-U Cost $ 27,165,023.64

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-3 Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Member

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option A (Financial) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC32: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-4 Claims Processing and Management Services Option A (Financial) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option A (Financial) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC33:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-1 Claims Processing and Management Services Option B (Call Center) DDI Costs

Claims Processing and Management Services Option B (Call Center) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 2,496,185.15	$ 2,496,185.15	$ 1.3140	$ -	$ 2.2703	$ -	$ 2.3374	$ -	$ 2.5935	$ -	$ 1.8694	$ -	$ 2.4825	$ -	$ 2.3535	$ -
Option B (Call Center) Base DDI * CPI-U Costs:	**$ 2,496,185.15**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option B (Call Center) Base + Group DDI * CPI-U Costs:	**$ 2,496,185.15**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-2 Claims Processing and Management Services Option B (Call Center) Operations Costs

Claims Processing and Management Services Option B (Call Center) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ 185,998.61	$ 2,231,983.32	$ -	$ -	$ -	$ 0.1016	$ -	$ -	$ 0.1204	$ -	$ -	$ 0.1632	$ -	$ -	$ 0.1207	$ -	$ -	$ 0.1024	$ -	$ -	$ 0.0784	$ -	$ -	$ 2,231,983.32
Operations Year 2:	$ 190,146.38	$ 2,281,756.56	$ -	$ -	$ -	$ 0.1039	$ -	$ -	$ 0.1230	$ -	$ -	$ 0.1668	$ -	$ -	$ 0.1234	$ -	$ -	$ 0.1046	$ -	$ -	$ 0.0801	$ -	$ -	$ 2,281,756.56
Operations Year 3:	$ 194,386.64	$ 2,332,639.68	$ -	$ -	$ -	$ 0.1062	$ -	$ -	$ 0.1258	$ -	$ -	$ 0.1706	$ -	$ -	$ 0.1261	$ -	$ -	$ 0.1070	$ -	$ -	$ 0.0819	$ -	$ -	$ 2,332,639.68
Operations Year 4:	$ 198,721.46	$ 2,384,657.52	$ -	$ -	$ -	$ 0.1086	$ -	$ -	$ 0.1286	$ -	$ -	$ 0.1744	$ -	$ -	$ 0.1289	$ -	$ -	$ 0.1094	$ -	$ -	$ 0.0837	$ -	$ -	$ 2,384,657.52
Operations Optional Year 5:	$ 203,152.95	$ 2,437,835.40	$ -	$ -	$ -	$ 0.1110	$ -	$ -	$ 0.1315	$ -	$ -	$ 0.1783	$ -	$ -	$ 0.1318	$ -	$ -	$ 0.1118	$ -	$ -	$ 0.0856	$ -	$ -	$ 2,437,835.40
Operations Optional Year 6:	$ 207,683.26	$ 2,492,199.12	$ -	$ -	$ -	$ 0.1135	$ -	$ -	$ 0.1344	$ -	$ -	$ 0.1822	$ -	$ -	$ 0.1348	$ -	$ -	$ 0.1143	$ -	$ -	$ 0.0875	$ -	$ -	$ 2,492,199.12
Operations Optional Year 7:	$ 212,314.60	$ 2,547,775.20	$ -	$ -	$ -	$ 0.1160	$ -	$ -	$ 0.1374	$ -	$ -	$ 0.1863	$ -	$ -	$ 0.1378	$ -	$ -	$ 0.1168	$ -	$ -	$ 0.0895	$ -	$ -	$ 2,547,775.20
Operations Optional Year 8:	$ 217,049.22	$ 2,604,590.64	$ -	$ -	$ -	$ 0.1186	$ -	$ -	$ 0.1405	$ -	$ -	$ 0.1904	$ -	$ -	$ 0.1408	$ -	$ -	$ 0.1194	$ -	$ -	$ 0.0915	$ -	$ -	$ 2,604,590.64
Operations Optional Year 9:	$ 221,889.42	$ 2,662,673.04	$ -	$ -	$ -	$ 0.1212	$ -	$ -	$ 0.1436	$ -	$ -	$ 0.1947	$ -	$ -	$ 0.1440	$ -	$ -	$ 0.1221	$ -	$ -	$ 0.0935	$ -	$ -	$ 2,662,673.04
Option B (Call Center) Base Operations * CPI-U Cost		$ 21,976,110.48			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 21,976,110.48

Total Option B (Call Center) Base + Group Operations * CPI-U Cost $ 21,976,110.48

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-3 Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option B (Call Center) DDI Enhancement Pool Hour * CPI-U Costs:		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -

Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC34: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-4 Claims Processing and Management Services Option B (Call Center) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option B (Call Center) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs:	$ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC35:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-1 Claims Processing and Management Services Option C (Federal Reporting) DDI Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 3,779,591.90	$ 3,779,591.90	$ 0.1328	$ -	$ 0.1328	$ -	$ 0.1328	$ -	$ 0.1328	$ -	$ 0.1953	$ -	$ 0.1699	$ -	$ 0.1431	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	**$ 3,779,591.90**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs:	**$ 3,779,591.90**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-2 Claims Processing and Management Services Option C (Federal Reporting) Operations Costs

Claims Processing and Management Services Option C (Federal Reporting) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		*+*	
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 204,986.20	$ 2,459,834.40	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0692	$ -	$ -	$ 0.0413	$ -	$ -	$ 0.0417	$ -	$ -	$ 2,459,834.40
Operations Year 2:	$ 209,557.39	$ 2,514,688.68	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0708	$ -	$ -	$ 0.0422	$ -	$ -	$ 0.0426	$ -	$ -	$ 2,514,688.68
Operations Year 3:	$ 214,230.52	$ 2,570,766.24	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0013	$ -	$ -	$ 0.0723	$ -	$ -	$ 0.0431	$ -	$ -	$ 0.0436	$ -	$ -	$ 2,570,766.24
Operations Year 4:	$ 219,007.86	$ 2,628,094.32	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0740	$ -	$ -	$ 0.0441	$ -	$ -	$ 0.0445	$ -	$ -	$ 2,628,094.32
Operations Optional Year 5:	$ 223,891.74	$ 2,686,700.88	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0756	$ -	$ -	$ 0.0451	$ -	$ -	$ 0.0455	$ -	$ -	$ 2,686,700.88
Operations Optional Year 6:	$ 228,884.53	$ 2,746,614.36	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0014	$ -	$ -	$ 0.0773	$ -	$ -	$ 0.0461	$ -	$ -	$ 0.0466	$ -	$ -	$ 2,746,614.36
Operations Optional Year 7:	$ 233,988.66	$ 2,807,863.92	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0790	$ -	$ -	$ 0.0471	$ -	$ -	$ 0.0476	$ -	$ -	$ 2,807,863.92
Operations Optional Year 8:	$ 239,206.61	$ 2,870,479.32	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0808	$ -	$ -	$ 0.0482	$ -	$ -	$ 0.0486	$ -	$ -	$ 2,870,479.32
Operations Optional Year 9:	$ 244,540.92	$ 2,934,491.04	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0015	$ -	$ -	$ 0.0826	$ -	$ -	$ 0.0492	$ -	$ -	$ 0.0497	$ -	$ -	$ 2,934,491.04
Option C (Federal Reporting) Base Operations * CPI-U Cost		**$ 24,219,533.16**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 24,219,533.16

Total Option C (Federal Reporting) Base + Group Operations * CPI-U Cost **$ 24,219,533.16**

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-3 Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate: $ 120.00

Variable Rate Factor Group 1-7:

OMC36: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-4 Claims Processing and Management Services Option C (Federal Reporting) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC37:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

Major Integration Service Type Effort

Resource Type	Hours
Project Manager	96
Business Analyst	120
Configuration Lead	64
Sr. Developer	80
Developer	264
Database Administrator	24
Security Analyst	24
Test Lead	40
Tester	152
Technical Writer	24
Total Fixed Hours for Each Major Service Integration:	**888**

Complex Integration Service Type Effort

Resource Type	Hours
Project Manager	72
Business Analyst	80
Configuration Lead	40
Sr. Developer	64
Developer	176
Database Administrator	16
Security Analyst	16
Test Lead	24
Tester	120
Technical Writer	16
Total Fixed Hours for Each Complex Service Integration:	**624**

Standard Integration Service Type Effort

Resource Type	Hours
Project Manager	40
Business Analyst	64
Configuration Lead	24
Sr. Developer	48
Developer	136
Database Administrator	16
Security Analyst	16
Test Lead	16
Tester	104
Technical Writer	16
Total Fixed Hours for Each Standard Service Integration:	**480**

Simple Integration Service Type Effort

Resource Type	Hours
Project Manager	32
Business Analyst	40
Configuration Lead	16
Sr. Developer	40
Developer	64
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	48
Technical Writer	8
Total Fixed Hours for Each Simple Service Integration:	**272**

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

On Boarding Integration Service Type Effort	
Resource Type	**Hours**
Project Manager	24
Business Analyst	24
Configuration Lead	8
Sr. Developer	24
Developer	40
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	40
Technical Writer	8
Total Fixed Hours for Each Onboarding Service Integration:	**192**

NOTE: Please see RFP Section 3.10.1.4.1 titled "Integration Services Type Definition" for a more complete definition of each integration service type listed above.

The Contractor should allocate the hours across the Resource Types applicable for each Integration Service Type. If a Resource Type is not required for a specific Integration Service Type, put zero (0) in the Hours column. When an Integration Service is required, the Contractor will evaluate the Integration Service and document the detailed requirements. Using the detailed requirements, the Contractor will propose the Integration Service Type to the Department. Once the Department and Contractor mutually agree on the Integration Service Type, the value indicated in the "Total Fixed Hours..." row for each Integration Service Type will be the total hours that the Department will reimburse the Contractor for the respective Integration Service Type regardless of the actual level of effort required to complete the work.

Claims Processing and Management Services Schedule K - DDI Requisitioned Integration Services Pool Hours and Cost

DDI Requisitioned Integration Services Pool Hours and Cost

Integration Service Type Category	Number of Interfaces	Hours		Cost	Cost * CPI-U Adjust
Major Services	**5**	4,440	*		
Complex Services	**20**	12,480	*		
Standard Services	**35**	16,800	*		
Simple Services	**25**	6,800	*		
Onboarding Services	**15**	2,880	*		
Total DDI Requisitioned Integration Services Pool Hours:		**43,400**			
Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost:			**	**$ 5,007,600**	**$ 5,007,600**
DDI Requisitioned Integration Services Pool Average Hourly Rate & CPI-U Adjusted Houry Rate:			***	**$ 115.38**	**$115**

**** The values found in C7 through C11 are derived by multiplying the value in each cell in column B by the fixed hour amounts found in Schedule J.***
***** The Contractor should enter the total cost for the Integration Services Pool Hours in E14 for the total hours identified in cell C12.***
****** Cell F14 is a calculated by dividing the value in E14 by the value in C12.***

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Schedule L - Data Conversion Optional Years of Data
Schedule L-1 Claims Management and Processing Services Conversion Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+	
Total Members:			-		-		-		-		-		-		-		
Operations Year	*Base Conversion Cost*	*Base Conversion Cos * CPI-U Adjust*	*Variable Conversion Rate*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Total Optional Conversion Cost*
Conversion Year 1 (Included in Contractors Base Cost):																	
Conversion Year 2 (Included in Contractors Base Cost):																	
Conversion Year 3 (Included in Contractors Base Cost):																	
Optional Conversion Year 4:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 5:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 6:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 7:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 8:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 9:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Conversion Costs:		**$ 3,442,296.00**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ 3,442,296.00**

Total Optional Conversion Years of Data Costs * CPI-U Costs: $ 3,442,296.00

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 4 Variable Rate:	$ -
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-1 Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	$ -			$ -		$ -		$ -		$ -		$ -		$ -		$ -

I Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

Year 1 Variable Rate:
Variable Rate Factor Group 1-7:

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-2 Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs

Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000		+	
Total Members:			-			-			-			-			-			-			-			
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base Operations * CPI-U Cost		$ -			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ -

Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Cost	$ -

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	0.00%
Year 1 Variable Rate:	
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-3 Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs: **$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ -													
Variable Rate Factor Group 1-7:														

OMC38: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-4 Claims Processing and Management Services Option D (State Specific Requirements) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000 +		
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

tal Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%	
Year 1 Hourly Rate:	$ -	
Variable Rate Factor Group 2-7:		

OMC39:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Participating State Information

		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Total Number of De-duplicated Members (Total Members)	-	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
Consumer Price Index Urban (CPI-U) Adjustment:			-		-		-		-		-		-		-
A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**														
B. CPI-U for Participating Addendum Date:	**0.000000**														
C. Index Point Change equals B minus A:	**0.000000**														
D. Equals C divided by A:	**0.000000**														
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**														

Participating Addendum Options	**Choose Yes/No**	
Will the Participating State use Option A (Financial)?	**Yes**	
Will the Participating State use Option B (Contact Center/Call Center)?	**Yes**	
Will the Participating State use Option C (Federal Reporting)?	**Yes**	
Will the Participating State use Option D (State Specific)?*		*This will be done in the Participating Addendum Process

Pool Hours by Schedule	**Sch F (3, 4)**	**Sch G (3, 4)**	**Sch H (3, 4)**	**Sch I (3, 4)**	**Sch M (3, 4)**
DDI Enhancement Pool Hours (F-3, G-3, H-3, I-3, M-3)	**7,500**	**3,000**	**3,000**	**3,000**	**3,000**
Operations Enhancement pool hours (F-4, G-4, H-4, I-4, M-4)	**4,000**	**2,000**	**2,000**	**2,000**	**2,000**

Claims Services Schedule A - Cost Summary

Schedule A-1: Claims Processing and Management Services Core Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Core Claims Solution Installation DDI	$	2,685,527.54	Insert "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work DDI	$	30,883,566.73	Insert "Total Core Base + Group DDI * CPI-U Costs" from Schedule F, Tab F-1 less "Total Claim Solution Installation Cost" from Schedule B, Schedule B-1
Claims Processing and Management Services Core Scope of Work Operations	$	250,074,221.64	Insert "Total Core Base + Group Operations * CPI-U Costs" from Schedule F, Tab F-2
Claims Processing and Management Services DDI Requisitioned Integration Services Pool Hours and Cost	$	5,007,600.00	Insert "Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost" from Schedule K cell F14
Claims Processing and Management Services DDI Data Conversion Optional Years of Data Cost	$	3,442,296.00	Insert "Total Optional Conversion Years of Data Costs * CPI-U Costs" from Schedule L cell C26
Claims Processing and Management Services Core Scope of Work DDI Enhancement Pool Hours	$	-	Insert "Total Core DDI Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-3
Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hours	$	-	Insert "Total Core Operations Enhancement Pool * CPI-U Costs" from Schedule F, Tab F-4
All Claims Processing and Management Services Core Scope of Work Cost	**$**	**292,093,211.91**	

Schedule A-2: Claims Processing and Management Services Option A (Financial) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option A DDI	$	3,613,199.69	Insert "Total Option A (Financial) Base + Group DDI * CPI-U Costs" from Schedule G, Tab G-1
Claims Processing and Management Services Option A Operations	$	27,653,746.08	Insert "Total Option A (Financial) Base + Group Operations * CPI-U Costs" from Schedule G, Tab G-2
Claims Processing and Management Services Option A DDI Enhancement Pool Hours	$	-	Insert "Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-3
Claims Processing and Management Services Option A Operations Enhancement Pool Hours	$	-	Insert "Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs" from Schedule G, Tab G-4
All Claims Processing and Management Services Option A Cost	**$**	**31,266,945.77**	

Schedule A-3: Claims Processing and Management Services Option B (Call Center) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option B DDI	$	2,758,784.09	Insert "Total Option B (Call Center) Base + Group DDI * CPI-U Costs" from Schedule H, Tab H-1
Claims Processing and Management Services Option B Operations	$	24,616,176.72	Insert "Total Option B (Call Center) Base + Group Operations * CPI-U Costs" from Schedule H, Tab H-2
Claims Processing and Management Services Option B DDI Enhancement Pool Hours	$	-	Insert "Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-3
Claims Processing and Management Services Option B Operations Enhancement Pool Hou	$	-	Insert "Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs" from Schedule H, Tab H-
All Claims Processing and Management Services Option B Cost	**$**	**27,374,960.81**	

Schedule A-4: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option C DDI	$	6,527,813.95	Insert "Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs" from Schedule I, Tab I-1
Claims Processing and Management Services Option C Operations	$	36,451,598.28	Insert "Total Option C (Federal Reporting) Base + Group Operations * CPI-U Costs" from Schedule I, Tab I-2
Claims Processing and Management Services Option C DDI Enhancement Pool Hours	$	-	Insert "Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-3
Claims Processing and Management Services Option C Operations Enhancement Pool Hou	$	-	Insert "Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs" from Schedule I, Tab I-
All Claims Processing and Management Services Option C Cost	**$**	**42,979,412.23**	

Schedule A-5: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs

Phase		Cost	Instruction
Claims Processing and Management Services Option D DDI	$	-	Insert "Total Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs" from Schedule M, Tab M-1
Claims Processing and Management Services Option D Operations	$	-	Insert "Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Costs" from Schedule M, Tab M-2
Claims Processing and Management Services Option D DDI Enhancement Pool Hours	$	-	Insert "Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-3
Claims Processing and Management Services Option D Operations Enhancement Pool Hou	$	-	Insert "Total Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs" from Schedule M, Tab M-
All Claims Processing and Management Services Option D Cost	**$**	**-**	

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-1: Claims Processing and Management Services Core Scope of Work
Claims Solution Installation for Agency

Payment Milestone	DDI Phase				
	Installation and Access				Total Cost
Claims Solution Installation for Agency	$ 2,685,527.54	N/A	N/A	N/A	$2,685,527.54
Total Claim Solution Installation Cost	**$ 2,685,527.54**	N/A	N/A	N/A	**$2,685,527.54**
Total Percentage By Phase	8.00%	N/A	N/A	N/A	N/A
Minimum percent of Total DDI Cost cannot be less than the following percentages for each phase.*	5%	N/A	N/A	N/A	N/A
Maximum percent of Total DDI Cost cannot exceed the following percentages for each phase.*	10%	N/A	N/A	N/A	N/A

**** The Claims Solution Installation is complete once the Contractor completes the Claim Solution Installation, provides access to designated Agency staff, and makes the solution ready for requirements confirmation and design session. The Claim Solution Installation percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total Core DDI Costs = $10,000,000, the Claim Solution Installation Cost must be between $500,000 and $1,000,000 ($500,000/$10,000,000= 5% and $1,000,000/$10,000,000=10%)***

Schedule B-2: Claims Processing and Management Services Core Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claim Solution Implementation	$ 6,713,818.85	$ 7,385,200.74	$ 11,749,182.99	$ 5,035,364.14	$30,883,566.73	
Total Cost By Phase	$6,713,818.85	$7,385,200.74	$11,749,182.99	$5,035,364.14	$30,883,566.73	$ 30,883,566.73
Total Percentage By Phase	21.74%	23.91%	38.04%	16.30%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
Grand Total	$30,883,566.73					

**** The Grand Total cost for Schedule B-2 cannot exceed the "Total Core DDI Cost" from Schedule F-1 less the total cost from Schedule B-1 above. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%***

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-3: Claims Processing and Management Services Option A (Financial) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI Phase					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option A	$ 903,299.92	$ 722,639.94	$ 1,445,279.88	$ 541,979.95	$ 3,613,199.69	
Total Cost By Phase	$903,299.92	$722,639.94	$1,445,279.88	$541,979.95	$3,613,199.69	$ 3,613,199.69
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100.00%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$3,613,199.69					

*** The Grand Total cost for Schedule B-3 cannot exceed the "Total Option A DDI Cost" from Schedule G-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equa to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-4: Claims Processing and Management Services Option B (Call Center) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option B	$ 689,696.02	$ 551,756.82	$ 1,103,513.64	$ 413,817.61	$ 2,758,784.09	
Total Cost By Phase	$689,696.02	$551,756.82	$1,103,513.64	$413,817.61	$2,758,784.09	$ 2,758,784.09
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$2,758,784.09					

*** The Grand Total cost for Schedule B-4 cannot exceed the "Total Option B DDI Cost" from Schedule H-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule B DDI Payment Milestones by Phase

Schedule B-5: Claims Processing and Management Services Option C (Federal Reporting) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option C	$ 1,631,953.49	$ 1,305,562.79	$ 2,611,125.58	$ 979,172.09	$ 6,527,813.95	
Total Cost By Phase	$1,631,953.49	$1,305,562.79	$2,611,125.58	$979,172.09	$6,527,813.95	$ 6,527,813.95
Total Percentage By Phase	25.00%	20.00%	40.00%	15.00%	100%	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$6,527,813.95					

*** The Grand Total cost for Schedule B-5 cannot exceed the "Total Option C DDI Cost" from Schedule I-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Schedule B-6: Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work
Design, Development & Implementation (DDI) Payment Milestone by Phase

Payment Milestone	DDI					
	Development, Configuration and Build	User Acceptance Testing and Integration Testing	Implementation and Acceptance	Certification	Total Cost	Check Sum
Claims Processing and Management Services Option D	$ -	$ -	$ -	$ -	$ -	
Total Cost By Phase	$0.00	$0.00	$0.00	$0.00	$0.00	$ -
Total Percentage By Phase	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Minimum percent of total DDI cost cannot be less than the following percentages for each phase.*	5%	15%	25%	10%		
Maximum percent of total DDI cost cannot exceed the following percentages for each phase.*	35%	30%	50%	25%		
GRAND TOTAL	$0.00					

*** The Grand Total cost for Schedule B-6 cannot exceed the "Total Option D DDI Cost" from Schedule M-1. The sum of four phases must equal the grand total (100%). The phase percentage must be greater than or equal to the minimum percentage and less than or equal to the maximum percentage. Example: Total DDI Cost = $1,000,000, the Development Configuration and Build Cost must be between $50,000 and $350,000 ($50,000/$1,000,000= 5% and $350,000/$1,000,000=35%). The sum of four phase percentages must equal 100%. Example: Development Configuration and Build = 25% User Acceptance Testing and Integration Testing = 20% Implementation and Acceptance = 40% Certification = 15%**

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-1: Cost of Operations Core	
Phase	**Cost**
Core Operations Year 1	$25,398,556.80
Core Operations Year 2	$25,964,944.56
Core Operations Year 3	$26,543,962.80
Core Operations Year 4	$27,135,893.16
Core TOTAL	**$105,043,357.32**
Core Operations Optional Year 5	$27,741,023.52
Core Operations Optional Year 6	$28,359,648.36
Core Operations Optional Year 7	$28,992,068.52
Core Operations Optional Year 8	$29,638,591.68
Core Operations Optional Year 9	$30,299,532.24
Core TOTAL	**$145,030,864.32**
Core GRAND TOTAL	**$250,074,221.64**

Operations Year one begins the first day of the month following the implementation of the Claims Solution

Schedule C-2: Cost of Operations Option A (Financial)	
Phase	**Cost**
Option A Operations Year 1	$2,808,627.00
Option A Operations Year 2	$2,871,259.44
Option A Operations Year 3	$2,935,288.56
Option A Operations Year 4	$3,000,745.44
Option A (Financial) TOTAL	**$11,615,920.44**
Option A Operations Optional Year 5	$3,067,662.12
Option A Operations Optional Year 6	$3,136,071.00
Option A Operations Optional Year 7	$3,206,005.44
Option A Operations Optional Year 8	$3,277,499.40
Option A Operations Optional Year 9	$3,350,587.68
Option A (Financial) TOTAL	**$16,037,825.64**
Option A (Financial) GRAND TOTAL	**$27,653,746.08**

Operations Year one begins the first day of the month following the implementation of the Financial Solution

Claims Processing and Management Services Schedule C - Cost of Operations

Schedule C-3: Cost of Operations Option B (Call Center)	
Phase	**Cost**
Option B Operations Year 1	$2,500,119.24
Option B Operations Year 2	$2,555,871.84
Option B Operations Year 3	$2,612,867.76
Option B Operations Year 4	$2,671,134.72
Option B (Call Center) TOTAL	**$10,339,993.56**
Option B Operations Optional Year 5	$2,730,701.04
Option B Operations Optional Year 6	$2,791,595.64
Option B Operations Optional Year 7	$2,853,848.28
Option B Operations Optional Year 8	$2,917,489.08
Option B Operations Optional Year 9	$2,982,549.12
Option B (Call Center) TOTAL	**$14,276,183.16**
Option B (Call Center) GRAND TOTAL	**$24,616,176.72**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution

Schedule C-4: Cost of Operations Option C (Federal Reporting)	
Phase	**Cost**
Option C Operations Year 1	$3,702,172.92
Option C Operations Year 2	$3,784,731.36
Option C Operations Year 3	$3,869,130.84
Option C Operations Year 4	$3,955,412.40
Option C (Federal Reporting) TOTAL	**$15,311,447.52**
Option C Operations Optional Year 5	$4,043,618.04
Option C Operations Optional Year 6	$4,133,790.72
Option C Operations Optional Year 7	$4,225,974.24
Option C Operations Optional Year 8	$4,320,213.48
Option C Operations Optional Year 9	$4,416,554.28
Option C (Federal Reporting) TOTAL	**$21,140,150.76**
Option C (Federal Reporting) GRAND TOTAL	**$36,451,598.28**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule C - Cost of Operations	
Schedule C-5: Cost of Operations Option D (State Specific Requirements)	
Phase	**Cost**
Option D Operations Year 1	$0.00
Option D Operations Year 2	$0.00
Option D Operations Year 3	$0.00
Option D Operations Year 4	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D Operations Optional Year 5	$0.00
Option D Operations Optional Year 6	$0.00
Option D Operations Optional Year 7	$0.00
Option D Operations Optional Year 8	$0.00
Option D Operations Optional Year 9	$0.00
Option D (State Specific Requirements) TOTAL	**$0.00**
Option D (State Specific Requirements) GRAND TOTAL	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-1: Enhancement Pool Hours Core	
Phase	**Cost**
Core DDI - 7,500 hours	$0.00
Total Core DDI	**$0.00**
Core Operations Year 1 - 4,000 hours	$0.00
Core Operations Year 2 - 4,000 hours	$0.00
Core Operations Year 3 - 4,000 hours	$0.00
Core Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 1 - 4,000 hours	$0.00
Core Optional Operations Year 2 - 4,000 hours	$0.00
Core Optional Operations Year 3 - 4,000 hours	$0.00
Core Optional Operations Year 4 - 4,000 hours	$0.00
Core Optional Operations Year 5 - 4,000 hours	$0.00
Total Core Operations	**$0.00**
Core Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Claims Solution and overlaps with the year of Certification.

Schedule D-2: Enhancement Pool Hours Option A (Financial)	
Phase	**Cost**
Option A DDI - 3,000 hours	$0.00
Total Option A (Financial) DDI	**$0.00**
Option A Operations Year 1 - 2,000 hours	$0.00
Option A Operations Year 2 - 2,000 hours	$0.00
Option A Operations Year 3 - 2,000 hours	$0.00
Option A Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 1 - 2,000 hours	$0.00
Option A Optional Operations Year 2 - 2,000 hours	$0.00
Option A Optional Operations Year 3 - 2,000 hours	$0.00
Option A Optional Operations Year 4 - 2,000 hours	$0.00
Option A Optional Operations Year 5 - 2,000 hours	$0.00
Total Option A (Financial) Operations	**$0.00**
Option A (Financial) Grand Total	$0.00

Operations Year one begins the first day of the month following the implementation of the Financial Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-3: Enhancement Pool Hours Option B (Call Center)	
Phase	**Cost**
Option B DDI - 3,000 hours	$0.00
Total Option B (Call Center) DDI	**$0.00**
Option B Operations Year 1 - 2,000 hours	$0.00
Option B Operations Year 2 - 2,000 hours	$0.00
Option B Operations Year 3 - 2,000 hours	$0.00
Option B Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 1 - 2,000 hours	$0.00
Option B Optional Operations Year 2 - 2,000 hours	$0.00
Option B Optional Operations Year 3 - 2,000 hours	$0.00
Option B Optional Operations Year 4 - 2,000 hours	$0.00
Option B Optional Operations Year 5 - 2,000 hours	$0.00
Total Option B (Call Center) Operations	**$0.00**
Option B (Call Center) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Call Center Solution and overlaps with the year of Certification.

Schedule D-4: Enhancement Pool Hours Option C (Federal Reporting)	
Phase	**Cost**
Option C DDI - 3,000 hours	$0.00
Total Option B (Federal Reporting) DDI	**$0.00**
Option C Operations Year 1 - 2,000 hours	$0.00
Option C Operations Year 2 - 2,000 hours	$0.00
Option C Operations Year 3 - 2,000 hours	$0.00
Option C Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 1 - 2,000 hours	$0.00
Option C Optional Operations Year 2 - 2,000 hours	$0.00
Option C Optional Operations Year 3 - 2,000 hours	$0.00
Option C Optional Operations Year 4 - 2,000 hours	$0.00
Option C Optional Operations Year 5 - 2,000 hours	$0.00
Total Option C (Federal Reporting) Operations	**$0.00**
Option C (Federal Reporting) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the Federal Reporting Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule D Enhancement Pool Hours

Schedule D-5: Enhancement Pool Hours Option D (State Specific Requirements)	
Phase	**Cost**
Option D DDI - 3,000 hours	$0.00
Total Option B (State Specific Requirements) DDI	**$0.00**
Option D Operations Year 1 - 2,000 hours	$0.00
Option D Operations Year 2 - 2,000 hours	$0.00
Option D Operations Year 3 - 2,000 hours	$0.00
Option D Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 1 - 2,000 hours	$0.00
Option D Optional Operations Year 2 - 2,000 hours	$0.00
Option D Optional Operations Year 3 - 2,000 hours	$0.00
Option D Optional Operations Year 4 - 2,000 hours	$0.00
Option D Optional Operations Year 5 - 2,000 hours	$0.00
Total Option D (State Specific Requirements) Operations	**$0.00**
Option D (State Specific Requirements) Grand Total	**$0.00**

Operations Year one begins the first day of the month following the implementation of the State Specific Requirements Solution and overlaps with the year of Certification.

Claims Processing and Management Services Schedule E - Resource Hourly Rates

Schedule E - Resource Hourly Rates

Type of Resource	DDI	DDI * CPI-U Adjust	Operations Year 1	Operations Year 1 * CPI-U Adjust	Operations Year 2	Operations Year 2 * CPI-U Adjust	Operations Year 3	Operations Year 3 * CPI-U Adjust	Operations Year 4	Operations Year 4 * CPI-U Adjust
Project Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Technical Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Contract Manager	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Integration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Claims Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Operations Manager	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Security Lead	$ 150.00	$ 150.00	$ 153.35	$ 153.35	$ 156.76	$ 156.76	$ 160.26	$ 160.26	$ 163.83	$ 163.83
Security Analyst	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
Architecture Lead	$ 135.00	$ 135.00	$ 138.01	$ 138.01	$ 141.09	$ 141.09	$ 144.23	$ 144.23	$ 147.45	$ 147.45
System Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Sr. System Architect	$ 130.00	$ 130.00	$ 132.90	$ 132.90	$ 135.86	$ 135.86	$ 138.89	$ 138.89	$ 141.99	$ 141.99
Configuration Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Configuration Specialist	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Configuration Specialist	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Infrastructure Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Infrastructure Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Developer	$ 110.00	$ 110.00	$ 112.45	$ 112.45	$ 114.96	$ 114.96	$ 117.52	$ 117.52	$ 120.15	$ 120.15
Sr. Developer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Database Lead	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Database Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Database Administrator	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Testing Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Tester	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Technical Writer	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Data Scientist	$ 200.00	$ 200.00	$ 204.46	$ 204.46	$ 209.02	$ 209.02	$ 213.68	$ 213.68	$ 218.45	$ 218.45
Data Scientist	$ 175.00	$ 175.00	$ 178.90	$ 178.90	$ 182.89	$ 182.89	$ 186.97	$ 186.97	$ 191.14	$ 191.14
Data Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Engineer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Data Architect	$ 125.00	$ 125.00	$ 127.79	$ 127.79	$ 130.64	$ 130.64	$ 133.55	$ 133.55	$ 136.53	$ 136.53
Data Developer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Sr. System Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Business Analyst	$ 115.00	$ 115.00	$ 117.56	$ 117.56	$ 120.19	$ 120.19	$ 122.87	$ 122.87	$ 125.61	$ 125.61
Sr. Business Analyst	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Certification Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Training Lead	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
Trainer	$ 120.00	$ 120.00	$ 122.68	$ 122.68	$ 125.41	$ 125.41	$ 128.21	$ 128.21	$ 131.07	$ 131.07
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Claims Processing and Management Services Sch

Type of Resource	Phases Optional Operations Year 5	Optional Operations Year 5 * CPI-U Adjust	Optional Operations Year 6	Optional Operations Year 6 * CPI-U Adjust	Optional Operations Year 7	Optional Operations Year 7 * CPI-U Adjust	Optional Operations Year 8	Optional Operations Year 8 * CPI-U Adjust	Optional Operations Year 9	Optional Operations Year 9 * CPI-U Adjust
Project Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Technical Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Contract Manager	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Integration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Claims Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Operations Manager	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Security Lead	$ 167.49	$ 167.49	$ 171.22	$ 171.22	$ 175.04	$ 175.04	$ 178.94	$ 178.94	$ 182.93	$ 182.93
Security Analyst	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
Architecture Lead	$ 150.74	$ 150.74	$ 154.10	$ 154.10	$ 157.54	$ 157.54	$ 161.05	$ 161.05	$ 164.64	$ 164.64
System Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Sr. System Architect	$ 145.16	$ 145.16	$ 148.38	$ 148.38	$ 151.70	$ 151.70	$ 155.09	$ 155.09	$ 158.54	$ 158.54
Configuration Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Configuration Specialist	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Configuration Specialist	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Infrastructure Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Infrastructure Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Developer	$ 122.82	$ 122.82	$ 125.56	$ 125.56	$ 128.36	$ 128.36	$ 131.23	$ 131.23	$ 134.15	$ 134.15
Sr. Developer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Database Lead	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Database Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Database Administrator	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Testing Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Tester	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Technical Writer	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Data Scientist	$ 223.32	$ 223.32	$ 228.30	$ 228.30	$ 233.39	$ 233.39	$ 238.59	$ 238.59	$ 243.91	$ 243.91
Data Scientist	$ 195.40	$ 195.40	$ 199.76	$ 199.76	$ 204.21	$ 204.21	$ 208.77	$ 208.77	$ 213.42	$ 213.42
Data Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Engineer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Data Architect	$ 139.57	$ 139.57	$ 142.69	$ 142.69	$ 145.87	$ 145.87	$ 149.12	$ 149.12	$ 152.45	$ 152.45
Data Developer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Sr. System Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Business Analyst	$ 128.41	$ 128.41	$ 131.27	$ 131.27	$ 134.20	$ 134.20	$ 137.19	$ 137.19	$ 140.25	$ 140.25
Sr. Business Analyst	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Certification Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Training Lead	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
Trainer	$ 133.99	$ 133.99	$ 136.98	$ 136.98	$ 140.03	$ 140.03	$ 143.16	$ 143.16	$ 146.35	$ 146.35
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-1 Claims Processing and Management Services Core DDI Costs

Claims Processing and Management Services Core DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 33,569,094.27	$ 33,569,094.27	$ 5.1633	$ -	$ 3.4534	$ -	$ 4.2764	$ -	$ 4.3625	$ -	$ 4.3024	$ -	$ 4.3188	$ -	$ 2.2221	$ -
Core Base DDI * CPI-U Costs:	**$ 33,569,094.27**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core Base + Group DDI * CPI-U Costs:	**$ 33,569,094.27**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-2 Claims Processing and Management Services Core Operations Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			*0*		*249,999*	*250,000*		*399,999*	*400,000*		*899,999*	*900,000*		*1,349,999*	*1,350,000*		*1,799,999*	*1,800,000*		*3,999,999*	*4,000,000*		*+*	
Total Members:			-			-			-			-			-			-			-			-	
Operations Year	*Monthly Base Cost*	*Annual Base Cost * CPI-U Adjust*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Variable Rate*	*Monthly Variable Cost * CPI-U Adjust*	*Annual Variable Cost CPI-U Adjusted*	*Total Annual Operations Cost CPI-U Adjusted*
Operations Year 1:	$ 2,116,546.40	$ 25,398,556.80	$ 0.4338	$ -	$ -	$ 0.4846	$ -	$ -	$ 0.3771	$ -	$ -	$ 0.3301	$ -	$ -	$ 0.2988	$ -	$ -	$ 0.2089	$ -	$ -	$ 0.1196	$ -	$ -	$ 25,398,556.80
Operations Year 2:	$ 2,163,745.38	$ 25,964,944.56	$ 0.4435	$ -	$ -	$ 0.4954	$ -	$ -	$ 0.3855	$ -	$ -	$ 0.3375	$ -	$ -	$ 0.3055	$ -	$ -	$ 0.2136	$ -	$ -	$ 0.1223	$ -	$ -	$ 25,964,944.56
Operations Year 3:	$ 2,211,996.90	$ 26,543,962.80	$ 0.4534	$ -	$ -	$ 0.5065	$ -	$ -	$ 0.3941	$ -	$ -	$ 0.3450	$ -	$ -	$ 0.3123	$ -	$ -	$ 0.2183	$ -	$ -	$ 0.1250	$ -	$ -	$ 26,543,962.80
Operations Year 4:	$ 2,261,324.43	$ 27,135,893.16	$ 0.4635	$ -	$ -	$ 0.5178	$ -	$ -	$ 0.4028	$ -	$ -	$ 0.3527	$ -	$ -	$ 0.3193	$ -	$ -	$ 0.2232	$ -	$ -	$ 0.1278	$ -	$ -	$ 27,135,893.16
Operations Optional Year 5:	$ 2,311,751.96	$ 27,741,023.52	$ 0.4739	$ -	$ -	$ 0.5293	$ -	$ -	$ 0.4118	$ -	$ -	$ 0.3606	$ -	$ -	$ 0.3264	$ -	$ -	$ 0.2282	$ -	$ -	$ 0.1307	$ -	$ -	$ 27,741,023.52
Operations Optional Year 6:	$ 2,363,304.03	$ 28,359,648.36	$ 0.4844	$ -	$ -	$ 0.5411	$ -	$ -	$ 0.4210	$ -	$ -	$ 0.3686	$ -	$ -	$ 0.3337	$ -	$ -	$ 0.2333	$ -	$ -	$ 0.1336	$ -	$ -	$ 28,359,648.36
Operations Optional Year 7:	$ 2,416,005.71	$ 28,992,068.52	$ 0.4952	$ -	$ -	$ 0.5532	$ -	$ -	$ 0.4304	$ -	$ -	$ 0.3768	$ -	$ -	$ 0.3411	$ -	$ -	$ 0.2385	$ -	$ -	$ 0.1366	$ -	$ -	$ 28,992,068.52
Operations Optional Year 8:	$ 2,469,882.64	$ 29,638,591.68	$ 0.5063	$ -	$ -	$ 0.5655	$ -	$ -	$ 0.4400	$ -	$ -	$ 0.3852	$ -	$ -	$ 0.3487	$ -	$ -	$ 0.2438	$ -	$ -	$ 0.1396	$ -	$ -	$ 29,638,591.68
Operations Optional Year 9:	$ 2,524,961.02	$ 30,299,532.24	$ 0.5176	$ -	$ -	$ 0.5781	$ -	$ -	$ 0.4498	$ -	$ -	$ 0.3938	$ -	$ -	$ 0.3565	$ -	$ -	$ 0.2492	$ -	$ -	$ 0.1427	$ -	$ -	$ 30,299,532.24
Core Base Operations * CPI-U Costs		**$ 250,074,221.64**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 250,074,221.64

Total Core Base + Group Operations * CPI-U Cost: $ 250,074,221.64

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-3 Claims Processing and Management Services Core DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Core DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Core DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Core DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC30: The Contractor shall provide 7,500 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 7,500 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule F - Claims Processing and Management Services Core Scope of Work Costs
Schedule F-4 Claims Processing and Management Services Core Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Core Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Core Operations Enhancement Pool Hour:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Core Operations Enhancement Pool * CPI-U Costs: **$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%													
Year 1 Hourly Rate:	$ 122.68													
Variable Rate Factor Group 2-7:														

OMC31:The Contractor will provide 4,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 4,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-1 Claims Processing and Management Services Option A (Financial) DDI Costs

Claims Processing and Management Services Option A (Financial) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 3,613,199.69	$ 3,613,199.69	$ -	$ -	$ 0.0288	$ -	$ 0.0357	$ -	$ 0.3792	$ -	$ 0.5247	$ -	$ 0.4157	$ -	$ 0.3122	$ -
Option A (Financial) Base DDI * CPI-U Costs:	**$ 3,613,199.69**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) Base + Group DDI * CPI-U Costs: $ 3,613,199.69

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate: $ -
Variable Rate Factor Group 1-7:

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-2 Claims Processing and Management Services Option A (Financial) Operations Costs

Claims Processing and Management Services Option A (Financial) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000		+	
Total Members:			-		+	-		+	-		+	-		+	-		+	-		+	-		-	
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ 234,052.25	$ 2,808,627.00	$ -	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0161	$ -	$ -	$ 0.0171	$ -	$ -	$ 0.0175	$ -	$ -	$ 0.0105	$ -	$ -	$ 0.0071	$ -	$ -	$ 2,808,627.00
Operations Year 2:	$ 239,271.62	$ 2,871,259.44	$ -	$ -	$ -	$ 0.0019	$ -	$ -	$ 0.0164	$ -	$ -	$ 0.0175	$ -	$ -	$ 0.0179	$ -	$ -	$ 0.0107	$ -	$ -	$ 0.0072	$ -	$ -	$ 2,871,259.44
Operations Year 3:	$ 244,607.38	$ 2,935,288.56	$ -	$ -	$ -	$ 0.0020	$ -	$ -	$ 0.0168	$ -	$ -	$ 0.0179	$ -	$ -	$ 0.0183	$ -	$ -	$ 0.0109	$ -	$ -	$ 0.0074	$ -	$ -	$ 2,935,288.56
Operations Year 4:	$ 250,062.12	$ 3,000,745.44	$ -	$ -	$ -	$ 0.0020	$ -	$ -	$ 0.0172	$ -	$ -	$ 0.0183	$ -	$ -	$ 0.0187	$ -	$ -	$ 0.0112	$ -	$ -	$ 0.0075	$ -	$ -	$ 3,000,745.44
Operations Optional Year 5:	$ 255,638.51	$ 3,067,662.12	$ -	$ -	$ -	$ 0.0020	$ -	$ -	$ 0.0176	$ -	$ -	$ 0.0187	$ -	$ -	$ 0.0191	$ -	$ -	$ 0.0114	$ -	$ -	$ 0.0077	$ -	$ -	$ 3,067,662.12
Operations Optional Year 6:	$ 261,339.25	$ 3,136,071.00	$ -	$ -	$ -	$ 0.0021	$ -	$ -	$ 0.0179	$ -	$ -	$ 0.0191	$ -	$ -	$ 0.0195	$ -	$ -	$ 0.0117	$ -	$ -	$ 0.0079	$ -	$ -	$ 3,136,071.00
Operations Optional Year 7:	$ 267,167.12	$ 3,206,005.44	$ -	$ -	$ -	$ 0.0021	$ -	$ -	$ 0.0183	$ -	$ -	$ 0.0195	$ -	$ -	$ 0.0200	$ -	$ -	$ 0.0120	$ -	$ -	$ 0.0081	$ -	$ -	$ 3,206,005.44
Operations Optional Year 8:	$ 273,124.95	$ 3,277,499.40	$ -	$ -	$ -	$ 0.0022	$ -	$ -	$ 0.0188	$ -	$ -	$ 0.0199	$ -	$ -	$ 0.0204	$ -	$ -	$ 0.0122	$ -	$ -	$ 0.0082	$ -	$ -	$ 3,277,499.40
Operations Optional Year 9:	$ 279,215.64	$ 3,350,587.68	$ -	$ -	$ -	$ 0.0022	$ -	$ -	$ 0.0192	$ -	$ -	$ 0.0204	$ -	$ -	$ 0.0209	$ -	$ -	$ 0.0125	$ -	$ -	$ 0.0084	$ -	$ -	$ 3,350,587.68
Option A (Financial) Base Operations * CPI-U Cost		**$ 27,653,746.08**			**$ -**			**$ -**			**$ -**			**$ -**			**$ -**			**$ -**			**$ -**	$ 27,653,746.08

Total Option A (Financial) Base + Group Operations * CPI-U Cost $ 27,653,746.08

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage: 2.23%

Year 1 Variable Rate: $ -

Variable Rate Factor Group 1-7:

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-3 Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Member

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option A (Financial) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option A (Financial) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC32: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule G - Claims Processing and Management Services Option A (Financial) Scope of Work Costs
Schedule G-4 Claims Processing and Management Services Option A (Financial) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option A (Financial) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	+	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option A (Financial) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option A (Financial) Operations Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC33:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-1 Claims Processing and Management Services Option B (Call Center) DDI Costs

Claims Processing and Management Services Option B (Call Center) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 2,758,784.09	$ 2,758,784.09	$ 1.3254	$ -	$ 2.1757	$ -	$ 2.4149	$ -	$ 2.3340	$ -	$ 2.4784	$ -	$ 2.5756	$ -	$ 2.1698	$ -
Option B (Call Center) Base DDI * CPI-U Costs:	**$ 2,758,784.09**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option B (Call Center) Base + Group DDI * CPI-U Costs:	**$ 2,758,784.09**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-2 Claims Processing and Management Services Option B (Call Center) Operations Costs

Claims Processing and Management Services Option B (Call Center) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ 208,343.27	$ 2,500,119.24	$ -	$ -	$ -	$ 0.1331	$ -	$ -	$ 0.1339	$ -	$ -	$ 0.1339	$ -	$ -	$ 0.1327	$ -	$ -	$ 0.1101	$ -	$ -	$ 0.0531	$ -	$ -	$ 2,500,119.24
Operations Year 2:	$ 212,989.32	$ 2,555,871.84	$ -	$ -	$ -	$ 0.1361	$ -	$ -	$ 0.1368	$ -	$ -	$ 0.1368	$ -	$ -	$ 0.1356	$ -	$ -	$ 0.1126	$ -	$ -	$ 0.0543	$ -	$ -	$ 2,555,871.84
Operations Year 3:	$ 217,738.98	$ 2,612,867.76	$ -	$ -	$ -	$ 0.1391	$ -	$ -	$ 0.1399	$ -	$ -	$ 0.1399	$ -	$ -	$ 0.1386	$ -	$ -	$ 0.1151	$ -	$ -	$ 0.0555	$ -	$ -	$ 2,612,867.76
Operations Year 4:	$ 222,594.56	$ 2,671,134.72	$ -	$ -	$ -	$ 0.1422	$ -	$ -	$ 0.1430	$ -	$ -	$ 0.1430	$ -	$ -	$ 0.1417	$ -	$ -	$ 0.1177	$ -	$ -	$ 0.0568	$ -	$ -	$ 2,671,134.72
Operations Optional Year 5:	$ 227,558.42	$ 2,730,701.04	$ -	$ -	$ -	$ 0.1454	$ -	$ -	$ 0.1462	$ -	$ -	$ 0.1462	$ -	$ -	$ 0.1449	$ -	$ -	$ 0.1203	$ -	$ -	$ 0.0580	$ -	$ -	$ 2,730,701.04
Operations Optional Year 6:	$ 232,632.97	$ 2,791,595.64	$ -	$ -	$ -	$ 0.1486	$ -	$ -	$ 0.1495	$ -	$ -	$ 0.1495	$ -	$ -	$ 0.1481	$ -	$ -	$ 0.1230	$ -	$ -	$ 0.0593	$ -	$ -	$ 2,791,595.64
Operations Optional Year 7:	$ 237,820.69	$ 2,853,848.28	$ -	$ -	$ -	$ 0.1519	$ -	$ -	$ 0.1528	$ -	$ -	$ 0.1528	$ -	$ -	$ 0.1514	$ -	$ -	$ 0.1257	$ -	$ -	$ 0.0606	$ -	$ -	$ 2,853,848.28
Operations Optional Year 8:	$ 243,124.09	$ 2,917,489.08	$ -	$ -	$ -	$ 0.1553	$ -	$ -	$ 0.1562	$ -	$ -	$ 0.1562	$ -	$ -	$ 0.1548	$ -	$ -	$ 0.1285	$ -	$ -	$ 0.0620	$ -	$ -	$ 2,917,489.08
Operations Optional Year 9:	$ 248,545.76	$ 2,982,549.12	$ -	$ -	$ -	$ 0.1588	$ -	$ -	$ 0.1597	$ -	$ -	$ 0.1597	$ -	$ -	$ 0.1583	$ -	$ -	$ 0.1314	$ -	$ -	$ 0.0634	$ -	$ -	$ 2,982,549.12
Option B (Call Center) Base Operations * CPI-U Cost		**$ 24,616,176.72**			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 24,616,176.72

Total Option B (Call Center) Base + Group Operations * CPI-U Cost $ 24,616,176.72

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-3 Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option B (Call Center) DDI Enhancement Pool Hour * CPI-U Costs:		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -		**$** -

Total Option B (Call Center) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00													
Variable Rate Factor Group 1-7:														

OMC34: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule H - Claims Processing and Management Services Option B (Call Center) Scope of Work Costs
Schedule H-4 Claims Processing and Management Services Option B (Call Center) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option B (Call Center) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option B (Call Center) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option B (Call Center) Operations Enhancement Pool * CPI-U Costs:	$ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%	
Year 1 Hourly Rate:	$ 122.68	
Variable Rate Factor Group 2-7:		

OMC35:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-1 Claims Processing and Management Services Option C (Federal Reporting) DDI Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ 6,527,813.95	$ 6,527,813.95	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.1610	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	**$ 6,527,813.95**			**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) Base + Group DDI * CPI-U Costs:	**$ 6,527,813.95**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Variable Rate:	$ -														
Variable Rate Factor Group 1-7:															

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-2 Claims Processing and Management Services Option C (Federal Reporting) Operations Costs

Claims Processing and Management Services Option C (Federal Reporting) Operations Costs (Based on Number of Active De-duplicated Member

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-		-	-		-	-		-	-		-	-		-	-		-	-		-	-
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ 308,514.41	$ 3,702,172.92	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0484	$ -	$ -	$ 3,702,172.92
Operations Year 2:	$ 315,394.28	$ 3,784,731.36	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0495	$ -	$ -	$ 3,784,731.36
Operations Year 3:	$ 322,427.57	$ 3,869,130.84	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0506	$ -	$ -	$ 3,869,130.84
Operations Year 4:	$ 329,617.70	$ 3,955,412.40	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0517	$ -	$ -	$ 3,955,412.40
Operations Optional Year 5:	$ 336,968.17	$ 4,043,618.04	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0529	$ -	$ -	$ 4,043,618.04
Operations Optional Year 6:	$ 344,482.56	$ 4,133,790.72	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0541	$ -	$ -	$ 4,133,790.72
Operations Optional Year 7:	$ 352,164.52	$ 4,225,974.24	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0553	$ -	$ -	$ 4,225,974.24
Operations Optional Year 8:	$ 360,017.79	$ 4,320,213.48	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0565	$ -	$ -	$ 4,320,213.48
Operations Optional Year 9:	$ 368,046.19	$ 4,416,554.28	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0578	$ -	$ -	$ 4,416,554.28
Option C (Federal Reporting) Base Operations * CPI-U Cost		$ 36,451,598.28			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ 36,451,598.28

Total Option C (Federal Reporting) Base + Group Operations * CPI-U Cost $ 36,451,598.28

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	2.23%	
Year 1 Variable Rate:	$ -	
Variable Rate Factor Group 1-7:		

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-3 Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -	$ 120.00	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option C (Federal Reporting) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:	$ 120.00
Variable Rate Factor Group 1-7:	

OMC36: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule I - Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Costs
Schedule I-4 Claims Processing and Management Services Option C (Federal Reporting) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option C (Federal Reporting) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ 122.6760	$ -	$ -
Operations Year 2:	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ 125.4117	$ -	$ -
Operations Year 3:	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ 128.2084	$ -	$ -
Operations Year 4:	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ 131.0674	$ -	$ -
Operations Optional Year 5:	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ 133.9902	$ -	$ -
Operations Optional Year 6:	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ 136.9782	$ -	$ -
Operations Optional Year 7:	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ 140.0328	$ -	$ -
Operations Optional Year 8:	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ 143.1555	$ -	$ -
Operations Optional Year 9:	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ 146.3479	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

Total Option C (Federal Reporting) Operations Enhancement Pool * CPI-U Costs:	**$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 1 Hourly Rate:	$ 122.68
Variable Rate Factor Group 2-7:	

OMC37:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

Major Integration Service Type Effort

Resource Type	Hours
Project Manager	96
Business Analyst	120
Configuration Lead	64
Sr. Developer	80
Developer	264
Database Administrator	24
Security Analyst	24
Test Lead	40
Tester	152
Technical Writer	24
Total Fixed Hours for Each Major Service Integration:	**888**

Complex Integration Service Type Effort

Resource Type	Hours
Project Manager	72
Business Analyst	80
Configuration Lead	40
Sr. Developer	64
Developer	176
Database Administrator	16
Security Analyst	16
Test Lead	24
Tester	120
Technical Writer	16
Total Fixed Hours for Each Complex Service Integration:	**624**

Standard Integration Service Type Effort

Resource Type	Hours
Project Manager	40
Business Analyst	64
Configuration Lead	24
Sr. Developer	48
Developer	136
Database Administrator	16
Security Analyst	16
Test Lead	16
Tester	104
Technical Writer	16
Total Fixed Hours for Each Standard Service Integration:	**480**

Simple Integration Service Type Effort

Resource Type	Hours
Project Manager	32
Business Analyst	40
Configuration Lead	16
Sr. Developer	40
Developer	64
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	48
Technical Writer	8
Total Fixed Hours for Each Simple Service Integration:	**272**

Claims Processing and Management Services Schedule J - Integration Service Types

Integration Services Types Fixed Hour Amounts

On Boarding Integration Service Type Effort	
Resource Type	**Hours**
Project Manager	24
Business Analyst	24
Configuration Lead	8
Sr. Developer	24
Developer	40
Database Administrator	8
Security Analyst	8
Test Lead	8
Tester	40
Technical Writer	8
Total Fixed Hours for Each Onboarding Service Integration:	**192**

NOTE: Please see RFP Section 3.10.1.4.1 titled "Integration Services Type Definition" for a more complete definition of each integration service type listed above.

The Contractor should allocate the hours across the Resource Types applicable for each Integration Service Type. If a Resource Type is not required for a specific Integration Service Type, put zero (0) in the Hours column. When an Integration Service is required, the Contractor will evaluate the Integration Service and document the detailed requirements. Using the detailed requirements, the Contractor will propose the Integration Service Type to the Department. Once the Department and Contractor mutually agree on the Integration Service Type, the value indicated in the "Total Fixed Hours..." row for each Integration Service Type will be the total hours that the Department will reimburse the Contractor for the respective Integration Service Type regardless of the actual level of effort required to complete the work.

Claims Processing and Management Services Schedule K - DDI Requisitioned Integration Services Pool Hours and Cost

DDI Requisitioned Integration Services Pool Hours and Cost

Integration Service Type Category	Number of Interfaces	Hours		Cost	Cost * CPI-U Adjust
Major Services	5	4,440	*		
Complex Services	20	12,480	*		
Standard Services	35	16,800	*		
Simple Services	25	6,800	*		
Onboarding Services	15	2,880	*		
Total DDI Requisitioned Integration Services Pool Hours:		**43,400**			
Total Cost for DDI Requisitioned Integration Services Pool Hours Cost & CPI-U Adjusted Cost:			**	**$ 5,007,600**	**$ 5,007,600**
DDI Requisitioned Integration Services Pool Average Hourly Rate & CPI-U Adjusted Houry Rate:			***	**$ 115.38**	**$115**

**** The values found in C7 through C11 are derived by multiplying the value in each cell in column B by the fixed hour amounts found in Schedule J.***
***** The Contractor should enter the total cost for the Integration Services Pool Hours in E14 for the total hours identified in cell C12.***
****** Cell F14 is a calculated by dividing the value in E14 by the value in C12.***

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Schedule L - Data Conversion Optional Years of Data
Schedule L-1 Claims Management and Processing Services Conversion Costs

Claims Processing and Management Services Core Operations Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+	
Total Members:				-		-		-		-		-		-		-	
Operations Year	*Base Conversion Cost*	*Base Conversion Cos * CPI-U Adjust*	*Variable Conversion Rate*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Variable Conversion*	*Total Variable Conversion Cost * CPI-U*	*Total Optional Conversion Cost*
Conversion Year 1 (Included in Contractors Base Cost):																	
Conversion Year 2 (Included in Contractors Base Cost):																	
Conversion Year 3 (Included in Contractors Base Cost):																	
Optional Conversion Year 4:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 5:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 6:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 7:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 8:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Optional Conversion Year 9:	$ 573,716.00	$ 573,716.00	$ -	$ -	$ -	$ -	$ 0.4159	$ -	$ 0.6311	$ -	$ 0.6311	$ -	$ 0.7745	$ -	$ 0.7028	$ -	$ 573,716.00
Conversion Costs:		**$ 3,442,296.00**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ 3,442,296.00**

Total Optional Conversion Years of Data Costs * CPI-U Costs: $ 3,442,296.00

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	2.23%
Year 4 Variable Rate:	$ -
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-1 Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Costs (Based on Number of Active De-duplicated Members)

Group:	Base Cost		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Group Member Range:			0	249,999	250,000	399,999	400,000	899,999	900,000	1,349,999	1,350,000	1,799,999	1,800,000	3,999,999	4,000,000	+
Total Members:				-		-		-		-		-		-		-
	Base Cost Amount	*Base Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*	*Variable Rate*	*Variable Cost * CPI-U Adjust*
DDI Base Fixed Cost:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base DDI * CPI-U Costs:	$ -			$ -		$ -		$ -		$ -		$ -		$ -		$ -

l Option D (State Specific Requirements) Base + Group DDI * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

Year 1 Variable Rate:
Variable Rate Factor Group 1-7:

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-2 Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs

Claims Processing and Management Services Option D (State Specific Requirements) Operations Costs (Based on Number of Active De-duplicated Members

Group	Base Cost		Group 1			Group 2			Group 3			Group 4			Group 5			Group 6			Group 7			Total
Group Member Range			0		249,999	250,000		399,999	400,000		899,999	900,000		1,349,999	1,350,000		1,799,999	1,800,000		3,999,999	4,000,000	+		
Total Members:			-			-			-			-			-			-			-			
Operations Year	Monthly Base Cost	Annual Base Cost * CPI-U Adjust	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost CPI-U Adjusted	Variable Rate	Monthly Variable Cost * CPI-U Adjust	Annual Variable Cost	Total Annual Operations Cost CPI-U Adjusted
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Base Operations * CPI-U Cost		$ -			$ -			$ -			$ -			$ -			$ -			$ -			$ -	$ -

Total Option D (State Specific Requirements) Base + Group Operations * CPI-U Cost	$ -

Consumer Price Index Urban (CPI-U) Adjustment

A. CPI-U for Master Agreement Date MM/DD/20YY	0.000000
B. CPI-U for Participating Addendum Date:	0.000000
C. Index Point Change equals B minus A:	0.000000
D. Equals C divided by A:	0.000000
E. CPI-U Inflation Percentage equals B plus 1.00:	1.000000

COLA Percentage:	0.00%
Year 1 Variable Rate:	
Variable Rate Factor Group 1-7:	

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-3 Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) DDI Enhancement Pool Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
	0	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
DDI Enhancement Pool Hours:		-		-		-		-		-		-		-
	Pool Hour Rate	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***	***Pool Hour Rate***	***Pool Hour Cost * CPI-U Adjust***
DDI:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) DDI Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**

Total Option D (State Specific Requirements) DDI Enhancement Pool * CPI-U Costs: $ -

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

Year 1 Hourly Rate:														
Variable Rate Factor Group 1-7:														

OMC38: The Contractor shall provide 3,000 system enhancement pool hours for the duration of the DDI phase of the contract. The cost of these 3,000 system enhancement pool hours are included in the offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool for DDI includes personnel cost for all resources supporting the system enhancement effort. The unused system enhancement pool hours for DDI will be rolled over to the system enhancement pool for Operations or the number or system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for DDI will require one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G, Claims Pricing Schedules, Schedule D-Enhancement Pool Hours.

Schedule M - Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Costs
Schedule M-4 Claims Processing and Management Services Option D (State Specific Requirements) Operations Enhancement Pool Hour Costs

Claims Processing and Management Services Option D (State Specific Requirements) Scope of Work Operations Enhancement Pool Hour Costs (Based on Number of Active De-duplicated Members)

	Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7		Total
Group Member Range:	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*	
Operations Annual Enhancement Pool Hours:		-		-		-		-		-		-		-	
Operations Year	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Pool Hour Rate*	*Pool Hour Cost * CPI-U Adjust*	*Total Operations Pool Hour Cost*
Operations Year 1:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 2:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 3:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Year 4:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 5:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 6:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 7:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 8:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations Optional Year 9:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option C (Federal Reporting) Operations Enhancement Pool Hour * CPI-U Costs:		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**		**$ -**	**$ -**

tal Option D (State Specific Requirements) Operations Enhancement Pool * CPI-U Costs: | **$ -**

Consumer Price Index Urban (CPI-U) Adjustment:

A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**
B. CPI-U for Participating Addendum Date:	**0.000000**
C. Index Point Change equals B minus A:	**0.000000**
D. Equals C divided by A:	**0.000000**
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**

COLA Percentage:	0.00%													
Year 1 Hourly Rate:														
Variable Rate Factor Group 2-7:														

OMC39:The Contractor will provide 2,000 system enhancement pool hours during the Operations phase per operations year. The cost of these annual 2,000 system enhancement pool hours are included in the Offeror's fixed price and included in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The System Enhancement Pool includes personnel cost for all staff supporting the system enhancement effort. Unused system enhancement pool hours for each year of operations may be rolled forward to the next operations year or the number of system enhancement pool hours may be adjusted downward, at the discretion of the State. Any reduction in the number of system enhancement pool hours for operations will require a one month notification by the State, and the cost of the contract will be reduced proportional to the cost of the reduction in system enhancement pool hours eliminated using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours. The cost of the contract will be reduced proportional to the cost of the unused hours using the rates provided in Attachment G Pricing Schedules, Schedule D-Enhancement Pool Hours.

Participating State Information

		Group 1		Group 2		Group 3		Group 4		Group 5		Group 6		Group 7	
Total Number of De-duplicated Members (Total Members)	-	*0*	*249,999*	*250,000*	*399,999*	*400,000*	*899,999*	*900,000*	*1,349,999*	*1,350,000*	*1,799,999*	*1,800,000*	*3,999,999*	*4,000,000*	*+*
Consumer Price Index Urban (CPI-U) Adjustment:			-		-		-		-		-		-		-
A. CPI-U for Master Agreement Date MM/DD/20YY:	**0.000000**														
B. CPI-U for Participating Addendum Date:	**0.000000**														
C. Index Point Change equals B minus A:	**0.000000**														
D. Equals C divided by A:	**0.000000**														
E. CPI-U Inflation Percentage equals B plus 1.00:	**1.000000**														

Participating Addendum Options	**Choose Yes/No**
Will the Participating State use Option A (Financial)?	**Yes**
Will the Participating State use Option B (Contact Center/Call Center)?	**Yes**
Will the Participating State use Option C (Federal Reporting)?	**Yes**
Will the Participating State use Option D (State Specific)?*	

*This will be done in the Participating Addendum Process

Pool Hours by Schedule	**Sch F (3, 4)**	**Sch G (3, 4)**	**Sch H (3, 4)**	**Sch I (3, 4)**	**Sch M (3, 4)**
DDI Enhancement Pool Hours (F-3, G-3, H-3, I-3, M-3)	**7,500**	**3,000**	**3,000**	**3,000**	**3,000**
Operations Enhancement pool hours (F-4, G-4, H-4, I-4, M-4)	**4,000**	**2,000**	**2,000**	**2,000**	**2,000**