

**ARKANSAS DEPARTMENT OF HUMAN SERVICES
PERFORMANCE BASED CONTRACTING**

Note: Updates to this final Performance Based Contracting are designated by red font.

Pursuant to Ark. Code Ann. 19-11-1010 et. seq., the selected contractor shall comply with performance based standards. Following are the performance based standards that will be a part of the contract and with which the contractor must comply for acceptable performance to occur under the contract.

- I. The contractor must comply with all statutes, regulations, codes, ordinances, and licensure or certification requirements applicable to the contractor or to the contractor's agents and employees and to the subject matter of the contract. Failure to comply shall be deemed unacceptable performance.
- II. Except as otherwise required by law, the contractor agrees to hold the contracting Division/Office harmless and to indemnify the contracting Division/Office for any additional costs of alternatively accomplishing the goals of the contract, as well as any liability, including liability for costs or fees, which the contracting Division/Office may sustain as a result of the contractor's performance or lack of performance.
- III. During the term of the contract, the division/office will complete sufficient performance evaluation(s) to determine if the contractor's performance is acceptable.
- IV. The State **shall** have the right to modify, add, or delete Performance Standards throughout the term of the contract, should the State determine it is in its best interest to do so. Any changes or additions to performance standards will be made in good faith following acceptable industry standards, and may include the input of the vendor so as to establish standards that are reasonably achievable
- V. The contract program deliverables and performance indicators to be performed by the contractor are:

| Service Criteria ⁱ | Acceptable Performance | Damages for Insufficient Performance ⁱⁱ |
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| <p>A. Develop an Initial IV&V Project Plan</p> <ol style="list-style-type: none"> 1. Vendor shall provide an Independent Verification and Validation (IV&V) project plan for Arkansas Department of Human Services (AR DHS) approval in a format acceptable to AR DHS. 2. The IV&V project plan must include, but is not limited to each service item listed in the bid's section 2.4, "Scope of Work", items B through Q. 3. The initial IV&V project plan must identify the staffing resources Vendor will assign to each item, the estimated completion date for each item, and indicate any dependencies (predecessor or successor tasks) associated with each item. 4. The initial IV&V project plan must be delivered within thirty (30) calendar days of the contract's actual start date to allow the outgoing IV&V vendor sufficient time to review and provide feedback. | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria.</p> | <ol style="list-style-type: none"> 1. A fifty percent (50%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The fifty percent (50%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place. 2. If the initial IV&V project plan is not delivered sixty-one (61) calendar days after the contract's actual start date, AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination. |
| <p>B. Knowledge of AR DHS Functional Requirements</p> <ol style="list-style-type: none"> 1. Vendor shall make a formal presentation to AR DHS summarizing Vendor's understanding of the following: <ul style="list-style-type: none"> • The AR DHS program policies, procedures and manuals relevant to Integrated Eligibility and Benefit Management (IE-BM), • Health Insurance Portability and Accountability Act (HIPAA) standards for protecting sensitive patient data, • Medicaid Information Technology Architecture (MITA) requirements for integrating business and information technology, | <p>Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria as determined by AR DHS.</p> | <ol style="list-style-type: none"> 1. A fifty percent (50%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The fifty percent (50%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place. 2. If the formal presentation is not delivered within ninety-one (91) calendar days after the contract's actual start date, AR DHS reserves the right to impose additional penalties including but not |

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| <ul style="list-style-type: none"> Centers for Medicare and Medicaid Services (CMS) Medicaid Eligibility and Enrollment Life Cycle (MEELC) and Medicaid Eligibility and Enrollment Toolkit (MEET), The CMS Expedited Life Cycle Process (XLC) for project oversight and execution, The organizational structure of AR DHS and the Division of County Operations (DCO), Medicaid program statistical information including caseloads, claims volume, and prior authorization requests. <p>2. This presentation must be delivered within forty-five (45) calendar days of the contract's actual start date, and each member of the IV&V team must present a portion of the content.</p> | | <p>limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>C. Knowledge of the Arkansas Integrated Eligibility and Benefit Management (IE-BM)</p> <p>1. Vendor shall make a formal presentation to AR DHS summarizing Vendor's understanding of the following:</p> <ul style="list-style-type: none"> The Medicaid system as implemented in Arkansas. The intent and scope of work for Arkansas' IE-BM system integration RFP # SP-17-0012 as published at http://www.arkansas.gov/dfa/procurement/bids/bid_info.php?bid_number=SP-17-0012 The current IE-BM system including its architecture and sub-systems, | <p>Acceptable performance is defined as one hundred (100%) percent compliance with all service criteria as determined by DHS.</p> | <p>1. A fifty percent (50%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The fifty percent (50%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>2. If the formal presentation is not delivered one hundred twenty-one (121) calendar days after the contract's actual start date, AR DHS reserves the right to impose</p> |

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| <ul style="list-style-type: none"> Internal and external data interfaces with IE-BM, The IE-BM reporting requirements, DHS' current strategy for replacing legacy modules with IE-BM, and Key stakeholder groups within the current AR DHS organizational structure. <p>2. This presentation must be delivered within sixty (60) calendar days of the contract's actual start date, and each member of the IV&V team must present a portion of the content.</p> | | <p>additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>D. Monthly IV&V Assessments</p> <p>1. Vendor shall provide a monthly report on all Design, Development and Implementation (DDI) work provided by the IE-BM System Integrator. These monthly Independent Verification and Validation (IV&V) reports shall be submitted simultaneously to the CMS and the Arkansas Department of Human Services (DHS) as follows:</p> <ul style="list-style-type: none"> The report must be submitted no later than 5:00 p.m. Central Time (CT) on the Friday of the first full week of the month following the reporting period. The report must follow the CMS template and guidance and be in a format approved by AR DHS. The content of the report must support all MEELC reviews and the MEELC Quarterly Reports. The report shall provide an independent assessment of the IE-BM system integration contractor's performance that evaluates how well that contractor applies best practices in project management, in system development life cycle (SDLC) processes, and in work products. | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on</p> |

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| <p>2. Each report shall include, but is not limited to:</p> <ul style="list-style-type: none"> • Overall Project Health Assessment, • Project Management Assessment, • Schedule Assessment, • Modular Development Assessment, • Artifact Assessments, • Security Assessment, • Risks Assessment, and • Issues Assessment. | | <p>future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>E. Information Technology Governance Committee Reports</p> <p>1. Vendor shall deliver, in a format approved by AR DHS, a monthly IV&V report for the Information Technology Governance Committee (ITGC) of the Governor's Office. This report shall be a condensed, executive summary of the monthly IV&V Assessment.</p> <p>2. The ITGC report must be submitted no later than 5:00 p.m. CT on the Friday of the second full week of the month following the reporting period.</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR)</p> |

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| | | maintained in AR DHS' Vendor file, and contract termination. |
| <p>F. Document Transparency</p> <p>Each IV&V document shall include, but not be limited to, the following document controls:</p> <ul style="list-style-type: none"> • Revision History: Identifying the version of the draft, the date the draft was submitted, deliverable point of contact/person making change, and a description of changes made. • Table of Contents: A summary list of the major headings within the document and their page references. • List of Figures: A listing of all figures and their page references. • List of Tables: A list of all tables and their page references. • Referenced Documents: A listing of other relevant documents, including the document name, and identifying numbers or codes, any web or SharePoint link, and issuance date • Decision Log: Provides a summary of decision point and owners. • Assumptions/Constraints/Risks: Describes any assumptions, constraints, and risks regarding the project that impact deliverables. • Acronyms: A listing of all acronyms identified in the deliverable, their literal translations, and source. | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A five percent (5%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The five percent (5%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>G. IV&V Risk Report</p> <p>Vendor shall develop and maintain a comprehensive report of all IE-BM project risks identified by the IV&V team in a format approved in advance by AR DHS.</p> <p>1. The cumulative Risk Report will be</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty</p> |

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| <p>updated at least monthly, and shall be included with the monthly IV&V Assessments.</p> <p>2. When new risks of high impact are detected, the appropriate Risk Report shall be updated and re-submitted within two (2) business days of the detection.</p> <p>3. Risk Reports shall include, but are not limited to:</p> <ul style="list-style-type: none"> • Sources of overall project risk, • Assessed severity and impact, • Analysis of which sources are the most important drivers of overall project risk, • Plans for risk mitigation, • The individual responsible for monitoring each risk, • Summary information including the number of risks open and closed, the number of risks distributed across categories, risk trends over time, and any risks that have progressed to issues within the month. | | <p>percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>H. IV&V Issues Log</p> <p>Vendor shall develop and maintain a comprehensive log of all IE-BM project issues identified by the IV&V team in a format approved in advance by AR DHS.</p> <p>1. The Issue Log shall be included with the monthly IV&V Assessments.</p> <p>2. When new issues of high or moderate impact are detected, the appropriate Issue Log shall be updated and re-submitted within two (2) business days of the detection.</p> <p>3. The Issues Log shall include, but is not limited to:</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the</p> |

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| <ul style="list-style-type: none"> • Issue type, • Who identified the issue and when, • Whether the Issue was previously anticipated in any Risk Report, • Description, • Impact and Priority, • Who is assigned to lead resolution of the issue, • Target resolution date, • Status, and • Final resolution. | | <p>deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>I. Meetings and Interviews</p> <ol style="list-style-type: none"> 1. Vendor shall continuously participate in ongoing project meetings and DDI deliverable walkthroughs, and conduct stakeholder interviews to understand the processes, procedures, and tools used in the IE-BM project environments. 2. A list of the meetings attended, and interviews conducted shall be included in the monthly IV&V Assessments. | <p>Acceptable performance is defined as a list of the meetings attended, and any interviews conducted being included with each monthly IV&V Assessment.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose</p> |

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| | | additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination. |
| <p>J. Systems Development and Life Cycle Gate Reviews</p> <p>Vendor shall participate in the state's Systems Development and Life Cycle (SDLC) gate reviews.</p> <ol style="list-style-type: none"> 1. A list of the gate reviews completed shall be included in the monthly IV&V Assessments. 2. Vendor shall also supply any IV&V services that CMS may require to bring AR DHS into compliance with the CMS Expedited Life Cycle Process (XLC) for project oversight and execution. | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>K. Project Management Support</p> | <p>1. Acceptable</p> | <p>1st Incident: A Corrective</p> |

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| <ol style="list-style-type: none"> 1. Vendor shall participate in the IE-BM requirements gathering and shall provide experienced staff to document the analysis results, their minimum acceptance criteria, and other relevant quality factors in a format approved in advance by AR DHS. 2. Vendor shall monitor and assess project management in areas including, but not limited to, the following: <ul style="list-style-type: none"> • Progress against budget and schedule, • Risk management, • Inclusion of state goals/objectives and all federal E&E requirements in requests for proposal and contracts, • Adherence to the state's software development life cycle (SDLC), • Incorporation of the standards and conditions for Medicaid IT into design and development, • Reasonability, thoroughness, and quality of MITA self-assessment, concept of operations, information architecture, and data architecture, • Reflection of the state's MITA goals and plans into the IE-BM design and development, • Configuration management that is robust and includes state or developer configuration audits against configuration baseline, • Change management, and • Adherence to service level agreements. 3. The Vendor's evaluations of project management shall be included in the monthly IV&V Assessments. | <p>performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> <ol style="list-style-type: none"> 2. Each evaluation must identify the review(s) from which it was derived, including any meetings or interviews that informed each evaluation. | <p>Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>L. Modular Development</p> <ol style="list-style-type: none"> 1. Vendor shall monitor and assess modular development in areas including, but not limited to, the following: <ul style="list-style-type: none"> • Completeness and reasonability of | <ol style="list-style-type: none"> 1. Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS. | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty</p> |

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| <p>IE-BM concept of operations, architecture, and designs,</p> <ul style="list-style-type: none"> • Accuracy of capture of interfaces and data sharing requirements with systems external to the IE-BM, • Viability and completeness of the data transition plan, • Traceability of requirements through design, development, and testing, • Adequacy of system security and privacy policies, plans, technical designs, and implementations, • Coverage and integrity of all system testing, including stress testing and testing of interfaces between modules and with external partner systems, • Capacity management, including consideration of future vendors' support and release plans for underlying databases, software, and hardware , and • Adequacy of disaster recovery planning • Verification that adequate regression testing has been performed to confirm that replaced or enhanced modules do not adversely impact the current functionality and operation of the state's Medicaid Enterprise. <p>2. The Vendor's evaluations of modular development shall be included in the monthly IV&V Assessments.</p> | <p>2. Each evaluation must identify the review(s) from which it was derived, including any meetings or interviews that informed each evaluation.</p> | <p>percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>M. IV&V Support for the CMS MEELC and MEET</p> <p>1. Vendor shall follow the current MEELC and complete all IV&V portions of the MEET published at https://www.medicaid.gov/medicaid/data-and-systems/meet/index.html</p> <p>2. Vendor shall deliver all IV&V input required for these reviews to AR DHS in the CMS format no later than fourteen (14) calendar days before the milestone review session designated</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A fifty percent (50%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these</p> |

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| <p>by CMS.</p> <p>3. Vendor shall compile the Monthly IV&V Assessments into quarterly progress reports that objectively illustrate the strengths and weaknesses of the project and provide recommendations for correcting any identified weaknesses.</p> <p>4. These “E&E IV&V Progress Reports” shall be submitted simultaneously to CMS and AR DHS not later than the 15th day of the month following the end of the Federal Fiscal Quarter (i.e. April 15, July 15, October 15, January 15) unless CMS designates otherwise.</p> <p>5. Vendor shall work with AR DHS to review evidence, annotate review findings, and annotate resolutions in each of the MEET checklists. Vendor will fill out the reviewer comment portion of the “Eligibility and Enrollment Checklists” and append them to the quarterly “E&E IV&V Progress Report”.</p> | | <p>Service Criteria. The fifty percent (50%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS’ Vendor file, and contract termination</p> |
| <p>N. Ongoing IV&V Activities</p> <p>1. Vendor shall continuously deliver the following services:</p> <ul style="list-style-type: none"> • Provide a document repository for all IV&V work products produced during this contract that includes reliable version control, and provides efficient records retrieval to the AR DHS staff. • Monitor and evaluate the System Integrator’s Quality Assurance processes. • Review and suggest any improvements required in the IE-BM change request process or the change request tracking system • Verify and validate an approved, representative sample of unit test results for the program modules | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months’ payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage</p> |

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| <p>and processes before they are integrated and system tested. Ensure results of those unit tests are fully documented.</p> <ul style="list-style-type: none"> • Verify and validate that in-depth, process-driven, and fully documented testing is being used to certify and demonstrate that the new IE-BM system is ready for User Acceptance Testing (UAT) prior to completion of the Integration and System Testing tasks. • Verify and validate an approved, representative sample of UAT results for the program modules and processes before release for production. Verify that high priority improvements identified in UAT tests are integrated into the production version of the IE-BM. • Conduct the initial assessments of data conversion plans, procedures, and software for each program that is migrating to IE-BM. <p>2. These services shall be delivered on an ongoing basis, with each instance delivered early enough to meet the deadlines for their successor tasks.</p> | | <p>credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>O. Optional Testing SME</p> <ol style="list-style-type: none"> 1. At the request of DHS, Vendor shall provide one (1) additional subject matter expert (SME) who focuses on testing for implementation. That "Testing SME" shall analyze data conversion results, analyze integration/system test results, assess readiness for User Acceptance Testing (UAT), prepare a UAT validation strategy and plan, lead writing of the UAT plan, and document the UAT results. 2. The optional Testing SME shall also perform random sampling of test results documents and repeat those test scenarios to independently verify that the | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A twenty percent (20%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The twenty percent (20%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage</p> |

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| <p>system performs according to the documented requirements.</p> <p>3. If this option is exercised, the Testing SME shall summarize all test results to AR DHS at least weekly, and shall make recommendations for corrective action to the IE-BM System Integrator.</p> | | <p>credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>P. CMS-requested Testing</p> <p>1. Vendor shall support the annual testing of eligibility systems that CMS requires per CMS specifications. CMS will provide the test scenarios and test data. The DDI contractor(s) will conduct the tests. The IV&V team shall perform the following:</p> <ul style="list-style-type: none"> • Review the DDI contractor's use of the CMS scenarios, • Evaluate random samples from the daily test results, • Review the final testing report before it is sent to CMS, and • Report any issues or concerns with the testing quality to both the DDI contractor(s) and AR DHS within forty-eight (48) hours of their discovery. <p>2. Vendor shall complete all the IV&V input required by CMS no later than twenty-one (21) calendar days before the final results are to be delivered to CMS.</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A fifty percent (50%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The fifty percent (50%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on</p> |

| Service Criteria ⁱ | Acceptable Performance | Damages for Insufficient Performance ⁱⁱ |
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| | | future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination. |
| <p>Q. Update the IV&V Project Plan</p> <p>The Vendor shall refine the initial IV&V Project Plan annually. At a minimum, this plan shall be reviewed, updated, and submitted to AR DHS for approval by May fifteenth (15th) of each year.</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A thirty percent (30%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The thirty percent (30%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>R. Organization and Staffing</p> | <p>Acceptable performance is defined as one hundred</p> | <p>1st incident: A 30 percent (30%) penalty shall be</p> |

| Service Criteria ⁱ | Acceptable Performance | Damages for Insufficient Performance ⁱⁱ |
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| <p>1. AR DHS shall provide the following staffing positions:</p> <ul style="list-style-type: none"> • Project Manager (serves as the primary contact) • Subject Matter Experts (SMEs) familiar with the program. <p>2. During the transition period (first two (2) months of the contract), the Vendor shall provide the following staff positions without limitation:</p> <ul style="list-style-type: none"> • Up to three (3) Consultants <p>3. After the initial two (2) month transition period, and for the duration of the contract, the vendor shall provide the following staff positions without limitation:</p> <ul style="list-style-type: none"> • One (1) IV&V Lead • Two (2) IV&V SMEs <p>4. The Vendor shall provide the following optional staff positions upon request by DHS and subject to Federal Financial Participation:</p> <ul style="list-style-type: none"> • One (1) Testing SME • One (1) additional IV&V SME <p>5. The Vendor shall provide a proposed organizational chart for AR DHS approval showing all proposed personnel by job title, lines of supervision, and indicating whether each person will be assigned full-time or part-time capacity to the IE-BM IV&V contract. The organizational chart must display the overall business structure.</p> <p>6. The organizational chart shall be delivered to AR DHS within thirty (30) calendar days of the contract's actual start date.</p> | <p>(100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The thirty percent (30%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>2nd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>S. KEY PERSONNEL</p> <p>1. The IV&V Lead named in the Vendor's proposal must be dedicated to this contract one hundred percent (100%) of the time.</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> |

| Service Criteria ⁱ | Acceptable Performance | Damages for Insufficient Performance ⁱⁱ |
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| <p>2. At least one (1) of the IV&V team member must be on-site on the business days of the week for the duration of the contract.</p> <p>3. Vendor shall provide all justifications for IV&V team members who support the IV&V project from remote offices, including what methods of communication, travel, and oversight will ensure the remote employee(s) perform their roles effectively, within ten (10) business days of the contract start date.</p> <p>4. Vendor shall commit to using the personnel identified in the contract and agree to AR DHS' right to approve proposed personnel changes during the term of the contract.</p> | | <p>2nd incident: A thirty percent (30%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The thirty percent (30%) penalty shall be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>T. PERSONNEL REQUIREMENTS</p> <p>1. Vendor shall disclose to the AR DHS Project Manager any other projects or regular duties outside of the IE-BM IV&V work included in this IFB to which key personnel will be assigned, and shall indicate the time allocated for each project. Vendor shall not assign any projects or duties outside the scope of work for this IFB without the written consent of the AR DHS Project Manager.</p> <p>2. Vendor shall obtain AR DHS approval before replacing, reassigning or adding key personnel during the contract period. All replacement personnel must have skills that DHS</p> | <p>Acceptable performance is defined as one hundred (100%) compliance with all service criteria throughout the contract term as determined by AR DHS.</p> | <p>1st Incident: A Corrective Action Plan, acceptable to AR DHS, shall be due to AR DHS within ten (10) business days of the request.</p> <p>2nd incident: A 30 percent (30%) penalty shall be assessed in the following months' payments to the Vendor for each thirty (30) day period the Vendor is not in full compliance with these Service Criteria. The thirty percent (30%) penalty shall be calculated from the total payment for the identified month in which the</p> |

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| <p>agrees are equal to or superior to the individual(s) being replaced. Should a key personnel position be vacated, the Vendor must deliver to AR DHS resumes of the potential replacement candidates, and allow AR DHS the opportunity to interview and approve replacement(s) for the vacated position(s).</p> <p>3. Vendor shall change project personnel as requested by AR DHS and must provide AR DHS an opportunity to interview and approve potential replacement candidates.</p> <p>4. Vendor shall provide a staffing continuity plan for AR DHS approval within thirty (30) calendar days of the contract's actual start date that includes, but is not limited to the following topics:</p> <ul style="list-style-type: none"> • Identify Vendor's policies and plans for maintaining continuity of personnel assignments throughout the performance of any contract resulting from this IFB. • Identify the Vendor's contingency plans to avoid and minimize the impact of any unexpected personnel changes. • Identify planned backup resources for key personnel. <p>5. Vendor shall provide laptops, any other hardware, and any other software Vendor deems necessary to support its work.</p> | | <p>deficiency took place.</p> <p>The total of all damage credits in any given month shall not exceed one hundred percent (100%) of the monthly invoice unless a 3rd incident occurs for any of the Service Criteria.</p> <p>3rd incident: AR DHS reserves the right to impose additional penalties including but not limited to: withholding payment on future invoices until Vendor is in full compliance, a substandard Vendor Performance Report (VPR) maintained in AR DHS' Vendor file, and contract termination.</p> |
| <p>Conflict of Interest Mitigation</p> <p>During the term of this contract, the Vendor shall comply with the terms of the AR DHS Organizational or Personal Conflict of Interest provisions. The Vendor shall disclose all actual, apparent, or potential conflicts of interest to the Department of Human Services (DHS) within five (5) calendar days of having knowledge of them. The Vendor shall develop a mitigation plan as requested by AR DHS which must be approved and accepted by AR DHS. Any changes to the approved mitigation plan must be</p> | <p>The Vendor must maintain one hundred percent (100%) compliance with this item at all times throughout the term of the contract</p> | <p>The Vendor will be fined five thousand dollars (\$5,000) per day for each day past five (5) calendar days for each actual, apparent, or potential conflict of interest it fails to disclose. The Vendor shall be fined one hundred thousand dollars (\$100,000) for the first failure to comply with the mitigation plan developed by the Vendor and approved by AR DHS. Each subsequent violation of the mitigation plan shall be</p> |

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| approved in advance by AR DHS. | | twice the amount of the immediately preceding violation fine. |
| <p>Exit Transition Plan</p> <p>Ninety (90) calendar days prior to the contract end date, the vendor shall submit to AR DHS a detailed plan for transitioning all contracted services to AR DHS, or to another vendor selected by AR DHS to provide the contracted services.</p> <p>The transition plan shall include provisions for the delivery of all proprietary data collected and/or created during the life of the contract to AR DHS thirty (30) calendar days prior to the contract end date. All proprietary data collected and/or created during the final thirty (30) calendar days of the contract, or any proprietary data not captured in the initial delivery, shall be delivered to AR DHS no more than fifteen (15) calendar days following the contract end date.</p> | The Vendor must maintain one hundred percent (100%) compliance with this item at all times throughout the term of the contract. | <p>If the Vendor fails to meet the acceptable performance standard, AR DHS may issue a below standard Vendor Performance Report (VPR) maintained in the vendor file.</p> <p>Final payment may be withheld from the vendor until the all elements of the transition are satisfied as determined by AR DHS.</p> |

Failure to meet the minimum Performance Standards as specified **may** result in the assessment of damages.

In the event a Performance Standard is not met, the vendor will have the opportunity to defend or respond to, or cure to the satisfaction of the State, the insufficiency. The State **may** waive damages if it determines there were extenuating factors beyond the control of the vendor that hindered the performance of services of it is in the best interest of the State. In these instances, the State **shall** have final determination of the performance acceptability.

Should any compensation be owed to the agency due to the assessment of damages, vendor **shall** follow the direction of the agency regarding the required compensation process.

ⁱ Nothing in this table is intended to set forth all obligations of the Contractor under the contract. These obligations are in addition to any others imposed by the contract and applicable law.

ⁱⁱ The damages set forth are not exclusive and shall in no way exclude or limit any remedies available at law or in equity.