

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

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 <sup>i</sup>	Acceptable Performance	Damages for Insufficient Performance <sup>ii</sup>
<p><b>A. Vendor Requirements</b></p> <ol style="list-style-type: none"> <li>1. Vendor shall work with the Arkansas Department of Human Services (DHS) Chief Financial Officer for Medicaid Services (CFO) in reviewing the process flow of completing the quarterly Centers for Medicare and Medicaid Services (CMS) forms and provide recommendations to make the process more efficient. Vendor activities shall include the following without limitation:               <ol style="list-style-type: none"> <li>a. Assess weakness and provide recommendations in reporting of audit adjustments</li> <li>b. Assess weakness and provide recommendations in reporting of overpayments</li> <li>c. Assess weakness and provide recommendations in reporting of recoveries</li> <li>d. Assess weakness and provide recommendations in reporting of expenditures incurred outside of the Department of Human Services.</li> </ol> </li> <li>2. Quarterly, provide external quality review of prepared workpapers for CMS-64 and CMS-21 submissions. Vendor activities shall include without limitation the following:               <ol style="list-style-type: none"> <li>a. Develop reconciliation process to map expenditures and revenue from the Arkansas Administrative Statewide Information System (AASIS) to the DHS Quarterly Payout Report.</li> <li>b. Ensure workpapers prepared by DHS staff have been compared to the DHS Quarterly Payout Report with variances noted and the amounts determined are properly reported on the CMS-64 and CMS-21.</li> <li>c. Review the following reconciliations required by DHS CFO prior to certification of CMS-64 and CMS-21:                   <ol style="list-style-type: none"> <li>i. Reconcile Federal draws from the U.S. Treasury Payment Management System to the</li> </ol> </li> </ol> </li> </ol>	<p>Acceptable performance is defined as one hundred percent (100%) compliance with the service criteria throughout the contract term as determined by the Arkansas Department of Human Services (DHS).</p>	<ol style="list-style-type: none"> <li>1. A Corrective Action Plan, acceptable to DHS, will be due to DHS within ten (10) business days of the request.</li> <li>2. A thirty percent (30%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the contract. The thirty percent (30%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</li> <li>3. DHS reserves the right to impose additional penalties including without limitation withholding payment on future invoices until Vendor is in full compliance and maintaining a below standard Vendor Performance Report (VPR) in the Vendor file, and may opt for contract termination.</li> </ol>

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<p>Federal Share reported on the CMS-64 and CMS-21.</p> <ul style="list-style-type: none"> <li>ii. Reconcile Non-Federal share to the total State General Revenue and other revenue sources maintained in fund accounting system with DHS Managerial Accounting.</li> <li>iii. Reconcile Total Expenditures per CMS-64 and CMS-21 to the DMS Quarterly Payout Report</li> <li>iv. Reconcile Total Expenditures per DMS Quarterly Payout Report to AASIS</li> </ul> <p>d. Provide a report to DHS CFO discussing issues identified during review of completed CMS-64 and CMS-21 reports.</p> <p>3. Work with the Division of Medical Services (DMS) Chief Financial Officer to recommend improvements in the CMS-37 and CMS-21B process currently completed by DMS staff. These improvements shall include incorporating the Arkansas Management Administrative Reporting Subsystem (MARS) reports into the process.</p> <p>4. Provide quarterly training for staff upon submission of the quarterly reports to address questions raised and corrections needed during the completion of the forms.</p>		
<p><b>B. Work Schedule</b>  Vendor staff working on engagement must be on-site at DHS Headquarters from the 10th of the month after the end of a reporting quarter through the 30th of that month to assist in the completion of the CMS-64 and CMS-21. The vendor must perform the training indicated above between the 10th and the 15th of the month.</p> <p><b>Arkansas Department of Human Services  Headquarters Physical Address:</b></p> <p>700 Main Street  Little Rock, AR 72203.</p>	<p>Acceptable performance is defined as one hundred percent (100%) compliance with the service criteria throughout the contract term as determined by the Arkansas Department of Human Services (DHS).</p>	<ul style="list-style-type: none"> <li>4. A Corrective Action Plan, acceptable to DHS, will be due to DHS within ten (10) business days of the request.</li> <li>5. A thirty percent (30%) penalty will be assessed in the following months' payment to the provider for each thirty (30) day period the Vendor is not in full compliance with all requirements of the</li> </ul>

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		<p>contract. The thirty percent (30%) penalty will be calculated from the total payment for the identified month in which the deficiency took place.</p> <p>6. DHS reserves the right to impose additional penalties including withholding payment on future invoices until Vendor is in full compliance and maintaining a below standard Vendor Performance Report (VPR) in the Vendor file, and may opt for contract termination.</p>
<p><b>C. Conflict of Interest Mitigation</b>  During the term of this contract, the Vendor shall comply with the terms of the 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) days of having knowledge of them. The Vendor shall develop a mitigation plan as requested by DHS which must be approved and accepted by DHS. Any changes to the approved mitigation plan must be approved in advance by DHS.</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 hundred dollars (\$500) per day for each day past five (5) days for each actual, apparent, or potential conflict of interest it fails to disclose. The Vendor shall be fined five thousand dollars (\$5,000) for the first failure to comply with the mitigation plan developed by the Vendor and approved by DHS. Each subsequent violation of the mitigation plan shall be twice the amount of the immediately preceding violation fine.</p>

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<p><b>D. Transition Planning</b>  Ninety (90) days prior to the contract end date, the vendor shall submit to DHS a detailed plan for transitioning all contracted services to DHS, or to another vendor selected by 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 DHS thirty (30) days prior to the contract end date. All proprietary data collected and/or created during the final thirty (30) days of the contract, or any proprietary data not captured in the initial delivery, shall be delivered to DHS no more than fifteen (15) days following the contract end date.</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>If the Vendor fails to meet the acceptable performance standard, 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 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.

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<sup>i</sup> 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.

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