**ATTACHMENT C**

**AGENCY TERMS**

**SOLICITATION NO. 0900000496**

1. **Confidentiality and HIPAA Requirements**

The Consultant agrees that it maintains internal practices, policies, books and records, including policies and procedures relating to the use and disclosure of EGID confidential and protected health information and will provide EGID a summary description of those policies and procedures upon request. All EGID member information concerning this solicitation is the sole property of the State of Oklahoma and shall remain confidential. It shall not be used by the Consultant nor transmitted to others for any reason whatsoever, except as shall be required to administer and implement the Solicitation Specifications described in this solicitation, or with prior written approval from EGID.

1. **Business Associate Agreement**

The Consultant, as a “Business Associate,” agrees to the attached ‘Business Associate Agreement’ (see Exhibit 2) between EGID and the Consultant, as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) statutes and regulations.

1. **Appropriated Funds**

The parties understand and agree that none of the sums to be paid under this agreement are appropriated funds. Should there be a revenue shortfall, EGID will not seek appropriations and will not use appropriated funds to pay for this obligation. The most recent financial statement of EGID is posted on EGID’s website:

<https://omes.ok.gov/sites/g/files/gmc316/f/documents/201912/2018CAFR.pdf>

1. **Invoices and Payment**

In accordance with Oklahoma State Statutes, EGID shall compensate the Consultant on a monthly basis for consulting services that have been performed over the preceding month, pursuant to the terms of this Contract. All invoices and payments of invoices are subject to subsequent adjustments based upon proper documentation.

All invoices shall be forwarded to EGIDAccounts.Payable@omes.ok.gov by the 30th day of the following month for services performed in the previous month, for verification, approval, and submission for payment.

1. **Records**

The Consultant shall maintain full and adequate records relating to the services it is performing under this agreement and shall allow EGID to review and copy such records upon request. The Consultant shall provide adequate safeguards for all books and records.

1. **Hold Harmless**

The Consultant shall be responsible for the work, direction, and compensation of Consultant employees, agents and subcontractors. Neither EGID nor the State of Oklahoma shall be liable, directly or indirectly, for the work and direction of Vendor’s employees, agents or subcontractors. The Consultant agrees to indemnify and hold harmless EGID, its employees and agents, and the State of Oklahoma from damages, loss, or liability to persons or property arising from claims of any kind, including, but not limited to compensation by Consultant employees, agents, and subcontractors of the Consultant against the Consultant; negligent or willful acts of the Consultant its employees or agents in performance of this Contract; acts, omissions or liabilities of the Consultant acting in any capacity that relate to the Contract; and damages, costs, fines or penalties arising from HIPAA violations committed by Consultant employees, agents or subcontractors. The State of Oklahoma does not waive, compromise, concede, surrender, or relinquish any rights, privileges, immunities, or remedies that the State of Oklahoma and its employees possess under State or Federal law.

1. **Designation of Personnel**

EGID may designate personnel or professionals under contract with EGID to administer any of the terms or conditions of this Contract referenced herein, and all duties or acts required of EGID.

1. **Supremacy of State Statutes**

This Contract is subject to all applicable Federal Regulations and Oklahoma State Statutes, EGID’s Rules and Administrative Directives. Any provision of this Contract which is not in conformity with existing or future legislation shall be considered amended to comply with such legislation.

1. **Subcontractors**

The Consultant shall provide certification for future subcontractors, when a subcontractor is engaged to perform services for EGID on behalf of the contracted Consultant, that states subcontractor complies with the contract provisions.

1. **Public Information Releases**

Public information releases pertaining to this project shall not be made without prior written approval by EGID and then only in conjunction with EGID.

1. **Overview of Current Business Processes**

**11.1 General Overview**

11.1.1EGID provides medical, pharmacy, dental, life and disability benefits to approximately 188,000 active employees, retired employees, and dependents under its group insurance programs.

11.1.2 A provider network arrangement is established to provide members with cost efficient delivery of health benefits. Network providers agree to accept EGID’s allowable for services that are covered by the plan and only bill the member for coinsurance, copays and deductibles.

11.1.3 EGID contracts with any willing provider meeting licensure and insurance requirements. EGID offers the same contract terms for each type of provider (i.e., Ambulatory Surgery Center, Physician, etc.). EGID does not currently negotiate on an individual provider basis. Facility contracts utilize a facility’s urban or rural designation based on U.S. Census Bureau data.

11.1.4 Oklahoma law requires that EGID schedule a public hearing at least thirty (30) days prior to adopting any major changes in the reimbursement rates or methodology. [74 O.S. (2001) § 1325].

**11.2 Reimbursement Methodology Summary**

11.2.1 *Inpatient Hospital* – A comprehensive review and revision of EGIDs inpatient hospital reimbursement methodology was fully phased-in effective October 15, 2015. EGID reimburses inpatient hospital claims by assigning a Medicare Severity Diagnosis-Related Group (MS-DRG). EGID uses the weights established by Centers for Medicare & Medicaid Services (CMS) for each MS-DRG and applies a conversion factor specific to EGID. Outlier claims are identified using a dollar threshold and charges over the threshold are reimbursed at a percentage of billed charges. EGID has established four tiers for providers based upon number of beds and urban/rural location. A transfer reimbursement methodology is also in place.

11.2.2 *Long Term Care Hospitals (LTCH)* – EGID reimburses long-term care hospitals by assigning a Medicare Severity-Long Term Care-Diagnosis Related Group (MS-LTCH-DRG). EGID uses the weights established by CMS for each MS-LTCH-DRG and applies a base rate. EGID’s base rate is one hundred twenty percent (120%) of CMS’s rate and EGID’s threshold is the same as CMS’s threshold. EGID also utilizes outlier and short-stay equations for reimbursement calculation.

11.2.3 *Outpatient Hospital* – A comprehensive review and revision of EGIDs outpatient hospital reimbursement methodology was fully phased-in effective April 1, 2018. Additionally, effective April 1, 2018, EGID implemented a reimbursement based on CMS Ambulatory Payment Classifications (APC’s) for certain services. EGID reimburses outpatient hospital claims using a fee schedule for the majority of services and a percentage of billed charges on certain other services. EGID has established four tiers for providers based upon number of beds and urban/rural location.

11.2.4 *Ambulatory Surgery Centers (ASC)* – EGID reimburses ASC’s using a fee schedule that includes fixed-dollar payments for procedures and a percentage of billed charges for certain implants. A discount is applied in the case of multiple procedures.

11.2.5 *Bundled Reimbursement* – Oklahoma House Bill 1567 became effective November 1, 2015 and provides that EGID “may provide for the application of deductibles and copayment or coinsurance provisions that are based on contracts with providers for specific services based on levels of outcomes or cost”. In response EGID implemented its Select program on January 1, 2016 whereby providers can elect to participate in bundled reimbursement for certain services. The bundled reimbursement will be made to the facility provider and will include all facility, professional, and ancillary services for the procedure. Members will not be out of pocket for services provided under the Select program.

11.2.6 *Professional Reimbursements* – EGID establishes a fee schedule for Current Procedural Terminology (CPT)’s and Healthcare Common Procedure Coding System (HCPCS) codes based on CMS’s relevant fee schedules including the facility/non-facility place of service. Certain codes and servicesare reimbursed at a percentage of billed charges. Other codes and services, such as Home Health, are reimbursed using a per diem.

11.2.7 *Dental Reimbursements* – EGID establishes a dental fee schedule based upon the American Dental Association (ADA) codes and a percentage of the National Dental Advisory Service (NDAS) Pricing for the Oklahoma City market.

11.2.8 *Injectable* – A comprehensive review and revision of EGIDs injectable reimbursement methodology was fully phased-in January 1, 2014. CPT and HCPCS codes that utilize Average Sales Price (ASP) are reimbursed at 120% or 130% above CMS’s fee schedule amount depending on a facility’s tier. Average Wholesale Price (AWP) is used when ASP is not available.

11.2.9 *Anesthesiology* – Anesthesiology services are based on the American Society of Anesthesiologists (ASA) Relative Value Guide codes. A conversion factor has been set for physicians and for Certified Respiratory Nurse Anesthetist (CRNA).

**11.3 Medical Claims**

For claims incurred in calendar year 2019, EGID paid the following medical claims for the Active and pre-Medicare retiree population:

|  |  |
| --- | --- |
| Inpatient Hospital  | $190,832,000 |
| Outpatient Hospital | $195,908,000 |
| Physician Visits | $71,937,000 |
| Professional Surgical Services | $36,600,000 |
| Pharmacy (paid through Medical) | $46,585,000 |
| Physical/Occupational/Speech Therapy | $12,563,000 |
| Radiology | $13,954,000 |
| Laboratory | $11,451,000 |
| Anesthesia | $12,404,000 |
| Ambulance | $10,696,000 |
| Durable Medical Equipment | $7,259,000 |
| Immunizations | $5,103,000 |
| All Others | $16,025,000 |
| Total | $631,317,000 |

1. **Conflict**

The Consultant shall disclose any apparent or potential conflict of interest or affirm that it has none. The Consultant shall have no interest, direct or indirect, that could be perceived to conflict in any manner or degree with the performance of services required under this Contract. The Consultant shall not engage in any conduct that violates or induces others to violate provisions in the Oklahoma Statutes regarding the conduct of public employees. See: The Anti-Kickback Act of 1974 at 74 O.S. 2001, § 3401, et seq., and the Conflict of Interest provision in the Oklahoma Central Purchasing Act at 74 O. S. 2001, § 85.3.