



JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

STATE CAPITOL
P.O. BOX 44294, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804
(225) 342-7244

REPRESENTATIVE CAMERON HENRY
CHAIRMAN

SENATOR ERIC LAFLEUR
VICE-CHAIRMAN

AGENDA

Friday, November 16, 2018
9:30 AM
House Committee Room 5

I. CALL TO ORDER

II. ROLL CALL

III. BUSINESS

1. Fiscal Status Statement and Five-Year Base-Line Budget
- 2A. Review and approval of back pay request DPS 02-01910-JS for Municipal Police Supplemental Pay in accordance with R.S. 40:1667.8
- 2B. Review and approval of back pay request DPS 02-01911-JS for Municipal Firemen's Supplemental Pay in accordance with R.S. 40:1666.9
3. Review of the request to reprogram funding for Coastal Restoration and Management Projects, as required by Act 20 of the 2009 Regular Legislative Session
4. Review and approval of the 2019 operating budget for the Louisiana Public Facilities Authority in accordance with R.S. 9:2346
5. Review of a Tax Equalization Program contract renewal between the Louisiana Department of Economic Development and the Pool Corporation, as required by R.S. 47:3204
6. Review and discussion of federal funds carried over from FY 2017-2018 to FY 2018 -2019
7. Legislative Auditor presentation of Medicaid Eligibility Reports
8. Review and approval of contracts between the Office of Group Benefits and the following entities for the following services, in accordance with the provisions of R.S. 42:802:
 - A. Prudential Financial, Inc., for group life insurance
 - B. Vantage Health Plan, Inc., for a fully insured Louisiana Health Management Organization network
 - C. Vantage Health Plan, Inc., for fully insured Medicare Advantage Plan services
 - D. Peoples Health, Inc., for fully insured Medicare Advantage Plan services
 - E. Humana for fully insured Medicare Advantage Plan services
 - F. Blue Cross Blue Shield of Louisiana for fully insured Medicare Advantage Plan services

Review and approval of amendments to contracts between the Office of Group Benefits and the following entities for the following services, in accordance with the provisions of R.S. 42:802:

- G. Extend Health, Inc., for access to alternate plans for Medicare eligible retirees
 - H. MedImpact Healthcare Systems, Inc., to adjust discounts and rebate rates of pharmaceuticals to OGB
 - I. Blue Cross Blue Shield of Louisiana for medical third party administrative services
9. Review and approval of a contract extension between the Louisiana Department of Health, Bureau of Health Services Financing and Magellan Medicaid Administration, Inc., in accordance with R.S. 39:1615(J)
10. Review and approval of amendments to a contract between the Office of Technology Services and Deloitte Consulting LLP, in accordance with R.S. 39:1615(J)
11. Review and approval of the fees pursuant to Act No. 1001 of the 2010 Regular Legislative Session for the Louisiana Department of Agriculture and Forestry

IV. CONSIDERATION OF ANY OTHER BUSINESS THAT MAY COME BEFORE THE COMMITTEE

V. ADJOURNMENT

THIS NOTICE CONTAINS A TENTATIVE AGENDA AND MAY BE REVISED PRIOR TO THE MEETING.

Representative Cameron Henry, Chairman

**JOINT LEGISLATIVE COMMITTEE ON THE BUDGET
GENERAL FUND FISCAL STATUS STATEMENT
FISCAL YEAR 2018-2019
(\$ in millions)**

November 9, 2018

	<u>OCTOBER 2018</u>	<u>NOVEMBER 2018</u>	<u>NOVEMBER 2018 Over/(Under) OCTOBER 2018</u>
<u>GENERAL FUND REVENUE</u>			
Revenue Estimating Conference, June 26, 2018	\$9,443.800	\$9,443.800	\$0.000
Transfer of Funds - Act 10 of the 2018 Second Extraordinary Legislative Session	\$53.333	\$53.333	\$0.000
Use of Prior Year Undesignated Fund Balance (FY 16-17 Surplus)	\$62.952	\$62.952	\$0.000
FY17-18 Revenue Carried Forward into FY 18-19	\$63.665	\$63.665	\$0.000
Total Available General Fund Revenue	<u>\$9,623.750</u>	<u>\$9,623.750</u>	<u>\$0.000</u>
<u>APPROPRIATIONS AND REQUIREMENTS</u>			
Non-Appropriated Constitutional Requirements			
Debt Service	\$422.651	\$422.651	\$0.000
Interim Emergency Board	\$1.721	\$1.323	(\$0.398)
Revenue Sharing	\$90.000	\$90.000	\$0.000
Total Non-Appropriated Constitutional Requirements	<u>\$514.371</u>	<u>\$513.973</u>	<u>(\$0.398)</u>
Appropriations			
General (Act 2 of 2018 2nd ES and Act 2 of 2018 3rd ES)	\$8,830.423	\$8,830.423	\$0.000
Ancillary (Act 49 of 2018 RLS)	\$0.000	\$0.000	\$0.000
Judicial (Act 69 of 2018 RLS)	\$153.531	\$153.531	\$0.000
Legislative (Act 79 of 2018 RLS)	\$62.473	\$62.473	\$0.000
Capital Outlay (Act 29 of 2018 RLS)	\$62.952	\$63.350	\$0.398
Total Appropriations	<u>\$9,109.379</u>	<u>\$9,109.777</u>	<u>\$0.398</u>
Total Appropriations and Requirements	<u>\$9,623.750</u>	<u>\$9,623.750</u>	<u>\$0.000</u>
General Fund Revenue Less Appropriations and Requirements	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>

II. FY 2017-2018 Fiscal Status Summary:

In accordance with Act 1092 of the 2001 Regular Session and Act 107 of the 2002 First Extraordinary Session (R.S. 39:75), the first budget status report presented after October 15th shall reflect the fund balance for the previous fiscal year.

FY18 GENERAL FUND DIRECT SURPLUS/DEFICIT - ESTIMATED (millions)

FY17 Surplus/(Deficit) 122.620

FY18 General Fund - Direct Revenues:

Actual General Fund Revenues 9,902.827

General Fund - Direct Carryforwards from FY17 to FY18 19.157

Drivers License Fee Transfer to the Drivers License Escrow Account (P41) 6.519

Total FY18 General Fund - Direct Revenues 9,928.504

FY18 General Fund - Direct Appropriations & Requirements:

Draws of General Fund - Direct Appropriations [including \$12.336m FY17 Surplus] (8,967.729)

General Obligation Debt Service (417.730)

Transfers to Revenue Sharing Fund (Z06) - Constitution 7:26 (90.000)

Transfers Out to Various Funds - 20-XXX, Act 1 (2017 2ES), Act 59 (2018 RLS), Act 8 (2018 2ES) (53.908)

Transfer Out to the Voting Technology Fund (SS2) - Department of State, Act 8 (2018 2ES) (1.500)

Capital Outlay Project Closeout (075, 057, 055, 051) (1.424)

Transfer Out to the Budget Stabilization (Z08) - Act 642 (2018 RLS) [FY17 Surplus] (30.655)

Other Transfers Out [\$342,918.52 (from 000) + \$5,334,387.50 (from B15)] (5.677)

Capital Outlay Act 29 (2018 RLS) Appropriated in FY18 [FY17 Surplus] (16.677)

Transfer Out to the New Opportunities Waiver Fund (H30) - R.S. 39:100.61 (19.944)

Total FY18 General Fund - Direct Appropriations & Requirements (9,605.244)

General Fund Direct Cash Balance 445.880

Obligations Against the General Fund Direct Cash Balance

Unappropriated Use of FY17 Surplus (0.074)

Capital Outlay Act 29 (2018 RLS) Appropriated in FY19 [FY17 Surplus] (22.486)

Capital Outlay - DOTD Highway Improvements Appropriated in FY19 [FY17 Surplus] (40.466)

Pending Transfers - Coastal Protection and Restoration Fund (Z12) (11.136)

General Fund - Direct Carryforwards to FY19 (63.665)

Total Obligated General Fund Direct (137.827)

General Fund Direct Surplus/(Deficit) - Estimated 308.053

III. Current Year Items Requiring Action

Act 2 of 2018 3rd ES, Section 19B:

Executive Department - restoration of funding	\$2.00
Executive Office - restoration of funding	\$0.34
Secretary of State - restoration of funding	\$0.13
Secretary of State - restoration of step increases for Registrar of Voters	\$0.48
Attorney General - restoration of funding	\$0.87
Agriculture & Forestry - restoration of funding	\$0.60
Department of Economic Development - restoration of funding	\$0.50
Department of Corrections - personal services (including CSO pay raise), acquisitions & major repairs	\$16.29
Office of Juvenile Justice - Raise the Age Initiative, major repairs at the state centers for youth, operating expenses for Acadiana for the Youth	\$10.80
Department of Natural Resources - restoration of funding	\$0.50
Department of Natural Resources - Legacy Site Remediation program (2 positions)	\$0.28
Local Housing of State Adult Offenders - per diem to Sheriffs	<u>\$10.51</u>

Total Items Requiring Action \$43.30

IV. Horizon Issues Not Contained in 5-Year Plan

State share owed to FEMA upon the final closeout of various disasters, including Hurricane Katrina, for public assistance (state, local, and private non-profits) and hazard mitigation projects. Final closeouts of the various disasters are not expected until FY20 at the earliest but could extend beyond the 5-year baseline projection window.

**FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND SUMMARY
APPROPRIATED**

	Prior Fiscal Year 2017-2018	Current Fiscal Year 2018-2019	Projected Fiscal Year 2019-2020	Projected Fiscal Year 2020-2021	Projected Fiscal Year 2021-2022
REVENUES:					
Taxes, Licenses & Fees	\$12,065,200,000	\$11,973,200,000	\$12,144,300,000	\$12,218,300,000	\$12,475,200,000
Less Dedications	(\$2,476,800,000)	(\$2,529,400,000)	(\$2,538,700,000)	(\$2,553,900,000)	(\$2,571,100,000)
Carry Forward Balances	\$19,157,479	\$63,664,831	\$0	\$0	\$0
Act 10 of the 2018 Second Extraordinary Session - Transfer of Funds	\$0	\$53,333,333	\$0	\$0	\$0
Utilization of Prior Year Surplus	\$29,013,210	\$62,951,760	\$0	\$0	\$0
TOTAL REVENUES	\$9,636,570,689	\$9,623,749,924	\$9,605,500,000	\$9,664,400,000	\$9,904,200,000
ANNUAL GROWTH RATE		-1.51%	1.71%	0.61%	2.48%
EXPENDITURES:					
General Appropriation Bill (Act 2 of 2018 2nd ES and Act 2 of 2018 3rd ES)	\$8,737,948,098	\$8,830,422,889	\$9,191,333,261	\$9,469,731,759	\$9,657,910,723
Ancillary Appropriation Bill (Act 49 of 2018 RS)	\$0	\$0	\$5,382,783	\$22,069,410	\$33,938,446
Non-Appropriated Requirements	\$507,903,581	\$513,973,375	\$514,742,663	\$478,628,093	\$465,151,454
Judicial Appropriation Bill (Act 69 of 2018 RS)	\$151,530,944	\$153,530,944	\$153,586,682	\$153,587,179	\$153,587,696
Legislative Appropriation Bill (Act 79 of 2018 RS)	\$62,472,956	\$62,472,956	\$62,550,725	\$62,550,665	\$62,550,611
Special Acts	\$0	\$0	\$10,569,776	\$10,569,776	\$10,569,776
Capital Outlay Bill (Act 29 of 2018 RS)	\$1,500,000	\$63,349,760	\$0	\$0	\$0
TOTAL EXPENDITURES	\$9,461,355,579	\$9,623,749,924	\$9,938,165,890	\$10,197,136,882	\$10,383,708,706
ANNUAL GROWTH RATE		1.72%	3.27%	2.61%	1.83%
Mid-Year Adjustments after 12/1/2017	\$175,141,210	\$0	\$0	\$0	\$0
PROJECTED BALANCE	\$73,900	\$0	(\$332,665,890)	(\$532,736,882)	(\$479,508,706)

Oil Prices included in the REC official forecast

\$57.05

\$59.42

\$59.20

\$58.91

\$59.37



JOHN BEL EDWARDS
GOVERNOR

KEVIN W. REEVES, COLONEL
DEPUTY SECRETARY

State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

October 25, 2018
DPS-02-01910-JS

Representative Cameron Henry, Chairman
Joint Legislative Committee on the Budget
Post Office Box 44294
Baton Rouge, Louisiana 70804

Dear Chairman Henry:

Attached is a spreadsheet detailing 130 requests for back pay for Municipal Police Supplemental Pay which have been approved by the Board of Review as per Act 110 of 1982. We are requesting this item be placed on the agenda for consideration and approval at the next meeting.

Total requested prior year funds: \$118,880.

Public Safety Services projects sufficient funds available in the current fiscal year budget to fund these Act 110 requests for back pay.

If any additional documentation or information is needed, please feel free to contact the Undersecretary's Office at (225) 925-6032.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Starnes".

Lt. Colonel Jason Starnes
Chief Administrative Officer

Attachment

CC: Chief Toby Aguillard, Chairman, MPO Board of Review
Candace Oby, Public Safety Services, MPO Board Member
Ternisa Hutchinson, Division of Administration, MPO Board Member
Paul Schexnayder, Legal Affairs

COURTESY • LOYALTY • SERVICE
"An Equal Opportunity Employer"
P.O. BOX 66614, BATON ROUGE, LOUISIANA 70896

MUNICIPAL POLICEMEN'S SUPPLEMENTAL PAY ACT 110 REQUEST

No.	DEPARTMENT	EMPLOYEE NAME	DATES OWED	AMOUNT	REASON
1	Alexandria Marshal	Hopewell, Jerome	5/11/18 - 6/30/18	\$833	Application not submitted timely.
2	Alexandria Marshal	Boeta, Steve	6/4/18 - 6/30/18	\$450	Application not submitted timely.
3	Alexandria Marshal	Hall, Kim	5/21/18 - 6/30/18	\$667	Application not submitted timely.
4	Baker	Taylor, Alton	4/3/18 - 6/30/18	\$2,967	Application not submitted timely.
5	Basile	Clement, Steven	4/9/18 - 6/30/18	\$1,367	Application not submitted timely.
6	Blanchard	Lowery, David	4/23/18 - 6/30/18	\$1,133	Application not submitted timely.
7	Bossier	Coller, Cary	5/16/18 - 6/30/18	\$750	Application not submitted timely.
8	Boyce	Turner, Raphelle	3/1/17 - 6/30/17	\$2,000	Application not submitted timely.
9	Breaux Bridge	Adams, Craig	6/12/18 - 6/30/18	\$317	Application not submitted timely.
10	Breaux Bridge	Calais, Marilyn	6/12/18 - 6/30/18	\$317	Application not submitted timely.
11	Breaux Bridge	David, Steven	6/12/18 - 6/30/18	\$317	Application not submitted timely.
12	Broussard	Shatlock, Jay	5/14/18 - 6/30/18	\$783	Application not submitted timely.
13	Cheneyville	Juneau, Rushing	2/24/18 - 6/30/18	\$2,117	Application not submitted timely.
14	Causway (GNOE)	Leche, Jonathan	6/25/18 - 6/30/18	\$100	Application not submitted timely.
15	Clinton	Payne, Donald	4/2/18 - 6/30/18	\$1,483	Correction to application calculation
16	Constable First City Court/Marshal	Brown, Adrian	1/17/17 - 6/30/17	\$2,733	Application not submitted timely.
17	Constable First City Court/Marshal	Brown, Firmin	5/11/17 - 6/30/17	\$833	Application not submitted timely.
18	Coushatta Tribal	Armfield, Leon	4/26/18 - 6/30/18	\$1,083	Application not submitted timely.
19	Coushatta Tribal	John, Georgia	3/23/18 - 6/30/18	\$1,633	Application not submitted timely.
20	Covington	Carruth, Ryan	6/6/18 - 6/30/18	\$417	Application not submitted timely.
21	Deridder	Fajardo, Saul	5/4/18 - 6/30/18	\$950	Application not submitted timely.
22	Dubach	Evans, Seth	6/19/18 - 6/30/18	\$200	Application not submitted timely.
23	Elton	Istre, Leric	4/18/18 - 6/30/18	\$1,217	Application not submitted timely.
24	Elton	Leonard, Lisa	5/13/18 - 6/30/18	\$800	Application not submitted timely.
25	Franklin Marshal	Weidenboerner, Carla	12/1/17 - 6/30/18	\$3,500	Application not submitted timely.
26	Franklin	Dorer, Jordan	2/12/18 - 6/30/18	\$2,317	Application not submitted timely.
27	Franklinton	Ernest Corkern	6/7/18 - 6/30/18	\$400	Application not submitted timely.
28	Gretna	Bloomer, Richard	5/18/18 - 6/30/18	\$717	Application not submitted timely.
29	Gretna	McClosky, Gillis	11/3/17 - 6/30/18	\$3,967	Application not submitted timely.
30	Gretna	Folse, Dustin	8/22/17 - 6/30/18	\$5,150	Application not submitted timely.
31	Harahan	Ward, Carley	4/2/18 - 6/30/18	\$1,483	Application not submitted timely.
32	Harbor Police NO	Trigueros, Jennifer	12/29/17 - 6/30/18	\$3,033	Application not submitted timely.
33	Haynesville	Barnes, Aaron	5/1/18 - 6/30/18	\$1,000	Application not submitted timely.
34	Hodge	Cheatwood, Cody	6/15/18 - 6/30/18	\$267	Application not submitted timely.
35	Houma City Marshal	Parfait, Phillip	5/29/18 - 6/30/18	\$533	Application not submitted timely.

No.	DEPARTMENT	EMPLOYEE NAME	DATES OWED	AMOUNT	REASON
36	Homer	Rogers, Colin	5/23/18 - 6/30/18	\$633	Application not submitted timely.
37	Jeanerette City Marshal	Theodile, NaKather	4/2/18 - 6/30/18	\$1,483	Application not submitted timely.
38	Jeanerette Police Dept	Wiles, Lisa	6/11/18 - 6/30/18	\$333	Application not submitted timely.
39	Jeanerette Police Dept	Marks, Nija	6/29/18 - 6/30/18	\$33	Application not submitted timely.
40	Jena	James Mannon	6/18/18 - 6/30/18	\$217	Application not submitted timely.
41	Jonesboro	Garrett, Matthew	5/15/18 - 6/30/18	\$767	Application not submitted timely.
42	Jonesboro	Murphy, Ciera	5/10/18 - 6/30/18	\$850	Application not submitted timely.
43	Kenner	Parish, Layell	3/14/18 - 6/30/18	\$1,783	Application not submitted timely.
44	Kentwood	Robertson, Ronald	10/5/17 - 6/30/18	\$4,433	Application not submitted timely.
45	Killian	Fletcher, Richard	7/12/17 - 6/30/18	\$5,817	Application not submitted timely.
46	Lafayette	Bankard, Andrew	2/2/18 - 5/4/18	\$1,050	Application not submitted timely.
47	Lafayette	Journat, Rachael	6/4/18 - 6/30/18	\$433	Application not submitted timely.
48	Lafayette	Kermit Warren	6/18/18 - 6/30/18	\$217	Application not submitted timely.
49	Lake Charles	Brandon links	2/5/18 - 6/30/18	\$2,433	Application not submitted timely.
50	Lake Providence	Stakes, Robert	4/19/18 - 6/30/18	\$1,200	Application not submitted timely.
51	Mamou	Fruge, Christopher	5/10/18 - 6/30/18	\$850	Application not submitted timely.
52	Many	Cook, Matthew	4/18/18 - 6/30/18	\$717	Application not submitted timely.
53	Many	Santos, Leslie	6/28/18 - 6/30/18	\$50	Application not submitted timely.
54	Monroe	McMillin, Alan	4/1/18 - 6/30/18	\$1,500	Application not submitted timely.
55	Moreauville	Riceau, Lataya	5/23/18 - 6/30/18	\$633	Application not submitted timely.
56	Natchitoches	Lodrigue, Sean	4/29/18 - 6/30/18	\$1,033	Application not submitted timely.
57	Natchitoches	Dranguet, Charles	3/28/18 - 6/30/18	\$1,050	Application not submitted timely.
58	Natchitoches	Lodrigue, Jacob	6/14/18 - 6/30/18	\$283	Application not submitted timely.
59	New Iberia	Badeaux, Lyrical	6/1/18 - 6/30/18	\$500	Application not submitted timely.
60	New Iberia	Lamaire, Jude	6/18/18 - 6/30/18	\$217	Application not submitted timely.
61	New Iberia	Matthews, Orlando	6/18/18 - 6/30/18	\$217	Application not submitted timely.
62	New Iberia	Meaux, Rusty	6/18/18 - 6/30/18	\$217	Application not submitted timely.
63	New Iberia	Penn, Stoney	6/18/18 - 6/30/18	\$217	Application not submitted timely.
64	New Iberia	Pete, Gregory	6/18/18 - 6/30/18	\$217	Application not submitted timely.
65	New Iberia	Sohm, Tyler	6/18/18 - 6/30/18	\$217	Application not submitted timely.
66	New Iberia	Wilson, Christopher	6/18/18 - 6/30/18	\$217	Application not submitted timely.
67	New Iberia	Landry, Kellen	6/18/18 - 6/30/18	\$217	Application not submitted timely.
68	New Iberia	Lantier, Christopher	6/18/18 - 6/30/18	\$217	Application not submitted timely.
69	New Iberia	Legge, Jr., Roland	6/18/18 - 6/30/18	\$217	Application not submitted timely.
70	New Iberia	Hardy, Terrance	6/18/18 - 6/30/18	\$217	Application not submitted timely.
71	New Iberia	Landry, Trevor	6/18/18 - 6/30/18	\$217	Application not submitted timely.

No.	DEPARTMENT	EMPLOYEE NAME	DATES OWED	AMOUNT	REASON
72	New Iberia	Hughes, Daesha	6/18/18 - 6/30/18	\$217	Application not submitted timely.
73	New Iberia	Dauphin, Alexander	6/18/18 - 6/30/18	\$217	Application not submitted timely.
74	New Iberia	Broussard, Laura	6/18/18 - 6/30/18	\$217	Application not submitted timely.
75	New Iberia	Breaux, Alexander	6/18/18 - 6/30/18	\$217	Application not submitted timely.
76	New Iberia	Broussard, Aubrey	6/18/18 - 6/30/18	\$217	Application not submitted timely.
77	New Iberia	Jordan Chapple	6/18/18 - 6/30/18	\$217	Application not submitted timely.
78	New Iberia	Hollier, Eric	6/18/18 - 6/30/18	\$217	Application not submitted timely.
79	New Iberia	Duhon, Cassie	6/18/18 - 6/30/18	\$217	Application not submitted timely.
80	New Iberia	Bell, Christine	6/18/18 - 6/30/18	\$217	Application not submitted timely.
81	New Iberia	Mendoza, Eduardo	6/18/18 - 6/30/18	\$217	Application not submitted timely.
82	New Iberia	Lewis, Craig	6/18/18 - 6/30/18	\$217	Application not submitted timely.
83	New Iberia	Heaton, Douglas	6/18/18 - 6/30/18	\$217	Application not submitted timely.
84	New Iberia	Hardy, Samantha	6/18/18 - 6/30/18	\$217	Application not submitted timely.
85	New Iberia	Gary, Kevin	6/18/18 - 6/30/18	\$217	Application not submitted timely.
86	New Iberia	Geiger, Richard	6/18/18 - 6/30/18	\$217	Application not submitted timely.
87	New Iberia	Benoit, Chad	6/18/18 - 6/30/18	\$217	Application not submitted timely.
88	New Iberia	Comeaux, Rustin	6/18/18 - 6/30/18	\$217	Application not submitted timely.
89	New Iberia	Ellis II, Daniel	6/18/18 - 6/30/18	\$217	Application not submitted timely.
90	New Iberia	Roque, Derrick	6/18/18 - 6/30/18	\$217	Application not submitted timely.
91	New Iberia	Thibodeaux, Walter	6/18/18 - 6/30/18	\$217	Application not submitted timely.
92	New Iberia	Leblanc, Marice	6/18/18 - 6/30/18	\$217	Application not submitted timely.
93	New Iberia	Ryan Boutte	6/18/18 - 6/30/18	\$217	Application not submitted timely.
94	New Iberia	Laseter, Leland	6/18/18 - 6/30/18	\$217	Application not submitted timely.
95	New Iberia	Hartwick, Jade	6/18/18 - 6/30/18	\$217	Application not submitted timely.
96	New Iberia	Bergeaux, Christopher	6/18/18 - 6/30/18	\$217	Application not submitted timely.
97	New Iberia	Toups, Randall	6/18/18 - 6/30/18	\$217	Application not submitted timely.
98	New Iberia	Andrews, James	6/18/18 - 6/30/18	\$217	Application not submitted timely.
99	New Iberia	Lockhart, Jullian	6/18/18 - 6/30/18	\$217	Application not submitted timely.
100	New Iberia	Anslum, Mallory	6/18/18 - 6/30/18	\$217	Application not submitted timely.
101	New Llano	Finnie, Henry	6/18/18 - 6/30/18	\$217	Application not submitted timely.
102	New Orleans	Davis, Naja	5/11/17 - 6/30/17	\$766	Received military orders in March 2018
103	New Orleans	Begley, Kevin	3/19/18 - 6/30/18	\$1,700	Application submitted late
104	New Orleans	Bicio, Morgan	6/28/19 - 6/30/18	\$50	Application submitted late
105	New Orleans	Walker, John	6/10/18 - 6/30/18	\$350	Application submitted late
106	New Orleans	Shannon, Isaiah	1/28/18-6/30/18	\$2,500	Application submitted late
107	New Orleans	Jennings, Christopher	3/20/18-6/30/18	\$1,500	Application submitted late

No.	DEPARTMENT	EMPLOYEE NAME	DATES OWED	AMOUNT	REASON
108	New Roads	Johnson, James, Jr.	7/25/17 - 6/30/18	\$5,600	Application submitted late
109	Oakdale	Johnson, Lorrie	5/18/18 - 6/30/18	\$717	Application submitted late
110	Oil City	Gregory Brewton	1/1/18 - 6/30/18	\$3,000	Application submitted late
111	Patterson	Garrett, Cassandra	5/29/18 - 6/30/18	\$533	Application submitted late
112	Pineville	Gouliart, John	5/9/18 - 6/30/18	\$867	Application submitted late
113	Pineville	Ellington, Paul	5/9/18 - 6/30/18	\$867	Application submitted late
114	Pollock	Bladel, Ryan	5/31/18 - 6/30/18	\$517	Application submitted late
115	Port Allen	James, Tyeler	6/28/18 - 6/30/18	\$50	Application submitted late
116	Port Barre	Angelle, Frank	4/3/18 - 6/30/18	\$1,467	Application submitted late
117	Quitman	Tippen, Christopher	5/22/18 - 6/30/18	\$650	Application submitted late
118	Rayville	Colvin, Timothy	5/24/18 - 6/30/18	\$617	Application submitted late
119	St. Gabriel	Clark, Jasmione	1/19/18 - 6/30/18	\$2,700	Application submitted late
120	St. Martinville	Vincent, David	6/15/18 - 6/30/18	\$267	Application submitted late
121	Serepta	Troy Walker	6/11/18 - 6/30/18	\$333	Application submitted late
122	Shreveport Airport	Dunkins, Vanessa	6/1/18 - 6/30/18	\$500	Application submitted late
123	Shreveport Airport	Phill, Jammie	6/1/18 - 6/30/18	\$500	Application submitted late
124	Shreveport Marshal	Brown, Kena	5/1/18 - 6/30/18	\$1,000	Application submitted late
125	Slidell	Perrien, Sandra	11/9/1 - 6/30/18	\$3,867	Application submitted late
126	Sulphur	Morris, Kelsey	6/25/18 - 6/30/18	\$100	Application submitted late
127	Sulphur	Fruge, Joshua	6/11/18 - 6/30/18	\$333	Application submitted late
128	Vidalia Police Dept.	Lemoine, Dustin	6/20/18 - 6/30/18	\$183	Application submitted late
129	Ville Platte	McKinney, Malcolm	4/5/18 - 6/30/18	\$1,433	Application submitted late
130	Zachary	Depew, Travis	5/21/18 - 6/30/18	\$667	Application submitted late
Grand Total				\$118,890	



JOHN BEL EDWARDS
GOVERNOR

KEVIN W. REEVES, COLONEL
DEPUTY SECRETARY

State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

October 25, 2018
DPS-02-01911-JS

Representative Cameron Henry, Chairman
Joint Legislative Committee on the Budget
Post Office Box 44294
Baton Rouge, Louisiana 70804

Dear Chairman Henry:

Attached is a spreadsheet detailing 51 requests for back pay for Municipal Firemen's Supplemental Pay which have been approved by the Board of Review as per Act 110 of 1982. We are requesting this item be placed on the agenda for consideration and approval at the next meeting.

Total requested prior year funds: \$74,132.

Public Safety Services projects sufficient funds available in the current fiscal year budget to fund these Act 110 requests for back pay.

If any additional documentation or information is needed, please feel free to contact the Undersecretary's Office at (225) 925-6032.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Starnes".

Lt. Colonel Jason Starnes
Chief Administrative Officer

Attachment

CC: Brien Ruiz, Chairman, Board of Review
 Frank Cusimano, Jr, Vice-Chairman, Board of Review
 Dwayne Thevis, Board Member
 Ronnie Schillace, Board Member
 Richard Parker, Board Member
 Paul Schexnayder, Legal Affairs

COURTESY • LOYALTY • SERVICE
"An Equal Opportunity Employer"
P.O. BOX 66614, BATON ROUGE, LOUISIANA 70896

MUNICIPAL FIREMEN'S SUPPLEMENTAL PAY ACT 110 REQUEST

No.	DEPARTMENT	EMPLOYEE NAME	DATES OWED	AMOUNT	REASON
1	Grambline Fire Dept	Joseph Jamel Lee Minor-Simmons	8/24/16 - 6/30/17	\$5,117	Application not submitted timely.
2	Livingston #9	Tyer Douglas Carber	3/30/17 - 06/30/17	\$1,517	Application not submitted timely.
3	Alexandria Fire Department	Gregory Roberts	6/17/18 - 6/30/18	\$233	Application not submitted timely.
4	Alexandria Fire Department	Derek Derrelle	4/1/18 - 6/30/18	\$1,500	Application not submitted timely.
5	Bastrop	Evan Bordelon	6/10/18 - 6/30/18	\$350	Application not submitted timely.
6	Bastrop	Christopher Deshazo	6/19/18 - 6/30/18	\$200	Application not submitted timely.
7	Bastrop	Benjamin Rabb	4/30/18 - 6/30/18	\$334	Application not submitted timely.
8	Franklinton	Cody Brumfield	5/31/18 - 6/30/18	\$517	Application not submitted timely.
9	Grand Caillou	Robbie Saulters	6/15/18 - 6/30/18	\$250	Application not submitted timely.
10	Houma Fire Department	Spencer Perilloux	5/03/18 - 6/30/18	\$967	Application not submitted timely.
11	Lafayette	Jacob Touchet	6/25/18 - 6/30/18	\$100	Application not submitted timely.
12	Lafourche #3	Amber Vizier	6/07/18 - 6/30/18	\$400	Application not submitted timely.
13	Lake Charles Airport	Kory Manuel	6/18/18 - 6/30/18	\$217	Application not submitted timely.
14	Lake Charles Airport	Joseph Leblanc	6/18/18 - 6/30/18	\$217	Application not submitted timely.
15	Lincoln Parish FPD #1	Logan Antley	2/19/18 - 6/30/18	\$2,167	Application not submitted timely.
16	Natchitoches	Kory Leo	6/18/18 - 6/30/18	\$217	Application not submitted timely.
17	Natchitoches District #6	Patrick Sprung	5/09/18 - 06/30/18	\$867	Application not submitted timely.
18	New Orleans	Junter, Jacquen	12/11/17 - 6/30/18	\$2,883	Application not submitted timely.
19	Pineville Fire Department	Jessie Tullos	6/01/18 - 6/30/18	\$500	Application not submitted timely.
20	Pointe Coupee FD #1	Samuel Alsander	1/05/18 - 6/30/18	\$1,850	Application not submitted timely.
21	Pointe Coupee FD #1	Charles Alsander	5/01/17 - 06/30/17	\$1,000	Application not submitted timely.
22	Pointe Coupee FD #1	Charles Alsander	7/1/2017 - 6/30/18	\$6,000	Application not submitted timely.
23	Rapides FD#4	Brodley Daniels	4/16/18 - 6/30/18	\$1,250	Application not submitted timely.
24	Rayville Fire Department	James Tabb	1/25/18 - 6/30/18	\$2,600	Application not submitted timely.
25	St. Bernard Fire Department	Justin Helffrich	5/01/18 - 6/30/18	\$1,000	Application not submitted timely.
26	St. George Fire Department	Kimberly Stevens	5/11/18 - 6/30/18	\$833	Application not submitted timely.
27	St. George Fire Department	Alex Ard	3/26/18 - 6/30/18	\$1,933	Application not submitted timely.
28	St. George Fire Department	Marc Curry	3/26/18 - 6/30/18	\$1,933	Application not submitted timely.
29	St. George Fire Department	Lance Fox	3/26/18 - 6/30/18	\$1,933	Application not submitted timely.
30	St. George Fire Department	Jason Hunt	3/26/18 - 6/30/18	\$1,933	Application not submitted timely.
31	St. George Fire Department	Andrew Ingram	3/26/18 - 6/30/18	\$1,933	Application not submitted timely.
32	St. George Fire Department	Nathan LaGrange	3/26/18 - 6/30/18	\$1,933	Application not submitted timely.
33	St. George Fire Department	Jamie Mumphrey	3/26/18 - 6/30/19	\$1,933	Application not submitted timely.
34	St. George Fire Department	Eric Pearson	3/26/18 - 6/30/20	\$1,933	Application not submitted timely.
35	St. George Fire Department	Jacob Sanchez	3/26/18 - 6/30/21	\$1,933	Application not submitted timely.
36	St. George Fire Department	Adrian Scott	3/26/18 - 6/30/22	\$1,933	Application not submitted timely.
37	St. George Fire Department	Chevy Setton	3/26/18 - 6/30/23	\$1,933	Application not submitted timely.
38	St. George Fire Department	Alyssa Arn	2/12/18 - 6/30/18	\$2,317	Application not submitted timely.
39	St. Landry Fire District #3	Hunter Ponthier	5/21/18 - 6/30/18	\$667	Application not submitted timely.

No.	DEPARTMENT	EMPLOYEE NAME	DATES OWED	AMOUNT	REASON
40	St. Tammany FD #1	Jacob Boudreaux	4/23/18 - 6/30/18	\$1,383	Application not submitted timely.
41	St. Tammany FD #1	Kaylene Smith	5/31/18 - 6/30/18	\$517	Application not submitted timely.
42	St. Tammany FD #1	George Dupuis	4/23/18 - 6/30/18	\$1,383	Application not submitted timely.
43	St. Tammany FD #1	Lance Buisson	2/02/18 - 6/30/18	\$2,483	Application not submitted timely.
44	St. Tammany FD #1	Evan Wedgeworth	2/02/18 - 6/30/18	\$2,483	Application not submitted timely.
45	Shreveport FD	Nicholas Larson	1/03/18 - 6/30/18	\$2,967	Application not submitted timely.
46	Shreveport FD	Tristan Millsaps	1/03/18 - 6/30/18	\$2,967	Application not submitted timely.
47	Tangipahoa FD #1	Michael Dupuy	4/10/18 - 6/30/18	\$1,350	Application not submitted timely.
48	Terrytown 5th Dist.	Nicholas Gaspard	6/13/18 - 6/30/18	\$300	Application not submitted timely.
49	Vidalia Fire Department	Steven Johnson	6/11/18 - 6/30/18	\$333	Application not submitted timely.
50	Walker (Liv. Parish #4)	Frank Dellucky	6/05/18 - 6/30/18	\$433	Application not submitted timely.
51	Walker (Liv. Parish #4)	Ronald Duncan, Jr.	6/19/18 - 6/30/18	\$200	Application not submitted timely.
			Grand Total	\$74,132	



State of Louisiana

JOHN BEL EDWARDS
GOVERNOR

October 26, 2018

The Honorable Cameron Henry, Chairman
Joint Legislative Committee on the Budget
Post Office Box 94062
Baton Rouge, LA 70804

Dear Representative Henry:

Act 20 of the 2009 Regular Legislative Session provided an appropriation of surplus funding to the Office of Coastal Restoration and Management within the Department of Natural Resources, which is now the Coastal Protection and Restoration Authority (CPRA) within the Executive Department, for coastal protection and restoration projects in accordance with the Coastal Master Plan and Annual Plan. The Act further provided that approval of the Joint Legislative Committee on the Budget (JLCB) is required for obligations of the funding for any project which has been approved by the CPRA Board. CPRA submitted a list of projects to the JLCB on August 5, 2009 and received approval from the JLCB on August 14, 2009. Since that time, we requested one revision on August 22, 2014 and received approval from the JLCB on September 19, 2014. For reference, attached are both requests with approval by the JLCB.

I am writing to request another revision to the list for a project in Vermillion Parish. As you can see on the previous August 22, 2014 request, we reprogrammed \$6,280,000.00 from the Four Mile Canal Storm Surge Reduction Construction project to the Bayou Tigre Flood Control Complex for design and construction. The pump station feature of the Complex was at 5% design when Vermillion Parish officials along with CPRA leadership determined that it is not feasible to construct it due to hydraulics and hydrology issues relative to FEMA regulations. Therefore, the Vermillion Parish Police Jury has proposed to fund another Master Plan project, North Vermillion Bay Shoreline Protection. This project will install 9,500 linear feet of shoreline protection along the north rim of Vermillion Bay in an area adjacent to the mouth of Boston Canal. In coordination with Vermillion Parish officials, we believe it is in the best interest of the State to reprogram the remaining \$6,094,847, which would be utilized for the design, land rights, and construction of the North Vermillion Bay Shoreline Protection Project.

Therefore, we would greatly appreciate the opportunity to present this request to the JLCB at its next regularly scheduled meeting. Please note that the CPRA Board passed a motion supporting the proposed reprogramming at its October 24, 2018 meeting, and the signed resolution is attached. Also attached is a letter from Vermillion Parish Policy Jury, which requests the funding be reallocated to the North Vermillion Bay Shoreline Protection Project.

Executive Division

The Honorable Cameron Henry
October 26, 2018
Page 2

We look forward to meeting with you to present our proposed reprogramming of 2009 Surplus funds. If you have any questions or need additional information, please contact me at 342-7764 or Janice Lansing, Chief Financial Officer at 342-4698.

Sincerely,



Michael Ellison
Executive Director

Attachments

c: Janice Lansing, Chief Financial Officer, CPRA
The Honorable Eric Lafleur, Chairman, Senate Finance Committee

COASTAL PROTECTION AND RESTORATION AUTHORITY
STATE OF LOUISIANA
October 24, 2018

RESOLUTION NO. 2018-10-01

**A Resolution Approving Re-allocation of 2009 State Surplus Funds in
Vermilion Parish**

WHEREAS, during the 2009 Regular Session of the Louisiana Legislature, the Joint Legislative Committee of the Budget (the "JLCB") approved the funding of various coastal projects that were presented to the JLCB on August 14, 2009 by Governor Bobby Jindal's then-Executive Assistant for Coastal Activities (the "Coastal Projects"). The Coastal Projects previously had been approved by the Coastal Protection and Restoration Authority (the "CPRA") Board for implementation with Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature ("FY 2009 Surplus Funds"); and

WHEREAS, on September 5, 2018, the Coastal Protection and Restoration Authority (CPRA) provided correspondence to the Vermilion Parish Policy Jury (VPPJ) confirming the parties' mutual agreement to terminate the Intergovernmental Agreement (IGA) between the Parish and the State relative to the Bayou Tigre Flood Control Project (TV-0067) and the Bayou Tigre Flood Control Complex (TV-0075) (the Bayou Tigre IGA) effective October 8, 2018, which projects were partially allocated FY 2009 Surplus Funds; and

WHEREAS, in connection with the termination of the Bayou Tigre IGA, CPRA requested that VPPJ submit to CPRA projects in the 2017 Coastal Master Plan to be considered for the re-allocation of the FY 2009 Surplus Funds in the amount of approximately \$6,094,847 in FY 2009 Surplus Funds; and

WHEREAS, on September 17, 2018, the VPPJ recommended that the FY 2009 Surplus Funds be reallocated to the Shoreline Protection along the North Shore of Vermilion Bay (TV-77) and on October 1, 2018 submitted this reallocation request to CPRA;

WHEREAS, after consultation with and recommendation of Vermilion Parish officials (who support this resolution and its adoption), the CPRA believes that it is in the best interest of the State of Louisiana to re-program and re-allocate the funding approved under the Bayou Tigre IGA to the Shoreline Protection along the North Shore of Vermilion Bay; and

COASTAL PROTECTION AND RESTORATION AUTHORITY
BOARD MEETING – October 24, 2018
RESOLUTION NO. 2018-10-01

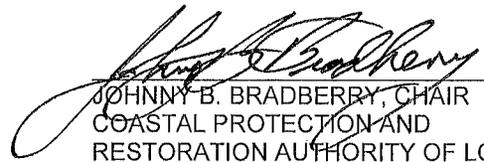
THEREFORE, BE IT RESOLVED, that subject to approval of the Joint Legislative Committee on the Budget of the Louisiana Legislature, the Coastal Protection and Restoration Authority does hereby authorize the re-programming of approximately \$6,094,847 of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature from the Bayou Tigre IGA to a project recommended by Vermilion Parish, the Shoreline Protection along the North Shore of Vermillion Bay in Vermilion Parish;

BE IT FURTHER RESOLVED THAT, the Chairman of the Board and/or the Executive Director of the Coastal Protection and Restoration Authority are authorized to make a request to the JLCB for legislative approval of such authorized reprogramming of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature;

BE IT FURTHER RESOLVED THAT, that pursuant to schedule 11/435 of Act 20 of the Regular Legislative Session of 2009, the Board, with the support of the Vermillion Parish Police Jury, hereby approves the reallocation of approximately \$6,094,847 in FY 2009 surplus funds from the Bayou Tigre IGA to the Shoreline Protection along the North Shore of Vermillion Bay Project and recommends that the JLCB approve such reprogramming of funds of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature.

This Resolution was declared adopted this 24th day of October, 2018.

I hereby certify that the above is a true and correct copy of a resolution duly adopted by the Coastal Protection and Restoration Authority Board at its meeting of October 24, 2018 Cameron, Louisiana, at which a quorum was present.


JOHNNY B. BRADBERRY, CHAIR
COASTAL PROTECTION AND
RESTORATION AUTHORITY OF LOUISIANA

This 24th day of October, 2018, at Cameron, Louisiana.



VERMILION PARISH POLICE JURY

Courthouse Bldg.
100 N. State St., Suite 200
Abbeville, Louisiana 70510



PH: 337-898-4300 • FAX: 337-898-4310 • www.vermilionparishpolicejury.com

KEVIN SAGRERA
PRESIDENT

DANE HEBERT
VICE PRESIDENT

KEITH ROY
PARISH ADMINISTRATOR

CAROLYN BESSARD
ASST. PARISH ADMINISTRATOR

MEMBERS

DISTRICT 1
DANE HEBERT

DISTRICT 2
JASON PICARD

DISTRICT 3
BRENT LANDRY

DISTRICT 4
RONALD DARBY

DISTRICT 5
WAYNE TOUCHET

DISTRICT 6
MARK POCHE

DISTRICT 7
PAUL BOURGEOIS

DISTRICT 8
ERROL J. DOMINGUES

DISTRICT 9
KEVIN SAGRERA

DISTRICT 10
RONALD MENARD

DISTRICT 11
PERVIS GASPARD

DISTRICT 12
CLORIS J. BOUDREAUX

DISTRICT 13
SANDRUS STELLY

DISTRICT 14
LEON BROUSSARD



October 1, 2018

Mr. William Feazel, P.E., P.L.S.
COASTAL PROTECTION & RESTORATION AUTHORITY
P.O. Box 44027
Baton Rouge, LA 70804

Re: Re-allocation of 2007 & 2009 State
Surplus Funds

Dear Mr. Feazel:

The Vermilion Parish Police Jury (VPPJ) is in receipt of correspondence from Janice Lansing dated September 5, 2018, providing notice that the Intergovernmental Agreement (IGA) between the Parish and the State relative to the Bayou Tigre Flood Control Project (TV-0067) and the Bayou Tigre Flood Control Complex (TV-0075) is being terminated. Her letter confirms that the termination is mutually agreed upon by both parties and that it will be effective October 8, 2018.

On numerous occasions during the recent discussions between the VPPJ and CPRA, it has been agreed upon that the funds allocated to this IGA from 2007 and 2009 State Surplus funds would remain allocated to projects in Vermilion Parish. CPRA has requested that the VPPJ submit to CPRA projects to be considered for this re-allocation of these funds. During a recent VPPJ meeting, it was approved for the VPPJ to submit the following two (2) projects to CPRA for their consideration for the re-allocation of the Surplus funds associated with the aforementioned IGA:

1. Shoreline Protection along the North Shore of Vermilion Bay, and
2. Shoreline Protection along Freshwater Bayou near Little Vermilion Bay

Attached to this letter is an excerpt from the minutes of the September 17th meeting of the VPPJ which provide for the submittal of these two (2) projects for CPRA's consideration. We are hopeful that CPRA will consider the VPPJ's request and approve to fund these much needed projects in Vermilion Parish.

Should you have any questions or require any additional information, please do not hesitate to contact me.

Sincerely,
VERMILION PARISH POLICE JURY


Keith Roy
Parish Administrator

KR\TAVK Roy to Bill Fezell 10012018.wpd
Enclosure

COASTAL PROTECTION & RESTORATION COMMITTEE
SEPTEMBER 12, 2018
ABBEVILLE, LOUISIANA

AS A RESULT OF A COASTAL PROTECTION & RESTORATION COMMITTEE MEETING HELD ON SEPTEMBER 12, 2018, THE FOLLOWING ITEMS ARE RESPECTFULLY SUBMITTED FOR THE JURY'S CONSIDERATION:

1. It is recommended the Police Jury approve to support the renewal of the Teche-Vermilion Tax.
2. It is recommended the Police Jury approve to amend our engineering agreement increasing the upset limit on the grant application and administration by \$4,500.00 to total of \$11,000.00 and to decrease the upset limit on land rights by \$1,000.00 for a total contract increase of \$3,500.00.
3. It is recommended the Police Jury approve an ordinance requiring vessels 50' or larger to maintain idle speed as they proceed through Freshwater Bayou from Cole's Bayou to the north end of the existing shoreline protection on the east bank of Freshwater Bayou for the duration of construction of the Cole's Bayou project.
4. It is recommended the Police Jury authorize Ralph Libersat to submit the following projects to CPRA: The North Shoreline Protection project on the northern rim of Vermilion Bay and Shoreline Protection reducing the gap on the north side of Little Vermilion Bay.
5. It is recommended the Police Jury approve to table the following until the next Coastal Protection & Restoration Committee meeting:
 - SW Pass Shoreline Protection Project - \$6.5M
 - Extending SP at Chenier Au Tigre - \$2M
 - Extending SP at Tiger Point - \$1.5M
6. It is recommended the Police Jury approve the payment of the bills that were submitted.

Respectfully submitted
Mr. Sandrus Stelly
Chairman



State of Louisiana

BOBBY JINDAL
GOVERNOR

August 22, 2014

The Honorable James R. Fannin, Chairman
House Appropriations Committee
Post Office Box 94062
Baton Rouge, LA 70804

RECEIVED
AUG 28 2014
BY: *[Signature]*

Dear Representative Fannin:

On August 14, 2009, Garret Graves, Governor Jindal's former Executive Assistant for Coastal Activities, presented the following list (see table below) of coastal projects to the Joint Legislative Committee on the Budget (JLCB) for approval. These projects had been previously approved by the Coastal Protection and Restoration Authority (CPRA) Board for implementation with Surplus funds appropriated by Act 20 of the 2009 Regular Legislative Session. Following his presentation and ensuing discussion, the JLCB approved the proposed project list and associated funding amounts. Attached for reference is the approval letter.

CPRA Approved 2009 Surplus Funded Projects

Projects	Funding (\$ Million)
Southeast La. Hurricane Land Easements, Right of Ways, Relocation and Disposal Areas (LERRDS)	193.30
Southeast La. Flood Projects	
Morganza to the Gulf	7.73
Lafitte Hurricane Protection	7.73
Larose to Golden Meadow	4.82
Donaldsonville to the Gulf	1.45
North Shore Hurricane/Flood Protection Plan	0.96
Subtotal	22.69
South-Central and Southwest La.	
Cameron-Creole levee	11.60
Four-Mile Canal Storm Surge Reduction Construction	6.28
Morgan City/St. Mary Flood Protection	3.87
Delcambre-Avery Canal Engineering-Design	0.97
Alexandria to the Gulf	0.97
South Central Coastal Plan	0.97
Subtotal	24.66
Other Allocations	
Beneficial Use (dredged material and twin spans)	6.29
Barrier Island Maintenance Program	3.39
Conservation/Restoration Partnerships	3.39
Atchafalaya Basin Natural Resources Inventory and Assessment	1.45
Rehabilitation and Repair of State Restoration Projects	1.94
Reserve Fund Contingency	13.55
Coastal Wetlands Planning, Protection and Restoration (CWPPRA)	14.50
Innovative Programs	1.94
University Partnerships	1.93
Louisiana Coastal Area (LCA)	0.97
Subtotal	49.35
Total	290.00

Approved by the Joint Legislative Committee on the Budget

DATE: 9-19-14 *[Signature]*

re programmed to Bayou Tigre Flood Control Complex

Executive Division

The Honorable James R. Fannin
August 22, 2014
Page 2

The Four Mile Canal Storm Surge Reduction Construction project in the approved list was funded at \$6,280,000.00. However, to date, there have been no expenditures on the project. Modeling and simulation studies performed have shown constructing this standalone feature without tying it into a levee system, would not provide anticipated storm surge reduction benefits. Therefore, after working with Vermillion Parish officials, we believe it would be in the best interest of the state to re-program this funding to a flood control project on Bayou Tigre. The funding would be utilized for necessary design and construction activities to complete the Bayou Tigre Flood Control Complex.

Therefore, we would greatly appreciate the opportunity to present to the JLCB at its next regularly scheduled meeting, a request for approval to reprogram \$6,280,000.00 from the Four Mile Canal Storm Surge Reduction Construction project to the Bayou Tigre Flood Control Complex. Please note that the CPRA Board passed a motion supporting the proposed reprogramming at its August 20, 2014 meeting. The request is also supported by the Vermillion Parish Policy Jury, as indicated in the attached resolution.

We look forward to meeting with you to present our proposed reprogramming of 2009 Surplus funds. If you have any questions or need additional information, please contact me at 342-7308.

Sincerely,



Kyle Graham,
Executive Director

Attachments

c: The Honorable Jack Donahue, Chairman
Senate Finance Committee

COASTAL PROTECTION AND RESTORATION AUTHORITY BOARD
STATE OF LOUISIANA
August 20, 2014

RESOLUTION NO. 2014-08-01

A Resolution to Reallocate Certain 2009 Surplus Funds

WHEREAS, during the 2009 Regular Session of the Louisiana Legislature, the Joint Legislative Committee of the Budget (the "JLCB") approved the funding of various coastal projects that were presented to the JLCB on August 14, 2009 by Governor Bobby Jindal's then-Executive Assistant for Coastal Activities (the "Coastal Projects"). The Coastal Projects previously had been approved by the Coastal Protection and Restoration Authority Board ("Board") for implementation with Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature; and

WHEREAS, among the Coastal Projects was the *Four-Mile Canal Storm Surge Reduction Construction* project in Vermillion Parish (the "Four-Mile Project"). \$6,280,000.00 was approved for the Four-Mile Project; however, to date, no funds have been expended on the Four-Mile Project; and

WHEREAS, modeling and simulation studies performed and conducted concerning the Four-Mile Project have shown that constructing it as a stand-alone feature (as originally planned) without tying it into a levee system would not provide the storm surge reduction benefits originally envisioned; and

WHEREAS, after consultation with Vermillion Parish officials (who support this resolution and its adoption), the Board believes that it is in the best interest of the State of Louisiana to re-program and re-allocate the funding approved for the Four-Mile Project to the *Bayou Tigre Flood Control Complex* where the \$6,280,000.00 originally approved for the Four-Mile Project will be utilized for design and construction activities to complete the *Bayou Tigre Flood Control Complex*.

//// remainder of this page blank ////

**COASTAL PROTECTION AND RESTORATION AUTHORITY
BOARD MEETING – AUGUST 20, 2014
Resolution No. 2014-08-01**

THEREFORE, BE IT RESOLVED, that subject to approval of the Joint Legislative Committee on the Budget of the Louisiana Legislature, the Board does hereby authorize the re-programming of \$6,280,000.00 of the Surplus Funds appropriated by Act 20 of the 2009 Regular Session of the Louisiana Legislature from the *Four-Mile Canal Storm Surge Reduction Construction* project in Vermillion Parish to the *Bayou Tigre Flood Control Complex*, also in Vermillion Parish; and

BE IT FURTHER RESOLVED THAT, the Chairman of the Board is authorized to make a request to the JLCB for legislative approval of such authorized reprogramming of the Surplus Funds appropriated by Act 20 of the Regular Session of the Louisiana Legislature; and

BE IT FURTHER RESOLVED THAT, the Board, with the support of the Vermillion Parish Police Jury, recommends that the JLCB approve such reprogramming of funds of the Surplus Funds appropriated by Act 20 of the Regular Session of the Louisiana Legislature.

This Resolution was declared adopted this 20th day of August, 2014.

I hereby certify that the above is a true and correct copy of a resolution duly adopted by the Coastal Protection and Restoration Authority Board at its meeting of August 20, 2014, in Baton Rouge, Louisiana, at which a quorum was present.



JEROME ZERINGUE, CHAIRMAN
COASTAL PROTECTION AND RESTORATION
AUTHORITY BOARD OF LOUISIANA

This 20 day of August, 2014 at Baton Rouge, Louisiana.



VERMILION PARISH POLICE JURY

Courthouse Bldg.
100 N. State St., Suite 200
Abbeville, Louisiana 70510



RONALD MENARD
PRESIDENT

RONALD DARBY
VICE PRESIDENT

LINDA DUHON
PARISH ADMINISTRATOR

337-898-4300
FAX 337-898-4310

August 19, 2014

MEMBERS

DISTRICT 1
DANE HEBERT

DISTRICT 2
ALLEN LEMAIRE

DISTRICT 3
NATHAN GRANGER

DISTRICT 4
RONALD DARBY

DISTRICT 5
WAYNE TOUCHET

DISTRICT 6
MARK POCHE

DISTRICT 7
PAUL BOURGEOIS

DISTRICT 8
ERROL J. DOMINGLIES

DISTRICT 9
KEVIN SAGRERA

DISTRICT 10
RONALD MENARD

DISTRICT 11
PERVIS GASPARD

DISTRICT 12
CLORIS J. BOUDREAUX

DISTRICT 13
SANDRUS STELLY

DISTRICT 14
LEON BROUSSARD

Mr. William Feazel, P.E., P.L.S.
COASTAL PROTECTION & RESTORATION AUTHORITY
450 Laurel Street, Suite 1200
Baton Rouge, LA 70801

Re: Re-allocation of 2009 State Surplus Funds

Dear Mr. Feazel,

The Vermilion Parish Police Jury adopted Resolution Number 2013-R-06 on August 5, 2013, a copy of which is attached to this letter. This Resolution supported CPRA's proposal that the CDBG funds allocated to the Boston Canal Flood Control Structure (TV-58) be re-allocated to the Bayou Tigre Flood Control Structure, which is now being designed and is being designated as TV-67.

The aforementioned resolution further supported having the funds allocated to the Four Mile Canal Storm Surge Reduction Structure (TV-56) re-allocated to the proposed northern Bayou Tigre Flood Control Structure. Through further project development it is our understanding that the proposed northern Bayou Tigre Flood Control Structure referred to in our aforementioned resolution is now a pump station that will be constructed on the north or protected side of the Bayou Tigre Flood Control Structure (TV-67).

The Vermilion Parish Police Jury (VPPJ) fully supports CPRA's decision that the "proposed northern Bayou Tigre Flood Control Structure" be further defined as a pump station. The VPPJ also would like to reiterate our full support that the design and construction of this pump station be paid for with the re-allocation of Four Mile Canal Project (TV-56) 2009 State Surplus Funds, totaling \$6,280,000.

Should you wish to discuss these projects further, please do not hesitate to contact me.

Sincerely,
VERMILION PARISH POLICE JURY

LINDA DUHON
Parish Administrator

RESOLUTION

2013-R-06

WHEREAS, the Vermilion Parish Police Jury has considerable concerns about the Delcambre-Avery Canal-Closure Structure Evaluation-Vermilion Bay Four Closure plans; and indicated the proposed locations for the Boston Canal and Four Mile Canal structures will provide little to no storm protection for the benefit area as stand-alone projects; and

WHEREAS, tandem structures located further inland on Bayou Tigre and the Delcambre-Avery Canal will provide the same storm surge protection; and

NOW THEREFORE BE IT HEREBY RESOLVED, the Vermilion Parish Police Jury is in full support of the Coastal Protection and Restoration Authority (CPRA) re-allocating the Boston Canal Flood Control Structure (TV-58) Community Development Block Grant funds to the proposed Bayou Tigre Flood Control Structure; and the Four Mile Canal Project (TV-56) 2009 Surplus Funds to the construction of the proposed northern Bayou Tigre Flood Control Structure (TV-58);

THEREUPON, the above resolution was declared adopted.

I, Linda Duhon, Parish Administrator of the Vermilion Parish Police Jury, do hereby certify that the above is a true and exact copy of a resolution adopted by the Vermilion Parish Police Jury at their meeting held on August 5, 2013, at which a quorum was present and acting.



Linda Duhon, Parish Administrator
Vermilion Parish Police Jury



Coastal Protection and
Restoration Authority of Louisiana

State of Louisiana

August 5, 2009

BOBBY JINDAL
GOVERNOR

The Honorable Michael J. Michot
Chairman, Senate Finance Committee
Post Office Box 94183
Baton Rouge, Louisiana 70804

Approved by Jt. Legislative Comm. on the Budget
Date: 8-14-09

Dear Senator Michot:

Act 20 of the regular legislative session of 2009 provides in schedule 11/435, Office of Coastal Restoration and Management, provides that approval of the Joint Legislative Committee on the budget shall be obtained prior to the obligation or commitment of any fund appropriated herein for a project which has been approved by the authority. In accordance with that provision, the following list of projects is submitted for approval of the Joint Legislative Committee on the Budget.

CPRA Approved 2009 Surplus Funded Projects:

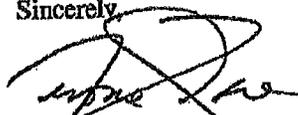
PROJECTS	FUNDING (\$ Million)
* Southeast La. Hurricane Land Easements, Right of Ways, Relocations and Disposal Areas (LEHRDS)	193.30
— Southeast La. Flood Projects	
Morganza to the Gulf	7.73
Lafitte Hurricane Protection	7.73
Larose to Golden Meadow	4.82
Donaldsonville to the Gulf	1.45
North Shore Hurricane/Flood Protection Plan	0.96
Subtotal	22.69
South-Central and Southwest La.	
Cameron-Creole levee	11.60
Four-Mile Canal Storm Surge Reduction Construction	6.28
Morgan City/St. Mary Flood Protection	3.87
Delcambre-Avery Canal Engineering-Design	0.97
Alexandria to the Gulf	0.97
South Central Coastal Plan	0.97
Subtotal	24.66
Other Allocations	
Beneficial Use (dredged material and twin spans)	6.29
Barrier Island Maintenance Program	3.99
Conservation/Restoration Partnerships	3.99
Atchafalaya Basin Natural Resources Inventory and Assessment	1.45
Rehabilitation and Repair of State Restoration Projects	1.94
Reserve Fund Contingency	13.55
Coastal Wetlands Planning, Protection and Restoration Act (CWPPRA)	14.50
Innovative Programs	1.94
University Partnerships	1.93
Louisiana Coastal Area (LCA)	0.97
Subtotal	49.35
Total	306.00

The Honorable Michael J. Michot
August 5, 2009
Page 2

Approved by Jt. Legislative Comm. on the Budget
Date: 8-14-09

We look forward to meeting with you Friday, August 14th to further explain our plans for this funding and appreciate the confidence you have displayed in the new Office of Coastal Protection and Restoration by this appropriation.

Sincerely



Jerolme Zeringue
Acting Executive Director
Office of Coastal Protection and Restoration

RDH/mh

cc: The Honorable James R. Fannin, Chairman
House Appropriations Committee

(FILE:ACCOUNT/APPROVECOASTALCAPOUTLAY10)

James W. Parks II
President and CEO

Tricia A. Dubroc
VP of Student Loans and Administration

Martin Walke
VP of Economic Development



LPFA
LOUISIANA PUBLIC FACILITIES AUTHORITY

BOARD OF TRUSTEES

Guy Campbell III, Chairman
Ronald H. Bordelon, Vice Chairman
Craig A. Cheramie, Secretary-Treasurer
Michael C. Darnell
Larry Ferdinand
David W. Groner
Casey R. Guidry

October 23, 2018

The Honorable Cameron Henry
Chairman
Joint Legislative Committee on the Budget
11th Floor, State Capitol
Baton Rouge, LA 70804

The Honorable Eric LaFleur
Vice Chairman
Joint Legislative Committee on the Budget
11th Floor, State Capitol
Baton Rouge, LA 70804

Re: Proposed LPFA Budget for Calendar Year 2019

Dear Chairman Henry and Vice Chairman LaFleur:

It is my pleasure to present you with a copy of our proposed Budget for calendar year 2019. This proposed Budget was approved by LPFA's Board of Trustees at a public meeting held on October 9, 2018. I have also included a copy of the resolution adopted by the Board of Trustees approving our proposed 2019 Budget.

We have made very few changes from the budget that was approved for this year (2018). The amount budgeted for revenues has decreased by \$46,600 due to a reduction in the projected revenues for our student loans division. The amount budgeted for expenditures has decreased by \$45,931 due to the decrease in projected revenues.

Please remember that at the request of this Committee we reduced our 2010 expenses by approximately 20% from the 2009 levels. The proposed 2019 expense budget is \$820,395, or 25.10%, below our 2009 expense budget and \$196,945, or 7.44%, below our 2010 expense budget.

I would like to compare a few of the items from our 2018 Budget to our proposed 2019 Budget.

- As always, the LPFA will operate **solely** on self-generated revenues. ***We are not requesting and we have never requested or received any funds from the state for our operations.***
- Total revenues equal \$2,450,000.
- Total Revenues have decreased by \$46,600, or by 1.87%.



2237 South Acadian Thruway • Suite 650 • Baton Rouge, Louisiana 70808
PHONE: (225) 923-0020 FAX: (225) 923-0021 www.lpfa.com www.lafa.org

Financing Louisiana Today for a Better Tomorrow

- Total Expenditures, excluding Acquisitions and Major Repairs, equal \$2,478,065.
- Total Expenditures have decreased by \$45,931, or by 1.84%.
- The amount budgeted for Salaries has increased by \$24,600, or by 2.21%. If approved, this will only be our fourth adjustment to salaries in the 10 year period ending on January 1, 2019.
- The amount budgeted for Total Personal Services has increased by \$4,709, or by 0.30%.
- The amount budgeted for Total Operating Expenses has decreased by \$38,600, or approximately 4.90%.
- The amount budgeted for Professional Services has decreased by \$12,000, or approximately 8.57%.
- The amount budgeted for Acquisitions and Major Repairs has not changed and remains at \$29,400.
- The number of authorized employees has not changed and remains at 17.
- All 17 employees are unclassified.
- LPFA employees are not considered State employees.
- We do not participate in the State retirement plan, but instead have a **defined contribution retirement plan**.
- We also do not participate in State Group Benefits and have no health insurance coverage after retirement.
- LPFA employees are not eligible for Social Security.

I have attached information about our recent bond financing and education activities. Our education outreach division focuses on financial aid access and FAFSA completion, maintains the web site, *asklela.org*, that acts as a resource to students and parents during their college research and application process, and has direct contact with thousands of high school students through outreach efforts, FAFSA completion workshops, presentations, and one on one visits through our college

The Honorable Cameron Henry
The Honorable Eric LaFleur
October 23, 2018
Page 3

planning resource center and remotely through our asklela helpline. Additionally, we continue to administer our existing Federal Family Education Loan Program loan portfolio and to work with a consortium of other non-profits to service federal student loans. In 2017 we launched a new student loan refinancing program to help families in Louisiana ease their prior student loan debt burden by refinancing their student loans at a lower interest rate.

Please contact me if you have any questions or if you would like for me to meet with you or your staff about our proposed 2019 Budget.

Very truly yours,



James W. Parks II

Enclosures

cc: Members, LPFA Board of Trustees

LPFA: 10/09/18

LOUISIANA PUBLIC FACILITIES AUTHORITY

On the motion of Trustee Cheramie, seconded by Trustee Guidry, the following resolution was unanimously adopted:

A resolution approving the Annual Budget of the Louisiana Public Facilities Authority for Calendar Year 2019 and the submitting of the Annual Budget of the Louisiana Public Facilities Authority to the Joint Legislative Committee on the Budget; and providing for other matters with respect thereto.

WHEREAS, the Louisiana Public Facilities Authority (the "Authority") is a public trust and public corporation established by a private corporation for the benefit of the State of Louisiana (the "State") by a certain Indenture of Trust dated August 21, 1974 (the "Indenture of Trust"), under and pursuant to the provisions of the Louisiana Public Trust Act, Louisiana Revised Statutes 9:2341-2347 of 1950, as amended (the "Act"); and

WHEREAS, each year the Authority operates pursuant to a budget; and

WHEREAS, the Board of Trustees of the Authority desires to approve the Annual Budget attached hereto as Exhibit "A" for calendar year 2019; and

WHEREAS, pursuant to Act 915 of the 1999 Regular Session of the Louisiana Legislature ("Act 915"), the Authority is to submit its proposed annual operating budget to the Joint Legislative Committee on the Budget for its review and approval;

WHEREAS, it is now the desire of the Board of Trustees of the Authority to authorize and direct the submitting of the Authority's annual operating budget for 2019 to the Joint Legislative Committee on the Budget in accordance with Act 915;

NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE LOUISIANA PUBLIC FACILITIES AUTHORITY:

SECTION 1. The Trustees, for and on behalf of the Authority, hereby approve the Annual Budget attached hereto as Exhibit "A" for calendar year 2019.

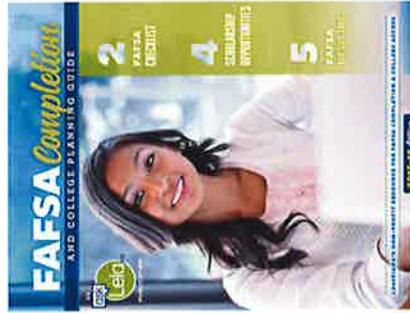
Activity Information: LPFA

Bonds Issued

<u>Project Category</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Health Care	\$ 37,083,466	\$ 1,512,000	\$ 55,170,000
Hospitals	\$ 624,055,000	\$ 252,705,000	\$ 696,555,000
Economic Development	\$ 189,800,000	\$ 198,680,000	\$ -
Student Loans	\$ -	\$ -	\$ -
Universities	\$ -	\$ 500,410,000	\$ 267,774,493
School Boards	\$ -	\$ -	\$ -
Communities	\$ 99,285,000	\$ -	\$ -
Multi-Family Housing	\$ -	\$ -	\$ -
State of Louisiana	\$ 5,600,000	\$ 8,500,000	\$ 43,385,000
Single-Family Housing	\$ -	\$ -	\$ -
TOTAL	\$ 955,823,466	\$ 961,807,000	\$1,062,884,493

ENSURING ACCESS TO HIGHER EDUCATION

In 2017, the Louisiana Education Loan Authority (Lela), a division of the LPFA, continued to target its efforts and its resources to help students throughout the state complete the Free Application for Federal Student Aid (FAFSA) — a target set by Lela, in alignment with the Louisiana Board of Elementary and Secondary Education (BESE) policy, which requires Louisiana High School seniors to complete the FAFSA as part of their graduation plan.



Completing the FAFSA is one of the many challenges college-bound students face and can even deter students from pursuing post-secondary education. To help overcome this challenge, Lela continued to expand its outreach services to provide free one-on-one services, both in-person and remotely, and launched statewide FAFSA completion "Coordinator" services, serving as Louisiana's go-to for FAFSA Completion.

In 2017, through Lela's services, the Lela team published and distributed more than 50,000 FAFSA Completion and College Planning Guides to Louisiana students, offered an electronic Planning and Paying for College Guides to Louisiana Parents and assisted numerous schools, students and families.



Connecting Local High Schools and Louisiana Colleges

In 2017, Lela positioned its personnel and resources to serve as a trusted go-to source for Louisiana students and families to access free, valuable and reliable information on financial aid access. In addition to offering one-on-one FAFSA completion assistance in its College Planning Center and remotely through its FAFSA Helpline, Lela also launched a new service which connects local high schools and colleges through its Statewide FAFSA completion Coordinator services.



Lela's Statewide FAFSA Completion Coordinator services provide a key link and serves as a resource between the professional school counselors at high schools statewide, Louisiana college financial aid administrators and the Louisiana Office of Student Financial Assistance (LOSFA). With more than 17 years of experience, Ann Carmichael, Lela's Statewide Coordinator, strategically aligns Louisiana high schools with a Lela FAFSA facilitator partner at a nearby college or at LOSFA on behalf of parents and students in need of FAFSA completion assistance, all free of charge.

Once these statewide programs are completed, Lela offers remote assistance to families who still need assistance through its toll-free FAFSA Helpline, 844-GoFAFSA (844-463-2372). The HELPLINE provides immediate response to questions students and parents have while completing and filing the FAFSA.



Providing Free FAFSA Completion Services for Louisiana Students

Lela continued to meet one-on-one with families to provide free college planning resources through its College Planning Center (CPC) in Baton Rouge. Through the CPC, Lela worked privately with parents and high school students to complete the paperwork required to secure grants, loans and scholarships.

In 2017, Lela assisted more than 7,000 families in completing the FAFSA through its FAFSA Completion workshops, HELPLINE, College Planning Center and communication outreach efforts. Lela also offered extensive resources for Louisiana high school students and parents through its website, ask.laia.org, featuring Lela news publications, the FAFSA Completion and College Planning Guide, Parent's Guide to Paying for College, College Planning Checklist for Juniors and Seniors, and the distributing the Louisiana Association of Student Financial Aid Administrators (LASFAA) published Guide to College Cost sheet and numerous federal resource publications.

Lela provided computer and Internet access, a resource library and help in completing essential forms to receive federal and state college aid. All services through the Center are provided free of charge for Louisiana residents.



\$20,000
in Scholarships

7,392
families assisted in completing the FAFSA

249
hosted FAFSA workshops

50,000
FAFSA Completion Guides

**STATE OF LOUISIANA
BOARD OF COMMERCE AND INDUSTRY
and
POOL CORPORATION, ALLIANCE TRADING INC., SUPERIOR COMMERCE LLC,
and CYPRESS INC
RENEWAL CONTRACT FOR TAX EQUALIZATION**

THIS AGREEMENT, made by and between the STATE OF LOUISIANA, herein represented by the Louisiana Board of Commerce and Industry (“Board”) and Alliance Trading, Inc. and its successors upon recommendation of Louisiana Economic Development (“LED”) and approval of the Board, (“Alliance”) Superior Commerce, LLC, and its successors upon recommendation of LED and approval of the Board (“Commerce”), Cypress, Inc., and its successors upon recommendation of LED and approval of the Board, (Alliance, Commerce and Cypress collectively referred to herein as the “Nevada Entities”) and Pool Corporation, its affiliated domestic entities owned directly or indirectly fifty percent or more by Pool Corporation, and the successors to Pool Corporation upon recommendation of LED and approval of the Board, and the aforementioned affiliated entities, (collectively referred to herein as “POOL”); and with approval of the Governor of the State of Louisiana who joins herein for the purpose of giving approval, action herein under and by virtue of the authority vested in them by provisions of R.S. 47:3201, et seq., of Sub-Title V, Chapter 1, Exemptions for Industry.

Witnessed:

WHREAS, Alliance is primarily engaged in the management of intellectual property and other intangibles, including without limitation registration, maintenance, licensing and oversight of EPA registrations, trademarks, service marks, and patents;

AND WHEREAS, Commerce is primarily engaged in the business of acquiring certain trade receivables for fair market value and securing third party financing;

AND WHEREAS, Cypress is primarily engaged in the procurement of swimming pool supplies, equipment, related pool parts and supplies and other leisure related products and merchandise for POOL and certain non-affiliated businesses;

AND WHEREAS, bringing these Nevada entities to this State has resulted in the employment of new employees in this State and the potential for growth through the best efforts of those companies in the future;

AND WHEREAS, each of the Nevada Entities has moved its headquarters from Las Vegas, Nevada to Covington, Louisiana;

AND WHEREAS, the state of Nevada has a greater tax advantage to the Nevada Entities than the taxing structure of the State;

AND WHEREAS, Louisiana recognizes that the encouragement of new headquarters to located in the State is essential to the continued growth and development of the State and to the continued prosperity and welfare of the people of the State;

AND WHEREAS, Louisiana recognizes that new headquarters, which might otherwise locate in the State, located in other states because of lower taxes imposed by such other states;

AND WHEREAS, Louisiana desires to encourage the Nevada Entities to remain in the State by equalizing taxes imposed upon the Nevada Entities to the levels imposed by Nevada;

AND WHEREAS, POOL is primarily engaged in the wholesale distribution of swimming pool suppliers, equipment, related pool parts and supplies and other leisure related products and merchandise to retailers, dealers, service contractors and pool builders;

AND WHEREAS, POOL is contemplating locating in another state, Florida, which has a greater tax advantage than the taxing structure of Louisiana;

AND WHEREAS, Louisiana acknowledges that the continued operation and maintenance of POOL's chief corporate headquarters in St. Tammany Parish will provide significant economic benefit to Louisiana;

AND WHEREAS, R.S. 47:3201, provides, in part, that its purpose is "to encourage the establishment and retention of manufacturing establishments, headquarters, or warehousing and distribution establishments in Louisiana by providing a procedure whereby the total state and local taxes imposed upon such establishments may be reduced, after all other tax incentives for specific sites are applied, to the levels imposed by other competing states;

AND WHEREAS, La. R.S. 47:3204. B (I)(a) provides that "each contract of exemption entered into under authority of this Chapter shall be reviewed and reevaluated, and shall be subject to renegotiation, five years from the date of the execution of the contract and may be renewed for an additional five-year period", and the Nevada Entities and POOL applied for renewal of the tax credit under that provision;

AND WHEREAS, The Board of Commerce and Industry previously granted and the Nevada Entities and POOL received a five-year Tax Equalization Program contract for tax credits for the years 2004 through 2008 and the Board also previously granted and the Nevada Entities and POOL received five-year renewals of the original Tax Equalization Program contract for the years 2009 through 2013 and the years 2014 through 2018;

AND WHEREAS on October 31, 2018 the Board of Commerce and Industry approved the Nevada Entities and POOL's application for a renewal;

AND WHEREAS the Nevada Entities and POOL agree that they, their successors, or assigns, shall continue to own, operate and maintain their headquarters facilities located in Covington, Louisiana, St. Tammany Parish (the "Covington Site") and the operation of which is estimated to maintain employment of at least approximately 330 people;

AND, WHEREAS, all requirements of the law on behalf of the Nevada Entities and POOL having been complied with and the Governor and the State Board of Commerce and Industry having deemed this contract to be in the best interest of the State;

NOW THEREFORE, the parties hereto do mutually covenant and agree to the following:

ARTICLE I

The Nevada Entities agree and warrant that, as set forth in R.S. 47:3204 G, the amount of credit under this contract shall be only such amount of tax credit or credits as is necessary to effect equality in amount between the total state and local taxes payable in Covington, St. Tammany Parish, Louisiana and the total state and local taxes which would have been payable had the Nevada Entities located in Las Vegas, Clark County, Nevada. The tax equalization shall apply to the respective tax burdens only after application of all of the tax incentives offered at the respective locations attributable to the facility. It is assumed that any taxes due to other states and to the federal government would remain the same no matter where the enterprise is located.

POOL agrees and warrants that, as set forth in R.S. 47:3204 G, the amount of credit under this contract shall be only such amount of tax credit or credits as is necessary to effect equality in amount between the total state and local taxes payable in Covington, St. Tammany Parish, Louisiana and the total state and local taxes which would have been payable had POOL located its headquarter in Broward County (including applicable municipal taxes), Florida. The tax equalization shall apply to the respective tax burdens only after application of all of the tax incentives offered to the company at the respective location attributable to the facility. It is assumed that any taxes due to other states and to the federal government would remain the same no matter where the enterprise is located.

In consideration of the Tax Equalization Program contract, the Nevada Entities and POOL agree to maintain their headquarters in the State and shall continue to employ at least 330 employees at that headquarters. Any new employees conducting administrative/headquarters functions added to either the Nevada Entities or Pool Corporation shall be added to a Louisiana location unless the companies have a compelling business reason to have the employees located elsewhere. The Nevada Entities and Pool Corporation shall make an annual report of all new domestic administrative/headquarters hires according to the function of the position, salary range, and location of the employee to the Louisiana Department of Economic Development. This annual report shall be due on or before thirty (30) days after the fiscal year end of the Nevada Entities and Pool Corporation. Pool Corporation's participation under the Agreement shall not prohibit Pool Corporation's ability to participate in any other additional incentive programs offered by the state.

ARTICLE II

This renewal contract is subject to R.S. 47:3201 et. seq. and to the rules promulgated by the Board of Commerce and Industry for the Tax Equalization Program.

ARTICLE III

The first year of this five-year tax equalization renewal contract period shall be the taxable years of the Nevada Entities and POOL beginning after December 31, 2018 and ending before January 1, 2020 for income tax, and beginning after December 31, 2019 and ending before January 1, 2021 for franchise tax. This contract shall expire on the last day of the taxable years of the Nevada Entities and POOL on December 31, 2023 for income tax and December 31, 2024 for franchise tax.

ARTICLE IV

It is recognized that the yearly amount of credits necessary to effect equality in the amount between the taxes payable in Louisiana and the taxes which would have been payable in Las Vegas, Clark County,

Nevada, and Broward County, Florida, respectively cannot be determined in advance. The parties agree that the comparison of the respective tax burdens applicable to the Covington, St. Tammany Parish, Louisiana headquarters sites and the Nevada and Florida sites shall be determined annually.

Therefore, annually for each taxable year of the Nevada Entities and POOL, at the time of filing the Nevada Entities and POOL's annual Louisiana corporation franchise tax and corporation income tax returns, each Nevada Entity and POOL shall separately furnish, to the Department of Revenue and the Department of Economic Development, the following, where applicable:

- (1) a taxable year compilation of what would have been the state and local sales and use taxes, including any applicable tax incentives, of the Nevada Entities and POOL had they located at their respective Nevada or Florida site; together with a compilation of the actual Louisiana state and local sales and use taxes paid for each Nevada Entities' and POOL's taxable year;
- (2) using forms provided by the applicable taxing authorities in Nevada and Florida, a computation of the corporate income tax and corporation franchise tax, individual income tax, or other equivalent tax based on either income or capital, including any applicable incentives, which would have been owed had the Nevada Entities or POOL located at their respective Nevada or Florida site;
- (3) all other state and local returns or tax payment information, including any applicable tax incentives, for the Nevada Entities and POOL's taxable year which would have been filed or paid by the Nevada Entities or POOL had the Nevada Entities or POOL located at their respective Nevada or Florida site;
- (4) all other tax returns, including any applicable incentives, filed in the state of Louisiana with other state agencies or local governments.

The Nevada Entities and POOL shall only consider incentives in Nevada or Florida that would currently be available to the company had they located in either Nevada or Florida in 2004, the original year of the Tax Exemption contract. Therefore, POOL shall be allowed to carry forward credits from Florida's Qualified Target Industry Tax Refund which would have been earned in prior years of the tax equalization contract had the company located in Florida but have not yet been utilized as part of the equalization. Additionally, POOL will only be allowed to generate new credits under the Qualified Target Industry Tax refund on new jobs created in a year of this tax equalization renewal contract.

The Department of Economic Development is hereby authorized to review all tax returns of the Nevada Entities and POOL, and may share the information with the Department of Revenue. The Nevada Entities and POOL hereby specifically authorizes the Louisiana Department of Revenue to share with the Department of Economic Development all tax return information relevant to the determination of the credits authorized by this contract or relevant to the administration of this contract. The Department of Economic Development shall maintain such information in a separate confidential file and shall not disclose such information without the written consent of the Nevada Entities and POOL.

The data reflection the tax burden, including any available tax incentives, which would have been incurred in the state of Nevada or Florida respectively, shall be compiled on behalf of the Nevada Entities and POOL by an independent Certified Public Accounting firm (the "Compilation"). The Compilation shall include an accounting of all state and local Louisiana tax liabilities (income taxes, franchise taxes, sales taxes, etc.) already exempted or refunded under any other exemption contract, ie: Industrial Ad Valorem Tax Exemption Contract, and/or an Enterprise Zone Contract during any year covered by the Tax Equalization Contract period. The Compilation shall illustrate the impact of similar or other exemptions available at the applicable Nevada or Florida site. The Compilation shall be constructed in spreadsheet form similar to that used by the Department of Economic Development (the "Format") or recommended by

the Department of Revenue. The Format shall illustrate completely, the amount being taxed, the tax rate, the tax formula, and the amount of tax, for all state and local taxes and incentives. All computations shall be summarized by tax, by state, and the summaries compared. The illustrations shall be supported by photo copies of, and referenced by footnote to actual tax returns where applicable. The Nevada Entities, POOL, and the CPA firm shall make every effort to facilitate an easy, readily understandable submission which will allow the Department of Revenue to process the return and refund in an expedient and timely manner.

The compilation shall be based on the assumption that a facility, if operated in Clark County, Nevada, or Broward, County, Florida, where applicable, is identical to the facility being operated in Louisiana and shall use the same asset, liability, and capital structure and the same revenue and expense structure as the actual operation.

The CPA firm shall certify to the best of its knowledge and belief that the data furnished is true and correct statements of the taxes which would have been incurred during the taxable year of the Nevada Entities and POOL had the Nevada Entities located at the Nevada site, using the same level of business activity that the Nevada Entities enjoys in Louisiana or had POOL located at the Florida site, using the same level of business activity that POOL enjoys in Louisiana.

Annually for each taxable year of the Nevada Entities or POOL and on the basis of all pertinent information, the Department of Revenue and the Department of Economic Development may review the total tax liability of the Nevada Entities and POOL in Louisiana and the total tax liability that the Nevada Entities would have incurred had the Nevada Entities located at the Nevada site and the total tax liability that POOL would have incurred had POOL located at the Florida site. The Department of Economic Development, Office of Commerce and Industry may assist the Department of Revenue should any audit of the tax data for the state of Nevada or Florida be necessary.

If the total tax liability of a Nevada Entity in Louisiana, attributable to the headquarters, for the Nevada Entity's taxable year is greater the total tax liability that the Nevada Entity would have incurred in the state of Nevada had it located at the Nevada site, then the Nevada Entity's Louisiana tax liability shall be reduced by allowing, in accordance with Article V, a credit against certain taxes until the Louisiana tax burden is equal to the tax burden the Nevada Entity would have incurred if it had located in the state of Nevada. If the total tax liability of POOL in Louisiana, attributable to the headquarters, for POOL's taxable year is greater than the total tax liability that POOL would have incurred in the state of Florida had it located at the Florida site, then POOL's Louisiana tax liability shall be reduced by allowing, in accordance with Article V, a credit against certain taxes until the Louisiana tax burden is equal to the tax burden POOL would have incurred if it had located in the state of Florida.

If POOL and the Nevada Entities, in total, fail to maintain at least 330 headquarters jobs for any contract year, POOL and the Nevada Entities shall forfeit all tax equalization benefits for such years. Jobs shall be calculated by averaging the number of jobs during the twelve-month period based upon the count on the 12th day of each month.

ARTICLE V

Once an annual credit amount has been determined, and without regard to the tax types that compose the credit amount, the credit should first be applied as follows:

1. to any Louisiana corporate franchise taxes;
2. to any Louisiana corporate income tax or personal tax;

3. to any Louisiana sales and use taxes on purchases and leases of, and repairs to, machinery and equipment to be used in on-site operation of Covington headquarters site;
4. to any Louisiana sales and use taxes imposed by the state upon materials and supplies necessary for the manufacturer or production of a product at the Covington site; and
5. to any other taxes imposed by the state to which such businesses are subject.

If the credit against tax for a taxable year of a Nevada Entity or POOL, as determined in Article IV above, is greater than the amount of Louisiana taxes incurred in the taxable year to which the tax equalization credit is to be applied, then the excess tax equalization credit shall be carried forward for five years following the year in which the credit was earned.

ARTICLE VI

In the event a Nevada Entity or POOL should sell or otherwise dispose of its headquarters location or property being covered by this contract for tax equalization (said facility or property being more fully described in the Tax Equalization Program Affidavit of Final Cost), the purchaser of the said facility or property may, within ninety (90) days of the date of such act of sale, apply to the Board of Commerce and Industry for a transfer of this contract to the purchaser. The Board shall consider all such applications for transfer of contracts for credit strictly on the merits of the application for such transfer. No such transfer shall in any way impair or amend any of the provisions of the contract so transferred other than to change the name of a Nevada Entity or POOL. Failure to request or apply for a transfer within the stipulated time herein set forth shall constitute violation of the terms hereof.

ARTICLE VII

The Nevada Entities and POOL agree to an annual review and inspection by the Department of Economic Development and, upon reasonable notice and during normal business hours shall make all books and records of the company relating to the facility or property covered by this contract available for inspection. If an annual review is requested, the Nevada Entities and POOL agree to have an officer of authority in attendance at the yearly review of the credit by the Department of Economic Development. Included in this annual review shall be a review of employment data on the average number of jobs by month.

ARTICLE VIII

Written notice of any violations of the terms and conditions of this contract shall be given to the Nevada Entities and POOL, who shall have ninety (90) days within which to correct the violations. If the violation is not corrected with ninety (90) days, any remaining benefits granted under this contract may be terminated.

ARTICLE IX

The Nevada Entities and POOL may terminate this contract by giving a thirty (30) day written notice of cancellation to the Secretary of Economic Development. The credit from taxes herein granted by the State of Louisiana shall cease and terminate should the operation of the facility contemplated by this contract be abandoned.

All notices, requests, demands or other communications provided for herein or in any instrument or document delivered pursuant hereto shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested, addressed as the case may be to:

Office of the Secretary
Louisiana Department of Economic Development
Post Office Box 94185
Baton Rouge, LA 70804-9185

and

If to any of the Nevada Entities, to:

Alliance Trading Inc., Superior Commerce, LLC, or Cypress, Inc.
c/o Pool Corporation
109 Northpark Boulevard
Covington, Louisiana 70433-5001
Attention: Ms. Melanie Housey Hart
Facsimile: 985-892-2438

If to POOL, to:

POOL CORPORATION
109 Northpark Boulevard
Covington, Louisiana 70433-5001
Attention: Ms. Jennifer Neil
Facsimile: 985-892-2438

or at such address as such party designates from time to time in writing and forwarded in like manner.

ARTICLE X

This contract shall be construed and interpreted in accordance with and be governed by the laws of the State of Louisiana, including but not limited to R.S. 47:3201, et. seq., and the rules promulgated thereunder; provided however, that if R.S. 47:3201 et. seq., or any successor provisions or the rules promulgated thereunder are amended to give greater tax equalization benefits to the Nevada Entities and to POOL, and if the amendment(s) are deemed by the Legislature to apply to contracts for tax equalization in force at the time of the amendment(s), then the Nevada Entities and POOL may apply for the expanded tax equalization benefits which shall be incorporated into this contract.

This contract including any exhibits attached hereto and incorporated herein by reference contains the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and may not be modified, supplemented, or amended except in writing duly executed by all parties hereto.

Any modification, supplement, amendment, or waiver of any provision of this contract shall be effective only if in writing, duly executed by all parties hereto and same shall be effective only for the period of time and on the conditions and purposes specified in such writing.

Baton Rouge, Louisiana on the _____ day of _____, 2018

Witnesses as of the
STATE OF LOUISIANA:

STATE OF LOUISIANA
Board of Commerce and Industry

Anne G. Villa
Board of Commerce & Industry
Authorized Representative

Approved the _____ day of _____, 2018

BY: _____
John Bel Edwards
GOVERNOR OF THE STATE OF LOUISIANA

Covington, Louisiana on the _____ day of _____, 2018

Witnesses as to:

POOL Corporation

POOL Corporation

By: _____

Title: _____

Witnesses as to:

Alliance Trading Inc.

Alliance Trading Inc.

By: _____

Title: _____

Witnesses as to:

Superior Commerce LLC

Superior Commerce LLC

By: _____

Title: _____

Witnesses as to:

Cypress Inc.

Cypress Inc.

By: _____

Title: _____

Please retain the contract but return all signature pages. A completed signature page will be returned for your records.

LOUISIANA OFFICE OF BUSINESS DEVELOPMENT SERVICES

Business Incentives Division

P.O. Box 94185, Capitol Station

Baton Rouge, LA 70804-9185

Attention: Tax Equalization Program Administrator

TAX EQUALIZATION PROGRAM

C&I Board Meeting
October 31, 2018

REQUEST FOR RENEWAL OF CONTRACT

Company: Pool Corporations and Subsidiaries
Covington, LA
St. Tammany Parish

Contract: 2009-0747-TE

Tax Equalization Program:

The Tax Equalization Program is an inducement which bolsters Louisiana's competitiveness to attract, retain, and encourage the expansion of manufacturing establishments, headquarters, and warehousing and distribution establishments to Louisiana, by way of equalizing the tax burden. This program is designed to eliminate the tax differential through the equalization of the overall taxes between a Louisiana site and a competing site in another state. The sites under consideration must be valid and viable for the proposed operations. The competing site must offer comparative advantages equal to or greater than the comparative advantages offered at the Louisiana site. The governor must extend a written invitation to the company authorizing the company to submit an application for this program.

The tax equalization contract shall, on an annual basis, affect equality in the amount between the taxes payable in Louisiana and the taxes which would have been payable in the competing state. The data reflecting the tax burden, including any available tax incentives which would have been incurred in the competing state, shall be compiled on behalf of the contractee by an independent certified public accounting (CPA) firm. The CPA firm shall certify to the best of its knowledge and belief that the data furnished are true and correct statements of the taxes which would have been incurred during the taxable year of the contractee had the contractee originally located in the competing state, using the same level of business activity that the contractee enjoys in Louisiana.

If the total tax liability of the contractee in Louisiana for the company's taxable year is greater than the total tax liability that the contractee would have incurred in the competing state, then the contractee's Louisiana tax liability shall be reduced by allowing an exemption to adjust the Louisiana tax burden as equal to the tax burden the contractee would have incurred if it had located in the competing state.

Subsequent renewals for additional periods of five years or less may be granted to a contract holder whose contract has not expired as of the date of application for renewal if the applicant can demonstrate the conditions of the initial contract were met and the activities of the applicant in the State of Louisiana generate economic benefits to the state that exceed 20 times the benefit to the applicant resulting from the incentive provided by this Chapter for the year preceding the request for renewal. Such benefit to the state shall be determined by the application of nationally recognized multipliers as appropriate and set forth in the Regional Input-Output Modeling System ("RIMS II").

Background:

Pool Corporation and Subsidiaries (Pool), also known as POOLCORP, is the largest wholesale distributor of swimming pool and related outdoor living products. Founded in 1993, Pool has grown to over 350 sales center locations in North America, Europe, South America, and Australia. Pool has continued to expand and acquire additional companies to include other backyard leisure tools, irrigation, and landscape products. Their three primary distribution networks consist of SCP Distributors, LLC; Superior Pool Products, LLC; and Horizon Distributors, Inc.

In 2004, Pool (formerly known as SCP Pool Corporation) acquired Alliance Trading Inc., Superior Commerce LLC, and Cypress Inc. (Nevada entities), which were located in Las Vegas, Nevada. Pool had the option to leave the newly acquired companies in Nevada or move them to their Louisiana headquarters. The companies were owned, either directly or indirectly, fifty percent or more by Pool. At the same time, Pool was looking to move SCP Pool and SCP Distributors to Florida. If this occurred, the state would have lost 160 jobs located at the Covington headquarters.

Tax Equalization Contract History:

On June 10, 2004, Governor Kathleen Blanco invited Pool to participate in a Tax Equalization (TE) contract to assist with expanding their Louisiana headquarters to include the newly acquired Nevada entities and make the Covington facility Pool's chief headquarters. With this assistance, Pool agreed to locate the above-mentioned entities to Covington rather than move SCP Pool and SCP Distributors to **Broward County, Florida** or leave the Nevada entities in **Clark County, Nevada**.

The first TE Contract had a term beginning January 1, 2004 through December 31, 2008, with an option to request a five-year renewal prior to the end of the term of the contract. The company was required to maintain and operate the chief headquarters in Louisiana; retain approximately 160 existing jobs, along with at least four employees for the Nevada entities; and add any new employees conducting administrative/headquarters functions to a Louisiana location unless the companies had a compelling business reason for the employee located elsewhere. Pool was in compliance during the full term of the contract.

The contract was renewed for taxable years beginning in 2009 and ending in 2013, with an option to request a five-year renewal with a sixty-day written notice. Pool was required to continue to maintain and operate the chief headquarters in Covington; add new jobs to its Covington headquarters; locate other subsidiary headquarters in Louisiana when appropriate for its business; locate additional distribution and/or warehouses in the state when appropriate; retain approximately 160 existing jobs, along with at least four employees for the Nevada entities; and add any new employees conducting administrative/headquarters to a Louisiana location unless the companies had a compelling business reason for the employee located elsewhere. Pool was in compliance during the term of the contract and had grown its employment to 264 Louisiana headquarter jobs as of December 31, 2012.

The second renewal was for taxable years starting in 2014 and ending in 2018 with the same contingencies as mentioned in the prior renewal, except for the retention of jobs. This contract required that the company retain at least 264 headquarter jobs for each year of the contract, or all tax equalizing benefits would be forfeited for that tax year. At the time of the 2014 renewal, the last annual compilation had been for the tax year ending in 2012. The calculated economic impact of Pool was approximately \$107.8

million with the TE credit for 2012 being \$998,500. This computed to an economic impact of 107.9 times greater than the TE benefit; therefore, meeting the additional requirement for subsequent renewals.

Tax Equalization Benefits:

The Pool TE contract is two-pronged. The first consideration is the Nevada entities. The equalization is based upon a comparison between the company’s would-be tax burden in **Clark County, Nevada**, and St. Tammany Parish, Louisiana. Nevada does not impose a Corporate Income or Franchise Tax. Also, the companies do not incur sales in the corporate office and has no property here in Louisiana and this would be the same if located in Nevada. This results in all Corporate Income and Franchise Tax liability incurred in Louisiana to exceed the proposed tax liability that would incur in Nevada.

The second consideration is Pool Corp’s and SCP Distributors’ tax liabilities as if those affiliates of the company had moved to **Broward County, Florida**, compared to its current tax liability in Louisiana. Florida does not impose a Corporate Franchise tax; therefore, neither Pool Corp nor SCP Distributors would incur this liability in Florida. Pool Corp does not incur any sales in the corporate office and does not own any property in Louisiana and this would be the same if located in Florida. This results in only a possible Corporate Income Tax liability in Florida for Pool Corp. SCP Distributors incurs Sales and Use Tax and Property Tax in Louisiana and would have incurred Property Tax if located in Florida. Due to the recent changes in Louisiana Sales and Use Tax rates, the company’s Sales and Use Tax liability will increase significantly over the next five years.

SCP Distributors would have received the Qualified Target Industry Refund if the company had relocated to Florida. The refund would reduce corporate income tax and would be based on new jobs created at the headquarters office. The rate is \$3,000 per each new job created. For jobs where the wage is 150 percent of the annual average wage, the amount is \$4,000 per each job. For jobs where the wage is 200 percent of the annual average wage, the amount is \$6,000 per each job.

For the original contract and the renewal contract, Pool received a TE benefit of \$29,489,660 and \$17,188,472 over the two five-year terms of the contract. The company met all of the contract’s requirements during each term and had 264 Louisiana headquarter employees in 2012.

Tax Year	Nevada	Florida	TE Credit
2004	\$ 3,253,014	\$ 6,336	\$ 3,259,350
2005	\$ 5,397,780	\$ 10	\$ 5,397,790
2006	\$ 6,494,707	\$ 10	\$ 6,494,717
2007	\$ 6,940,453	\$ 596,800	\$ 7,537,253
2008	\$ 6,191,750	\$ 608,800	\$ 6,800,550
5 Year Total			\$ 29,489,660
2009	\$ 3,583,692	\$ 620,800	\$ 4,204,492
2010	\$ 4,836,533	\$ 26,560	\$ 4,863,093
2011	\$ 5,891,689	\$ 35,835	\$ 5,927,524
2012	\$ 957,879	\$ 40,621	\$ 998,500
2013	\$ 1,153,134	\$ 41,729	\$ 1,194,863
5 Year Total			\$ 17,188,472

The decrease in benefit from 2011 to 2012 is due to a change in the computation of the comparison to appropriately reflect the Nevada entities as if located in Nevada.

Pool has received the following benefit for 2014 through 2016 with the 2017 annual report expected to be filed soon. Currently, Pool has 330 headquarter employees with an annual payroll of approximately \$26 million and has been in compliance during the term of the contract.

Tax Year	Nevada	Florida	TE Credit
2014	\$ 1,294,383	\$ -	\$ 1,294,383
2015	\$ 1,453,306	\$ 751	\$ 1,454,057
2016	\$ 2,081,688	\$ 18,499	\$ 2,100,187
2017	\$ 2,407,855	\$ 654,595	\$ 3,062,450
Est 2018	\$ 2,452,564	\$ 537,632	\$ 2,990,196
5 Year Total			\$ 10,901,273

The change in TE benefit for 2017 and 2018 estimate, reflect the recent changes in Louisiana Sales and Use Tax rates, causing a higher liability for SCP Distributors.

Requested Renewal:

During the 2007 Regular Legislative Session, Act 389 amended the Tax Equalization Program rules to allow for additional renewals beyond the first renewal if the RIMS II calculation shows that the economic impact to Louisiana is at least 20 times greater than the TE.

The total amount of the TE benefit that Pool received for 2017 was \$3,062,450 and twenty times that amount, or \$61,249,000, is the required minimum economic benefit to the state for Pool to be eligible to renew for an additional five years. As per the Economic Impact Statement from Dr. Paul Nelson, Associate Professor of Economics at the University of Louisiana at Monroe, Pool Corporation and its Subsidiaries have an estimated annual total economic impact to the state of Louisiana of \$149,690,242, based on direct, indirect, and induced effects.

Pool has a projected five-year total benefit of approximately \$15,726,804

Tax Year	Nevada	Florida	TE Credit
2019	\$ 2,469,169	\$ 537,632	\$ 3,006,801
2020	\$ 2,486,606	\$ 583,931	\$ 3,070,537
2021	\$ 2,504,914	\$ 634,683	\$ 3,139,597
2022	\$ 2,524,137	\$ 690,323	\$ 3,214,460
2023	\$ 2,544,078	\$ 751,331	\$ 3,295,409
5 Year Total			\$ 15,726,804

The current TE renewal contract will expire December 31, 2018 for income tax and January 1, 2019 for corporate franchise tax. Notice of intent to renew was received on August 10, 2018, and the complete renewal application was received September 7, 2018.

Recommendation:

Staff recommends that the C&I Board extend the contract with the following contingencies:

1. The contract period will be for another five-year period for taxable years beginning after December 31, 2018 and ending before January 1, 2019 for income tax and beginning after December 31, 2019 and ending before January 1, 2020 for franchise tax.
2. Pool must maintain and continue to operate its headquarters in Covington with a minimum employment of 330 Louisiana employees at the headquarters.
3. Any new employees conducting administrative/headquarters functions must be positioned at a Louisiana location unless the companies have a compelling business reason for the employees to be located elsewhere.
4. The amount of credit shall be calculated using incentives which would currently have been allowed to the company if it had located in Clark County, Nevada, or Broward County, Florida.
5. Pool shall report annually all new domestic administration/headquarters hires according to the function of the position, salary range, and location of the employee.
6. The annual compilation is required to be prepared by an independent CPA and should include all state and local taxes, not just income and franchise taxes.
7. This annual compilation, along with any other required documentation, shall be separately furnished to the Louisiana Department of Revenue (LDR) and to LED.
8. Any excess tax equalization credit may be carried forward for no more than five years following the year in which the credit was earned.
9. LED and LDR shall have the right to audit any of the tax data if deemed necessary.



August 30, 2018

Louisiana Economic Development
P.O. Box 94185
Baton Rouge, LA 70804
Attention: Mrs. Susan Bigner

Re: Tax Equalization Renewal

Dear Ms. Bigner,

Please find attached the Tax Equalization Credit Renewal Application and supporting reports/schedules for Pool Corporation and Affiliates. If you have any questions or need additional documentation, please give me a call at 985-807-8780.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Comeaux".

Jennifer Comeaux
Tax Compliance Manager

RECEIVED

SEP 07 2018

BUSINESS INCENTIVES

Nasdaq "POOL"

Pool Corporation • 109 Northpark Boulevard • Covington, LA 70433 • Phone 985.892.5521

Accounting Fax 985.892.3769 • Executive Fax 985.801.8105 • Human Resources Fax 985.892.0517
Investor Relations Fax 985.809.1045 • Marketing Fax 985.892.0667 • Operations Fax 985.801.8102

CONFIDENTIAL INFORMATION

The following information is provided subject to the confidentiality requirement of Public Records Act, La. R.S. 44:3.2. In compliance with Attorney General Opinion # 82-860, the confidentiality of this information shall be preserved and no disclosure shall be made of the information provided

herein without the prior written consent of Pool Corporation and Subsidiaries.
(Company Name)

The information contained in this Tax Equalization Program Renewal Application may be copied by the Department of Economic Development, Office of Commerce and Industry, and distributed to the Board of Commerce and Industry and the Legislative Budget Committee for their use in evaluating this application.

In addition to the information required in this application, the applicant agrees to make available any additional information and records the Department of Economic Development or the Board of Commerce and Industry may request.



Signature

8/23/18

Date

Melanie Housey Hart, Chief Accounting Officer
Name and Title



LOUISIANA.
Custom-Fit Opportunity.

Tax Equalization Program

Mailing Address
P.O. Box 94185
Baton Rouge, LA 70804-9185

Physical Address
617 N. 3rd Street, 11th Floor
Baton Rouge, LA 70802

Phone: 225 342 3000
Fax: 225 342 0142

FOR OFFICE USE ONLY

DEPOSIT DATE 08/13/18
RECEIPT # 252015273
CHECK # 383325
CHECK AMOUNT \$50.00
INITIALS Susan Begier

TAX EQUALIZATION PROGRAM RENEWAL APPLICATION

PLEASE TYPE (Application cannot be processed if required information is not provided)

INSTRUCTIONS: Complete all areas of requested information before submitting this application to our office. Any missing information may cause delays in processing and submission to the Louisiana Board of Commerce and Industry for consideration. **The Board of Commerce and Industry urges manufacturers and contractors to give preference to Louisiana manufacturers, suppliers, contractors and labor.**

1. BUSINESS INFORMATION

COMPANY NAME Pool Corporation and Subsidiaries

PHYSICAL ADDRESS 109 Northpark Boulevard Suite 400

CITY Covington PARISH St. Tammany STATE LA ZIP CODE 70433

LOUISIANA UNEMPLOYMENT ID # [REDACTED] NAICS CODE 423910

TYPE OF BUSINESS: Manufacturing Headquarters Warehousing and Distribution

DESCRIBE YOUR BUSINESS (PRODUCT OR SERVICE): (DETAILED DESCRIPTIONS REQUIRED. IF MORE SPACE IS NEEDED, ATTACH A SEPARATE SHEET)

Pool Corporation is the world's largest wholesale distributor of swimming pool supplies, equipment and related leisure products and is one of the top three distributors of irrigation and related products in the United States. As of December 31, 2017, we operated 351 sales centers in North America, Europe, South America and Australia through our four distribution networks. Our mission is to provide exceptional value to our customers and suppliers, creating exceptional return to our shareholders, while providing exceptional opportunities to our employees. While Pool Corporation is profitable, as a public company we are constantly required to examine the value provided to our shareholders, and as such, we continually assess the cost of our headquarters operations. Without the Tax Equalization Credit, we do not believe that operating our headquarters in Louisiana would be in the best interest of our shareholders.

The Board of Commerce and Industry has adopted rules prohibiting any business engaged in or owned by someone engaged in gaming from being eligible to participate in the Incentives Programs.

*Has the applicant or any affiliates received, applied for or considered applying for a license to conduct gaming activities? YES NO

If yes, attach a detailed explanation, including the name of the entity receiving or applying for the license, the relationship to the applicant if an affiliate, the location and the type of gaming activities.

RECEIVED

SEP 07 2018

2. COMPANY CONTACT

COMPANY REPRESENTATIVE Jennifer Comeaux
Name of person to contact in reference to this application

TITLE Tax Compliance Manager

COMPANY NAME Pool Corporation and Subsidiaries

MAILING ADDRESS 109 Northpark Boulevard Suite 400

CITY Covington STATE LA ZIP CODE 70433

PHONE NUMBER 985-807-8780 EXT. _____

EMAIL ADDRESS jennifer.comeaux@poolcorp.com

3. THIRD PARTY CONTACT (if applicable)

DESIGNATED REPRESENTATIVE _____
Name of person to contact in reference to this application

COMPANY NAME _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

PHONE NUMBER _____ EXT. _____

EMAIL ADDRESS _____

A DISCLOSURE AUTHORIZATION MUST BE COMPLETED AND SUBMITTED WITH THE APPLICATION

4. RENEWAL INFORMATION

COMPETITIVE SITE(S) Broward County, Florida

IS THIS A SUBSEQUENT RENEWAL OF THE TAX EQUALIZATION PROGRAM CONTRACT? YES NO

IF SUBSEQUENT RENEWAL:

IS PROOF OF ECONOMIC BENEFIT ATTACHED? YES NO

IS ATTESTATION BY AN INDEPENDENT PUBLIC ACCOUNTANT FIRM REGARDING THE CALCULATION OF ECONOMIC BENEFIT ATTACHED? YES NO

IS THE \$50 RENEWAL FEE ATTACHED TO THIS RENEWAL? IF NOT, EXPLAINED WHY NOT. YES NO

5. TAX STRUCTURE

A five (5) year pro-forma balance sheet and income statement shall be provided by the applicant as the basis for all tax calculations.

A certified estimate of the following state taxes covering the next five (5) years of operations, filed for each site under consideration:

1. State Sales/Use Tax;
2. State Corporate Income Tax;
3. State Corporate Franchise Tax;
4. State Ad Valorem Property Tax (where applicable);
5. State Inventory Tax (where applicable)
6. Any other State taxes.

A certified estimate of the following local taxes covering the next five (5) years of operations, filed for each site under consideration:

1. Local Sales/Use Tax;
2. Local Ad Valorem Property Tax;
3. Local Inventory Tax;
4. Any other local taxes.

All certified estimates must be signed and dated by the company's chief financial officer.

Please provide a narrative of any extraordinary or unusual taxes and/or incentives for all sites being considered, including state and/or local taxes and incentives. The tax rates and tax formulas should be explained.

Extraordinary or Unusual Taxes and/or Incentives
<p>In Florida we would receive the Qualified Target Industry Refund which would reduce corporate income tax. The refund is calculated based on new jobs created at our headquarters office. The rate is \$3000 per new job created. For jobs where the wage is 150% of the annual average wage, the amount is \$4000 per job. For jobs where the wage is 200% of the annual average wage, the amount is \$6000 per job.</p>

6. TAX COMPARISON

Attach information and evidence for any financial incentives included in the tax comparison, which would have been available had the company located in the competing state(s) and would have effectively decrease the State of Louisiana's revenue. Include:

1. Eligibility Requirements;
2. Any restrictions or caveats regarding eligibility, length of time, amount of exemption, etc.;
3. What the exemption based on; and
4. Formula to calculate the amount of the exemption.

Prepare a comparison of all taxes that will be exempted or refunded under any other exemption contract, ie. Industrial Ad Valorem Tax Exemption Contract, Enterprise Zone Contract, and/or Quality Jobs Contract during any year covered by the Tax Equalization Renewal Contract period. The tax comparison must illustrate the impact of similar or other exemptions available in the competing state(s).

Louisiana Projected Income State

****SEE ATTACHED TAX COMPARISON SCHEDULE****

	20__	20__	20__	20__	20__	Total
Net Sales						
Less: Cost of Sales	_____	_____	_____	_____	_____	_____
Gross Profit						
Less: Operating Expense	_____	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____	_____
Operating Income						
Other Income	_____	_____	_____	_____	_____	_____
Total Income						
Less: Federal Taxes	_____	_____	_____	_____	_____	_____
LA Taxable Income						
Louisiana Site						
State Corp Franchise Tax	_____	_____	_____	_____	_____	_____
State Corp Income Tax	_____	_____	_____	_____	_____	_____
State Sales/Use Tax	_____	_____	_____	_____	_____	_____
State _____	_____	_____	_____	_____	_____	_____
State _____	_____	_____	_____	_____	_____	_____
Local _____	_____	_____	_____	_____	_____	_____
Local _____	_____	_____	_____	_____	_____	_____
Total Tax Liability in LA						
Competitive Site _____						
State Corp Franchise Tax	_____	_____	_____	_____	_____	_____
State Corp Income Tax	_____	_____	_____	_____	_____	_____
State Sales/Use Tax	_____	_____	_____	_____	_____	_____
State _____	_____	_____	_____	_____	_____	_____
State _____	_____	_____	_____	_____	_____	_____
Local _____	_____	_____	_____	_____	_____	_____
Local _____	_____	_____	_____	_____	_____	_____
Total Tax Liability in _____						

Estimated Tax Exemption:

7. CERTIFICATION

Must have legal authority to sign this application (Documentary evidence must be provided)

Melanie Housey Hart

NAME OF COMPANY OFFICIAL

Hereby certify that I am Chief Accounting Officer of Pool Corporation and Subsidiaries

TITLE

COMPANY NAME

I hereby certify that the Tax Equalization project identified in this application with the above referenced number meets all of the requirements of Louisiana Revised Statutes 47:3201-3206. I hereby certify that the information provided in this application is true and correct, and I am aware that my submission of any false information or omission of any pertinent information resulting in the false representation of a material fact may subject me to civil and/or criminal penalties for the filing of false public records (R.S. 14:133) and/or forfeiture of any tax exemptions approved under this program. I understand that the application and information submitted with it shall not be returnable to the applicant.

By:


Signature

8/23/18
Date

Melanie Housey Hart, Chief Accounting Officer
Printed Name and Title

POOL CORPORATION AND AFFILIATES

TAX EQUALIZATION RENEWAL



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

POOL CORPORATION AND AFFILIATES
TAX EQUALIZATION RENEWAL

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REPORT	1
SCHEDULE OF LOUISIANA PAYROLL EXPENSE AND NUMBER OF EMPLOYEES	2
NOTE TO SCHEDULE OF LOUISIANA PAYROLL EXPENSE AND NUMBER OF EMPLOYEES	3



30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Pool Corporation and Affiliates
Covington, Louisiana

We have examined management of Pool Corporation and Affiliates' assertion that the accompanying Schedule of Louisiana Payroll Expense and Number of Employees (Schedule) prepared in connection with The Economic Impact on Louisiana of the Louisiana Operations of Pool Corporation and Affiliates contained in the Tax Equalization Renewal Application for the Five Year Period ending 2023 is presented in accordance with Act 389 Section 3904(B)(1)(b)(ii) of the Louisiana Legislature. Pool Corporation and Affiliates' management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the accompanying Schedule accurately reflects the Louisiana payroll expenses and number of employees and is presented in accordance with Act 389 Section 3904(B)(1)(b)(ii) of the Louisiana Legislature, as referred to above and as described in Note 1, is fairly stated, in all material respects.

Postlethwaite & Netterville

Metairie, Louisiana
August 29, 2018

POOL CORPORATION AND AFFILIATES
SCHEDULE OF LOUISIANA PAYROLL EXPENSES AND NUMBER OF EMPLOYEES
For the year ended December 31, 2017

Wages paid to employees	\$ 33,059,286
Full-time employees	386
Part-time employees	<u>27</u>
Total employees	<u>413</u>

See accompanying note to the schedule.

**POOL CORPORATION AND AFFILIATES
TAX EQUALIZATION RENEWAL
NOTE TO SCHEDULE OF LOUISIANA PAYROLL EXPENSE
AND NUMBER OF EMPLOYEES**

1. Basis for Calculation

The accompanying Louisiana payroll expenses and number of employees in The Economic Impact on Louisiana of the Louisiana Operations of Pool Corporation and Affiliates contained in the Tax Equalization Renewal Application for the Five Year Period ending 2023 is presented in accordance with Act 389 Section 3904(B)(1)(b)(ii) of the Louisiana Legislature.

**POOL CORPORATION AND SUBSIDIARIES
FYE 12/31/2017
ECONOMIC BENEFIT PROOF**

SCP Distributors LLC benefit received from the incentive in 2017	649,895
Pool Corporation benefit received from the incentive in 2017	4,700
Alliance Trading, Inc. benefit received from the incentive in 2017	613,221
Cypress, Inc. benefit received from the incentive in 2017	1,237,385
Superior Commerce LLC benefit received from the incentive in 2017	557,249
Total benefit received from the incentive in 2017	<u>3,062,451</u>
Multiplier per LA Chapter 19, Section 1921 B.1.	20
Total benefit times 20	61,249,012
Pool Corporation and Subsidiaries Total Economic Impact to LA in 2017 (per report)	149,690,242

Pool Corporation Retention Assessment

In 2004, Pool Corporation (Pool) employed 160 Louisiana employees and expanded its headquarters to include three entities that were located in Las Vegas, Nevada. These entities were known as Alliance Trading Inc., Superior Commerce LLC, and Cypress Inc. On July 24, 2004, Governor Kathleen Blanco, the Board of Commerce and Industry, and Pool entered into an original Tax Equalization contract. With the assistance, Pool agreed to locate the above-mentioned entities to Covington, La. and expand its operations in Louisiana rather than in Broward County, Florida.

In the last five years, Pool has continued to expand and acquire additional companies to include other backyard leisure tools, irrigation and landscape products. Its three main sales networks consist of SCP Distributors, Superior Pool Products LLC, and Horizon Distributors Inc. The company has remained in Covington, La. and grown its staff from 160 to 386 full-time and 27 part-time employees in Louisiana with a Louisiana payroll of \$33,059,286.

During the 2007 Regular Legislative Session, Act 389 amended the Tax Equalization program to allow for additional renewals beyond the first renewal if the RIMS II calculation shows that the economic impact to Louisiana is at least 20 times greater than the Tax Equalization.

The Tax Equalization rules state:

“Subsequent renewals for additional periods of five years or less may be granted to a contract holder whose contract has not expired as of the date of application for renewal if the applicant can demonstrate the conditions of the initial contract were met and the activities of the applicant in the state of Louisiana generate economic benefits to the state that exceed 20 times the benefit to the applicant of the incentive provided by this Chapter for the year preceding the request for renewal...”

...the Board of Commerce and Industry shall forward its recommendations, together with the proposed contract and all supporting documents, to the Department of Economic Development and the Joint Legislative Committee on the Budget. Upon receipt of the recommendations and proposed contract, the Joint Legislative Committee on the budget shall have 30 days to approve or reject the renewal contract.”

An economic analysis prepared by the University of Louisiana at Monroe states that the single-year economic impact to Louisiana from Pool is \$149,690,242 million per year. The total amount of the TE benefit that Pool and its affiliates received in 2018 was \$2,990,196. Therefore, Pool meets the 20 times threshold requirement.

Site decision factors such as transportation, energy and infrastructure are not critical factors for Pool's headquarters location. Factors contributing to the retention of Pool's headquarters in Louisiana are primarily related to the comparative tax liabilities between Louisiana versus Florida or Nevada.

Currently, Pool is one of only three Fortune 1000 companies (Entergy, CenturyLink and Pool Corporation) based in Louisiana.

A cost/benefit analysis shown in the attached table projects state revenues will exceed state incentives (Tax Equalization credits) during the combined years 2019 through 2023.

Pool has indicated that if the Tax Equalization renewal is not provided, the company will strongly consider relocating the corporate headquarters to another state.

Pool Corporation

Estimated State Tax Revenues and Incentive Costs, \$\$Millions

	2019	2020	2021	2022	2023	Total
State Tax Revenues						
State Sales & Income Tax Revenue Impact from Pool's Impact on Household Income; Source: ULM Table 8	2.5	2.6	2.7	2.8	2.9	13.5
Direct Corporate Sales, Income, & Franchise Taxes; Source: PoolCorp pro forma statements	3.4	3.5	3.7	3.8	4.0	18.4
Total Revenues	5.9	6.1	6.4	6.6	6.9	31.9
State Incentives						
Tax Equalization Credit						
Forecast (Source: Pool Application)	3.1	3.1	3.2	3.3	3.4	16.1
Total Incentives	3.1	3.1	3.2	3.3	3.4	16.1
Revenues in Excess of Cost	2.8	3.0	3.2	3.3	3.5	15.8

In addition to state corporate tax payments, the company projects that it will make the following local property tax payments in St. Tammany Parish over the 2019 – 2023 time period:

Estimated Local Tax Revenues (Headquarters Location), \$\$Thousands

	2019	2020	2021	2022	2023	Total
Property Tax Payments*	89	94	98	103	108	492
Local Sales Tax Payments*	740	814	895	985	1,100	4,500

*Source: PoolCorp pro forma statements

The Economic Impact on Louisiana of the Louisiana Operations of Pool Corporation and Affiliates

Paul S Nelson, Ph.D.¹
Professor of Economics
University of Louisiana at Monroe
Monroe, LA 71209

Robert C. Eisenstadt
Professor of Economics
Director, Center for Business and Economic Research
University of Louisiana at Monroe
Monroe, LA 71209

August 24, 2018

¹ Questions concerning this report should be directed to Dr. Paul Nelson; 318-342-1159 or nelson@ulm.edu.

This report estimates the economic impact of the Louisiana operations of Pool Corporation and Affiliates. Pool Corporation and Affiliates engages in the distribution of swimming pool and related backyard products primarily in North America and Europe. Its headquarters are located in Covington, LA. In 2017, Pool Corporation and Affiliates had 386 full-time and 27 part-time employees in Louisiana with a Louisiana payroll of \$33,059,286.

- We estimate the economic impact using the RIMS II multipliers (2007/2016) for Louisiana.²
- Payroll is estimated to grow at the rate of inflation expected over the next 10 years, 2.09%. Estimated inflation is derived from yields to Treasury Inflation Protected Securities (TIPS) as reported by the Federal Reserve Bank of Cleveland.³
- The risk-adjusted discount rate of 8.01% was determined by using a Capital-Asset Pricing Model (CAPM) employing a risk-free rate of 2.53% (the average rate of 10-year Treasury Bonds) and a market return of 10.23% (the average rate of return on the Wilshire 5000 index, the broadest stock market index). The Beta for Pool Corporation is 0.71.⁴

Using the above assumptions, we calculate the present value of Pool Corporation and Affiliates’ economic impact on household income over the next 10 years to be:

Table 1: Impact of Pool Corp. on Household Income

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	\$42,639,867	\$14,036,973	\$56,676,840
10-year present value of impact	\$335,207,554	\$110,349,765	\$445,557,319

As mentioned above, in 2017 Pool Corporation and Affiliates had 386 full-time and 27 part-time employees. We use a figure of 399 full-time-equivalent (FTE) employees. Using this figure as a base with the RIMS II multiplier we estimate a further 165 jobs from indirect effects. Induced employment adds an additional 375 **for a total employment impact of 939 jobs (Table 2, below).**

Table 2: Full-time equivalent jobs created in Louisiana by Pool Corporation.

	Direct Employment	Indirect Employment	Induced Employment	Total Employment (Direct + Indirect + Induced)
Employment Effects	399	165	375	939

The Table 2 employment number (939) is a minimum estimate. That is, if we use the payroll data as the basis for our calculation, the RIMS II multiplier estimates 725 indirect and induced jobs which suggests a statewide total of 1,124 jobs when combined with Pool Corporation and Affiliates’ direct

² U.S. Bureau of Economic Analysis Regional Input Output Multiplier System (www.bea.gov).

³ <https://www.clevelandfed.org/en/our-research/indicators-and-data/inflation-expectations.aspx>

⁴ Beta source: <http://www.nasdaq.com/symbol/pool>.

employment. The difference is likely due to Pool Corporation and Affiliates having its headquarters in Louisiana. Compensation per FTE in 2017 is \$82,855.

The impact on value added by industry to the State is calculated from the final demand and is described in Table 2. Since we are assuming a constant real value of payroll, the annual value-added figures are also in constant dollars.

Table 3: Value Added by Industry Sector (millions of current year dollars).

Sector	Value Added – Direct and Indirect
Wholesale trade	\$74.0
Real estate and rental and leasing	\$5.9
Health Care and Social Assistance	\$4.4
Retail trade	\$4.1
Transportation and warehousing	\$3.7
Professional, scientific, and technical services	\$3.2
Finance and insurance	\$2.9
Administrative and waste management services	\$2.3
Other Services	\$2.1
Management of companies and enterprises	\$1.8
Information	\$1.8
Nondurable goods manufacturing	\$1.7
Food Services	\$1.4
Utilities	\$1.2
Other	\$3.3
Total – Single Year, Not Discounted	\$113.8

The total economic impact or aggregated transactions of Pool Corporation and Affiliates was calculated using the following formula:

$$\left(\left(\text{Employ} \times \left(\frac{\text{Col 6}}{\text{Col 3}} \right) \right) * 1,000,000 \right) * \text{Col 1}^5$$

Beginning with employment and using the formula above we can estimate the value of aggregated transactions in the State that are attributable to Pool Corporation and Affiliates' Louisiana Operations. The estimates follow in Table 4.

Table 4: The total economic impact of Pool Corporation and Affiliates (aggregated transactions)

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	\$100,266,926	\$49,423,316	\$149,690,242
10-year present value of impact	\$788,263,549	\$388,548,852	\$1,176,812,401

Pool Corporation and Affiliates' Effect on Statewide Tax Collections

Using the economic impact on household income we compute the one and ten-year impact on state sales tax revenue. The current Louisiana state sales tax is 4.45% but even if all income is consumed not all expenditures are subject to tax. Adjusting primarily for housing costs, medical expense, other insurance expense, and income tax liability, we expect 40% of household income is subject to sales taxation. The single-year and ten-year present value are in Table 5, below.

Table 5: Present Value of Sales Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	\$758,990	\$249,990	\$1,008,848
2019	\$717,383	\$236,161	\$953,544
2020	\$678,057	\$223,215	\$901,273
2021	\$640,888	\$210,979	\$851,867
2022	\$605,755	\$199,414	\$805,169
2023	\$572,549	\$188,482	\$761,031
2024	\$541,163	\$178,150	\$719,312
2025	\$511,497	\$168,384	\$679,881
2026	\$483,458	\$159,153	\$642,611
2027	\$456,955	\$150,429	\$607,384

⁵ For Direct + Indirect Effects; Col 6 = 1.4125, Col 3 = 7.2498, Col 1 = 1.2806. For Direct + Indirect + Induced Effects; Col 6 = 2.353, Col 3 = 10.7526, Col 1 = 1.7104.

10-year Present Value of Sales Taxes	\$5,966,694	\$1,964,226	\$7,930,920
---	--------------------	--------------------	--------------------

Another revenue source is the Louisiana Individual Income Tax. We use the average compensation per FTE for Pool Corporation and Affiliates - \$82,855 - for 399 workers and mean Louisiana labor income of \$41,590 for indirect and induced jobs.⁶ For income tax estimates, we assume a two-person household filing jointly with no other deductions other than Federal Income Tax⁷. The estimates are given in Table 6, below.

Table 6: Present Value of Income Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	\$943,635	\$494,100	\$1,437,735
2019	\$891,419	\$466,759	\$1,358,179
2020	\$842,093	\$440,931	\$1,283,025
2021	\$795,496	\$416,533	\$1,212,029
2022	\$751,478	\$393,484	\$1,144,962
2023	\$709,895	\$371,711	\$1,081,606
2024	\$670,614	\$351,142	\$1,021,756
2025	\$633,506	\$331,712	\$965,218
2026	\$598,451	\$313,357	\$911,808
2027	\$565,336	\$296,017	\$861,353
10-year Present Value of Income Taxes	\$6,458,288	\$3,381,647	\$9,839,935

Adding the sales and income taxes discussed in Tables 5 and 6 respectively generates the total state tax impact of Pool Corporation and Affiliates' payroll on Louisiana.

Table 7: Combined State Sales and Income Tax Revenue (in thousands)

	Direct	Total
2018	\$1,703	\$2,447
2019	\$1,609	\$2,312
2020	\$1,520	\$2,184
2021	\$1,436	\$2,064
2022	\$1,357	\$1,950
2023	\$1,282	\$1,843
2024	\$1,211	\$1,741
2025	\$1,145	\$1,645

⁶ http://www.bls.gov/oes/current/oes_la.htm#00-0000

⁷ Under current rules, a child under age 18 will increase a household's Louisiana Income Tax excluding other credits. This result arises from the revised Federal tax law under which a household would receive a \$2,000 tax credit. Since Federal income taxes are deductible against Louisiana Income Tax, the credit will raise Louisiana taxable income by \$2,000. Louisiana gives a \$1,000 personal exemption but, on net, taxable income increases by \$1,000.

2026	\$1,082	\$1,554
2027	\$1,022	\$1,469
10-year Present Value	\$12,425	\$17,771

In Table 8 we project the current, non-discounted, value of personal income and sales taxes. The figures in Table 8 assume that compensation at Pool Corporation and Affiliates will rise at 4%/year⁸. Indirect and induced wages are projected to rise at the rate of inflation, 2.09%, indicated above. We note that if Pool Corporation and Affiliates does raise compensation in real terms then indirect and induced wages and hence tax revenue would rise faster than is indicated in Table 8 since additional indirect and induced employment would occur. These estimates should be considered conservative.

⁸ Over the past 5 years total labor compensation has increased 4.9%/year.

Table 8: Total Non-Discounted Combined State and Local Tax Revenue (in thousands)

	Direct	Total
2018	\$1,703	\$2,447
2019	\$1,771	\$2,530
2020	\$1,842	\$2,616
2021	\$1,915	\$2,707
2022	\$1,992	\$2,800
2023	\$2,072	\$2,897
2024	\$2,154	\$2,997
2025	\$2,241	\$3,100
2026	\$2,330	\$3,208
2027	\$2,423	\$3,320
10-year Total	\$20,442	\$28,622

Pool Corporation and Affiliates also pays substantial property taxes as a by-product of its Louisiana operations. In 2017, Pool Corporation and Affiliates paid \$320,000 in property taxes. Assuming zero nominal growth in property taxes over the next 10 years and using the risk-adjusted discount rate mentioned above **we compute the 10-year present value of property taxes to be: \$2,318,173.**⁹

⁹ The tax calculations likely underestimate the total impact on State tax collections since the exercise ignores other state tax revenues generated by Pool Corporation and Affiliates' operations in the state such as Corporate Income Taxes or Gasoline Taxes.

Pool Corporation and Subsidiaries
Tax Equalization Subsequent Renewal Request
Contract # 040057
Response to R.S. 24:653(M)

M. (1) All economic and financial reports for projects submitted in conjunction with the request for approval of the Joint Legislative Committee on the Budget in excess of a total state commitment of ten million dollars for the term of the project shall provide the following information:

(a) Inclusion of all input information, data, and assumptions, including but not limited to data sources, economic growth assumptions, and an assessment/basis of the reasonableness of each.

Attached:

- Tax Equalization Application received September 7, 2018
- Tax Equalization Narrative and Term Sheet as presented to the Board of Commerce & Industry
- Economic Impact Statement prepared by ULM, dated August 24, 2018
- CPA Attestation from Postlethwaite & Netterville, dated August 29, 2018
- Tax Equalization Contract # 040057, draft dated October 24, 2018

(b) A description of the analytical model employed for the report and how each input was utilized with that model.

All estimates presented in the Economic Impact Statement prepared by ULM were calculated using the most recent 2016 RIMS II Multipliers for the State of Louisiana, obtained from the U.S. Bureau of Labor Statistics. Weighted average multiplier values are computed from the following:

- Industry 42000 Wholesale Trade
- Type I multipliers consider the effects of direct and indirect (supply-chain) activities.
- Type II multipliers consider the added effects of induced activities, i.e., spending of payroll on operationally-unrelated goods and services by households.

(c) Results in terms of value-added, household earnings, and employment, and a description of each concept.

The Economic Impact Statement from ULM provides an estimate of the direct and indirect effects that Pool Corp has on the State.

ULM Study, Table 4: The total economic impact of Pool Corporation and Affiliates (aggregated transactions)

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	\$100,266,926	\$49,423,316	\$149,690,242
10-year present value of impact	\$788,263,549	\$388,548,852	\$1,176,812,401

Pool Corporation and Affiliates also pays substantial property taxes as a by-product of its Louisiana operations. In 2017, Pool Corporation and Affiliates paid \$320,000 in property taxes. Assuming zero nominal growth in property taxes over the next 10 years and using the risk-adjusted discount rate mentioned above **we compute the 10-year present value of property taxes to be: \$2,318,173.**

Present value of Pool Corporation and Affiliates’ economic impact on household income over the next 10 years:

ULM Study, Table 1: Impact of Pool Corp. on Household Income

	Direct + Indirect Effects	Induced Effects	Total (Direct + Indirect + Induced)
Single year impact	\$42,639,867	\$14,036,973	\$56,676,840
10-year present value of impact	\$335,207,554	\$110,349,765	\$445,557,319

ULM Study, Table 2: Full-time equivalent jobs created in Louisiana by Pool Corporation.

	Direct Employment	Indirect Employment	Induced Employment	Total Employment (Direct + Indirect + Induced)
Employment Effects	399	165	375	939

The Table 2 employment number (939) is a minimum estimate. That is, if we use the payroll data as the basis for our calculation, the RIMS II multiplier estimates 725 indirect and induced jobs which suggests a statewide total of 1,124 jobs when combined with Pool Corporation and Affiliates’ direct employment. The difference is likely due to Pool Corporation and Affiliates having its headquarters in Louisiana. Compensation per FTE in 2017 is \$82,855.

ULM Study, Table 5: Present Value of Sales Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	\$758,990	\$249,990	\$1,008,848
2019	\$717,383	\$236,161	\$953,544
2020	\$678,057	\$223,215	\$901,273
2021	\$640,888	\$210,979	\$851,867
2022	\$605,755	\$199,414	\$805,169
2023	\$572,549	\$188,482	\$761,031
2024	\$541,163	\$178,150	\$719,312
2025	\$511,497	\$168,384	\$679,881
2026	\$483,458	\$159,153	\$642,611
2027	\$456,955	\$150,429	\$607,384
10-year Present Value of Sales Taxes	\$5,966,694	\$1,964,226	\$7,930,920

ULM Study, Table 6: Present Value of Income Taxes paid to Louisiana from Pool Corporation and Affiliates' Impact on Household Income.

	Direct Effects	Indirect + Induced Effects	Total (Direct + Indirect + Induced)
2018	\$943,635	\$494,100	\$1,437,735
2019	\$891,419	\$466,759	\$1,358,179
2020	\$842,093	\$440,931	\$1,283,025
2021	\$795,496	\$416,533	\$1,212,029
2022	\$751,478	\$393,484	\$1,144,962
2023	\$709,895	\$371,711	\$1,081,606
2024	\$670,614	\$351,142	\$1,021,756
2025	\$633,506	\$331,712	\$965,218
2026	\$598,451	\$313,357	\$911,808
2027	\$565,336	\$296,017	\$861,353
10-year Present Value of Income Taxes	\$6,458,288	\$3,381,647	\$9,839,935

Table 7: Combined State Sales and Income Tax Revenue (in thousands)

	Direct	Total
2018	\$1,703	\$2,447
2019	\$1,609	\$2,312
2020	\$1,520	\$2,184
2021	\$1,436	\$2,064
2022	\$1,357	\$1,950
2023	\$1,282	\$1,843
2024	\$1,211	\$1,741

The impact on value added by industry to the State is calculated from the final demand. Since we are assuming a constant real value of payroll, the annual value-added figures are also in constant dollars.

(d) Results by industry sector, with an assessment of possible adverse effects on sectors that compete with the subsidized company for in-state customers.

ULM Study, Table 3: Value Added by Industry Sector (millions of current year dollars).

Sector	Value Added – Direct and Indirect
Wholesale trade	\$74.0
Real estate and rental and leasing	\$5.9
Health Care and Social Assistance	\$4.4
Retail trade	\$4.1
Transportation and warehousing	\$3.7
Professional, scientific, and technical services	\$3.2
Finance and insurance	\$2.9
Administrative and waste management services	\$2.3
Other Services	\$2.1
Management of companies and enterprises	\$1.8
Information	\$1.8
Nondurable goods manufacturing	\$1.7
Food Services	\$1.4
Utilities	\$1.2
Other	\$3.3
Total – Single Year, Not Discounted	\$113.8

(e) Explicit identification of the project's effect on direct expenditure requirements in the state budget or any reduction in taxes or state revenues, including but not limited to tax exemptions, exclusions, deductions, reductions, repeals, rebates, incentives, abatements, or credits.

The cost/benefit table included in section (g) below includes all state costs associated with this project.

(f) An additional assessment by the secretary of the Department of Economic Development regarding the extent to which the project would not have occurred but for the proposed state financial support. The secretary's assessment shall reference other business factors which contributed to the project activity occurring and factors which will be required for ongoing sustainability including but not limited to labor, transportation, energy, among others.

Please see the attached document titled "POOLCORP Tax Equalization Retention Assessment."

(g) Cost/benefit comparisons of the incentives in the package compared to the costs in the package shall be for the same period of time or the same term, both for the direct benefits to the state as well as the indirect benefits to the state.

**Pool Corporation
Estimated State Tax Revenues and Incentive Costs, \$\$Millions**

	2019	2020	2021	2022	2023	Total
State Tax Revenues						
State Sales & Income Tax Revenue Impact from Pool's Impact on Household Income; Source: ULM Table 8	2.5	2.6	2.7	2.8	2.9	13.5
Direct Corporate Sales, Income, & Franchise Taxes; Source: PoolCorp pro forma projections	3.4	3.5	3.7	3.8	4.0	18.4
Total Revenues	5.9	6.1	6.4	6.6	6.9	31.9
State Incentives						
Tax Equalization Credit Forecast (Source: Pool Application)	3.1	3.1	3.2	3.3	3.4	16.1
Total Incentives	3.1	3.1	3.2	3.3	3.4	16.1
Revenues in Excess of Cost	2.8	3.0	3.2	3.3	3.5	15.8

In addition to state corporate tax payments, the company projects that it will make the following local property tax payments in St. Tammany Parish over the 2019 – 2023 time period:

Estimated Local Tax Revenues (Headquarters Location), \$\$Thousands

	2019	2020	2021	2022	2023	Total
Property Tax Payments*	89	94	98	103	108	492
Local Sales Tax Payments*	740	814	895	985	1,100	4,500

*Source: PoolCorp pro forma projections



**STATE OF LOUISIANA
LEGISLATIVE FISCAL OFFICE
BATON ROUGE**

P. O. Box 44097
Capitol Station
Baton Rouge, Louisiana 70804
Phone: (225) 342-7233
Fax: (225) 342-7243

JOHN D. CARPENTER
Legislative Fiscal Officer

To: Honorable Members of the Joint Legislative Committee on the Budget

From: Greg Albrecht, Chief Economist, Legislative Fiscal Office
John D. Carpenter, Legislative Fiscal Officer *JDC*

Date: November 16, 2018

Subject: Pool Corp. Tax Equalization Renewal Request
Act 704 of 2014 and Act 389 of 2007

Act 704 of the 2014 Regular Session requires a standard set of economic and financial information be submitted to the Joint Legislative Committee on the Budget (JLCB) for projects that involve a state commitment in excess of \$10 million over the term of a project. The Act requires the Legislative Fiscal Office to provide an evaluation of the submitted project assessment.

The Department of Economic Development (LED) is submitting such information for JLCB approval of a five-year renewal of a tax equalization benefit for various business entities collectively referred to as POOL. In addition, Act 389 of 2007 requires third and subsequent renewals of tax equalization exemptions be approved by the JLCB under the provisions of R.S. 47:3204. This renewal would be the fourth five-year exemption period for POOL. The analysis of the renewal under both requirements is discussed below.

Act 704 of 2014 Provisions

- a) **State Commitment:** The estimated state tax benefits to POOL over the five-year renewal period (2019 – 2023) are \$16.1 million in reduced corporate income and franchise tax liabilities. This commitment of state resources exceeds the \$10 million threshold required for consideration under Act 704.
- b) **Analytical Model:** Estimates of the economic impact in Louisiana of the operations of POOL were provided by Paul S. Nelson and Robert C. Eisenstadt; professors of economics at the University of Louisiana at Monroe. They utilized the RIMS II multipliers for the wholesale trade industry of Louisiana, generated by the Bureau of Economic Analysis of the U.S. Department of Commerce. These are standard input/output multipliers commonly utilized for economic impact analysis. Economic impacts were generated from POOL's direct employment of 399 full-time equivalent employees (386 full-time and 27 part-time in 2017) and payroll of \$33 million.
- c) **Economic Impacts:** Estimates of economic impact generated by Nelson and Eisenstadt are as follows:
 - i) **Value Added** was estimated for fourteen specific industries and a catchall Other industry for a single initial year, and totaled \$113.8 million. This is the industry level and state level equivalent of gross domestic product, and is a broad measure of total economic activity, although it includes components that do not necessarily reflect economic impacts on the households of the state.
 - ii) **Household Income** was estimated for an initial single year and for a ten-year present value. For the single year, total household income in the economy was estimated at \$56.7 million; 75% of which are attributable to the direct operations of POOL (it's purchases) and the indirect effect of the firm on other firms (purchases by its suppliers), and 25% of which are attributable to the induced effects in the economy (purchases by employees and other consumers).
 - iii) **Employment** was estimated for a single initial period. POOL is estimated to directly employ 399 full-time equivalent employees; 386 full-time and 27 part-

time employees, where 2 part-time employees are assumed to be 1 full-time employee. Total economy-wide employment is estimated at 939, with indirect employment by supplier firms estimated at 165 (18%), and employment induced in other industries estimated at 375 (40%).

- d) Impacts By Industry: Value added was estimated for fourteen industry groups. Of the \$113.8 million total estimate, \$74 million or 65% was attributable to the wholesale trade industry. A large portion of impact obviously occurs in the industry within which the subject firm operates. Effects step down sharply across the remaining industries with the next two largest effects in real estate-rentals-leasing at \$5.9 million (5.2%) and healthcare-social assistance at \$4.4 million (3.9%) of the total, respectively. The smallest effects were estimated in the industries of food services and utilities, at \$1.4 million (1.2%) and \$1.2 million (1.1%) of the total, respectively.
- e) Fiscal Costs: Tax Equalization credits extended to POOL over the life of the five-year renewal period are reported by the Department of Economic Development to total \$16.1 million. Credits range from \$3.1 million for 2019 to \$3.4 million by 2023. These credits are taken against corporate income and franchise tax liabilities.
- f) Incentive Significance: According to the Department of Economic Development, factors such as transportation, energy, and infrastructure are not critical for the POOL headquarters location, and that the primary factor contributing to a Louisiana location is the comparative tax liabilities between Louisiana and Florida or Nevada. In addition, according to the Department, POOL has indicated that if the Tax Equalization renewal is not provided, the company will strongly consider relocating the corporate headquarters to another state.
- g) Fiscal Cost/Benefits: The impact analysis estimated the economy-wide amount of state sales tax and personal income tax associated with the operations of POOL in the state. Effectively 1.8% of total household income was estimated as paid in state sales tax (40% of household earnings were assumed spent on goods & services taxed at 4.45%). These assumptions resulted in estimated initial-year total state sales tax receipts of \$1.0 million. The average compensation for POOL FTE-employees (\$82,855 and 399 FTE-employees) and the average Louisiana labor income for the indirect and induced employment in the economy (\$41,590 and 540 FTE-employment) were used to estimate personal income tax liabilities assuming two-person joint returns with only federal income tax deductions claimed. These assumptions resulted in estimated initial-year total personal income tax receipts of \$1.4 million. For these two major state taxes, the combined economy-wide receipts were estimated at \$2.5 million for 2019. Non-discounted tax receipts were provided for ten years, with the estimates for 2019 – 2023 growing by 3.4% per year to \$2.9 million in 2023. This growth rate is a combination of 5% annual growth projected for compensation at POOL, and an assumed growth in wages for indirect and induced employees of 2.09%, the projected inflation rate in the analysis. Added to these labor based tax estimates were sales tax and corporate tax payments attributable directly to POOL, resulting in total estimated tax payments of \$5.9 million in 2019, growing to \$6.9 million in 2023. These fiscal benefit estimates are compared to the fiscal cost estimates of the tax exemption ranging from \$3.1 million in 2019 to \$3.4 million in 2023. By these estimates, fiscal benefits exceed fiscal costs in each year of the renewal period; 2019 by \$2.8 million, 2020 by \$3.0 million, 2021 by \$3.2 million, 2022 by \$3.3 million, and 2023 by \$3.5 million. Over the entire five-year period estimated benefits exceed estimated costs by a total of \$15.8 million.

General Evaluation

The absolute levels of economic impacts estimated from input/output multipliers should be taken with considerable caution. These multipliers are based on dated relationships between industries, in this case as far back as 2007 for detailed industries and only as recent as 2016 for aggregated industries. In addition, multiplier analysis is static and linear, and tends to overstate economic impacts and, consequently, fiscal benefits.

Notably, the majority of estimated total impact is attributable to the indirect and induced components of the analysis (58% as reflected in the employment estimates). These components

are the estimates of the analysis and, as such, are necessarily less reliable than the direct effects of the firm's own reported, and presumably confirmable, employment and payroll. While impact analysis might be acceptable as a ranking tool, assuming all projects are analyzed consistently, its weaknesses, combined with the various assumptions that have to be made to extend its economic results to governmental fiscal results, do not provide absolute point estimates of economic impact and consequent fiscal impact adequate for state budgeting decisions.

The analysis also does not account for the state's balanced budget requirement. This omission is common in impact analysis, but means that the \$16.1 million total fiscal cost of the exemption, that have to be paid for elsewhere in the state budget, is not considered in the analysis. Lower government expenditures are a negative spending change that have their own multiplier effects that work to dampen the positive effect of the presence of POOL in the economy. Thus, this omission results in total economic and fiscal benefits that are overstated and, consequently, net fiscal benefits that are overstated, as well.

Finally, LED asserts that no other business costs or conditions (such as transportation, energy, and infrastructure) other than comparative tax liabilities are instrumental in the location of POOL in Louisiana. This is a strong assertion and would seem unlikely to be the case for any enterprise, especially in light of the fact that state tax liabilities are typically very small components of total business costs, whereas costs of transportation, energy, infrastructure, labor etc are typically much more significant components of total business costs. However, according to LED, the company has indicated that it will strongly consider relocating to another state if the tax equalization renewal is not provided. If that is true, at best the fiscal costs of the renewal result in relatively small net annual benefit to the state fisc. If not true, the renewal results in absolute costs to the state fisc.

Act 389 of 2007 Provisions

Without regard to Act 704 of 2014, the renewal of the tax equalization exemption for POOL has to be approved by the JLCB under the provisions of R.S. 47:3204, the tax equalization program, as amended by Act 389 of the 2007 Regular Session. Act 389 of 2007 removed the then current ten-year maximum number of years of tax exemption, and allowed unlimited five-year renewals of tax exemption if the applicant can demonstrate that its activities generate economic benefits to the state economy that exceed twenty times the tax exemption benefit to the applicant. Economic benefits to the state are to be determined by the use of the appropriate nationally recognized multipliers published by the U.S. Department of Commerce.

The economic impact analysis discussed above is utilized by LED to test whether the activities of POOL generate economic benefits to the state economy that exceed twenty times the tax exemption benefit for the year preceding the request for renewal. The analysis estimated total aggregate transactions of POOL and affiliates at \$149.7 million, presumably encompassing all purchases made by POOL (direct effect) plus all purchases made by supplier firms (indirect effect), and all purchases made by the employees of POOL and supplier firms as well as all other consumers in the economy (induced effect), and presumably the typical output multiplier effect of RIMS II tables. This amount is then compared to the latest year of tax exemption benefits, reportedly \$2.990 million in 2018. The resulting multiple is 50.06, significantly exceeding the 20-times threshold required in law.

While the aggregate transactions concept is the typical headline number of economic impact analysis, it significantly overstates true economic impact. It includes substantial double counting of spending as gross purchases at each stage of production are added together rather than the net purchases after production costs (also counted as purchases in various stages) are deducted at each stage. This double counting is further evidenced by the fact that estimated total household earnings (labor being the largest production input in the economy) in the analysis is \$56.7 million, only 38% of the aggregate transactions estimate.

The concept in impact analysis that reflects the economic benefit to the residents of a state is the household earnings concept, in this case totaling some \$56.7 million; itself likely to be overstated

by the nature of input/output analysis and the omission of a balanced budget requirement. This concept reflects the earnings benefits received by the residents of the state employed by POOL, its suppliers, and all other firms receiving induced purchases. Dividing that amount by \$2.990 million results in a multiple of 18.955, close to but under the 20-times threshold. The 20-times multiple could be calculated utilizing the value-added concept, estimated by the analysis at \$113.8 million current dollars. That concept avoids the double-counting of the aggregate transactions concept, but reflects more than just the income earnings of the state's residents. The multiple using that concept is 38.06. Thus, if the aggregate transactions or value-added concepts are utilized to reflect economic benefit to the state, then for all practical purposes, it is impossible for the 20-times threshold to not be met.

Finally, R.S. 47:3204.B.(1)(b)(ii) requires that the application for subsequent renewal include an attestation by an independent public accounting firm of the calculation of the economic benefit to the state. An attestation was provided but attests only to the Louisiana payroll expenses and number of employees of the Louisiana Operations of Pool Corporation and Affiliates. The attestation appears to apply only to the direct employment and payroll of Pool Corporation and Affiliates, and not the subsequent estimates of indirect and induced effects of economic impact analysis. Regardless, neither the reported direct payroll of POOL or the estimated economy-wide earnings are what LED utilized as reflecting the economic benefits to the state. As discussed above, gross purchases in the economy (referred to as aggregate transactions in the impact analysis), inclusive of the double counting also discussed above, are utilized to reflect economic benefits in the 20-times multiple test; the use of which essentially guarantees exceeding the 20-times multiple test.

FEDERAL AMOUNT CARRIED OVER FROM FY 18 TO FY 19

AGENCY		CARRYOVER
100	EXECUTIVE OFFICE	85,016.52
107	DIVISION OF ADMINISTRATION	28.00
111	HOMELAND SECURITY & EMERG PREP	(44,058,429.93) **seed repay
112	DEPT OF MILITARY AFFAIRS	(764,778.00) **seed repay
129	LA COMM LAW ENFORCE ADM CRM JS	1,041,617.74
130	DEPT OF VETERANS AFFAIRS	258,498.80
131	LOUISIANA WAR VETERANS HOME	2,244,884.16
132	NORTHEAST LA WAR VETERANS HOME	4,082,651.20
134	SOUTHWEST LA WAR VETERANS HOME	3,751,518.58
135	NORTHWEST LA WAR VETERANS HOME	5,786,068.77
136	SOUTHEAST LA WAR VETERANS HOME	5,503,341.00
141	OFFICE OF THE ATTORNEY GENERAL	1,270,828.26
146	LIEUTENANT GOVERNOR	358,638.32
148	STATE TREASURER	361,037.82
160	AGRICULTURE AND FORESTRY	377,833.45
252	OFFICE OF BUSINESS DEVELOPMENT	2,665,570.01
262	OFF OF THE STATE LIBRARY OF LA	311,879.48
264	OFFICE OF STATE PARKS	151,361.64
276	ENGINEERING AND OPERATIONS	297,107.21
305	MEDICAL VENDOR ADMINISTRATION	10,637,430.00
306	DHH MEDICAL VENDOR PAYMENTS	145,941,477.84
326	OFFICE OF PUBLIC HEALTH	17,293,645.30
360	OFFICE FOR CHILDREN/FAMILY SRV	12,033,045.43
403	OFFICE OF JUVENILE JUSTICE	916,613.26
419	OFFICE OF STATE POLICE	179,704.06
422	OFFICE OF STATE FIRE MARSHAL	5,229.00
432	OFFICE OF CONSERVATION	40,319.17
474	WORKFORCE SUPPORT & TRAINING	3,752,534.65
671	BOARD OF REGENTS	15,825,903.27
678	DOE STATE ACTIVITIES	37,199.64
681	SUBGRANTEE ASSISTANCE	5,816.80
941	AGRICULTURE & FORESTRY FUNDS	173,499.52
TOTAL		190,567,090.97



DARYL G. PURPERA,
CPA, CFE

Report Highlights

Medicaid Eligibility: Wage Verification Process of the Expansion Population

Louisiana Department of Health

Audit Control # 80180130

Medicaid Audit Unit • November 2018

Why We Conducted This Audit

We evaluated LDH's process for using state wage data from the Louisiana Workforce Commission (LWC) when determining eligibility for the Medicaid expansion population. Federal law (42 CFR 435.948) states that agencies must request information related to wages from state agencies to the extent the agency determines such information is useful to verifying the financial eligibility of Medicaid recipients and applicants. According to LDH's verification plan, caseworkers are required to verify wages at application and renewal. This report is the first in a series of two reports where we tested the eligibility of a sample of Medicaid recipients. The second report, scheduled to be issued later this month, evaluates the department's overall process for making eligibility determinations, not just the state wage verification process.

What We Found

We found that LDH's current process of using wage data at application and renewal to determine the eligibility of the Medicaid expansion population is not sufficient. Specifically, we identified the following issues:

- **93 (93.0%) of the 100 Medicaid recipients in the targeted selection did not qualify for \$538,795 (66.3%) of the \$813,023 in per-member per-month (PMPM) fees LDH paid on their behalf at some point during their Medicaid coverage. This happened, in part, because LDH relies on Medicaid recipients to self-report changes in their wages rather than proactively using LWC wage data to identify changes in recipient wages that occur during the 12 months between application and renewal. LDH's policy decision to be a federally-facilitated-marketplace (FFM) determination state and caseworker errors also contributed to these ineligible recipients. At least 20 other states indicated on their CMS verification plans that they check for changes in recipient wages on an interim basis.**
- **82 (82.0%) of 100 Medicaid recipients in the random sample did not qualify for \$382,420 (47.3%) of the \$808,341 in PMPMs LDH paid on their behalf. Because this sample was random, we were able to project these results to the entire population of 19,226 single-person household Medicaid expansion recipients. Based on this projection, it appears that LDH may have paid between \$61.6 million and \$85.5 million in PMPMs for Medicaid recipients who did not qualify at some point during their Medicaid coverage. More frequent checks of LWC wage data could prevent a portion of these PMPMs from being paid on their behalf.**

View the full report, including management's response, at www.la.gov.

MEDICAID ELIGIBILITY: WAGE VERIFICATION
PROCESS OF THE EXPANSION POPULATION

LOUISIANA DEPARTMENT OF HEALTH



MEDICAID AUDIT UNIT
ISSUED NOVEMBER 8, 2018

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF PERFORMANCE AUDIT SERVICES
KAREN LEBLANC, CIA, CGAP, MSW

**FOR QUESTIONS RELATED TO THIS PERFORMANCE AUDIT, CONTACT
CHRIS MAGEE, PERFORMANCE AUDIT MANAGER,
AT 225-339-3800.**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twelve copies of this public document were produced at an approximate cost of \$9.00. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.gov. When contacting the office, you may refer to Agency ID No. 9726 or Report ID No. 80180130.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 8, 2018

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor F. Barras,
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report evaluates and identifies areas in which the Louisiana Department of Health (LDH) can strengthen its process of using wage data to determine eligibility of the Medicaid expansion population. Without a sufficient process to determine recipient eligibility, LDH cannot ensure that Medicaid dollars are spent appropriately.

The report contains our findings, conclusions, and recommendations. Appendix A contains the LDH's response to this report. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the LDH for their assistance during this audit.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

MEDICAID ELIGIBILITY – WAGE VERIFICATION

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Medicaid Eligibility: Wage Verification Process of the Expansion Population Louisiana Department of Health

November 2018

Audit Control #80180130

Introduction

The Louisiana Department of Health (LDH) administers the Medicaid program to provide health and medical services for uninsured and medically-indigent citizens. In 2012, LDH began moving from a fee-for-service (FFS) model, where LDH paid all claims submitted by Medicaid providers for each service performed, to *Healthy Louisiana*, a full-risk prepaid managed care model.¹ Under LDH's current full-risk prepaid managed care model, it pays a fixed per-member per-month (PMPM) fee to the Managed Care Organization (MCO) for the administration of health benefits and payment of all claims. LDH contracted with five² MCOs to operate the *Healthy Louisiana* Medicaid program through December 31, 2019. However, LDH is responsible for determining Medicaid recipient eligibility and enrolling applicants into Medicaid programs.

We evaluated LDH's process for using state wage data from the Louisiana Workforce Commission (LWC) when determining eligibility for the Medicaid expansion population. Federal law (42 CFR 435.948) states that agencies *must* request information related to wages from state agencies to the extent the agency determines such information is useful to verifying the financial eligibility of Medicaid recipients and applicants. According to LDH's verification plan, caseworkers are required to verify wages at application and upon renewal. This report is the first in a series of two reports where we tested the eligibility of a sample of Medicaid recipients. The second report, scheduled to be issued later this month, evaluates the department's overall process for making eligibility determinations, not just the state wage verification process.

Medicaid Expansion & Eligibility. On July 1, 2016, Medicaid expansion, which provides full Medicaid benefits to individuals from age 19 to 65 years old making income below or equal to 138%³ of the federal poverty level (or \$16,395 per year a for single-person

¹ Healthy Louisiana was previously called Bayou Health. A managed care model is an arrangement for health care in which an organization, such as an MCO, acts as a gatekeeper or intermediary between the person seeking care and the physician. FFS still covers some Medicaid recipients who are not eligible for managed care.

² LDH contracted with AmeriHealth Caritas Louisiana, Inc., Aetna Better Health, Inc., Healthy Blue, Louisiana Healthcare Connections, Inc., and UnitedHealthcare Community Plan of Louisiana, Inc. on February 1, 2015. AmeriHealth Caritas, Healthy Blue, and Louisiana Healthcare Connections originally contracted with LDH on February 1, 2012.

³ From July 1, 2016, through February 28, 2017, 138% of the federal poverty level for a single-person household was \$1,367 per month, or \$16,395 annually. From March 1, 2017, through February 28, 2018, 138% of the federal poverty level for a single-person household was \$1,387 per month, or \$16,644 annually. Effective March 1, 2018, 138% of the federal poverty level for a single-person household is \$1,397 per month, or \$16,764 annually.

household), was implemented in Louisiana. Prior to Medicaid expansion, only individuals who were low-income persons and who were either 65 years or older, disabled, parents of dependent children, qualified pregnant women, or children were qualified for full Medicaid benefits. According to LDH, approximately 500,000 individuals who did not previously qualify for full Medicaid benefits were enrolled through Medicaid expansion in fiscal year 2017. Because income is the primary determinant for the eligibility of this population, it is important that LDH have a sufficient process to verify the wages of Medicaid recipients.

Medicaid Enrollment Process. LDH enrolls individuals in Medicaid in various ways. LDH accepts Medicaid applications⁴ via the Internet, telephone, mail, in-person, and certified application centers. When applying for Medicaid, an applicant must attest to information regarding their residence, demographics, and income. LDH verifies the applicant's attested income using various data sources, such as quarterly wage data from the Louisiana Workforce Commission (LWC). LDH also accepts eligibility determinations from the federally-facilitated-marketplace (FFM) in which individuals needing health insurance can find and purchase health insurance plans operated by the U.S. Department of Health and Human Services. Beginning July 1, 2016, if the FFM determines that the applicant is eligible for Medicaid, LDH automatically enrolls them in Medicaid. In addition, when LDH expanded Medicaid beginning July 1, 2016, it streamlined enrollment for individuals participating in the Supplemental Nutrition Assistance Program (SNAP) and automatically enrolled certain populations, including individuals already participating in certain Medicaid fee-for-service (FFS) programs. These enrollment methods and whether LDH verifies wage information for each method are summarized in Exhibit 1.

Exhibit 1	
Medicaid Expansion Enrollment Method and Income Verification	
Enrollment Method	Description
Online/Paper Application	Applicants apply online or on a paper form for Medicaid benefits. LDH checks the wages for these applicants prior to determining their eligibility for Medicaid.
Federally Facilitated Marketplace (FFM) Determination	The FFM determines that the applicant is eligible for Medicaid and Louisiana accepts the eligibility determination made by the FFM without further data checks. Louisiana used this methodology from January 2015 through October 2015 and then again from July 2016 through present day. LDH does not check the wages for these applicants prior to determining their eligibility for Medicaid.
Fee-for-Service (FFS)	Recipients who were in fee-for-service plans prior to Medicaid expansion received services from providers primarily contracted directly with the state. These Medicaid recipients were automatically enrolled in Medicaid expansion. LDH did not check wages for these recipients prior to determining their eligibility for Medicaid expansion.
Supplemental Nutrition Assistance Program (SNAP)	After answering four questions on a questionnaire appropriately, individuals who qualified for the SNAP program were enrolled in Medicaid expansion. LDH did not check wages for these individuals prior to determining their eligibility for Medicaid expansion.
Source: Prepared by legislative auditor's staff using information from LDH and the Centers for Medicare and Medicaid Services (CMS).	

⁴ Medicaid applications are considered to be the official agency document used to collect information necessary to determine eligibility.

The purpose of our analysis was as follows:

To evaluate the sufficiency of LDH's process of using wage data to determine the eligibility of the Medicaid expansion population.

Our results are summarized on the next page and in detail throughout the remainder of the report. Appendix A contains LDH's response to this report, Appendix B details our scope and methodology, Appendix C shows the enrollment types and eligibility of the 100 Medicaid recipients in our targeted selection, Appendix D shows the enrollment types and eligibility of the 100 Medicaid recipients in our random sample, Appendix E provides a profile of each recipient in our targeted selection, Appendix F provides a profile of each recipient in our random selection, and Appendix G lists previously-issued Medicaid Audit Unit reports.

Objective: To evaluate the sufficiency of LDH's process of using wage data to determine the eligibility of the Medicaid expansion population.

We found that LDH's current process of using wage data at application and renewal to determine the eligibility of the Medicaid expansion population is not sufficient. To evaluate LDH's process, we compared Medicaid data obtained from LDH to quarterly wage data obtained from LWC to determine if LDH paid PMPMs for recipients in single-person households when their wages appeared to exceed the allowable amounts⁵ to qualify for Medicaid. Our comparison identified a population of 19,789 Medicaid recipients who had average wages that appeared to exceed the allowable amount to qualify for Medicaid.

To evaluate LDH's process and identify any weaknesses, we first pulled a targeted selection of 100 single-person household Medicaid expansion recipients with the highest wage amounts and reviewed their electronic case records⁶ to determine if they were eligible in the period during which they were enrolled in Medicaid from July 1, 2016, through March 31, 2018. We chose this specific population because they had wages that were higher than the allowable amount based on LWC wage data and because other states use a similar risk based methodology to test for changes in recipient wages. Because of the high ineligibility rate we found in this targeted selection, we pulled a random sample⁷ of 100 single-person Medicaid expansion recipients, to determine the projected impact of the weaknesses identified in LDH's use of wage data in the eligibility process. We found the following:

- **93 (93.0%) of the 100 Medicaid recipients in the targeted selection did not qualify for \$538,795 (66.3%) of the \$813,023 in PMPMs LDH paid on their behalf at some point during their Medicaid coverage. This happened, in part, because LDH relies on Medicaid recipients to self-report changes in their wages rather than proactively using LWC wage data to identify changes in recipient wages that occur during the 12 months between application and renewal. LDH's policy decision to be a FFM determination state and caseworker errors also contributed to these ineligible recipients.** At least 20 other states indicated on their CMS verification plans that they check for changes in recipient wages on an interim basis.
- **82 (82.0%) of 100 Medicaid recipients in the random sample did not qualify for \$382,420 (47.3%) of the \$808,341 in PMPMs LDH paid on their behalf.**

⁵ From July 1, 2016, through February 28, 2017, 138% of the federal poverty level for a single-person household was \$1,367 per month, or \$16,395 annually. From March 1, 2017, through February 28, 2018, 138% of the federal poverty level for a single-person household was \$1,387 per month, or \$16,644 annually. Effective March 1, 2018, 138% of the federal poverty level for a single-person household is \$1,397 per month, or \$16,764 annually.

⁶ Documentation related to eligibility determinations are contained in the electronic case record for each Medicaid recipient. This includes applications, results of LWC wage data checks, and communication with the Medicaid recipient.

⁷ There were two individuals from our targeted selection that were randomly selected to be included in the random sample.

Because this sample was random, we were able to project these results to the entire population of 19,226 single-person household Medicaid expansion recipients. Based on this projection, it appears that LDH may have paid between \$61.6 million and \$85.5 million in PMPMs for Medicaid recipients who did not qualify at some point during their Medicaid coverage. More frequent checks of LWC wage data could prevent a portion of these PMPMs from being paid on their behalf.

Our findings, along with recommendations to help LDH strengthen its wage verification process when determining eligibility for the Medicaid expansion population, are discussed in more detail on the following pages.

93 (93.0%) of the 100 Medicaid recipients in the targeted selection did not qualify for \$538,795 (66.3%) of the \$813,023 in PMPMs LDH paid on their behalf. This happened, in part, because LDH relies on Medicaid recipients to self-report changes in their wages rather than proactively using LWC wage data to identify changes in recipient wages that occur during the 12 months between application and renewal. LDH's policy decision to be a FFM determination state and caseworker errors also contributed to these ineligible recipients.

When applying for the Medicaid program, applicants attest that the information they have provided on their application is true and that they will report any changes, including increases in income, to LDH. Although Federal law⁸ requires that LDH have procedures to ensure that beneficiaries report any changes that may affect their eligibility to LDH in a timely and accurate manner, we found that the majority of the recipients we reviewed did not report increases in their income to LDH even though they had wages that exceeded 138% of the federal poverty level after being qualified for Medicaid.

We found that, based on their wages reported to LWC, 93 (93.0%) of these Medicaid recipients did not qualify at some point during their Medicaid coverage. We also found that these Medicaid recipients did not qualify for \$538,795 (66.3%) of the \$813,023 in PMPMs LDH paid on their behalf. Of the 93 Medicaid recipients who did not qualify for Medicaid at some point during their coverage, 55 (59.1%) received services through MCOs totaling \$164,913 during the months in which they were not eligible. The remaining 38 recipients received no services during the months in which they were not eligible, including at least four who did not appear to know they were on Medicaid.

⁸ 42 CFR 435.916(c)

LDH, similar to 16 other states, checks wage data only at application and at renewal 12 months later.⁹ In contrast, at least 20 other states¹⁰ indicated on CMS verification plans that they check for changes in recipient wages on an interim basis, including daily, monthly, quarterly, or on a semi-annual basis, as shown in Exhibit 2. For example, Pennsylvania and Wisconsin perform quarterly data matches to identify discrepancies between eligibility files and wage data and then require caseworkers to review the recipient's case. Nine states indicated they check wages on a quarterly basis, which was the most common interim check time interval. In addition, the verification plans for five states indicated that they receive "new hire" alerts from their LWC equivalent to determine if any Medicaid recipients recently began a new job.¹¹

Exhibit 2	
Frequency of Wage Data Checks	
Frequency	Number of States
Daily	1
Monthly	2
Quarterly	9
Semi-annually	1
Interim basis, but frequency not specified	7
Total	20
Source: Prepared by legislative auditor's staff using information from state's Medicaid verification plans.	

According to LDH staff, it does not verify Medicaid recipient wages at all during the 12-month period between initial enrollment and renewal due to the cost. Because it uses a manual system, LDH previously estimated that it would cost approximately \$5 million to perform bi-annual wage checks on Medicaid recipients and \$14.5 million to perform quarterly wage checks.¹² LDH's cost projections assume that LDH caseworkers will manually check approximately 750,000 applications during each interim check. However, using a risk-based approach similar to the targeted selection we performed would not require the department to check all Medicaid recipients. LWC wage data is reported quarterly by employers, which means LDH could check the eligibility of its Medicaid recipients on a quarterly basis to identify Medicaid recipients with high wages. Our analysis used data matches to identify Medicaid recipients with wages higher than the allowable amount over multiple quarters of LWC wage data and focused on a targeted selection of 100 of them instead of manually checking the entire Medicaid population. Other states use a similar risk-based methodology. Therefore, LDH should use a risk-based model that matches Medicaid eligibility data with LWC wage data to identify those Medicaid recipients whose wages consistently exceed the eligible amounts. According to LDH staff, the department has developed a new eligibility system planned to begin in November 2018 that will allow it to perform wage checks on the entire Medicaid population on a quarterly basis. LDH staff stated that these types of checks cannot be performed for the entire population with its current system. Without the new system, staff would need to work these cases manually. While LDH states that it will be able to do this in the new system, we have not audited the design of the system and cannot verify system capabilities at this time.

⁹ There are certain instances where Medicaid recipients are administratively renewed, meaning their wages, among other items, are not analyzed to renew eligibility for multiple years.

¹⁰ Seven states indicated that they check wage data when changes are reported by Medicaid recipients.

¹¹ LWC receives wage information from employers on a quarterly basis. Using this information, LDH could identify new hires.

¹² LDH's cost estimates included analyst and supervisor salaries, equipment, lease space, furniture, and supplies. It includes hiring 107 staff for bi-annual checks and 313 staff for quarterly checks.

LDH’s policy decision to become an FFM determination state resulted in 10 (10.0%) of the 100 Medicaid recipients in our targeted selection to initially be determined as eligible even though the use of LWC wage data would have indicated that they were not eligible.

As part of the Affordable Care Act, individuals needing health insurance can apply through the Federally Facilitated Marketplace (FFM). If the FFM determines that an individual’s income qualifies them for Medicaid, their case is sent to the state in which they reside. However, the FFM does not have access to LWC wage data, meaning it is making eligibility determinations without a full picture of the applicant’s wages.¹³ All states have the option to accept the FFM’s eligibility determinations (called a ‘determination state’) or to perform their own verification of the applicant’s eligibility using criteria such as income (called an ‘assessment state’). At the beginning of Medicaid expansion on July 1, 2016, LDH made a policy decision to switch from being an assessment state to a determination state because it believed that significant improvements were made to the FFM data and expected an increase in the number of cases for caseworkers due to Medicaid expansion. As a result, LDH did not check the LWC wage data of these Medicaid recipients who applied through the FFM until their annual renewal. If LDH had remained an assessment state and checked LWC wage data prior to enrolling applicants received from the FFM, LDH would have determined that these 10 applicants did not qualify for Medicaid.

November 2015: LDH changed from a *determination state* to an *assessment state* due to an ongoing unacceptable error rate in decisions made by the FFM.

July 2016: LDH changed from an *assessment state* to a *determination state* because according to LDH, there were significant improvements in the FFM data and an expected increase in the number of cases for caseworkers due to Medicaid expansion.

LDH caseworkers did not always make correct eligibility determinations because of caseworker errors. This resulted in caseworkers enrolling individuals who did not apply for the program and allowing individuals to qualify for Medicaid when they should not have. In our review of the 100 Medicaid applicants in our targeted selection, we found six instances where caseworkers enrolled individuals who did not apply for Medicaid, did not act upon information they received that affected an applicant’s eligibility, and did not document reasons for determining eligibility per LDH policy. Examples of caseworker errors include:

- In two separate instances, LDH caseworkers enrolled individuals in Medicaid who did not apply. In both of these instances, the caseworkers received an application, but keyed in the wrong Social Security numbers to enroll the individuals. In both of these instances, there is no documentation indicating that the individuals were aware they were enrolled in Medicaid, and neither received services through Medicaid.
- In one instance, a Medicaid recipient completed two applications: the first was an online application with LDH Medicaid and the second was an application submitted through the FFM. The FFM application was referred to LDH, meaning that LDH had to make the eligibility determination because at that time LDH was an FFM assessment state. Although the applicant reported no wages, the caseworker identified wages in the applicant’s LWC wage data and documented

¹³ FFM has access to other income sources such as data from the Social Security Administration and Internal Revenue Service, among others to make Medicaid eligibility determinations.

it, reached out to the applicant for more information, did not receive a response, and therefore did not enroll the applicant in Medicaid. However, another caseworker approved the applicant's online application without verifying LWC wages and enrolled the applicant in Medicaid.

- In one instance, the applicant reported income that was not reasonably compatible with what the caseworker found in LWC data within 25% of reported income. Instead of seeking to obtain a reasonable explanation as to why the income amounts differed, the caseworker accepted the attested income without documenting why they did so, which is a violation of LDH policy.
- We also identified two instances where LDH caseworkers did not cancel Medicaid coverage when applicants self-reported changes in wages. For example, a Medicaid recipient who was enrolled in FFS prior to Medicaid expansion became employed and notified a caseworker of their income and that they had obtained private health insurance. Although the recipient's notification was documented in their case file, they were not removed from Medicaid and instead were automatically enrolled into Medicaid expansion. When LDH tried to renew their case one year later, the recipient stated that they did not know that they were on Medicaid and that they were still employed. LDH then canceled their coverage. We also found an example where a Medicaid recipient called a caseworker to cancel coverage because they had found a job. However, the recipient's coverage was not canceled until renewal, 10 months after the call, because LDH requires recipients to request case closure in writing.

Recommendation 1: LDH should conduct more frequent wage data matches to identify Medicaid recipients with incomes that exceed amounts allowable to be eligible for Medicaid. Using these results, LDH should develop a risk-based methodology to identify and review high-risk cases.

Summary of Management's Response: LDH agreed with this recommendation and stated that while its current eligibility data system limits LDH's ability to perform more frequent wage verification, its new eligibility system, which will be implemented in mid-November 2018, will allow LDH to verify wage data on a more frequent basis. LDH stated it plans to use LWC data to replicate the method developed by LLA to identify high-risk cases for review in early 2019.

Recommendation 2: LDH should use LWC wage data and other data sources to verify wages of applicants received from the FFM to ensure more accurate eligibility determinations.

Summary of Management's Response: LDH agreed with this recommendation and stated that it will verify eligibility determinations made by the FFM and terminate coverage for individuals found to be ineligible by the following months once its new eligibility system is implemented.

Recommendation 3: LDH should ensure that its caseworkers re-determine eligibility when they receive information that may affect eligibility of the recipient acting upon all information.

Summary of Management's Response: LDH agreed with this recommendation and stated that it will reinforce training on agency policy that requires caseworkers to consider all information available and promptly re-determine eligibility.

Recommendation 4: LDH should ensure that caseworkers document information used to make eligibility decisions.

Summary of Management's Response: LDH agreed with this recommendation and stated that it will reinforce caseworker training on agency policy that requires documentation of information used to make eligibility decisions. LDH stated that its new eligibility system will automatically store information available to the system for use in eligibility decision-making.

Recommendation 5: LDH should determine if it should allow Medicaid recipients to verbally cancel their coverage using the same methods as when an applicant verbally applies for Medicaid.

Summary of Management's Response: LDH agreed with this recommendation and stated that it is currently evaluating options for allowing applicants to verbally cancel their coverage similar to how applicants verbally apply for Medicaid.

82 (82.0%) of 100 Medicaid recipients in the random sample did not qualify for \$382,420 (47.3%) of the \$808,341 in PMPMs LDH paid on their behalf. Because this sample was random, we were able to project these results to the entire population of 19,226¹⁴ single-person household Medicaid expansion recipients. Based on this projection, it appears that LDH may have paid between \$61.6 million and \$85.5 million in PMPMs for Medicaid recipients who did not qualify at some point during their Medicaid coverage.

Due to the issues identified within the targeted selection, we performed the same review on a random sample of Medicaid recipients to project the effects of the identified issues on the entire population of 19,226¹⁴ single-person household Medicaid expansion recipients. To accomplish this, we selected a random sample of 100 single-person household Medicaid expansion recipients whose average quarterly wages were higher than 138% of the federal

¹⁴ We removed 563 individuals who did not appear to be accurate matches on Social Security number due to having different names in the LWC and LDH data. After removing the 563 individuals who did not appear to be true matches, we had a population of 19,226 Medicaid expansion recipients.

poverty level and reviewed their electronic case records to determine if they were eligible in the period during which they were enrolled in Medicaid.

We found that, based on their wages, 82 (82.0%) of these Medicaid recipients did not qualify at some point during their Medicaid coverage. We also found that these Medicaid recipients did not qualify for \$382,420 (47.3%) of the \$808,341 in PMPMs paid on their behalf, and the average PMPM paid per ineligible recipient was \$3,824. Of these 82 recipients who did not qualify for Medicaid at some point during their coverage, 64 (78.0%) received services through MCOs totaling \$173,540 during the months in which they were not eligible. When projecting the average PMPM paid for ineligible recipients (\$3,824) to the entire population of 19,226, we found that from July 1, 2016, through March 31, 2018, between \$61,570,417 and \$85,477,710 in PMPMs may have been paid for Medicaid recipients who did not qualify due to their income exceeding 138% of the federal poverty level. More frequent checks of wages could have prevented a portion of these PMPMs from being paid.

APPENDIX A: MANAGEMENT'S RESPONSE



State of Louisiana
Louisiana Department of Health
Office of Management and Finance

November 2, 2018

Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Medicaid Eligibility – Wage Verification Process

Dear Mr. Purpera:

Thank you for the opportunity to respond to the findings of your Medicaid Audit Unit on the Medicaid eligibility wage verification process. The Bureau of Health Services Financing (BHSF), which is responsible for administration of the Medicaid program in Louisiana, is committed to ensuring the integrity of the Medicaid eligibility determination process through appropriate management controls.

We have reviewed the audit findings and provide the following response to the recommendations documented in the report.

Recommendation 1: LDH should conduct more frequent wage data matches to identify Medicaid recipients with income that exceeds amounts allowable to be eligible for Medicaid. Using these results, LDH should develop a risk-based methodology to identify and review high-risk cases.

LDH Response: LDH agrees with this recommendation. The capabilities of the current Louisiana Medicaid Eligibility Data System (MEDS) are limited, making eligibility determination a manual, labor intensive task. Given the limits of MEDS and a work force supply that is outstripped by workload demands, wage data verification on a basis more frequent than annual has been resource prohibitive. However, the new eligibility system, LaMEDS, to go live in mid-November, will be highly automated, enabling LDH to verify wage data on a more frequent basis. Specifically, LDH plans to use Louisiana Workforce Commission (LWC) data to replicate the method developed by LLA to identify high-risk cases for review by our Recipient Fraud Unit beginning in early 2019.

Recommendation 2: LDH should use LWC wage data and other data sources to verify wages of applicants received from the FFM to ensure more accurate eligibility determinations.

Mr. Daryl G. Purpera

November 2, 2018

Page 2

LDH Response: LDH agrees with this recommendation. Following LaMEDS go live, LDH will verify eligibility determinations made by the FFM and terminate coverage for individuals found to be ineligible by the following month.

Recommendation 3: LDH should ensure that its caseworkers re-determine eligibility when they receive information that may affect eligibility of the recipient acting upon all information.

LDH Response: LDH agrees with this recommendation. LDH will reinforce training on agency policy that requires caseworkers to consider all information available and promptly re-determine eligibility when indicated.

Recommendation 4: LDH should ensure that caseworkers document information used to make eligibility decisions.

LDH Response: LDH agrees with this recommendation. LDH will reinforce caseworker training on agency policy that requires documentation of information used to make eligibility decisions. In addition, LaMEDS will automatically store information available to the system for use in eligibility decision making.

Recommendation 5: LDH should determine if it should allow Medicaid recipients to verbally cancel their coverage using the same methods as when an applicant verbally applies for Medicaid.

LDH Response: LDH agrees with this recommendation. LDH is currently evaluating options for allowing applicants to verbally cancel their coverage similar to how applicants verbally apply for Medicaid.

You may contact Michael Boutte, Medicaid Deputy Director, at (225) 342-0327 or via e-mail at Michael.Boutte@la.gov with any questions about this matter.

Sincerely,



Cindy Rives
Undersecretary

CR/mb

APPENDIX B: SCOPE AND METHODOLOGY

We conducted this analysis under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This analysis focused on LDH's income eligibility processes, primarily concerning its use of LWC wage data. The purpose of this analysis was to:

To evaluate the sufficiency of LDH's process of using wage data to determine the eligibility of the Medicaid expansion population.

The scope of our audit was less than that required by *Government Auditing Standards*. We believe the evidence obtained provides a reasonable basis for our findings and conclusions. To conduct this analysis we performed the following steps:

- Researched relevant federal and state laws, regulations, policies, and guidance regarding the Medicaid eligibility determination process.
- Met with LDH employees to gain an understanding of the eligibility determination processes relative to income and Medicaid expansion.
- Researched and compared verification plans for each of the 50 states and the District of Columbia to current Louisiana standards in regards to the frequency and use of wage data.
- For both our targeted selection and random sample, we analyzed Medicaid data to identify PMPMs paid on behalf of and services received by Medicaid recipients. We also analyzed wage data from LWC to identify quarterly wages of Medicaid recipients and the months in which the recipients were employed. We analyzed driver's license data from the Office of Motor Vehicles to ensure individuals captured in Medicaid and LWC data were truly the same people.
- Conducted a targeted selection of single-person household Medicaid expansion recipients to determine if issues existed in the Medicaid eligibility determination process in regards to the use of LWC wage data. We identified Medicaid recipients to include in the targeted selection by doing the following:
 - We initially identified 195,306 single-person household Medicaid expansion recipients.
 - We joined the population of 195,306 single-person household Medicaid expansion recipients, to LWC data on Social Security number and found that 132,767 recipients had wages.

- Using the population of 132,767 single-person household Medicaid expansion recipients who had wages in the LWC data, we extracted those who had average quarterly wages over the nine quarters analyzed that exceeded 138% of the federal poverty level in effect at Medicaid expansion. This identified 19,789 single-person household Medicaid expansion recipients whose average quarterly wages over the nine quarters analyzed were higher than 138% of the federal poverty level in effect at Medicaid expansion. We used quarters that included January 1, 2016, because this wage data would have been available to caseworkers making eligibility determinations at the beginning of Medicaid expansion. We used quarters that included March 31, 2018, because this was the most recent Medicaid and LWC data at the time of our analysis. The nine quarters used to identify high wages included the following period:
 - Quarter 1, 2016 - January 1, 2016 through March 31, 2016
 - Quarter 2, 2016 - April 1, 2016 through June 30, 2016
 - Quarter 3, 2016 - July 1, 2016 through September 30, 2016
 - Quarter 4, 2016 - October 1, 2016 through December 31, 2016
 - Quarter 1, 2017 - January 1, 2017 through March 31, 2017
 - Quarter 2, 2017 - April 1, 2017 through June 30, 2017
 - Quarter 3, 2017 - July 1, 2017 through September 30, 2017
 - Quarter 4, 2017 - October 1, 2017 through December 31, 2017
 - Quarter 1, 2018 - January 1, 2018 through March 31, 2018
- Using these 19,789 Medicaid recipients, we sorted the results to include Medicaid recipients with the average highest wages at the top. We then worked through them case by case to determine if the Medicaid recipients were eligible.
- Conducted a random sample to identify single-person household Medicaid expansion recipients whose wages were higher than the allowable amount of 138% of the federal poverty level. We analyzed quarterly wages and the months during which the Medicaid recipient was employed to determine if the PMPMs paid on behalf of each Medicaid recipient were ineligible due to their wages. We identified Medicaid recipients for the random sample by doing the following:
 - We initially identified 195,306 single-person household Medicaid expansion recipients.
 - We joined the population of 195,306 single-person household Medicaid expansion recipients, to LWC data on Social Security number and found that 132,767 recipients had wages.

- Using the population of 132,767 single-person household Medicaid expansion recipients who had wages in the LWC data, we extracted those who had average quarterly wages over the nine quarters analyzed that exceeded 138% of the federal poverty level in effect at Medicaid expansion. This identified 19,789 single-person household Medicaid expansion recipients whose average quarterly wages over the nine quarters analyzed were higher than 138% of the federal poverty level in effect at Medicaid expansion. We used quarters that included January 1, 2016, because this wage data would have been available to caseworkers making eligibility determinations at the beginning of Medicaid expansion. We used quarters that included March 31, 2018, because this was the most recent Medicaid and LWC data at the time of our analysis. The nine quarters used to identify high wages included the following period:
 - Quarter 1, 2016 - January 1, 2016 through March 31, 2016
 - Quarter 2, 2016 - April 1, 2016 through June 30, 2016
 - Quarter 3, 2016 - July 1, 2016 through September 30, 2016
 - Quarter 4, 2016 - October 1, 2016 through December 31, 2016
 - Quarter 1, 2017 - January 1, 2017 through March 31, 2017
 - Quarter 2, 2017 - April 1, 2017 through June 30, 2017
 - Quarter 3, 2017 - July 1, 2017 through September 30, 2017
 - Quarter 4, 2017 - October 1, 2017 through December 31, 2017
 - Quarter 1, 2018 - January 1, 2018 through March 31, 2018
- Using the population of 19,789 single-person household Medicaid expansion recipients whose average quarterly wages over the nine quarters analyzed were higher than 138% of the federal poverty level in effect at Medicaid expansion, we removed those individuals who had names that did not appear to be the same in LWC and LDH data. This occurs because information reported to LWC is reported by employers and not validated, while LDH caseworkers sometimes enter wrong identifying information for Medicaid recipients. After removing those that appeared to not be true matches, we had a population of 19,226 Medicaid expansion recipients.
- We then extracted a random sample of 100 Medicaid recipients from the 19,226 single-person household Medicaid expansion recipients and reviewed their case files and wage data to determine how much LDH paid for each recipient to remain enrolled with a managed care organization during months when that recipient's income exceeded 138% of the federal poverty level. Of these 100 Medicaid recipients, 82 were ineligible at some point during the period examined. The average amount of ineligible PMPMs for these 100 Medicaid recipients (including those with \$0 in ineligible PMPMs) was \$3,824.20 per Medicaid recipient, and the

standard deviation was \$3,172.22. On this basis, we projected that the dollar amount of ineligible PMPMs for the population of 19,226 single-person household Medicaid expansion recipients was \$73,524,063, with a 95% confidence interval of \$61,570,417 to \$85,477,710. Exhibit B.1 below shows the results of this analysis.

Exhibit B.1 Estimated Ineligible PMPMs	
Category	Number
Medicaid Recipients in Sample	100
Ineligible Medicaid Recipients in Sample	82
Average Ineligible PMPM Payments Per Medicaid Recipient in Sample	\$3,824.20
Standard Deviation of Ineligible PMPM Payments Per Medicaid Recipient in Sample	\$3,172.22
Number of Medicaid Recipients in Sub-population of Single-Person Households Covered by Medicaid Expansion	19,226
Estimated Ineligible PMPM Payments in Sub-population, Projected from Sample	\$73,524,063
Lower Bound of Ineligible PMPM Payments in Sub-population (95% Confidence Interval)	\$61,570,417
Upper Bound of Ineligible PMPM Payments in Sub-population (95% Confidence Interval)	\$85,477,710
Source: Prepared by legislative auditor's staff using data from LDH and LWC.	

- Discussed and provided the results of our analyses to LDH management.

APPENDIX C: ENROLLMENT TYPES AND ELIGIBILITY OF THE 100 TARGETED SELECTION MEDICAID RECIPIENTS

Enrollment Method	Number of Applicants Reviewed	Applicants Who Did Not Qualify for Medicaid	Did not Qualify at Some Point During Coverage*	Eligible for Entire Coverage Period
Online/Paper Application	52	4	43	5
FFM Determination	38	1	35	2
FFS	8	2	6	0
SNAP	2	0	2	0
Total	100	7	86	7
<p>*If LDH performed interim checks for wages on these individuals, LDH could have prevented PMPMs from being paid after the Medicaid recipient began receiving wages higher than the allowable amount to qualify for Medicaid.</p> <p>Source: Prepared by legislative auditor's staff using information from state's Medicaid verification plans.</p>				

APPENDIX D: ENROLLMENT TYPES AND ELIGIBILITY OF THE 100 RANDOMLY-SAMPLED MEDICAID RECIPIENTS

Enrollment Method	Number of Applicants Reviewed	Applicants Who Did Not Qualify for Entire Time on Medicaid	Did not Qualify at Some Point During Coverage*	Eligible for Entire Coverage Period	Multi-Person Household**
Online/Paper Application	54	2	36	14	2
FFM Determination	20	0	19	1	0
FFS	25	1	24	0	0
Unknown	1	0	0	0	1
Total	100	3	79	15	3

*If LDH performed interim checks for wages on these individuals, LDH could have prevented PMPMs from being paid after the Medicaid recipient began receiving wages higher than the allowable amount to qualify for Medicaid.

**While we requested only single-person households be included in the list sent by LDH, we did identify instances where the recipient was actually a multi-person household.

Source: Prepared by legislative auditor's staff using information from state's Medicaid verification plans.

APPENDIX E: TARGETED SELECTION INDIVIDUAL MEDICAID RECIPIENT CASES

Recipient	PMPM Paid	Ineligible PMPMs Paid	Services Received	Ineligible Services Received	Months Qualified on Medicaid	Months Not Qualified on Medicaid	Wages During Medicaid Coverage
1	\$19,903	\$17,807	\$14,641	\$14,214	2	19	\$111,785
2	13,708	13,708	0	0	0	19	101,171
3	12,602	12,602	15,845	15,845	0	13	61,685
4	15,220	12,583	41,714	34,829	3	16	88,874
5	19,855	11,410	5,653	821	9	12	99,140
6	10,930	10,930	0	0	0	12	126,284
7	14,702	10,762	12,847	1,720	5	14	104,921
8	11,526	10,556	2,845	2,845	1	12	99,017
9	15,729	10,553	12,364	5,884	6	12	104,925
10	9,991	9,991	44	44	0	12	73,082
11	9,446	8,606	6,034	6,034	1	11	62,400
12	11,036	8,389	76	76	3	10	93,929
13	8,356	8,356	0	0	0	19	112,247
14	9,056	8,254	0	0	1	11	66,494
15	9,056	8,254	4,054	4,054	1	11	82,715
16	11,266	8,217	0	0	3	9	103,628
17	8,127	8,127	0	0	0	12	69,340
18	8,412	7,969	1,172	1,172	1	20	114,797
19	8,597	7,796	417	417	1	11	63,231
20	11,743	7,757	690	408	5	10	58,701
21	10,530	7,733	0	0	3	9	80,300
22	8,486	7,720	11,713	11,713	1	11	55,988
23	10,761	7,245	3,517	2,073	4	9	65,389
24	11,650	7,061	325	311	6	10	82,867
25	7,737	7,039	0	0	1	11	77,214
26	10,542	7,028	771	355	5	10	64,974
27	10,689	6,963	0	0	4	8	63,323
28	8,242	6,783	4,901	0	2	10	89,964
29	7,338	6,663	0	0	1	11	70,200
30	10,814	6,583	1,103	1,103	5	8	31,290
31	8,819	6,528	22	11	3	9	59,841
32	8,814	6,429	1,569	538	3	8	42,300
33	7,838	6,410	332	212	2	10	77,563
34	12,027	6,330	0	0	6	7	86,705
35	9,459	6,309	8,541	2,037	4	9	58,086
36	6,252	6,251	726	439	1	12	65,830
37	8,532	6,159	0	0	4	8	75,159

Recipient	PMPM Paid	Ineligible PMPMs Paid	Services Received	Ineligible Services Received	Months Qualified on Medicaid	Months Not Qualified on Medicaid	Wages During Medicaid Coverage
38	\$8,343	\$6,139	\$0	\$0	3	9	\$63,329
39	7,466	6,138	646	626	2	10	85,172
40	7,624	5,880	154	154	3	10	69,860
41	8,261	5,880	49,036	34,578	4	10	97,945
42	7,135	5,862	10,822	1,567	2	10	57,369
43	8,890	5,740	152	46	4	8	79,326
44	6,616	5,662	3,384	370	2	13	110,536
45	8,711	5,611	1,246	764	4	8	58,929
46	8,452	5,518	26	26	4	8	89,639
47	11,122	5,426	0	0	6	6	46,893
48	9,319	5,419	1,675	833	5	7	64,733
49	9,312	5,418	0	0	5	7	52,982
50	5,416	5,416	0	0	0	12	93,022
51	8,127	5,377	438	162	4	8	66,424
52	7,128	5,189	7,904	5,899	4	12	145,146
53	9,041	4,803	338	0	6	7	45,330
54	5,729	4,774	162	0	2	11	94,906
55	7,022	4,746	5,265	1,308	4	7	59,557
56	8,676	4,686	258	221	5	6	78,668
57	8,527	4,677	2,379	118	5	6	16,682
58	5,118	4,641	0	0	1	11	51,986
59	6,382	4,633	6,835	0	3	8	69,208
60	4,977	4,539	0	0	1	11	84,145
61	7,668	4,402	76	0	5	7	58,222
62	4,757	4,319	0	0	1	11	70,413
63	5,089	4,201	0	0	2	10	67,378
64	8,860	4,138	9,912	2,311	8	7	113,019
65	8,419	4,117	447	0	6	6	39,387
66	7,080	4,070	0	0	5	7	83,016
67	4,933	4,047	21	18	2	10	45,027
68	5,362	3,968	554	0	3	9	60,237
69	5,278	3,968	2,297	407	3	9	56,175
70	4,812	3,936	667	174	2	10	63,972
71	4,664	3,898	1,001	782	2	11	80,687
72	5,085	3,878	271	135	3	10	66,970
73	4,713	3,793	0	0	2	9	53,180
74	10,463	3,702	6,503	2,016	9	5	51,018
75	4,245	3,479	259	79	2	9	61,099
76	4,357	3,478	44	44	2	8	60,440
77	4,967	3,428	241	178	4	9	114,272
78	6,222	3,393	83	0	6	7	65,837
79	5,442	3,293	5,669	381	5	8	123,900
80	5,416	3,089	0	0	5	7	68,485
81	9,494	2,764	0	0	9	4	89,582
82	8,343	2,712	97	0	8	4	42,168

Recipient	PMPM Paid	Ineligible PMPMs Paid	Services Received	Ineligible Services Received	Months Qualified on Medicaid	Months Not Qualified on Medicaid	Wages During Medicaid Coverage
83	\$6,480	\$2,533	\$321	\$205	6	4	\$50,616
84	5,907	2,350	5,509	3,438	6	4	13,361
85	4,064	2,012	1,129	0	5	5	72,484
86	8,456	2,009	1,668	0	16	5	127,301
87	6,012	1,927	0	0	8	4	19,995
88	11,842	1,809	1,565	198	10	2	43,880
89	3,835	1,672	2,973	618	5	4	53,688
90	5,173	963	2,320	83	9	2	38,525
91	2,365	591	59	18	3	1	7,071
92	879	440	0	0	1	1	17,526
93	4,637	383	258	0	11	1	50,606
94	5,796	0	941	0	13	0	76,759
95	4,357	0	3,889	0	10	0	15,213
96	2,072	0	0	0	6	0	10,396
97	6,687	0	611	0	10	0	7,079
98	17,122	0	0	0	21	0	6,180
99	686	0	0	0	1	0	0
100	5,799	0	2,927	0	10	0	1,932
Total	\$813,023	\$538,795	\$294,946	\$164,913	421	840	\$6,774,242

Note: The totals may not equal the sum of the 100 recipients due to rounding.

Source: Prepared by legislative auditor's staff using information from LDH and LWC.

APPENDIX F: RANDOMLY-SAMPLED INDIVIDUAL MEDICAID RECIPIENT CASES

Recipient	PMPM Paid	Ineligible PMPMs Paid	Services Received	Ineligible Services Received	Months Qualified on Medicaid	Months Not Qualified on Medicaid	Wages During Medicaid Coverage
1	\$15,872	\$14,939	\$3,595	\$3,595	1	18	\$55,579
2	15,209	13,642	5,119	4,770	2	19	46,303
3	13,267	11,120	23,756	19,437	3	18	43,664
4	14,614	10,753	0	0	4	12	24,668
5	9,826	9,822	37,437	36,888	3	11	33,231
6	13,041	9,478	1,807	1,632	6	15	32,776
7	9,887	8,996	0	0	1	11	44,720
8	12,818	8,860	645	142	6	15	52,400
9	8,611	8,611	8,997	8,997	0	13	40,567
10	8,456	8,018	3,346	3,206	1	20	59,855
11	9,664	7,945	2,194	2,109	2	10	27,991
12	9,130	7,676	488	186	3	18	35,104
13	13,041	7,340	1,984	1,436	9	12	31,725
14	9,152	7,259	759	583	4	17	32,579
15	9,911	7,171	3,595	2,087	3	8	35,572
16	7,194	6,655	3,582	3,582	1	14	25,587
17	8,241	6,639	1,423	1,423	2	9	16,251
18	6,515	6,515	33,165	33,165	0	14	31,975
19	7,029	6,432	1,548	769	1	11	21,529
20	6,916	6,279	0	0	2	16	37,833
21	8,267	6,120	4,330	2,249	3	9	47,410
22	18,951	5,836	7,497	3,299	14	6	29,813
23	7,236	5,670	89	48	3	12	55,599
24	7,438	5,553	448	216	3	8	21,016
25	6,562	5,542	2,672	1,748	3	16	37,415
26	11,122	5,505	25	25	6	6	32,695
27	10,002	5,352	2,929	2,695	4	9	24,344
28	9,309	5,313	675	535	9	11	29,298
29	7,784	5,054	982	624	4	8	19,542
30	6,046	5,024	976	964	2	11	19,934
31	13,708	4,803	114	0	12	7	22,547
32	7,037	4,775	2,682	1,284	6	15	37,567
33	6,009	4,767	883	441	4	16	35,892
34	7,191	4,628	8,827	626	6	11	30,509
35	19,485	4,475	6,634	609	2	10	55,712
36	5,191	4,295	139	139	2	10	24,111
37	8,456	4,245	515	305	10	11	46,801

Recipient	PMPM Paid	Ineligible PMPMs Paid	Services Received	Ineligible Services Received	Months Qualified on Medicaid	Months Not Qualified on Medicaid	Wages During Medicaid Coverage
38	\$18,459	\$4,238	\$9,680	\$4,049	8	9	\$27,884
39	5,667	4,222	2,642	1,701	3	9	21,227
40	4,588	4,208	0	0	1	11	23,007
41	13,238	4,181	1,304	1,304	12	6	32,978
42	4,986	4,140	1,176	1,176	2	10	31,660
43	8,860	4,138	9,912	2,311	8	7	113,019
44	6,032	4,032	996	996	7	14	42,900
45	9,702	4,013	1,913	711	11	8	35,871
46	4,393	3,987	1,221	1,221	1	11	32,951
47	9,152	3,883	0	0	12	9	29,853
48	6,653	3,772	793	443	7	9	21,066
49	9,700	3,750	1,618	253	13	8	56,804
50	5,643	3,679	833	593	6	12	43,968
51	6,194	3,664	118	0	6	9	22,686
52	5,371	3,578	539	531	4	8	36,531
53	5,430	3,519	217	0	4	8	28,870
54	4,357	3,478	44	44	2	8	60,440
55	5,960	3,417	1,576	1,170	0	11	31,954
56	4,729	3,212	383	349	5	11	48,222
57	5,743	3,176	0	0	5	7	26,167
58	7,526	3,036	0	0	11	8	26,394
59	4,414	2,826	1,968	658	5	7	34,460
60	6,715	2,618	294	16	9	6	38,778
61	3,290	2,546	386	0	4	8	25,523
62	6,621	2,453	0	0	11	6	23,291
63	5,817	2,408	130	57	7	5	26,272
64	7,251	2,190	36,855	0	14	5	39,318
65	6,990	2,187	1,571	514	7	3	10,605
66	7,926	1,993	230	72	9	3	29,157
67	4,611	1,983	0	0	7	5	17,476
68	5,286	1,952	0	0	11	7	34,444
69	4,637	1,946	216	12	7	5	19,564
70	17,048	1,939	8,415	156	1	4	20,948
71	4,038	1,768	2,288	1,608	8	6	19,407
72	4,086	1,745	476	0	4	3	7,185
73	11,514	1,734	1,813	38	16	3	28,532
74	16,763	1,598	8,511	2,761	19	2	42,328
75	8,062	1,356	3,257	176	10	2	18,125
76	4,558	1,214	16,088	469	8	3	14,705
77	6,161	1,192	25,844	3,678	12	3	25,225
78	2,668	996	7	0	5	3	9,852
79	3,736	977	475	0	10	4	22,863
80	7,733	838	1,190	129	14	2	11,574
81	12,075	784	20,959	6,114	16	1	3,532
82	5,214	750	7,758	416	10	2	21,325

Recipient	PMPM Paid	Ineligible PMPMs Paid	Services Received	Ineligible Services Received	Months Qualified on Medicaid	Months Not Qualified on Medicaid	Wages During Medicaid Coverage
83	\$7,423	\$0	\$1,129	\$0	10	0	\$14,917
84	8,559	0	12,844	0	12	0	0
85	4,539	0	1,326	0	2	0	35,931
86	10,497	0	334	0	12	0	17,082
87	6,990	0	7,305	0	10	0	9,770
88	8,530	0	1,170	0	11	0	3,423
89	7,047	0	951	0	10	0	3,462
90	8,918	0	1,601	0	10	0	16,421
91	3,862	0	34	0	10	0	0
92	9,458	0	0	0	12	0	17,700
93	8,703	0	4,079	0	8	0	0
94	5,388	0	1,305	0	0	0	38,005
95	4,922	0	0	0	0	0	10,465
96	4,177	0	895	0	11	0	3,610
97	4,183	0	409	0	5	0	936
98	5,735	0	4,583	0	13	0	1,615
99	6,164	0	97	0	0	0	40,684
100	5,465	0	1,304	0	12	0	35,496
Total	\$808,341	\$382,420	\$386,915	\$173,540	647	748	\$2,888,574

Note: The totals may not equal the sum of the 100 recipients due to rounding.

Source: Prepared by legislative auditor's staff using information from LDH and LWC.

APPENDIX G: LIST OF PREVIOUS MAU REPORTS

Issue Date	Title
October 31, 2018	<i>Identification of Incarcerated Medicaid Recipients</i>
June 20, 2018	<i>Reliability of Medicaid Provider Data</i>
May 2, 2018	<i>Strengthening of the Medicaid Eligibility Determination Process</i>
November 29, 2017	<i>Improper Payments for Deceased Medicaid Recipients</i>
October 4, 2017	<i>Monitoring of Medicaid Claims Using All-Inclusive Code (T1015)</i>
September 6, 2017	<i>Improper Payments in the Medicaid Laboratory Program</i>
July 12, 2017	<i>Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community-Based Services</i>
March 29, 2017	<i>Duplicate Payments for Medicaid Recipients with Multiple Identification Numbers</i>
March 22, 2017	<i>Program Rule Violations in the Medicaid Dental Program</i>
October 26, 2016	<i>Medicaid Recipient Eligibility – Managed Care and Louisiana Residency</i>
<p>Source: MAU reports can be found on the LLA’s website under “Reports and Data” using the “Audit Reports by Type” button. By selecting the “Medicaid” button, all MAU reports issues by LLA will be displayed. https://www.lla.la.gov/reports-data/audit/audit-type/index.shtml?key=Medicaid</p>	



STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS



Office of Group Benefits
Contracts & Amendments Overview
October 19, 2018

Agenda
Review of OGB Contracts & Amendments
October 19, 2018

- I. Office of Group Benefits Membership Overview**
- II. Prudential Insurance Company of America**
Background Information on Solicitations for Group Life Insurance
Group Life Insurance Emergency Contract Overview
- III. Extend Health (branded as Via Benefits)**
Individual Market Medicare Exchange Broker with Administrative Services for HRA Emergency Contract Amendment #1 Overview
- IV. Vantage Health Plan, Inc.**
Fully Insured HMO Contract Overview
Fully Insured Medicare Advantage Contract Overview
- V. New Orleans Regional Physician Hospital Organization, Inc., d/b/a Peoples Health**
Fully Insured Medicare Advantage Contract Overview
- VI. Humana**
Fully Insured Medicare Advantage Contract Overview
- VII. HMO Louisiana, Inc., a subsidiary of Blue Cross Blue Shield of Louisiana**
Fully Insured Medicare Advantage Contract Overview
- VIII. Blue Cross and Blue Shield of Louisiana**
Administrative Services Only for Self-funded Medical Plans Contract Amendment #5 Overview
- IX. MedImpact Healthcare Systems, Inc.**
Pharmacy Benefit Manager Services Contract Amendment #2 Overview

Table of Contents

Office of Group Benefits

FY 2019 Membership Overview.....	4
----------------------------------	---

Prudential Insurance Company of America

Background Information on Solicitations for Group Life Insurance	5
Group Life Insurance Emergency Contract Overview.....	6

Extend Health (branded as Via Benefits)

Individual Market Medicare Exchange Broker with Administrative Services for HRA Emergency Contract Amendment #1 Overview.....	8
---	---

Vantage Health Plan, Inc.

Fully Insured HMO Contract Overview.....	10
Fully Insured Medicare Advantage Contract Overview.....	12

New Orleans Regional Physician Hospital Organization, Inc., d/b/a

Peoples Health

Fully Insured Medicare Advantage Contract Overview.....	14
---	----

Humana

Fully Insured Medicare Advantage Contract Overview.....	15
---	----

HMO Louisiana, Inc., a Subsidiary of Blue Cross Blue Shield of Louisiana

Fully Insured Medicare Advantage Contract Overview.....	17
---	----

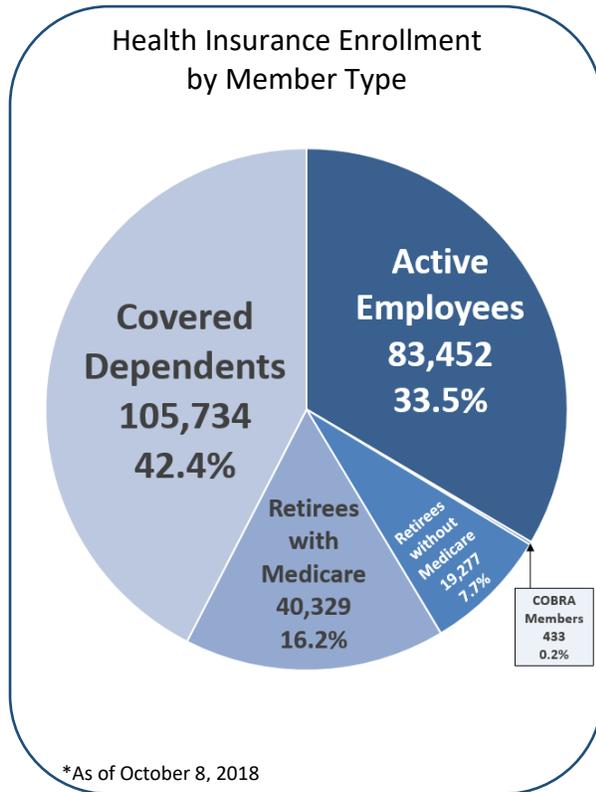
Blue Cross and Blue Shield of Louisiana

Administrative Services Only for Self-funded Medical Plans Contract Amendment #5 Overview.....	19
--	----

MedImpact Healthcare Systems, Inc.

Pharmacy Benefit Manager Services Contract Amendment #2 Overview.....	21
---	----

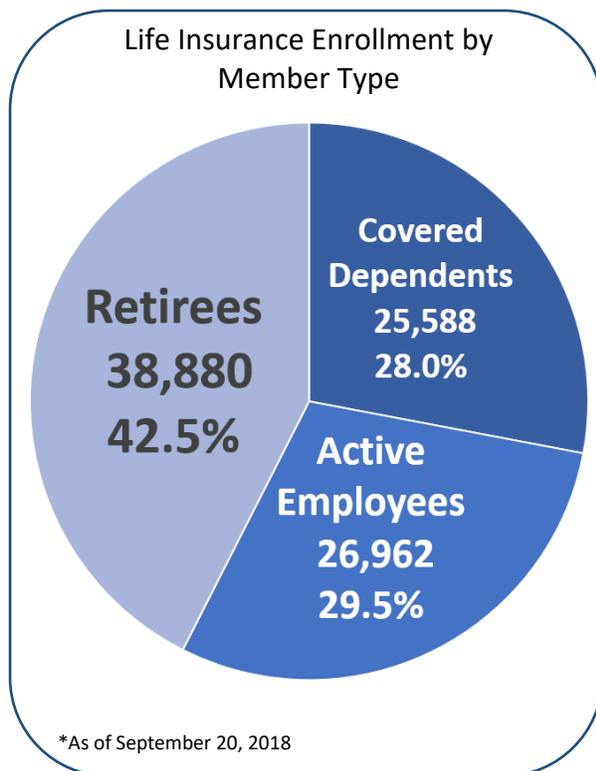
Office of Group Benefits
FY 2019 Membership Overview



Health Insurance Membership by Plan

State-Sponsored Health Plans	Members	%
Magnolia Open Access	37,243	14.9%
Magnolia Local	1,069	0.4%
Magnolia Local Plus	163,313	65.5%
Pelican HRA1000	6,985	2.8%
Pelican HSA775	7,314	2.9%
Vantage MHHP	7,730	3.1%
Via Benefits	736	0.3%
Peoples Health (MA)	2,219	0.9%
Vantage Premium (MA)	452	0.2%
Vantage Standard (MA)	1,085	0.4%
Vantage Basic (MA)	94	0.0%
LSU Health Option 1	16,051	6.4%
LSU Health Option 2	2,524	1.0%
LSU Health Option 3	2,410	1.0%
Total:	249,225	100.0%

*As of October 8, 2018; MA = Medicare Advantage Plan



Life Insurance Enrollment by Member Type

Age Groups	Enrollee Count	%
Under Age 20	26	0.0%
Ages 20-25	700	1.1%
Ages 26-30	1,855	2.8%
Ages 31-35	2,377	3.6%
Ages 36-40	2,920	4.4%
Ages 41-45	3,148	4.8%
Ages 46-50	3,751	5.7%
Ages 51-55	4,557	6.9%
Ages 56-60	6,254	9.5%
Ages 61-65	7,679	11.7%
Ages 66-70	8,937	13.6%
Ages 71-75	8,045	12.2%
Ages 76-80	6,512	9.9%
Ages 81-84	4,017	6.1%
Age 85 and Older	5,064	7.7%
Total:	65,842	100.0%

*As of September 20, 2018

The Prudential Insurance Company of America

Background Information on Solicitations for Group Life Insurance

- First Request for Proposal (RFP) for Group Life Insurance issued on 5/16/2018
- RFP sought separate premium rates for active employees and retired employees, both defined by age groups
 - Proposals due by 6/20/2018
 - 5 Proposals received
 - The bid with the lowest cost (from Prudential Insurance Company of America) was determined by OGB to be nonresponsive, as bidder deviated from the provided volumes for Dependent Life insurance for use in calculation of their premium rates in their financial proposal and therefore could not be awarded
 - The 2nd lowest cost bidder was Minnesota Life Insurance Company
- The Office of State Procurement (OSP) issued a Notice of Intent to Award to Minnesota Life Insurance Company on 8/22/2018
- The Prudential Insurance Company of America protested the award on 9/4/2018
- OSP acknowledged the protest and issued a Stay of Notice of Intent to Award on 9/6/2018
- OSP rescinded award to Minnesota Life Insurance Company and canceled the RFP on 9/20/2018
 - It was determined that Minnesota Life Insurance Company's bid was conditional and therefore should have been rejected as nonresponsive
 - All other proposers were either also determined to be nonresponsive due to conditional bids or failed to receive any points from their technical proposal.
- An emergency solicitation for Group Life Insurance was issued on 9/28/2018
 - Emergency Solicitation maintained existing practice of same rates for active and retired employees, defined by age groups
 - Proposals due by 10/5/2018
 - 4 Proposals received; 1 disqualified
 - Award of the emergency solicitation to be made based on the submitted pricing option deemed to be in the State's best interest
- The Office of State Procurement (OSP) issued a Notice of Intent to Award to The Prudential Insurance Company of America on 10/8/2018

The Prudential Insurance Company of America
Group Life Insurance Emergency Contract Overview

Contract Purpose	To provide fully-insured basic life, supplemental life and accidental death & dismemberment (“AD&D”) coverage for active and retired employees, as well as basic and supplemental dependent life coverage for eligible dependents.
Eligible enrollees	Active and retired employees of the State of Louisiana and other OGB-participating entities
Members as of 9/20/2018	91,430
Beginning Emergency Contract Date	1/1/2019
Ending Emergency Contract Date	12/31/2019
Renewable Option	None
Procurement Method	Emergency solicitation
Contract Amount	N/A
Projected Annual Group Life Insurance Premiums	\$31,638,883
Basic and Supplemental Life Rates	Overall decrease of 7.6% in total projected annual group life insurance premiums from 2018 projected levels. Members ages 31 to 40, 46 to 50, and 56 to 65 will see a decrease in their monthly rate per \$1,000 of coverage beginning in 2019. No age group will experience an increase in premium rates under this emergency contract.
AD&D Rates	No change from 2018 rates
Dependent Life Rates	No change from 2018 rates

The 2019 emergency contract continues current year emergency contract practice of premium rates based on the age of the enrollee, capped at \$2.50 per \$1,000 of coverage maximum.

The Prudential Insurance Company of America
Group Life Insurance Emergency Contract Overview, cont.

Active Employees & Retirees Group Life Insurance	2018 Total Monthly Rate per \$1,000 of Coverage	2019 Total Monthly Rate per \$1,000 of Coverage	Change	% Change
<i>Basic & Supplemental Life Insurance</i>				
Under Age 20	\$0.08	\$0.08	\$0.00	0.0%
Ages 20-25	\$0.08	\$0.08	\$0.00	0.0%
Ages 26-30	\$0.08	\$0.08	\$0.00	0.0%
Ages 31-35	\$0.16	\$0.08	(\$0.08)	(50.0%)
Ages 36-40	\$0.16	\$0.08	(\$0.08)	(50.0%)
Ages 41-45	\$0.16	\$0.16	\$0.00	0.0%
Ages 46-50	\$0.28	\$0.20	(\$0.08)	(28.6%)
Ages 51-55	\$0.40	\$0.40	\$0.00	0.0%
Ages 56-60	\$0.60	\$0.52	(\$0.08)	(13.3%)
Ages 61-65	\$1.96	\$1.40	(\$0.56)	(28.6%)
Ages 66-70	\$2.48	\$2.48	\$0.00	0.0%
Ages 71-75	\$2.48	\$2.48	\$0.00	0.0%
Ages 76-80	\$2.48	\$2.48	\$0.00	0.0%
Ages 81-84	\$2.48	\$2.48	\$0.00	0.0%
Age 85 and Older	\$2.48	\$2.48	\$0.00	0.0%
<i>Accidental Death & Dismemberment Insurance</i>				
All Ages	\$0.04	\$0.04	\$0.00	0.0%
<i>Dependent Life Insurance</i>				
All Ages	\$1.04	\$1.04	\$0.00	0.0%

*2019 monthly rates per \$1,000 of coverage have been rounded up or down so as to be divisible by four (4) for payroll purposes, and differ from those submitted by Prudential.

Extend Health (Branded as Via Benefits)

Individual Market Medicare Exchange Broker with Administrative Services for HRA Emergency Contract Amendment Overview

Contract Purpose	To provide access to an Individual Market Medicare Exchange with administrative services for Health Reimbursement Arrangement (HRA) for Medicare eligible retirees.
Eligible enrollees	Retired employees of the State of Louisiana and other OGB-participating entities who are eligible to enroll in Medicare
Members as of 10/8/2018	736
Beginning Emergency Contract Date	1/01/2018
Ending Emergency Contract Date	12/31/2018
Renewable Options Already Exercised	None
Ending Emergency Contract Date After this Amendment	12/31/2019
Renewable Options Remaining	None
Original Procurement Method	Emergency contract
Contract Amount	N/A
HRA Administration Fee	\$4.00 Per HRA Account per Month (no change from 2018) Payable to Vendor
HRA Wire Transfer Fee	\$15.00 per Transaction (no change from 2018) Payable to Vendor

Extend Health (branded as Via Benefits)*Individual Market Medicare Exchange Broker with Administrative Services for HRA
Emergency Contract Amendment Overview, Cont.*

The initial Individual Market Medicare Exchange Broker contract entered into with Extend Health began on 1/1/2013 and terminated 12/31/2017. Due to low member participation, OGB elected to cease offering this benefit upon the current contract's termination and therefore did not engage in the procurement process in 2017. Upon their notification, a significant portion of OGB's Extend Health participants expressed their desire for OGB to continue offering this benefit. Accordingly, OGB reversed its decision and issued an emergency contract to continue offering the benefit to its members, while making plans to issue an RFP for an Individual Market Medicare Exchange Broker with Administrative Services for HRA in 2018.

On 7/6/2018 OGB issued an RFP for the Individual Market Medicare Exchange Broker contract, which included for the first time a requirement that the successful proposer pay OGB an administrative fee of not less than \$10.00 Per Enrollee per Month (PEPM), which should not include the monthly HRA administration fee to be paid by OGB to the proposer. It is believed that because of this additional requirement, on the proposal submission deadline of 8/7/2018 no proposals were received, including from the incumbent vendor. On 8/17/2018 OGB requested from OSP that the current emergency contract with Extend Health (rebranded as Via Benefits in 2018) be extended for an additional year, so as not to disrupt the more than 700 plan members who have elected to utilize this plan, many of which reside out of state.

Vantage Health Plan, Inc.
Fully Insured HMO Contract Overview

Contract Purpose	To provide a fully-insured HMO physician and hospital network for all regions of the state to eligible active employees, retirees, and their dependents.
Eligible Enrollees	Active and retired employees of the State of Louisiana and other OGB-participating entities
Members as of 10/8/2018	7,730
Beginning Contract Date	1/1/2019
Ending Contract Date	12/31/2021
Renewable Option	24 months
Procurement Method	Request for Proposal
Contract Amount*	\$140,500,000
Administrative Fee	\$20.00 Per Enrollee per Month (increase of \$3.00 over 2018); Payable to OGB
Number of Plans	One (no change from 2018)
2019 Plan Rates	No change from 2018 rates

Act 479 of the 2007 Regular Session of the Legislature enacted La R.S. 42:802.1 which requires OGB to contract with Louisiana-domiciled Health Maintenance Organizations (HMO) that offers fully insured commercial and/or Medicare Advantage plans. OGB uses the RFP process to contract for both commercial and Medicare Advantage plans from fully insured Louisiana-based vendors.

*Assumes enactment of annual premium rate increases of 4.5% in 2020 and 2021 for all coverage levels and rate categories; no significant change from current membership levels.

Vantage Health Plan, Inc.

Fully Insured HMO Contract Overview, Cont.

Plan	Coverage Level	2018 Total Monthly Premium	2019 Total Monthly Premium	Change	% Change
<i>Active Employees</i>					
Medical Home HMO-POS	Enrollee Only	\$671.00	\$671.00	\$0.00	0.0%
Medical Home HMO-POS	Enrollee + Spouse	\$1,425.12	\$1,425.12	\$0.00	0.0%
Medical Home HMO-POS	Enrollee + Child(ren)	\$818.32	\$818.32	\$0.00	0.0%
Medical Home HMO-POS	Family	\$1,502.98	\$1,502.98	\$0.00	0.0%
<i>Retirees without Medicare & Re-employed Retirees</i>					
Medical Home HMO-POS	Enrollee Only	\$1,252.34	\$1,252.34	\$0.00	0.0%
Medical Home HMO-POS	Enrollee + Spouse	\$2,211.30	\$2,211.30	\$0.00	0.0%
Medical Home HMO-POS	Enrollee + Child(ren)	\$1,395.02	\$1,395.02	\$0.00	0.0%
Medical Home HMO-POS	Family	\$2,200.68	\$2,200.68	\$0.00	0.0%
<i>Retirees with 1 Medicare Member</i>					
Medical Home HMO-POS	Enrollee Only	\$414.30	\$414.30	\$0.00	0.0%
Medical Home HMO-POS	Enrollee + Spouse	\$1,514.20	\$1,514.20	\$0.00	0.0%
Medical Home HMO-POS	Enrollee + Child(ren)	\$712.70	\$712.70	\$0.00	0.0%
Medical Home HMO-POS	Family	\$2,015.48	\$2,015.48	\$0.00	0.0%
<i>Retirees with 2 Medicare Members</i>					
Medical Home HMO-POS	Enrollee + Spouse	\$742.66	\$742.66	\$0.00	0.0%
Medical Home HMO-POS	Family	\$919.50	\$919.50	\$0.00	0.0%

Vantage Health Plan, Inc.

Fully Insured Medicare Advantage Contract Overview

Contract Purpose	To offer a Medicare Advantage Plan including Medicare Part D prescription drug benefits for Medicare eligible retirees.
Eligible Enrollees	Retired employees of the State of Louisiana and other OGB-participating entities who are eligible to enroll in Medicare
Members as of 10/8/2018	1,631
Beginning Contract Date	1/1/2019
Ending Contract Date	12/31/2021
Renewable Option	24 months
Procurement Method	Request for Proposal
Contract Amount*	\$12,000,000
Administrative Fee	\$10.00 Per Enrollee per Month (new for 2019) Payable to OGB
Number of Plans	Three; "Premium", "Standard" and "Basic" plans
Statewide or Regional Rates	Statewide rates
2019 Premium Plan Rates	Decrease of 17.1% over 2018 rates
2019 Standard Plan Rates	Decrease of 16.4% over 2018 rates
2019 Basic Plan Rates	Decrease of 40.0% over 2018 rates

*Assumes enactment of annual premium rate increases of 4.5% in 2020 and 2021 for all coverage levels and rate categories; no significant change from current membership levels.

Vantage Health Plan, Inc.
Fully Insured Medicare Advantage Contract Overview, Cont.

Plan	Coverage Level	2018 Total Monthly Premium	2019 Total Monthly Premium	Change	% Change
<i>Retirees with 1 Medicare Member</i>					
Premium HMO-POS	Enrollee Only	\$280.00	\$232.00	(\$48.00)	(17.1%)
Standard HMO-POS	Enrollee Only	\$220.00	\$184.00	(\$36.00)	(16.4%)
Basic HMO-POS	Enrollee Only	\$120.00	\$72.00	(\$48.00)	(40.0%)
<i>Retirees with 2 Medicare Members</i>					
Premium HMO-POS	Enrollee + Spouse	\$560.00	\$464.00	(\$96.00)	(17.1%)
Standard HMO-POS	Enrollee + Spouse	\$440.00	\$368.00	(\$72.00)	(16.4%)
Basic HMO-POS	Enrollee + Spouse	\$240.00	\$144.00	(\$96.00)	(40.0%)

New Orleans Regional Physician Hospital Organization, Inc., d/b/a Peoples Health
Fully Insured Medicare Advantage Contract Overview

Contract Purpose	To offer a Medicare Advantage Plan including Medicare Part D prescription drug benefits for Medicare eligible retirees.
Eligible Enrollees	Retired employees of the State of Louisiana and other OGB-participating entities who are eligible to enroll in Medicare
Members as of 10/8/2018	2,219
Beginning Contract Date	1/1/2019
Ending Contract Date	12/31/2021
Renewable Option	24 months
Procurement Method	Request for Proposal
Contract Amount*	\$17,000,000
Administrative Fee	\$10.00 Per Enrollee per Month (new for 2019) Payable to OGB
Number of Plans	One (no change from 2018)
Statewide or Regional Rates	Statewide rates
2019 Plan Rates	Decrease of 20.0% over 2018 rates

*Assumes enactment of annual premium rate increases of 4.5% in 2020 and 2021 for all coverage levels and rate categories; no significant change from current membership levels.

Plan	Coverage Level	2018 Total Monthly Premium	2019 Total Monthly Premium	Change	% Change
<i>Retirees with 1 Medicare Member</i>					
HMO-POS	Enrollee Only	\$250.00	\$200.00	(\$50.00)	(20.0%)
<i>Retirees with 2 Medicare Members</i>					
HMO-POS	Enrollee + Spouse	\$500.00	\$400.00	(\$100.00)	(20.0%)

Humana

Fully Insured Medicare Advantage Contract Overview

Contract Purpose	To offer a Medicare Advantage Plan including Medicare Part D prescription drug benefits for Medicare eligible retirees.
Eligible Enrollees	Retired employees of the State of Louisiana and other OGB-participating entities who are eligible to enroll in Medicare
Members as of 10/8/2018	None; new plan to be offered 1/1/2019
Beginning Contract Date	1/1/2019
Ending Contract Date	12/31/2021
Renewable Option	24 months
Procurement Method	Request for Proposal
Contract Amount*	\$2,450,000
Administrative Fee	\$16.67 Per Enrollee per Month for 2019; \$12.50 PEPM for 2020 and 2021; Payable to OGB
Number of Plans	One
Statewide or Regional Rates	Regional; 8 rates for all 9 state regions

*Contract amount based on actuarial assumption that approximately 1% of OGB members with Medicare and who are currently enrolled in a Blue Cross and Blue Shield of LA (BCBSLA) health plan will elect to switch to the Humana HMO Medicare Advantage plan. For 2019, membership in this plan is projected to be 313 primary subscribers and 89 eligible dependent spouses. Contract amount also assumes enactment of annual premium rate increases of 4.5% in 2020 and 2021 for all coverage levels and rate categories; no significant change from projected 2019 membership levels.

It should be noted, the Humana HMO Medicare Advantage plan is not offered in the following 17 parishes: St. Bernard, Evangeline, St. Mary, Beauregard, Allen, Jefferson Davis, Vernon, Sabine, Natchitoches, Winn, LaSalle, Concordia, Avoyelles, Claiborne, Bienville, Red River, and DeSoto. OGB members residing within these parishes are not eligible to enroll in this plan.

Humana

Fully Insured Medicare Advantage Contract Overview, Cont.

Plan	Regions	Coverage Level	2019 Total Monthly Premium
<i>Retirees with 1 Medicare Member</i>			
Humana HMO	1	Enrollee Only	\$75.00
Humana HMO	2, 4	Enrollee Only	\$150.00
Humana HMO	3	Enrollee Only	\$115.00
Humana HMO	5	Enrollee Only	\$130.00
Humana HMO	6	Enrollee Only	\$175.00
Humana HMO	7	Enrollee Only	\$225.00
Humana HMO	8	Enrollee Only	\$205.00
Humana HMO	9	Enrollee Only	\$220.00
<i>Retirees with 2 Medicare Members</i>			
Humana HMO	1	Enrollee + Spouse	\$150.00
Humana HMO	2, 4	Enrollee + Spouse	\$300.00
Humana HMO	3	Enrollee + Spouse	\$230.00
Humana HMO	5	Enrollee + Spouse	\$260.00
Humana HMO	6	Enrollee + Spouse	\$350.00
Humana HMO	7	Enrollee + Spouse	\$450.00
Humana HMO	8	Enrollee + Spouse	\$410.00
Humana HMO	9	Enrollee + Spouse	\$440.00

State Regions

Region 1: Orleans, Saint Bernard, Plaquemines, and Jefferson Parishes

Region 2: East Baton Rouge, West Baton Rouge, Livingston, Ascension, Iberville, Pointe Coupee, East Feliciana, and West Feliciana Parishes

Region 3: Lafourche, Saint John, Saint Charles, Saint James, Assumption, and Terrebonne Parishes

Region 4: Lafayette, Evangeline, Saint Landry, Acadia, Saint Martin, Iberia, Vermilion, and Saint Mary Parishes

Region 5: Beauregard, Allen, Calcasieu, Jefferson Davis, and Cameron Parishes

Region 6: Vernon, Sabine, Natchitoches, Winn, Grant, Rapides, LaSalle, Catahoula, Concordia, and Avoyelles Parishes

Region 7: Caddo, Bossier, Webster, Claiborne, Bienville, Red River, and DeSoto Parishes

Region 8: Ouachita, Union, Lincoln, Jackson, Caldwell, Richland, Morehouse, Franklin, West Carroll, East Carroll, Madison, and Tensas Parishes

Region 9: Washington, Saint Tammany, Saint Helena, and Tangipahoa Parishes

HMO Louisiana, Inc., a subsidiary of Blue Cross Blue Shield of Louisiana
Fully Insured Medicare Advantage Contract Overview

Contract Purpose	To offer a Medicare Advantage Plan including Medicare Part D prescription drug benefits for Medicare eligible retirees.
Eligible Enrollees	Retired employees of the State of Louisiana and other OGB-participating entities who are eligible to enroll in Medicare
Members as of 10/8/2018	None; new plan to be offered 1/1/2019
Beginning Contract Date	1/1/2019
Ending Contract Date	12/31/2021
Renewable Option	24 months
Procurement Method	Request for Proposal
Contract Amount*	\$6,405,000
Administrative Fee	\$10.00 Per Enrollee per Month Payable to OGB
Number of Plans	One
Statewide or Regional Rates	Regional; 4 rates for all 9 state regions

*Contract amount based on actuarial assumption that approximately 2% of OGB members with Medicare and who are currently enrolled in a BCBSLA health plan will elect to switch to the Blue Advantage HMO Medicare Advantage plan. For 2019, membership in this plan is projected to be 626 primary subscribers and 177 eligible dependent spouses. Contract amount also assumes enactment of annual premium rate increases of 4.5% in 2020 and 2021 for all coverage levels and rate categories; no significant change from projected 2019 membership levels.

HMO Louisiana, Inc., a subsidiary of Blue Cross Blue Shield of Louisiana
Fully Insured Medicare Advantage Contract Overview, Cont.

Plan	Regions	Coverage Level	2019 Total Monthly Premium
<i>Retirees with 1 Medicare Member</i>			
Blue Advantage HMO	1, 3, 4	Enrollee Only	\$170.00
Blue Advantage HMO	2, 5	Enrollee Only	\$220.00
Blue Advantage HMO	6, 7, 8	Enrollee Only	\$240.00
Blue Advantage HMO	9	Enrollee Only	\$190.00
<i>Retirees with 2 Medicare Members</i>			
Blue Advantage HMO	1, 3, 4	Enrollee + Spouse	\$340.00
Blue Advantage HMO	2, 5	Enrollee + Spouse	\$440.00
Blue Advantage HMO	6, 7, 8	Enrollee + Spouse	\$480.00
Blue Advantage HMO	9	Enrollee + Spouse	\$380.00

State Regions

Region 1: Orleans, Saint Bernard, Plaquemines, and Jefferson Parishes

Region 2: East Baton Rouge, West Baton Rouge, Livingston, Ascension, Iberville, Pointe Coupee, East Feliciana, and West Feliciana Parishes

Region 3: Lafourche, Saint John, Saint Charles, Saint James, Assumption, and Terrebonne Parishes

Region 4: Lafayette, Evangeline, Saint Landry, Acadia, Saint Martin, Iberia, Vermilion, and Saint Mary Parishes

Region 5: Beauregard, Allen, Calcasieu, Jefferson Davis, and Cameron Parishes

Region 6: Vernon, Sabine, Natchitoches, Winn, Grant, Rapides, LaSalle, Catahoula, Concordia, and Avoyelles Parishes

Region 7: Caddo, Bossier, Webster, Claiborne, Bienville, Red River, and DeSoto Parishes

Region 8: Ouachita, Union, Lincoln, Jackson, Caldwell, Richland, Morehouse, Franklin, West Carroll, East Carroll, Madison, and Tensas Parishes

Region 9: Washington, Saint Tammany, Saint Helena, and Tangipahoa Parishes

Blue Cross and Blue Shield of Louisiana

Administrative Services Only for Self-funded Medical Plans Contract Amendment #5 Overview

Contract Purpose	To provide administrative services to support the self-funded medical plans offered by OGB. Services include but are not limited to regulatory assistance, medical claims administration, case management, third party recovery, and other general administrative support services.
Eligible Enrollees	Active and retired employees of the State of Louisiana and other OGB-participating entities
Members as of 10/8/2018	215,924
Beginning Contract Date	1/1/2016
Ending Contract Date	12/31/2018
Renewable Options Already Exercised	none
Ending Contract Date After this Amendment	12/31/2019
Renewable Options Remaining	12 months
Original Procurement Method	Request for Proposal
Current Contract Amount	\$3,000,000,000
Ending Contract Amount After Amendment	\$3,970,000,000
Administrative Fee	\$22.17 Per Enrollee Per Month (no change from 2018) Payable to Vendor
Number of Plans	Five (no change from 2018)
2019 Plan Rates	No change from 2018 rates

Blue Cross and Blue Shield of Louisiana

Administrative Services Only for Self-funded Medical Plans Contract Amendment #5 Overview, Cont.

Amendment # 5 to the Blue Cross and Blue Shield of Louisiana (BCBSLA) contract is needed in order to accomplish the following:

- To allow OGB to exercise the option to extend the contract for twelve (12) of the twenty-four (24) additional months available under the contract, at the same rates, terms, and conditions of the initial contract term, as previously amended, except as provided in the amendment.
- To increase the maximum payable amount to \$3.97 billion, to allow OGB to continue to pay member claims for the twelve (12) month period this amendment seeks to extend the contract by.
- To update the indemnification and defense provisions in the contract in order to bring the language up to current standards.
- To amend the contractor nurse provisions in the contract. The contract requires BCBSLA to provide a minimum of two on-site nurses dedicated to OGB in Year 3 of the contract. One nurse was located on-site at the Bienville Building, and the other is located on-site at the Claiborne Building. After reviewing participation and usage information and other metrics available, the parties have decided that effective April 1, 2018, BCBSLA will provide a Community Care Nurse in lieu of the Bienville Building on-site nurse. The Community Care Nurse will work collaboratively with high-risk Baton Rouge area OGB plan participants and their primary care providers to achieve better health care outcomes for the plan participants and potentially lower costs for OGB. The substitution of the Community Care Nurse in lieu of one on-site nurse is at no change in cost to OGB.
- To clarify the scope of services to provide for Contractor's readjudication of claims and recoupment of amounts paid to network providers for claims of plan participants beyond the coverage termination date within the twelve (12) months immediately prior to notification of the coverage termination date from OGB, as stated in the revised scope of services, at no additional charge to OGB.

MedImpact Healthcare Systems, Inc.

Pharmacy Benefit Manager Services Contract Amendment #2 Overview

Contract Purpose	To provide pharmacy benefit manager services to support certain self-funded group health plans offered by OGB.
Eligible Participants	Members who are enrolled in any of the BCBSLA Magnolia Open Access, Local, Local Plus, and Pelican HRA1000 plans receive their pharmacy benefits through MedImpact.
Members as of 10/8/2018*	208,610
Beginning Contract Date	1/1/2017
Ending Contract Date	12/31/2019
Renewable Options Already Exercised	none
Ending Contract Date After this Amendment	N/A
Renewable Options Remaining	24 months
Original Procurement Method	Request for Proposal
Current Contract Amount	\$1,397,000,000
Ending Contract Amount After Amendment	N/A
Commercial Plan Claims Processing Fees	\$0.68 per Claim (no change from 2018); Payable to Vendor
Commercial Plan Clinical Trend Management Fees	\$0.34 per Member Per Month (no change from 2018); Payable to Vendor
EGWP Administrative Fees	\$1.65 per Claim Processing Fee (no change from 2018); Payable to Vendor

*Based on enrollment in the BCBSLA Magnolia Open Access, Local, Local Plus, and Pelican HRA1000 plans.

MedImpact Healthcare Systems, Inc.

Pharmacy Benefit Manager Services Contract Amendment #2 Overview, Cont.

Amendment # 2 to the MedImpact contract is needed in order to accomplish the following:

- To provide for the administrative change to remove affiliate and/or subcontractor information referenced for Medicare GenerationsRx, and to replace with reference for VibrantRx. Effective 1/1/2019, VibrantRx, a Medicare Part D prescription plan MedImpact has formed from its own insurance company, MG Insurance Company, will cover EGWP plan participants.
- To allow OGB to receive better pharmacy network discounts that have been recently negotiated by MedImpact with major retail pharmacy chains than are currently provided for in the existing contract (see Pharmacy Market Check comments below).

Pharmacy Market Check

OGB requested that MedImpact improve on the pharmacy network discounts, dispensing fees, and rebates that are provided for in the current contract, as a result of findings from a market check performed by OGB's actuary. OGB is able to annually exercise a market check throughout the contract term to assess and verify the competitiveness of the pricing and other terms set forth in the contract in comparison to those available in the marketplace. If the comparison finds current market conditions would yield greater than 1.0% savings, the parties will discuss in good faith a revision to the current contract terms that will at least match the best offer in the marketplace and will go into effect the first day of the upcoming contract year. If parties are unable to reach agreement on revised terms or other applicable provisions within sixty (60) days from the market check report, OGB may terminate the contract without penalty (e.g., no loss of rebates earned but not yet paid) upon at least thirty (30) days' prior written notice prior to the beginning of the second and third contract year, respectively.

MedImpact Healthcare Systems, Inc.*Pharmacy Benefit Manager Services Contract Amendment #2 Overview, Cont.*

Based on the market check performed by OGB's actuary, MedImpact was able to negotiate better discounts, dispensing fees, and rebates with its network of major retail pharmacy chains, sufficient that OGB's actuary projects that OGB will achieve approximately \$24.0 million in savings annually, once the new pricing is integrated into the contract.

MedImpact is continuing to negotiate with two national retail pharmacy chains to generate additional savings.



State of Louisiana
Louisiana Department of Health
Office of Management and Finance

September 26, 2018

The Honorable Eric LaFleur
Louisiana State Senator
Chairman, Joint Legislative Committee on the Budget
P.O. Box 44294
Baton Rouge, LA 70804

Re: LDH Request for October JLCB Agenda Item Pursuant to R.S.39:1615(J)

Dear Senator LaFleur:

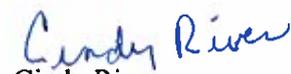
The Louisiana Department of Health (LDH) requests that the following contract be placed on the agenda for the Joint Legislative Committee on the Budget (JLCB) October hearing for consideration pursuant to R.S.39:1615(J). LDH has a current contract with this entity and wishes to exercise the extension option in the contract for short period until the Request for Proposals (RFP) for a new contract is released and a new contract executed. The RFP is currently with the Office of State Procurement for approval, and we anticipate a November 2018 release and implementation of the new contract by Spring of 2019. As per R.S.39:1615(J), approval of the extension by JLCB is required before proceeding. The contract is as follows:

MAGELLAN MEDICAID ADMINISTRATION, INC.

This is a three year, statewide contract with Medicaid that provides support for the Medicaid Pharmacy Program's State Supplemental Rebate/Preferred Drug List (PDL). The contractor (Magellan) maintains the PDL for the Medicaid program; negotiates supplemental rebate agreements with pharmaceutical manufacturers through a multi-state pooling initiative; and assists in billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department. The current contract, which was executed on January 1, 2016, expires on December 30, 2018. LDH is satisfied with the performance of Magellan and would like to exercise the extension option in the contract, pending the outcome of a near term, competitive procurement for these functions going forward. LDH is requesting approval of JLCB to extend the contract until December 31, 2019, to avoid disruption to supplemental rebate revenues, which are an important source of funding for the Medicaid program.

Thank you for considering our request to have this contract extension included on the October JLCB agenda. I am enclosing a copy of the contract for your convenience. If you have any questions, please feel free to contact Tonya Joiner at (225) 342-5274 or Tonya.Joiner@la.gov.

Sincerely,


Cindy Rives
Undersecretary

Enclosures

4. Have there been any changes to these contracts, amendments, and RFPs since they were last reviewed by LDH Legal? Y/N (Bold or Circle answer)

If you answered yes to the above, please state all the changes that occurred to the contracts, amendments, and RFPs.

I certify that I have reviewed the contracts, corresponding amendments, and applicable RFPs and based on my knowledge and belief, I attest that the information provided in this form is complete and accurate.

Signature:

Herman Beck-Meady

Date:

9/25/18

**CONTRACT BETWEEN STATE OF LOUISIANA
LOUISIANA DEPARTMENT OF HEALTH**

LAGOV:

LDH:

BHSF

Bureau of Health Services Financing

Agency #

AND

Magellan Medicaid Administration, Inc

FOR

Interagency Personal Services Professional Services Consulting Services Social Services

RFP NUMBER (if applicable):

1) Contractor (Registered Legal Name) Magellan Medicaid Administration, Inc			5) Federal Employer Tax ID# or SSN# (11 digits) State LDR Account #	
2) Street Address 11013 W. Broad Street, Suite 500			6) Parish(es) Served choose Parishes... ST	
City Glen Allen	State VA	Zip Code 23060	7) License or Certification # N/A	
3) Telephone Number			8) Contractor Status	
4) Mailing Address (if different)			Subrecipient: <input type="checkbox"/> Yes <input type="checkbox"/> No	
			Corporation: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
			For Profit: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
			Publicly Traded: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
City	State	Zip Code	8a) CFDA#(Federal Grant #)	

9) **Brief Description Of Services To Be Provided:**
 The contractor will assist the Department in developing, implementing, and providing support for the Medicaid Pharmacy Program's State Supplemental Rebate/Preferred Drug List (PDL) program. The contractor shall perform these duties as detailed in the Statement of Work.

10) Effective Date 01-01-2019	11) Termination Date 12-31-2019
--------------------------------------	--

12) Maximum Contract Amount \$624,240.00

13) Amounts by Fiscal Year SFY 19 - \$312,120; SFY 20 - \$312,120
--

14) **Terms of Payment**
 If progress and/or completion of services are provided to the satisfaction of the initiating Office/Facility, payments are to be made as follows:
 \$52,020/month (FY19 Total \$312,120) - 6 months
 \$52,020/month (FY20 Total \$312,120) - 6 months

Contractor obligated to submit final invoices to Agency within fifteen (15) days after termination of contract.

PAYMENT WILL BE MADE ONLY UPON APPROVAL OF:	First Name	Last Name
	Title	Phone Number

15) **Special or Additional Provisions which are incorporated herein, if any (IF NECESSARY, ATTACH SEPARATE SHEET AND REFERENCE):**

Attachment A: HIPAA Addendum
Attachment B: Statement of Work

Exhibit 1: Board Resolution
Exhibit 2: Certificate of Authority
Exhibit 3: Resumes
Exhibit 4: Emergency Preparedness Plans
Exhibit 5: Out of State Justification
Exhibit 6: Multi Year Justification Letter
Exhibit 7: Additional Provisions

Attachment:HIPAA Addendum
Attachment:Standard Provisions
Attachment:Special Provisions
 Attachment:Statement of Work
Attachment:Fee Schedule
Attachment:Budget
Attachment:
Exhibit:Board Resolution
Exhibit:Disclosure of Ownership
Exhibit:Multi Year Letter
Exhibit:Late Letter
Exhibit:Out of State Justification
Exhibit:Certificate of Authority
Exhibit:Resume
Exhibit:License
Exhibit:

During the performance of this contract, the Contractor hereby agrees to the following terms and conditions:

1. **Discrimination Clause:** Contractor hereby agrees to abide by the requirements of the following as applicable: Titles VI and VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972; the Vietnam Era Veterans' Readjustment Assistance Act of 1974; Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; Federal Executive Order 11246 as amended; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; the Fair Housing Act of 1968; and all applicable requirements imposed by or pursuant to the regulations of the U. S. Department of Health and Human Services.

Contractor agrees not to discriminate in the rendering of services to and/or employment of individuals because of race, color, religion, sex, sexual orientation, age, national origin, disability, political affiliation, veteran status, or any other non-merit factor. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this contract.

2. **Confidentiality:** Contractor shall abide by the laws and regulations concerning confidentiality which safeguard information and the patient/client confidentiality. Information obtained shall not be used in any manner except as necessary for the proper discharge of Contractor's obligations. (The Contractor shall establish, subject to review and approval of the Department, confidentiality rules and facility access procedures.)
3. **Auditors:** The State Legislative Auditor, Office of the Governor, Division of Administration, and Department Auditors or those designated by the Department shall have the option of auditing all accounts pertaining to this contract during the contract and for a five year period following final payment. Contractor grants to the State of Louisiana, through the Office of the Legislative Auditor, Louisiana Department of Health, and Inspector General's Office, Federal Government and/or other such officially designated body the right to inspect and review all books and records pertaining to services rendered under this contract, and further agrees to guidelines for fiscal administration as may be promulgated by the Department. Records will be made available during normal working hours.

Contractor shall comply with federal and state laws and/or LDH Policy requiring an audit of the Contractor's operation as a whole or of specific program activities. Audit reports shall be sent within thirty (30) days after the completion of the audit, but no later than six (6) months after the end of the audit period. If an audit is performed within the contract period, for any period, four (4) copies of the audit report shall be sent to the Louisiana Department of Health, Attention: **Division of Fiscal Management, P.O. Box 91117, Baton Rouge, LA 70821-3797** and one (1) copy of the audit shall be sent to the originating LDH Office.

4. **Record Retention:** Contractor agrees to retain all books, records and other documents relevant to the contract and funds expended thereunder for at least four (4) years after final payment or as prescribed in 45 CFR 74:53 (b) whichever is longer. Contractor shall make available to the Department such records within thirty (30) days of the Department's written request and shall deliver such records to the Department's central office in Baton Rouge, Louisiana, all without expense to the Department. Contractor shall allow the Department to inspect, audit or copy records at the contractor's site, without expense to the Department.
5. **Record Ownership:** All records, reports, documents and other material delivered or transmitted to Contractor by the Department shall remain the property of the Department, and shall be returned by Contractor to the Department, at Contractor's expense, at termination or expiration of this contract. All records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of the Department, and shall, upon request, be returned by Contractor to the Department, at Contractor's expense, at termination or expiration of this contract.
6. **Nonassignability:** Contractor shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation), without written consent of the Department thereto, provided, however, that claims for money due or to become due to Contractor from the Department under this contract may be assigned to a bank, trust company or other financial institution without advanced approval. Notice of any such assignment or transfer shall be promptly furnished to the Department and the Division of Administration, Office of State Procurement.
7. **Taxes:** Contractor hereby agrees that the responsibility for payment of taxes from the funds received under this contract shall be Contractor's. The Contractor assumes responsibility for its personnel providing services hereunder and shall make all deductions for withholding taxes, and contributions for unemployment compensation funds.
8. **Insurance:** Contractor shall obtain and maintain during the contract term all necessary insurance including automobile insurance, workers' compensation insurance, and general liability insurance. The required insurances shall protect the Contractor, the Louisiana Department of Health, and the State of Louisiana from all claims related to Contractor's performance of this contract. Certificates of Insurance shall be filed with the Department for approval. Said policies shall not be canceled, permitted to expire, or be changed without thirty (30) days advance written notice to the Department. Commercial General Liability Insurance shall provide protection during the performance of work covered by the contract from claims or damages for personal injury, including accidental death, as well as claims for property damages, with combined single limits prescribed by the Department.
9. **Travel:** In cases where travel and related expenses are required to be identified separate from the fee for services, such costs shall be in accordance with State Travel Regulations. The contract contains a maximum compensation which shall be inclusive of all charges including fees and travel expenses.
10. **Political Activities:** No funds provided herein shall be used to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition or any election ballot or a proposition or matter having the effect of law being considered by the Legislature or any local governing authority. Contracts with individuals shall be exempt from this provision.
11. **State Employment:** Should Contractor become an employee of the classified or unclassified service of the State of Louisiana during the effective period of the contract, Contractor must notify his/her appointing authority of any existing contract with State of Louisiana and notify the contracting office of any additional state employment. This is applicable only to contracts with individuals.
12. **Ownership of Proprietary Data:** All non-third party software and source code, records, reports, documents and other material delivered or transmitted to Contractor by State shall remain the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract. All non-third party software and source code, records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract.

13. **Subcontracting:** Contractor shall not enter into any subcontract for work or services contemplated under this contract without obtaining prior written approval of the Department. Any subcontracts approved by the Department shall be subject to conditions and provisions as the Department may deem necessary; provided, however, that notwithstanding the foregoing, unless otherwise provided in this contract, such prior written approval shall not be required for the purchase by the contractor of and services which are incidental but necessary for the performance of the work required under this contract.

No subcontract shall relieve the Contractor of the responsibility for the performance of contractual obligations described herein.

14. **Conflict of Interest:** Contractor warrants that no person and no entity providing services pursuant to this contract on behalf of Contractor or any subcontractor is prohibited from providing such services by the provisions of R.S. 42:1113.
15. **Unauthorized Services:** No claim for services furnished or requested for reimbursement by Contractor, not provided for in this contract, shall be allowed by the Department. In the event the Department determines that certain costs which have been reimbursed to Contractor pursuant to this or previous contracts are not allowable, the Department shall have the right to set off and withhold said amounts from any amount due the Contractor under this contract for costs that are allowable.
16. **Fiscal Funding:** This contract is subject to and conditioned upon the availability and appropriation of Federal and/or State funds; and no liability or obligation for payment will develop between the parties until the contract has been approved by required authorities of the Department; and, if contract exceeds \$2,000, the Division of Administration, Office of State Procurement.

The continuation of this contract is contingent upon the appropriation of funds from the legislature to fulfill the requirements of the contract. If the Legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

17. **State and Federal Funding Requirements:** Contractor shall comply with all applicable requirements of state or federal laws or regulations relating to Contractor's receipt of state or federal funds under this contract.

If Contractor is a "subrecipient" of federal funds under this contract, as defined in 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), Contractor shall comply with all applicable requirements of 2 CFR Part 200, including but not limited to the following:

- Contractor must disclose any potential conflict of interest to the Department and the federal awarding agency as required by 2 CFR §200.112.
- Contractor must disclose to the Department and the federal awarding agency, timely and in writing, all violations of federal criminal laws that may affect the federal award, as required by 2 CFR §200.113.
- Contractor must safeguard protected personally identifiable information and other sensitive information, as required by 2 CFR §200.303.
- Contractor must have and follow written procurement standards and procedures in compliance with federally approved methods of procurement, as required by 2 CFR §§200.317 - 200.326.
- Contractor must comply with the audit requirements set forth in 2 CFR §§200.501 - 200.521, as applicable, including but not limited to:
 - Electronic submission of data and reports to the Federal Audit Clearinghouse (FAC) (2 CFR §200.512(d)).
 - Ensuring that reports do not include protected personally identifiable information (2 CFR §200.512(a)(2)).

Notwithstanding the provisions of paragraph 3 (Auditors) of these Terms and Conditions, copies of audit reports for audits conducted pursuant to 2 CFR Part 200 shall not be required to be sent to the Department.

18. **Amendments:** Any alteration, variation, modification, or waiver of provisions of this contract shall be valid only when reduced to writing, as an amendment duly signed, and approved by required authorities of the Department; and, if the contract exceeds \$2,000, by the Division of Administration, Office of State Procurement. Budget revisions approved by both parties in cost reimbursement contracts do not require an amendment if the revision only involves the realignment of monies between originally approved cost categories.
19. **Non-Infringement:** Contractor will warrant all materials, products and/or services produced hereunder will not infringe upon or violate any patent, copyright, trade secret, or other proprietary right of any third party. In the event of any such claim by any third party against LDH, the Department shall promptly notify Contractor in writing and Contractor shall defend such claim in LDH's name, but at Contractor's expense and shall indemnify and hold harmless LDH against any loss, expense or liability arising out of such claim, whether or not such claim is successful. This provision is not applicable to contracts with physicians, psychiatrists, psychologists or other allied health providers solely for medical services.
20. **Purchased Equipment:** Any equipment purchased under this contract remains the property of the Contractor for the period this contract and future continuing contracts for the provision of the same services. Contractor must submit vendor invoice with reimbursement request. For the purpose of this contract, equipment is defined as any tangible, durable property having a useful life of at least (1) year and acquisition cost of \$1000.00 or more. The contractor has the responsibility to submit to the Contract Monitor an inventory list of LDH equipment items when acquired under the contract and any additions to the listing as they occur. Contractor will submit an updated, complete inventory list on a quarterly basis to the Contract Monitor. Contractor agrees that upon termination of contracted services, the equipment purchased under this contract reverts to the Department. Contractor agrees to deliver any such equipment to the Department within 30 days of termination of services.
21. **Indemnity:** Contractor agrees to protect, indemnify and hold harmless the State of Louisiana, LDH, from all claims for damages, costs, expenses and attorney fees arising in contract or tort from this contract or from any acts or omissions of Contractor's agents, employees, officers or clients, including premises liability and including any claim based on any theory of strict liability. This provision does not apply to actions or omissions for which R.S. 40:1237.1 et seq. provides malpractice coverage to the Contractor, nor claims related to treatment and performance of evaluations of persons when such persons cause harm to third parties (R.S. 13:5108.1(E)). Further, it does not apply to premises liability when the services are being performed on premises owned and operated by LDH.

THIS CONTRACT CONTAINS OR HAS ATTACHED HERETO ALL THE TERMS AND CONDITIONS AGREED UPON BY THE CONTRACTING PARTIES. IN WITNESS THEREOF, THIS CONTRACT IS SIGNED ON THE DATE INDICATED BELOW.

Magellan Medicaid Administration, Inc

**STATE OF LOUISIANA
LOUISIANA DEPARTMENT OF HEALTH**

SIGNATURE _____ **DATE** _____

SIGNATURE _____ **DATE** _____

NAME _____

NAME _____

Secretary, Louisiana Department of Health or Designee

TITLE _____

TITLE _____

Bureau of Health Services Financing

SIGNATURE _____ **DATE** _____

SIGNATURE _____ **DATE** _____

Jen Steele

NAME _____

NAME _____

Medicaid Director

TITLE _____

TITLE _____

22. **Severability:** Any provision of this contract is severable if that provision is in violation of the laws of the State of Louisiana or the United States, or becomes inoperative due to changes in State and Federal law, or applicable State or Federal regulations.
23. **Entire Agreement:** Contractor agrees that the current contract supersedes all previous contracts, negotiations, and all other communications between the parties with respect to the subject matter of the current contract.
24. **E-Verify:** Contractor acknowledges and agrees to comply with the provision of R.S. 38:2212.10 and federal law pertaining to E-Verify in the performance of services under this contract.
25. **Remedies for Default:** Any claim or controversy arising out of this contract shall be resolved by the provisions of R.S. 39:1672.2-1672.4.
26. **Governing Law:** This contract shall be governed by and interpreted in accordance with the laws of the State of Louisiana, including but not limited to R.S. 39:1551-1736; rules and regulations; executive orders; standard terms and conditions, and specifications listed in the RFP (if applicable); and this Contract.
27. **Contractor's Cooperation:** The Contractor has the duty to fully cooperate with the State and provide any and all requested information, documentation, etc. to the state when requested. This applies even if this Contract is terminated and/or a lawsuit is filed. Specifically, the Contractor shall not limit or impede the State's right to audit or shall not withhold State owned documents.
28. **Continuing Obligation:** Contractor has a continuing obligation to disclose any suspension or debarment by any government entity, including but not limited to the General Services Administration (GSA). Failure to disclose may constitute grounds for suspension and/or termination of the Contract and debarment from future contracts.
29. **Eligibility Status:** Contractor and each tier of Subcontractors, shall certify that it is not excluded, disqualified, disbarred, or suspended from contracting with or receiving federal funds or grants from the Federal Government. Contractor and each tier of Subcontractors shall certify that it is not on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs promulgated in accordance with E.O.s 12549 and 12689, "Debarment and Suspension," as set forth at 24CFR Part 24, and "NonProcurement Debarment and Suspension" set forth at 2CFR Part 2424.
30. **Act 211 Taxes Clause:** In accordance with R.S. 39:1624(A)(10), the Louisiana Department of Revenue must determine that the prospective contractor is current in the filing of all applicable tax returns and reports and in payment of all taxes, interest, penalties, and fees owed to the state and collected by the Department of Revenue prior to the approval of this contract by the Office of State Procurement. The prospective contractor hereby attests to its current and/or prospective compliance, and agrees to provide its seven-digit LDR Account Number to LDH so that the prospective contractor's tax payment compliance status may be verified. The prospective contractor further acknowledges understanding that issuance of a tax clearance certificate by the Louisiana Department of Revenue is a necessary precondition to the approval and effectiveness of this contract by the Office of State Procurement. LDH reserves the right to withdraw its consent to this contract without penalty and proceed with alternate arrangements should the vendor fail to resolve any identified apparent outstanding tax compliance discrepancies with the Louisiana Department of Revenue within seven (7) business days of such notification.
31. **Termination for Cause:** The Department may terminate this Contract for cause based upon the failure of the Contractor to comply with the terms and/or conditions of the Contract; provided that the Department shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure or, in the case of failure which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the Department may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the Department to comply with the terms and conditions of this contract; provided that the Contractor shall give the Department written notice specifying the Department's failure and a reasonable opportunity for the state to cure the defect.
32. **Termination for Convenience:** The Department may terminate this Contract at any time by giving thirty (30) days written notice to the Contractor. The Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.
33. **Commissioner's Statements:** Statements, acts and omissions made by or on behalf of the Commissioner of Administration regarding the RFP or RFP process, this Contract, any Contractor and/or any subcontractor of the Contractor shall not be deemed a conflict of interest when the Commissioner is discharging his duties and responsibilities under law, including, but not limited, to the Commissioner of Administration's authority in procurement matters.
34. **Order of Precedence Clause:** In the event of any inconsistent or incompatible provisions in an agreement which resulted from an RFP, this signed agreement (excluding the RFP and Contractor's proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's proposal. *This Order of Precedence Clause applies only to contracts that resulted from an RFP.*

SIGNATURES TO FOLLOW ON THE NEXT PAGE

Attachment B
Statement of Work
Magellan Medicaid Administration, Inc.

GOAL/PURPOSE

The Contractor will provide technical support for the State Supplemental Rebate Program and Preferred Drug List Management Services, including but not limited to research into the relative safety, clinical efficacy and cost of products within defined therapeutic drug classes.

The Contractor will meet the Louisiana Medicaid Pharmacy Benefits Management Program's needs in regards to developing and maintaining a Preferred Drug List (PDL) for the Louisiana Medicaid Program; negotiating supplemental rebate agreements with pharmaceutical manufacturers through a multi-state pooling initiative; and utilizing the Contractor's services to assist in billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department.

The Contractor will provide the following services:

1. Manage all aspects of the supplemental rebate negotiation process;
2. Provide information and data management of the Preferred Drug List (PDL);
3. Provide technical support to the Pharmaceutical and Therapeutics Committee (P&T);
4. Provide clinical review of drugs/classes of drugs/ monographs/therapeutic class reviews used for recommendations;
5. Provide the Department with the financial and clinical analysis of P&T recommendations both before and after implementation;
6. Negotiate supplemental rebates agreements with pharmaceutical manufacturers through multi-state pooling contracts and potentially through a single state PDL. In these negotiations, the preferred drug list may be adjusted to include limited brand name drug products in each therapeutic category;
7. Assist in the process of billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department; and
8. Prepare clinical and cost data for performance indicators for performance based budgeting.

OUTCOME - # 1

Pharmaceutical and Therapeutics (P&T) Committee

The Contractor shall provide the following support for the Medicaid P&T Committee including but not limited to:

- Supply therapeutic class reviews for the Louisiana Medicaid Pharmaceutical and Therapeutics (P&T) Committee. All medications available in a therapeutic class will be reviewed for comparative efficacy, side effects, dosing, prescribing trends and indications.
- Provide cost analysis of the therapeutic class to the Committee under guidelines specified by the Department to allow the P&T Committee to make informed recommendations from both a clinical and cost perspective.
- Review therapeutic classes no less than annually.

- Provide clinical pharmacists to review therapeutic classes including new medications or indications as approved by the Food and Drug Administration (FDA) and provide recommendations to the P&T Committee and the Department for appropriate changes to the PDL.
- Support, attend in person, and present clinical and cost information for all P&T Committee meetings each year.
- Assist the Department in developing the P & T Committee recommendations following the meeting to the Secretary of DHH.
- Develop clinically sound and cost-effective recommendations at the request of the Department to help the Department develop and manage the Preferred Drug List (PDL).
- Provide consultation including P&T Committee support as directed by the Department.

Performance Indicators

- Produce monographs, supplemental rebate negotiations, and savings analysis for each Therapeutic Class under review by the Committee no later than thirty (30) days prior to each P&T Committee meeting. Such reviews shall include summaries of the relative safety and efficacy of each drug within the therapeutic class and recommendations for the inclusion or exclusion of medications on the PDL within each class and relative cost sheets for each drug within the therapeutic class. Savings estimations shall be coded to protect the confidentiality of rebate information, in a format agreed to by the department and the Contractor. New drugs or drug indications will be reviewed when appropriate.
- Provide the P & T Committee recommendations report no later than three (3) business days following the meeting. Report shall consist of listing of preferred drugs and those requiring prior authorization.
- Provide record keeping (transcriber) during the meeting and assistance in writing the minutes 30 calendar days or more after the meeting. The contractor will secure and pay the transcriber, provide notes from the meeting regarding P&T members requests or other changes occurring during the meeting. The contractor will prepare completed minutes from the meeting 30 calendar days after the meeting.
- Provide any additional reports as necessary in a format agreed upon by the Department and the Contractor.

Monitoring Plan

The contract monitor shall:

- Attend the P & T Committee meetings to ensure the Contractor attends and presents the information at the meeting.
- Ensure the monographs, cost analysis, P & T Committee recommendations, and meeting minutes information are provided to the Department within the required time frame.
- Review the monographs to ensure they are in a format agreed upon by the Department.

OUTCOME - # 2

Preferred Drug List (PDL)

The Contractor shall assist in the development and management of a Preferred Drug List (PDL) by providing the following including, but not limited to:

- The Contractor shall work in conjunction with the Department to develop a PDL that is

clinically sound, cost-effective, and minimally disruptive to Louisiana's Medicaid recipients and their providers.

- Review all medications available in a therapeutic class for efficacy, side effects, dosing, prescribing trends and indications, no less than annually. In addition, Contractor shall provide cost analysis of the therapeutic class to the P&T Committee as directed by the Department to allow the P&T Committee to make informed recommendations from both a clinical and cost perspective. The P&T Committee will be provided relative cost information pursuant to guidelines approved by the Department.
- Provide cost analysis for all drugs which the Contractor provides a clinical monograph, in addition to any additional drug reviews from other evidence based services.
- The Contractor's staff shall be available to present its proposal to the P&T Committee, in person, during the regular meetings as directed by the Department.
- Provide clinical and cost support for all P&T Committee meetings. The Contractor will prepare informational packets for the P&T Committee members and Department staff prior to any scheduled meetings.
- Present clinical monographs to DHH at least thirty (30) days prior to the meeting date.
- Cost analysis must contain cost, rebate information, utilization data, projected market share shifts and savings for each therapeutic class or specific drugs to be reviewed.
- The cost sheets shall provide current utilization data and cost data in a format that will ensure rebate confidentiality.
- The list of drugs included in the cost analysis must be pre-approved by the Department.
- Provide assistance to the State in developing a single state PDL if requested by the Department.

Performance Indicators

- Present cost sheets (orally and in written format) to DHH at least thirty (30) days prior to the P&T meeting date.
- Provide to the Department all relevant documentation and data necessary to allow the Department's P&T Committee to conduct a minimum of forty (40) therapeutic class reviews per calendar year as agreed upon by both parties for two (2) or more P&T Committee meetings as requested by the Department per calendar year.
- Review new medications in therapeutic classes affected by the PDL as these new medications are approved by the FDA.
- Provide electronic files containing updates for the PDL to the Department within five (5) working days after the Department's approval of the PDL. Such files will be in a format agreed upon by the involved parties.
- Provide a progress report which includes meetings, classes reviewed, contracts with pharmaceutical manufacturers, etc. with accompanying timelines.
- Provide a single state PDL if requested by the Department, including but not limited to manually/electronically updating the PDL list 15 calendar days or less after P&T meeting.

Monitoring Plan

The contract monitor shall:

- Ensure cost sheets and the electronic files containing updates for the PDL are provided in a timely manner

- Review the cost sheets and electronic files to ensure the requested information is provided.

OUTCOME - # 3

Supplemental Rebates

The Contractor shall manage all identified aspects of the supplemental rebate process, including, but not limited to the following:

- Maintain existing supplemental rebate agreements and negotiates new or renegotiates renewed supplemental rebate agreements with pharmaceutical manufacturers.
- Negotiate supplemental rebate agreements with pharmaceutical manufacturers on behalf of the Department. The parties will mutually develop a time frame for negotiating State Supplemental Rebates with manufacturers within therapeutic classes.
- Determine the best methodology for calculating state supplemental rebates paid by pharmaceutical manufacturers and develop a template to be used in contract negotiations that will meet CMS approval. The Contractor's methodology is subject to the Department's approval and ongoing adaptation to the Department's needs.
- Negotiate State Supplemental Rebate Agreements for each Therapeutic Class selected for the PDL. In these negotiations, the preferred drug list may be adjusted to limit brand name drug products in each therapeutic category. Contractor shall renegotiate the agreements as necessary at such time as the Department prepares to review such Therapeutic Class, and in response to changes in market conditions (e.g. when the Food and Drug Administration approves a new agent within a Therapeutic Class).
- Obtain bids from pharmaceutical manufacturers in the form of executable supplemental rebate agreements. (Contractor and manufacturers are required to use the rebate agreement agreed on by the Department).
- Assist the Department in obtaining CMS approval of the State Supplemental Rebate Agreements. Contractor must submit all State Supplemental Rebate Agreements and the Preferred Drug List for each Therapeutic Class to the Department for approval.
- Present supplemental rebate agreement signed by the manufacturer to the Department thirty (30) days after the Department's approval of the PDL.
- Supplemental rebate agreements may be made between the State of Louisiana Department of Health and Hospitals and the pharmaceutical manufacturers in a format approved by the Department. One original copy of the supplemental rebate agreement with the original signatures shall be returned to the manufacturer.
- Maintain existing supplemental rebate agreements and/or negotiate new supplemental rebate agreements with pharmaceutical manufacturers, as directed by the Department.
- Negotiate supplemental rebate agreements for each therapeutic class of drugs as the P&T Committee prepares to review the class. Supplemental rebate agreements shall also be renegotiated at the request of the Department.
- Notify the Department before conducting a supplemental rebate agreement negotiation.
- Facilitate supplemental rebate agreement discussions and inquiries from manufacturers. The Contractor shall provide the Department with a Supplemental Rebate Bid Solicitation Report, when requested by the Department.
- Maintain the Department's State Supplemental Rebate Agreements separately from those of Contractor's other clients pursuant to LA R.S. 44:4(36).
- All negotiations with manufacturers and inquiries including but not limited to meetings, telephone calls, and mailings from manufacturers regarding State Supplemental Rebate Agreements may be handled by the Contractor in its home office(s).

Performance Indicators

- Produce a Monthly Contract Status Report showing the status of the State Supplemental Rebate Agreements with each manufacturer along with the manufacturer code, document and date, no later than fifteen (15) days after the end of each calendar month.
- Produce and facilitate the signing of supplemental rebate contracts with pharmaceutical manufacturers in a format agreed to by the Department and CMS. These contracts will be forwarded to the Department.
- Provide annual reports that detail the compliance of Medicaid providers to the PDL.
- Track the effective dates of all Supplemental Rebate Agreements and provide the Department with a LAM Billing File Report, which includes manufacturer, labeler codes & names, national drug code (NDC), status, QA, value, calculation, start and end Dates, Price, document number & TOP\$ tier, no later than fifteen (15) days after the end of each calendar month.
- Produce a Monthly TOP\$ Contract Status Report which includes Mfg., Number, Document, Status, Start Date, End Date, and Products no later than fifteen (15) days after the end of each calendar month.
- Produce an analysis of savings realized by the Pharmacy program as a result of the implementation of the PDL, in a format agreed to by the Department and the Contractor. The report shall detail the impact of the supplemental rebates on the Medicaid Pharmacy Benefits Management program in cost avoidance, supplemental rebate amounts, utilization variances and other agreed upon data within 30 days after receipt of the utilization data by the Department.
- Provide any additional reports as necessary in a format agreed upon by the Department and the Contractor.
- Provide assurances that the Department's supplemental rebate agreements are kept confidential and held separately from its other clients.

Monitoring Plan

The contract monitor shall:

- Review the monthly Contract Status Reports and compare to Pharmacy's internal report
- Review the monthly LAM Billing File Report and reconcile with the Department's records.
- Review the Annual Savings Analysis report
- Ensure all the reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 4

Supplemental Rebate Administration

The Contractor shall assist the State in supplemental rebate administration in the following manner, including but not limited to:

- Provide the capability to negotiate in a multi-state purchasing pool.
- Implement multi-state pooling initiatives in accordance to guidelines established by CMS in SMDL #04-006. In addition, the Contractor must have clear understanding of federal and state statutes and regulations governing the Medicaid Program, Medicare Part D and state supplemental rebates.
- Assist the Department in dispute resolution activities with pharmaceutical manufacturers as they pertain to SURA calculations.

Performance Indicators.

- Contractor will provide the SURA data in a Department approved text file format.
- Contractor will provide the necessary documentation to the Department to support the supplemental rebate billings along with amounts to submit to the manufacturers at the NDC level in a format as specified by the Department and the rebate agreements.
- Provide a quarterly report listing all NDCs with zero ("0") SURAs.
- Provide an electronic file containing calculated supplemental unit rebate amounts (SURA) to the Department within ten (10) calendar days after receipt of the CMS National Rebate file. The parties will agree upon the format for submission of each SURA data.
- Submit a written report detailing the status of any disputes regarding SURA with each manufacturer no later than fifteen (15) days after the end of each month during the Term of this Agreement.

Monitoring Plan

The contract monitor shall

- Review documentation submitted to the Department by the Contractor to support the supplemental rebate billings along with amounts to submit to the manufacturers at the NDC level.
- Ensure the reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 5

Annual Analysis and Recommendation Report

Prepare a formal annual report outlining Louisiana Medicaid PDL Program Overview and Results. Provide a summary of the activities of the LDHH PDL for the State Fiscal Year. Assess and report the strengths and weaknesses of the PDL program complete with opportunities for future cost saving initiatives. All data in the report shall be referenced and include current trends and best practices in the pharmacy arena.

Performance Indicators

- A draft report to be submitted to the Department for review by January 15 and final report by February 15, annually.

Monitoring Plan

The contract monitor shall:

- Ensure the draft and final reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 6

Quality Assurance

The Contractor shall develop a Quality Assurance Plan that documents the process to be used in assuring the quality of services provided for each requirement. The plan shall be developed with the Department's Strategic Plan outcomes in mind. The Quality Assurance Plan will be used to monitor the quality, impact, and effectiveness of services provided under the contract.

Performance Indicators

- The Quality Assurance Plan shall be due ninety (90) days from the execution of the contract.

Monitoring Plan

- The Quality Assurance Plan will be reviewed annually to: a) see if the Contractor has met its goal for the year, b) update and/or set goals and milestones for the next year, c) analyze outcomes and effectiveness of services, and d) identify areas and opportunities for improvements.

OUTCOME - # 7

Ad Hoc Reports

Develop and deliver ad hoc reports as mutually agreed upon by the Contractor and the Department.

Performance Indicators

- Establish and maintain a database that has the capacity for data analysis, generation of ad hoc reports, both electronic and hard copy, and secure storage of supplemental drug rebate information as required under this contract.
- Developing recommendations and provide detailed strategies for maximizing the Department's annual savings resulting from the implementation of the PDL. These recommendations shall provide specific written suggestions for enhancing rebates and lowering net pharmacy costs through PDL products and other areas as requested by the Department.
- Upon reasonable notice, Contractor shall be available for appearances before the Louisiana Legislature or other interested parties, as requested by the Department.
- Provide sample reports as requested

Monitoring Plan

The contract monitor shall:

- Ensure the draft and final reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 8

Transition Plan

The Contractor shall develop a Transition Plan to facilitate a smooth transition of the contracted functions from the Contractor at the end of the contract period, back to the Department and to another Contractor designated by the State. The plan should include, but not be limited to the following: 1) P & T Committee Meeting related information, and 2) Invoicing Information, and 3) Savings. The final Department approved plan shall be due no later than 10 days from execution of the new contract. The Department shall have autonomy over its PDL.

Performance Indicators

- The Transition Plan analyzing current PDL and PA processes and recommendations for the implementation and transition to a comprehensive PDL within ten (10) days following the selection as the Department's Contractor.

Monitoring Plan

The contract monitor shall:

- Ensure the report is submitted in a timely manner
- Review the documents to ensure the requested information is provided



**Office of State Procurement
PROACT Contract Certification of Approval**

This certificate serves as confirmation that the Office of State Procurement has reviewed and approved the contract referenced below.

Reference Number: 2000156914

Vendor: Magellan Medicaid Administration, Inc.

Description: Implement & support Medicaid pharmacy supp. rebate & PDL programs

Approved By: Sue Hopper

Approval Date: 4/05/2016

The above referenced number has been assigned by this office and will be used as identification for the approved contract. Please use this number when referring to the contract in any future correspondence or amendment(s).

The Internal Revenue Service (IRS) may find that this contract creates an employment relationship between your agency and the contractor. You should be advised that your agency is responsible for all taxes and penalties if such a finding is forthcoming. It is incumbent upon your agency to determine if an employee/employer relationship exists. Your agency must make the appropriate withholdings in accordance with law and IRS regulations, if applicable.

Validate

DHM - CF - 1
Revised 2015-09

CONTRACT BETWEEN STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS

LAGOV: 2000156914
DHH: 060939
Agency # 305 305

BHSF

Bureau of Health Services Financing

AND

Magellan Medicaid Administration, Inc.

FOR

Personal Services Professional Services Consulting Services Social Services

1) Contractor (Legal Name if Corporation) Magellan Medicaid Administration, Inc.			5) Federal Employer Tax ID# or Social Security # 54084979301 (Must be 11 Digits)		
2) Street Address 11013 W. Broad Street, Suite 500			6) Parish(es) Served ST		
City Glen Allen	State VA	Zip Code 23060	7) License or Certification # N/A		
3) Telephone Number			8) Contractor Status <input type="checkbox"/>		
4) Mailing Address (if different)			Subrecipient: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
			Corporation: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
			For Profit: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
			Publicly Traded: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
City	State	Zip Code	8a) CFDA#(Federal Grant #)		

9) Brief Description Of Services To Be Provided:
The contractor will assist the Department in developing, implementing, and providing support for the Medicaid Pharmacy Program's State Supplemental Rebate/Preferred Drug List (PDL) program. The contractor shall perform these duties as detailed in the Statement of Work.

10) Effective Date 01-01-2016	11) Termination Date 12-31-2018
-------------------------------	---------------------------------

12) Maximum Contract Amount \$ 1,848,360.00

13) Amounts by Fiscal Year FY16\$300,000; FY17\$612,000; FY18\$624,240; FY19\$312,120

14) Terms of Payment
If progress and/or completion of services are provided to the satisfaction of the initiating Official/Facility, payments are to be made as follows:

This is a fixed price contract and Contractor will be paid the monthly fee outlined below upon the submission of invoices and the approval of deliverables:

- SFY16: \$50,000/mth (FY16 Total: \$300,000.00)
- SFY17: \$51,000/mth (FY17 Total: \$612,000.00)
- SFY18: \$52,020/mth (FY18 Total: \$624,240.00)
- SFY19: \$52,020/mth (FY19 Total: \$312,120.00)

Contractor obligated to submit final invoices to Agency within fifteen (15) days after termination of contract.

PAYMENT WILL BE MADE ONLY UPON APPROVAL OF:	First Name Germaine	Last Name Becks-Moody
	Title Medicaid Program Manager 2	Phone Number (225) 342-9479

15) Special or Additional Provisions which are incorporated herein, if any (IF NECESSARY, ATTACH SEPARATE SHEET AND REFERENCE):

Attachment A: HIPAA Addendum	Exhibit 1: Board Resolution	<input type="checkbox"/> Attachment: HIPAA Addendum
Attachment B: Statement of Work	Exhibit 2: Certificate of Authority	<input type="checkbox"/> Attachment: Standard Provisions
	Exhibit 3: Resumes	<input type="checkbox"/> Attachment: Special Provisions
	Exhibit 4: Emergency Preparedness Plan	<input type="checkbox"/> Attachment: Statement of Work
	Exhibit 5: Out of State Justification Letter	<input type="checkbox"/> Attachment: Fee Schedule
	Exhibit 6: Multi-year Justification Letter	<input type="checkbox"/> Attachment: Budget
	Exhibit 7: Additional Provisions	<input type="checkbox"/> Attachment:
		<input type="checkbox"/> Exhibit: Board Resolution
		<input type="checkbox"/> Exhibit: Disclosure of Ownership
		<input type="checkbox"/> Exhibit: Multi Year Letter
		<input type="checkbox"/> Exhibit: Late Letter
		<input type="checkbox"/> Exhibit: Out of State Justification
		<input type="checkbox"/> Exhibit: Certificate of Authority
		<input type="checkbox"/> Exhibit: Resume
		<input type="checkbox"/> Exhibit: License
		<input type="checkbox"/> Exhibit:

During the performance of this contract, the Contractor hereby agrees to the following terms and conditions:

1. **Discrimination Clause:** Contractor hereby agrees to abide by the requirements of the following as applicable: Titles VI and VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972; the Vietnam Era Veterans' Readjustment Assistance Act of 1974; Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; Federal Executive Order 11246 as amended; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; the Fair Housing Act of 1968; and all applicable requirements imposed by or pursuant to the regulations of the U. S. Department of Health and Human Services.

Contractor agrees not to discriminate in the rendering of services to and/or employment of individuals because of race, color, religion, sex, age, national origin, disability, political affiliation, veteran status, or any other non-merit factor. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this contract.
2. **Confidentiality:** Contractor shall abide by the laws and regulations concerning confidentiality which safeguard information and the patient/client confidentiality. Information obtained shall not be used in any manner except as necessary for the proper discharge of Contractor's obligations. (The Contractor shall establish, subject to review and approval of the Department, confidentiality rules and facility access procedures.)
3. **Auditors:** The State Legislative Auditor, Office of the Governor, Division of Administration, and Department Auditors or those designated by the Department shall have the option of auditing all accounts pertaining to this contract during the contract and for a three year period following final payment. Contractor grants to the State of Louisiana, through the Office of the Legislative Auditor, Department of Health and Hospitals, and Inspector General's Office, Federal Government and/or other such officially designated body the right to inspect and review all books and records pertaining to services rendered under this contract, and further agrees to guidelines for fiscal administration as may be promulgated by the Department. Records will be made available during normal working hours.

Contractor shall comply with federal and state laws and/or DHH Policy requiring an audit of the Contractor's operation as a whole or of specific program activities. Audit reports shall be sent within thirty (30) days after the completion of the audit, but no later than six (6) months after the end of the audit period. If an audit is performed within the contract period, for any period, four (4) copies of the audit report shall be sent to the Department of Health and Hospitals, Attention: Division of Fiscal Management, P. O. Box 91117, Baton Rouge, LA 70821-3797 and one (1) copy of the audit shall be sent to the originating DHH Office.
4. **Record Retention:** Contractor agrees to retain all books, records and other documents relevant to the contract and funds expended thereunder for at least four (4) years after final payment or as prescribed in 45 CFR 74.53 (b) whichever is longer. Contractor shall make available to the Department such records within thirty (30) days of the Department's written request and shall deliver such records to the Department's central office in Baton Rouge, Louisiana, all without expense to the Department. Contractor shall allow the Department to inspect, audit or copy records at the contractor's site, without expense to the Department.
5. **Record Ownership:** All records, reports, documents and other material delivered or transmitted to Contractor by the Department shall remain the property of the Department, and shall be returned by Contractor to the Department, at Contractor's expense, at termination or expiration of this contract. All records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of the Department, and shall, upon request, be returned by Contractor to the Department, at Contractor's expense, at termination or expiration of this contract.
6. **Nonassignability:** Contractor shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation), without written consent of the Department thereto, provided, however, that claims for money due or to become due to Contractor from the Department under this contract may be assigned to a bank, trust company or other financial institution without advanced approval. Notice of any such assignment or transfer shall be promptly furnished to the Department and the Division of Administration, Office of State Procurement.
7. **Taxes:** Contractor hereby agrees that the responsibility for payment of taxes from the funds received under this contract shall be Contractor's. The Contractor assumes responsibility for its personnel providing services hereunder and shall make all deductions for withholding taxes, and contributions for unemployment compensation funds.
8. **Insurance:** Contractor shall obtain and maintain during the contract term all necessary insurance including automobile insurance, workers' compensation insurance, and general liability insurance. The required insurances shall protect the Contractor, the Department of Health and Hospitals, and the State of Louisiana from all claims related to Contractor's performance of this contract. Certificates of Insurance shall be filed with the Department for approval. Said policies shall not be canceled, permitted to expire, or be changed without thirty (30) days advance written notice to the Department. Commercial General Liability Insurance shall provide protection during the performance of work covered by the contract from claims or damages for personal injury, including accidental death, as well as claims for property damages, with combined single limits prescribed by the Department.
9. **Travel:** In cases where travel and related expenses are required to be identified separate from the fee for services, such costs shall be in accordance with State Travel Regulations. The contract contains a maximum compensation which shall be inclusive of all charges including fees and travel expenses.
10. **Political Activities:** No funds provided herein shall be used to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition or any election ballot or a proposition or matter having the effect of law being considered by the Legislature or any local governing authority. Contracts with individuals shall be exempt from this provision.
11. **State Employment:** Should Contractor become an employee of the classified or unclassified service of the State of Louisiana during the effective period of the contract, Contractor must notify his/her appointing authority of any existing contract with State of Louisiana and notify the contracting office of any additional state employment. This is applicable only to contracts with individuals.
12. **Ownership of Proprietary Data:** All non-third party software and source code, records, reports, documents and other material delivered or transmitted to Contractor by State shall remain the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract. All non-third party software and source code, records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract.

- 13. Subcontracting:** Contractor shall not enter into any subcontract for work or services contemplated under this contract without obtaining prior written approval of the Department. Any subcontracts approved by the Department shall be subject to conditions and provisions as the Department may deem necessary; provided, however, that notwithstanding the foregoing, unless otherwise provided in this contract, such prior written approval shall not be required for the purchase by the contractor of supplies and services which are incidental but necessary for the performance of the work required under this contract.

No subcontract shall relieve the Contractor of the responsibility for the performance of contractual obligations described herein.

- 14. Conflict of Interest:** Contractor warrants that no person and no entity providing services pursuant to this contract on behalf of Contractor or any subcontractor is prohibited from providing such services by the provisions of R.S. 42:1113.
- 15. Unauthorized Services:** No claim for services furnished or requested for reimbursement by Contractor, not provided for in this contract, shall be allowed by the Department. In the event the Department determines that certain costs which have been reimbursed to Contractor pursuant to this or previous contracts are not allowable, the Department shall have the right to set off and withhold said amounts from any amount due the Contractor under this contract for costs that are allowable.
- 16. Fiscal Funding:** This contract is subject to and conditioned upon the availability and appropriation of Federal and/or State funds; and no liability or obligation for payment will develop between the parties until the contract has been approved by required authorities of the Department; and, if contract exceeds \$2,000, the Division of Administration, Office of State Procurement.

The continuation of this contract is contingent upon the appropriation of funds from the legislature to fulfill the requirements of the contract. If the Legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

- 17. State and Federal Funding Requirements:** Contractor shall comply with all applicable requirements of state or federal laws or regulations relating to Contractor's receipt of state or federal funds under this contract.

If Contractor is a "subrecipient" of federal funds under this contract, as defined in 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), Contractor shall comply with all applicable requirements of 2 CFR Part 200 including but not limited to the following:

- Contractor must disclose any potential conflict of interest to the Department and the federal awarding agencies required by 2 CFR §200.112.
- Contractor must disclose to the Department and the federal awarding agency, timely and in writing, all violations of federal criminal laws that may affect the federal award, as required by 2 CFR §200.113.
- Contractor must safeguard protected personally identifiable information and other sensitive information, as required by 2 CFR §200.303.
- Contractor must have and follow written procurement standards and procedures in compliance with federally approved methods of procurement, as required by 2 CFR §§200.317 - 200.326.
- Contractor must comply with the audit requirements set forth in 2 CFR §§200.501 - 200.521, as applicable, including but not limited to:
 - o Electronic submission of data and reports to the Federal Audit Clearinghouse (FAC) (2 CFR §200.512(d)).
 - o Ensuring that reports do not include protected personally identifiable information (2 CFR §200.512(a)(2)).

Notwithstanding the provisions of paragraph 3 (Auditors) of these Terms and Conditions, copies of audit reports for audits conducted pursuant to 2 CFR Part 200 shall not be required to be sent to the Department.

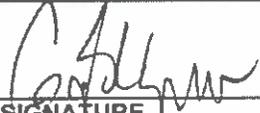
- 18. Amendments:** Any alteration, variation, modification, or waiver of provisions of this contract shall be valid only when reduced to writing, as an amendment duly signed, and approved by required authorities of the Department; and, if the contract exceeds \$2,000, by the Division of Administration, Office of State Procurement. Budget revisions approved by both parties in cost reimbursement contracts do not require an amendment if the revision only involves the realignment of monies between originally approved cost categories.
- 19. Non-Infringement:** Contractor will warrant all materials, products and/or services produced hereunder will not infringe upon or violate any patent, copyright, trade secret, or other proprietary right of any third party. In the event of any such claim by any third party against DHH, the Department shall promptly notify Contractor in writing and Contractor shall defend such claim in DHH's name, but at Contractor's expense and shall indemnify and hold harmless DHH against any loss, expense or liability arising out of such claim, whether or not such claim is successful. This provision is not applicable to contracts with physicians, psychiatrists, psychologists or other allied health providers solely for medical services.
- 20. Purchased Equipment:** Any equipment purchased under this contract remains the property of the Contractor for the period of this contract and future continuing contracts for the provision of the same services. Contractor must submit vendor invoice with reimbursement request. For the purpose of this contract, equipment is defined as any tangible, durable property having a useful life of at least (1) year and acquisition cost of \$1000.00 or more. The contractor has the responsibility to submit to the Contract Monitor an inventory list of DHH equipment items when acquired under the contract and any additions to the listing as they occur. Contractor will submit an updated, complete inventory list on a quarterly basis to the Contract Monitor. Contractor agrees that upon termination of contracted services, the equipment purchased under this contract reverts to the Department. Contractor agrees to deliver any such equipment to the Department within 30 days of termination of services.
- 21. Indemnity:** Contractor agrees to protect, indemnify and hold harmless the State of Louisiana, DHH, from all claims for damages, costs, expenses and attorney fees arising in contract or tort from this contract or from any acts or omissions of Contractor's agents, employees, officers or clients, including premises liability and including any claim based on any theory of strict liability. This provision does not apply to actions or omissions for which R.S. 40:1299.39 provides malpractice coverage to the Contractor, nor claims related to treatment and performance of evaluations of persons when such persons cause harm to third parties (R.S. 13:5108.1(E)). Further, it does not apply to premises liability when the services are being performed on premises owned and operated by DHH.

22. **Severability:** Any provision of this contract is severable if that provision is in violation of the laws of the State of Louisiana or the United States, or becomes inoperative due to changes in State and Federal law, or applicable State or Federal regulations.
23. **Entire Agreement:** Contractor agrees that the current contract supersedes all previous contracts, negotiations, and all other communications between the parties with respect to the subject matter of the current contract.
24. **E-Verify:** Contractor acknowledges and agrees to comply with the provision of R.S. 38:2212.10 and federal law pertaining to E-Verify in the performance of services under this contract.
25. **Remedies for Default:** Any claim or controversy arising out of this contract shall be resolved by the provisions of R.S. 39:1672.2-1672.4.
26. **Governing Law:** This contract shall be governed by and interpreted in accordance with the laws of the State of Louisiana, including but not limited to R.S. 39:1551-1736; rules and regulations; executive orders; standard terms and conditions, and specifications listed in the RFP (if applicable); and this Contract.
27. **Contractor's Cooperation:** The Contractor has the duty to fully cooperate with the State and provide any and all requested information, documentation, etc. to the state when requested. This applies even if this Contract is terminated and/or a lawsuit is filed. Specifically, the Contractor shall not limit or impede the State's right to audit or shall not withhold State owned documents.
28. **Continuing Obligation:** Contractor has a continuing obligation to disclose any suspension or debarment by any government entity, including but not limited to the General Services Administration (GSA). Failure to disclose may constitute grounds for suspension and/or termination of the Contract and debarment from future contracts.
29. **Eligibility Status:** Contractor and each tier of Subcontractors, shall certify that it is not on the List of Parties Excluded from Federal Procurement or Nonprocurement Programs promulgated in accordance with E.O.s 12549 and 12689, "Debarment and Suspension," as set forth at 24CFR Part 24.
30. **Termination for Cause:** The Department may terminate this Contract for cause based upon the failure of the Contractor to comply with the terms and/or conditions of the Contract; provided that the Department shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure or, in the case of failure which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the Department may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the Department to comply with the terms and conditions of this contract; provided that the Contractor shall give the Department written notice specifying the Department's failure and a reasonable opportunity for the state to cure the defect.
31. **Termination for Convenience:** The Department may terminate this Contract at any time by giving thirty (30) days written notice to the Contractor. The Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.
32. **Commissioner's Statements:** Statements, acts and omissions made by or on behalf of the Commissioner of Administration regarding the RFP or RFP process, this Contract, any Contractor and/or any subcontractor of the Contractor shall not be deemed a conflict of interest when the Commissioner is discharging her duties and responsibilities under law, including, but not limited, to the Commissioner of Administration's authority in procurement matters.

THIS CONTRACT CONTAINS OR HAS ATTACHED HERETO ALL THE TERMS AND CONDITIONS AGREED UPON BY THE CONTRACTING PARTIES. IN WITNESS THEREOF, THIS CONTRACT IS SIGNED ON THE DATE INDICATED BELOW.

Magellan Medicaid Administration, Inc.

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS

 3/30/2016
SIGNATURE DATE

SIGNATURE DATE

Greg Kaupp
NAME
SVP & General Manager
TITLE

NAME
Secretary, Department of Health and Hospital or Designee
TITLE

[Redacted Signature Area]

Bureau of Health Services Financing

SIGNATURE DATE

 4/4/16
SIGNATURE DATE

NAME
TITLE

Jen Steele
NAME
Interim Medicaid Director
TITLE

HIPAA Business Associate Addendum

This HIPAA Business Associate Addendum is hereby made a part of this contract in its entirety as Attachment A to the contract.

1. The Louisiana Department of Health and Hospitals ("DHH") is a Covered Entity, as that term is defined herein, because it functions as a health plan and as a health care provider that transmits health information in electronic form.
2. Contractor is a Business Associate of DHH, as that term is defined herein, because contractor either: (a) creates, receives, maintains, or transmits PHI for or on behalf of DHH; or (b) provides legal, actuarial, accounting, consulting, data aggregation, management, administrative, accreditation, or financial services for DHH involving the disclosure of PHI.
3. Definitions: As used in this addendum –
 - A. The term "HIPAA Rules" refers to the federal regulations known as the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules, found at 45 C.F.R. Parts 160 and 164, which were originally promulgated by the U. S. Department of Health and Human Services (DHHS) pursuant to the Health Insurance Portability and Accountability Act ("HIPAA") of 1996 and were subsequently amended pursuant to the Health Information Technology for Economic and Clinical Health ("HITECH") Act of the American Recovery and Reinvestment Act of 2009.
 - B. The terms "Business Associate", "Covered Entity", "disclosure", "electronic protected health information" ("electronic PHI"), "health care provider", "health information", "health plan", "protected health information" ("PHI"), "subcontractor", and "use" have the same meaning as set forth in 45 C.F.R. § 160.103.
 - C. The term "security incident" has the same meaning as set forth in 45 C.F.R. § 164.304.
 - D. The terms "breach" and "unsecured protected health information" ("unsecured PHI") have the same meaning as set forth in 45 C.F.R. § 164.402.
4. Contractor and its agents, employees and subcontractors shall comply with all applicable requirements of the HIPAA Rules and shall maintain the confidentiality of all PHI obtained by them pursuant to this contract and addendum as required by the HIPAA Rules and by this contract and addendum.
5. Contractor shall use or disclose PHI solely: (a) for meeting its obligations under the contract; or (b) as required by law, rule or regulation (including the HIPAA Rules) or as otherwise required or permitted by this contract and addendum.
6. Contractor shall implement and utilize all appropriate safeguards to prevent any use or disclosure of PHI not required or permitted by this contract and addendum, including administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of DHH.
7. In accordance with 45 C.F.R. § 164.502(e)(1)(ii) and (if applicable) § 164.308(b)(2), contractor shall ensure that any agents, employees, subcontractors or others that create, receive, maintain, or transmit PHI on behalf of contractor agree to the same restrictions, conditions and requirements that apply to contractor with respect to such information, and it shall ensure that they implement reasonable and appropriate safeguards to protect such information. Contractor shall take all reasonable steps to ensure that its agents', employees' or subcontractors' actions or omissions do not cause contractor to violate this contract and addendum.
8. Contractor shall, within three (3) days of becoming aware of any use or disclosure of PHI, other than as permitted by this contract and addendum, report such disclosure in writing to the person(s) named in section 14 (Terms of Payment), page 1 of the CF-1. Disclosures which must be reported by contractor include, but are not limited to, any security incident, any breach of unsecured PHI, and any "breach of the security system" as defined in the Louisiana Database Security Breach Notification Law, La.R.S. 51:3071 *et seq.* At the option of DHH, any harm or damage resulting from any use or disclosure which violates this contract and addendum shall be mitigated, to the extent practicable, either: (a) by contractor at its own expense; or (b) by DHH, in which case contractor shall reimburse DHH for all expenses that DHH is required to incur in undertaking such mitigation activities.
9. To the extent that contractor is to carry out one or more of DHH's obligations under 45 C.F.R. Part 164, Subpart E, contractor shall comply with the requirements of Subpart E that apply to DHH in the performance of such obligation(s).
10. Contractor shall make available such information in its possession which is required for DHH to provide an accounting of disclosures in accordance with 45 CFR § 164.528. In the event that a request for accounting is made directly to contractor, contractor shall forward such request to DHH within two (2) days of such receipt. Contractor shall implement an appropriate record keeping process to enable it to comply with the requirements of this provision. Contractor shall maintain data on all disclosures of PHI for which accounting is required by 45 CFR § 164.528 for at least six (6) years after the date of the last such disclosure.
11. Contractor shall make PHI available to DHH upon request in accordance with 45 CFR § 164.524.
12. Contractor shall make PHI available to DHH upon request for amendment and shall incorporate any amendments to PHI in accordance with 45 CFR § 164.526.
13. Contractor shall make its internal practices, books, and records relating to the use and disclosure of PHI received from or created or received by contractor on behalf of DHH available to the Secretary of the U. S. DHHS for purposes of determining DHH's compliance with the HIPAA Rules.
14. Contractor shall indemnify and hold DHH harmless from and against any and all liabilities, claims for damages, costs, expenses and attorneys' fees resulting from any violation of this addendum by contractor or by its agents, employees or subcontractors, without regard to any limitation or exclusion of damages provision otherwise set forth in the contract.
15. The parties agree that the legal relationship between DHH and contractor is strictly an independent contractor relationship. Nothing in this contract and addendum shall be deemed to create a joint venture, agency, partnership, or employer-employee relationship between DHH and contractor.
16. Notwithstanding any other provision of the contract, DHH shall have the right to terminate the contract immediately if DHH determines that contractor has violated any provision of the HIPAA Rules or any material term of this addendum.
17. At the termination of the contract, or upon request of DHH, whichever occurs first, contractor shall return or destroy (at the option of DHH) all PHI received or created by contractor that contractor still maintains in any form and retain no copies of such information; or if such return or destruction is not feasible, contractor shall extend the confidentiality protections of the contract to the information and limit further uses and disclosure to those purposes that make the return or destruction of the information infeasible.

**Attachment B
Statement of Work
Magellan Medicaid Administration, Inc.**

GOAL/PURPOSE

The Contractor will provide technical support for the State Supplemental Rebate Program and Preferred Drug List Management Services, including but not limited to research into the relative safety, clinical efficacy and cost of products within defined therapeutic drug classes.

The Contractor will meet the Louisiana Medicaid Pharmacy Benefits Management Program's needs in regards to developing and maintaining a Preferred Drug List (PDL) for the Louisiana Medicaid Program; negotiating supplemental rebate agreements with pharmaceutical manufacturers through a multi-state pooling initiative; and utilizing the Contractor's services to assist in billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department.

The Contractor will provide the following services:

1. Manage all aspects of the supplemental rebate negotiation process;
2. Provide information and data management of the Preferred Drug List (PDL);
3. Provide technical support to the Pharmaceutical and Therapeutics Committee (P&T);
4. Provide clinical review of drugs/classes of drugs/ monographs/therapeutic class reviews used for recommendations;
5. Provide the Department with the financial and clinical analysis of P&T recommendations both before and after implementation;
6. Negotiate supplemental rebates agreements with pharmaceutical manufacturers through multi-state pooling contracts and potentially through a single state PDL. In these negotiations, the preferred drug list may be adjusted to include limited brand name drug products in each therapeutic category;
7. Assist in the process of billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department; and
8. Prepare clinical and cost data for performance indicators for performance based budgeting.

OUTCOME - # 1

Pharmaceutical and Therapeutics (P&T) Committee

The Contractor shall provide the following support for the Medicaid P&T Committee including but not limited to:

- Supply therapeutic class reviews for the Louisiana Medicaid Pharmaceutical and Therapeutics (P&T) Committee. All medications available in a therapeutic class will be reviewed for comparative efficacy, side effects, dosing, prescribing trends and indications.
- Provide cost analysis of the therapeutic class to the Committee under guidelines specified by the Department to allow the P&T Committee to make informed recommendations from both a clinical and cost perspective.
- Review therapeutic classes no less than annually.

- Provide clinical pharmacists to review therapeutic classes including new medications or indications as approved by the Food and Drug Administration (FDA) and provide recommendations to the P&T Committee and the Department for appropriate changes to the PDL.
- Support, attend in person, and present clinical and cost information for all P&T Committee meetings each year.
- Assist the Department in developing the P & T Committee recommendations following the meeting to the Secretary of DHH.
- Develop clinically sound and cost-effective recommendations at the request of the Department to help the Department develop and manage the Preferred Drug List (PDL).
- Provide consultation including P&T Committee support as directed by the Department.

Performance Indicators

- Produce monographs, supplemental rebate negotiations, and savings analysis for each Therapeutic Class under review by the Committee no later than thirty (30) days prior to each P&T Committee meeting. Such reviews shall include summaries of the relative safety and efficacy of each drug within the therapeutic class and recommendations for the inclusion or exclusion of medications on the PDL within each class and relative cost sheets for each drug within the therapeutic class. Savings estimations shall be coded to protect the confidentiality of rebate information, in a format agreed to by the department and the Contractor. New drugs or drug indications will be reviewed when appropriate.
- Provide the P & T Committee recommendations report no later than three (3) business days following the meeting. Report shall consist of listing of preferred drugs and those requiring prior authorization.
- Provide record keeping (transcriber) during the meeting and assistance in writing the minutes 30 calendar days or more after the meeting. The contractor will secure and pay the transcriber, provide notes from the meeting regarding P&T members requests or other changes occurring during the meeting. The contractor will prepare completed minutes from the meeting 30 calendar days after the meeting.
- Provide any additional reports as necessary in a format agreed upon by the Department and the Contractor.

Monitoring Plan

The contract monitor shall:

- Attend the P & T Committee meetings to ensure the Contractor attends and presents the information at the meeting.
- Ensure the monographs, cost analysis, P & T Committee recommendations, and meeting minutes information are provided to the Department within the required time frame.
- Review the monographs to ensure they are in a format agreed upon by the Department.

OUTCOME - # 2

Preferred Drug List (PDL)

The Contractor shall assist in the development and management of a Preferred Drug List (PDL) by providing the following including, but not limited to:

- The Contractor shall work in conjunction with the Department to develop a PDL that is

clinically sound, cost-effective, and minimally disruptive to Louisiana's Medicaid recipients and their providers.

- Review all medications available in a therapeutic class for efficacy, side effects, dosing, prescribing trends and indications, no less than annually. In addition, Contractor shall provide cost analysis of the therapeutic class to the P&T Committee as directed by the Department to allow the P&T Committee to make informed recommendations from both a clinical and cost perspective. The P&T Committee will be provided relative cost information pursuant to guidelines approved by the Department.
- Provide cost analysis for all drugs which the Contractor provides a clinical monograph, in addition to any additional drug reviews from other evidence based services.
- The Contractor's staff shall be available to present its proposal to the P&T Committee, in person, during the regular meetings as directed by the Department.
- Provide clinical and cost support for all P&T Committee meetings. The Contractor will prepare informational packets for the P&T Committee members and Department staff prior to any scheduled meetings.
- Present clinical monographs to DHH at least thirty (30) days prior to the meeting date.
- Cost analysis must contain cost, rebate information, utilization data, projected market share shifts and savings for each therapeutic class or specific drugs to be reviewed.
- The cost sheets shall provide current utilization data and cost data in a format that will ensure rebate confidentiality.
- The list of drugs included in the cost analysis must be pre-approved by the Department.
- Provide assistance to the State in developing a single state PDL if requested by the Department.

Performance Indicators

- Present cost sheets (orally and in written format) to DHH at least thirty (30) days prior to the P&T meeting date.
- Provide to the Department all relevant documentation and data necessary to allow the Department's P&T Committee to conduct a minimum of forty (40) therapeutic class reviews per calendar year as agreed upon by both parties for two (2) or more P&T Committee meetings as requested by the Department per calendar year.
- Review new medications in therapeutic classes affected by the PDL as these new medications are approved by the FDA.
- Provide electronic files containing updates for the PDL to the Department within five (5) working days after the Department's approval of the PDL. Such files will be in a format agreed upon by the involved parties.
- Provide a progress report which includes meetings, classes reviewed, contracts with pharmaceutical manufacturers, etc. with accompanying timelines.
- Provide a single state PDL if requested by the Department, including but not limited to manually/electronically updating the PDL list 15 calendar days or less after P&T meeting.

Monitoring Plan

The contract monitor shall:

- Ensure cost sheets and the electronic files containing updates for the PDL are provided in a timely manner

- Review the cost sheets and electronic files to ensure the requested information is provided

OUTCOME - # 3

Supplemental Rebates

The Contractor shall manage all identified aspects of the supplemental rebate process, including, but not limited to the following:

- Maintain existing supplemental rebate agreements and negotiates new or renegotiates renewed supplemental rebate agreements with pharmaceutical manufacturers.
- Negotiate supplemental rebate agreements with pharmaceutical manufacturers on behalf of the Department. The parties will mutually develop a time frame for negotiating State Supplemental Rebates with manufacturers within therapeutic classes.
- Determine the best methodology for calculating state supplemental rebates paid by pharmaceutical manufacturers and develop a template to be used in contract negotiations that will meet CMS approval. The Contractor's methodology is subject to the Department's approval and ongoing adaptation to the Department's needs.
- Negotiate State Supplemental Rebate Agreements for each Therapeutic Class selected for the PDL. In these negotiations, the preferred drug list may be adjusted to limit brand name drug products in each therapeutic category. Contractor shall renegotiate the agreements as necessary at such time as the Department prepares to review such Therapeutic Class, and in response to changes in market conditions (e.g. when the Food and Drug Administration approves a new agent within a Therapeutic Class).
- Obtain bids from pharmaceutical manufacturers in the form of executable supplemental rebate agreements. (Contractor and manufacturers are required to use the rebate agreement agreed on by the Department).
- Assist the Department in obtaining CMS approval of the State Supplemental Rebate Agreements. Contractor must submit all State Supplemental Rebate Agreements and the Preferred Drug List for each Therapeutic Class to the Department for approval.
- Present supplemental rebate agreement signed by the manufacturer to the Department thirty (30) days after the Department's approval of the PDL.
- Supplemental rebate agreements may be made between the State of Louisiana Department of Health and Hospitals and the pharmaceutical manufacturers in a format approved by the Department. One original copy of the supplemental rebate agreement with the original signatures shall be returned to the manufacturer.
- Maintain existing supplemental rebate agreements and/or negotiate new supplemental rebate agreements with pharmaceutical manufacturers, as directed by the Department.
- Negotiate supplemental rebate agreements for each therapeutic class of drugs as the P&T Committee prepares to review the class. Supplemental rebate agreements shall also be renegotiated at the request of the Department.
- Notify the Department before conducting a supplemental rebate agreement negotiation.
- Facilitate supplemental rebate agreement discussions and inquiries from manufacturers. The Contractor shall provide the Department with a Supplemental Rebate Bid Solicitation Report, when requested by the Department.
- Maintain the Department's State Supplemental Rebate Agreements separately from those of Contractor's other clients pursuant to LA R.S. 44:4(36).
- All negotiations with manufacturers and inquiries including but not limited to meetings, telephone calls, and mailings from manufacturers regarding State Supplemental Rebate Agreements may be handled by the Contractor in its home office(s).

Performance Indicators

- Produce a Monthly Contract Status Report showing the status of the State Supplemental Rebate Agreements with each manufacturer along with the manufacturer code, document and date, no later than fifteen (15) days after the end of each calendar month.
- Produce and facilitate the signing of supplemental rebate contracts with pharmaceutical manufacturers in a format agreed to by the Department and CMS. These contracts will be forwarded to the Department.
- Provide annual reports that detail the compliance of Medicaid providers to the PDL.
- Track the effective dates of all Supplemental Rebate Agreements and provide the Department with a LAM Billing File Report, which includes manufacturer, labeler codes & names, national drug code (NDC), status, QA, value, calculation, start and end Dates, Price, document number & TOP\$ tier, no later than fifteen (15) days after the end of each calendar month.
- Produce a Monthly TOP\$ Contract Status Report which includes Mfg., Number, Document, Status, Start Date, End Date, and Products no later than fifteen (15) days after the end of each calendar month.
- Produce an analysis of savings realized by the Pharmacy program as a result of the implementation of the PDL, in a format agreed to by the Department and the Contractor. The report shall detail the impact of the supplemental rebates on the Medicaid Pharmacy Benefits Management program in cost avoidance, supplemental rebate amounts, utilization variances and other agreed upon data within 30 days after receipt of the utilization data by the Department.
- Provide any additional reports as necessary in a format agreed upon by the Department and the Contractor.
- Provide assurances that the Department's supplemental rebate agreements are kept confidential and held separately from its other clients.

Monitoring Plan

The contract monitor shall:

- Review the monthly Contract Status Reports and compare to Pharmacy's internal report
- Review the monthly LAM Billing File Report and reconcile with the Department's records.
- Review the Annual Savings Analysis report
- Ensure all the reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 4

Supplemental Rebate Administration

The Contractor shall assist the State in supplemental rebate administration in the following manner, including but not limited to:

- Provide the capability to negotiate in a multi-state purchasing pool.
- Implement multi-state pooling initiatives in accordance to guidelines established by CMS in SMDL #04-006. In addition, the Contractor must have clear understanding of federal and state statutes and regulations governing the Medicaid Program, Medicare Part D and state supplemental rebates.
- Assist the Department in dispute resolution activities with pharmaceutical manufacturers as they pertain to SURA calculations.

Performance Indicators

- Contractor will provide the SURA data in a Department approved text file format.
- Contractor will provide the necessary documentation to the Department to support the supplemental rebate billings along with amounts to submit to the manufacturers at the NDC level in a format as specified by the Department and the rebate agreements.
- Provide a quarterly report listing all NDCs with zero ("0") SURAs.
- Provide an electronic file containing calculated supplemental unit rebate amounts (SURA) to the Department within ten (10) calendar days after receipt of the CMS National Rebate file. The parties will agree upon the format for submission of each SURA data.
- Submit a written report detailing the status of any disputes regarding SURA with each manufacturer no later than fifteen (15) days after the end of each month during the Term of this Agreement.

Monitoring Plan

The contract monitor shall

- Review documentation submitted to the Department by the Contractor to support the supplemental rebate billings along with amounts to submit to the manufacturers at the NDC level.
- Ensure the reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 5

Annual Analysis and Recommendation Report

Prepare a formal annual report outlining Louisiana Medicaid PDL Program Overview and Results. Provide a summary of the activities of the LDHH PDL for the State Fiscal Year. Assess and report the strengths and weaknesses of the PDL program complete with opportunities for future cost saving initiatives. All data in the report shall be referenced and include current trends and best practices in the pharmacy arena.

Performance Indicators

- A draft report to be submitted to the Department for review by January 15 and final report by February 15, annually.

Monitoring Plan

The contract monitor shall:

- Ensure the draft and final reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 6

Quality Assurance

The Contractor shall develop a Quality Assurance Plan that documents the process to be used in assuring the quality of services provided for each requirement. The plan shall be developed with the Department's Strategic Plan outcomes in mind. The Quality Assurance Plan will be used to monitor the quality, impact, and effectiveness of services provided under the contract.

Performance Indicators

- The Quality Assurance Plan shall be due ninety (90) days from the execution of the contract.

Monitoring Plan

- The Quality Assurance Plan will be reviewed annually to: a) see if the Contractor has met its goal for the year, b) update and/or set goals and milestones for the next year, c) analyze outcomes and effectiveness of services, and d) identify areas and opportunities for improvements.

OUTCOME - # 7

Ad Hoc Reports

Develop and deliver ad hoc reports as mutually agreed upon by the Contractor and the Department.

Performance Indicators

- Establish and maintain a database that has the capacity for data analysis, generation of ad hoc reports, both electronic and hard copy, and secure storage of supplemental drug rebate information as required under this contract.
- Developing recommendations and provide detailed strategies for maximizing the Department's annual savings resulting from the implementation of the PDL. These recommendations shall provide specific written suggestions for enhancing rebates and lowering net pharmacy costs through PDL products and other areas as requested by the Department.
- Upon reasonable notice, Contractor shall be available for appearances before the Louisiana Legislature or other interested parties, as requested by the Department.
- Provide sample reports as requested

Monitoring Plan

The contract monitor shall:

- Ensure the draft and final reports are submitted in a timely manner
- Review the documents to ensure the requested information is provided

OUTCOME - # 8

Transition Plan

The Contractor shall develop a Transition Plan to facilitate a smooth transition of the contracted functions from the Contractor at the end of the contract period, back to the Department and to another Contractor designated by the State. The plan should include, but not be limited to the following: 1) P & T Committee Meeting related information, 2) Invoicing Information, and 3) Savings. The final Department approved plan shall be due no later than 10 days from execution of the new contract. The Department shall have autonomy over its PDL.

Performance Indicators

- The Transition Plan analyzing current PDL and PA processes and recommendations for the implementation and transition to a comprehensive PDL within ten (10) days following the selection as the Department's Contractor.

Monitoring Plan

The contract monitor shall:

- Ensure the report is submitted in a timely manner
- Review the documents to ensure the requested information is provided

OFFICER'S CERTIFICATION

Magellan Medicaid Administration, Inc.

I, the undersigned, am the duly appointed and acting Corporate Counsel of Magellan Medicaid Administration, Inc. (the "Company"). I hereby certify to the State of Louisiana, Department of Health and Hospitals (the "Department") as follows:

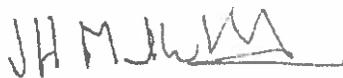
In accordance with the Bylaws of the Company, policies and practices of the Company, and authorizations granted by the Board of Directors of the Company, the follow persons are authorized to negotiate a contract between the Company and the Department on behalf of the Company:

Greg Kaupp, Senior Vice President & General Manager, Magellan Medicaid Administration, Inc.

And, the following person is authorized to execute on behalf of the Company the contract between the Company and the Department:

Greg Kaupp, Senior Vice President & General Manager, Magellan Medicaid Administration, Inc.

I have executed this Officer's Certification as of the 19th day of June, 2015.



Joyce H. Mulholland, Esq.
Vice President and Associate Counsel
Magellan Medicaid Administration, Inc.

MAGELLAN Rx MANAGEMENT

Contract Signature Process
October 13, 2015

Until further notice, the persons listed in the table below are to sign contracts in the designated areas if they are available to do so, and regardless of which Magellan affiliate within the Magellan Rx Management SBU is the contracting entity. Any person designated to sign in a Contracting Area below should also sign proposals in such area.

Contracting Area	Signature
PBM/PBA Services – Customer Contracts for Health Plan and Government Segments	Greg Kaupp

This Contract Signature Process document does not restrict the authority of other persons to sign such contracts under the Magellan Health, Inc. Delegation of Authority Matrix (the "Matrix"), nor does it restrict the ability to delegate authority under the Matrix. This supersedes the Contract Signature Process document dated July 1, 2015.



Mostafa M. Kamal
CEO Magellan Rx Management, Inc.
SBU Head, Magellan Rx Management
October 13, 2015



Jay Dardenne
 SECRETARY OF STATE

As Secretary of State of the State of Louisiana I do hereby Certify that

an Amended Application for Certificate of Authority form of

FIRST HEALTH SERVICES CORPORATION

Domiciled at GLEN ALLEN, VIRGINIA, changing the corporate name to

MAGELLAN MEDICAID ADMINISTRATION, INC.

Was filed and recorded in this Office on June 15, 2010.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

June 15, 2010

Jay Dardenne
 Secretary of State

LC33104780F



Certificate ID: 10076594#62N83

To validate this certificate, visit the following web site, go to **Commercial Division, Certificate Validation**, then follow the instructions displayed.
www.sos.louisiana.gov

Tom Schedler
Secretary of State

State of
Louisiana
Secretary of
State

COMMERCIAL DIVISION
225.925.4704



Fax Numbers
225.932.5317 (Admin. Services)
225.932.5314 (Corporations)
225.932.5318 (UCC)

Name	Type	City	Status
MAGELLAN MEDICAID ADMINISTRATION, INC.	Business Corporation (Non-Louisiana)	GLEN ALLEN	Active

Previous Names

FIRST HEALTH SERVICES CORPORATION (Changed: 6/15/2010)
THE COMPUTER COMPANY (Changed: 12/12/1991)

Business: MAGELLAN MEDICAID ADMINISTRATION, INC.

Charter Number: 33104780F

Registration Date: 7/10/1980

Domicile Address

11013 W. BROAD STREET, STE. 500
GLEN ALLEN, VA 23060

Mailing Address

6950 COLUMBIA GATEWAY DRIVE
COLUMBIA, MD 21046

Principal Business Office

11013 W. BROAD STREET, STE. 500
GLEN ALLEN, VA 23060

Registered Office in Louisiana

5615 CORPORATE BLVD., STE. 400B
BATON ROUGE, LA 70808

Principal Business Establishment in Louisiana

5700 FLORIDA BLVD.
10TH FLOOR REPUBLIC TOWER
BATON ROUGE, LA 70806

Status

Status: Active

Annual Report Status: In Good Standing

Qualified: 7/10/1980

Last Report Filed: 6/27/2014

Type: Business Corporation (Non-Louisiana)

Registered Agent(s)

Agent:	CORPORATION SERVICE COMPANY
Address 1:	320 SOMERULOS ST.
City, State, Zip:	BATON ROUGE, LA 70802-6129
Appointment Date:	11/2/2009

Additional Officers: No

Officer(s)

Officer:	DANIEL N. GREGOIRE
Title:	Vice-President, Secretary, Director
Address 1:	55 NOD ROAD
City, State, Zip:	AVON, CT 06001
Officer:	TIMOTHY NOLAN
Title:	Officer
Address 1:	11013 W. BROAD STREET, STE. 500
City, State, Zip:	GLEN ALLEN, VA 23060
Officer:	IRENE SHAPIRO
Title:	Officer, Treasurer
Address 1:	55 NOD ROAD
City, State, Zip:	AVON, CT 06001
Officer:	JONATHAN N. RUBIN
Title:	Director, Vice-President
Address 1:	55 NOD ROAD
City, State, Zip:	AVON, CT 06001
Officer:	WILLIAM MCBRIDE
Title:	Director
Address 1:	55 NOD ROAD
City, State, Zip:	AVON, CT 06001
Officer:	LINTON C. NEWLIN
Title:	Vice-President
Address 1:	1203 4TH STREET SW
City, State, Zip:	CULLMAN, AL 35055
Officer:	MARGIE SMITH
Title:	Officer
Address 1:	1203 4TH STREET SW
City, State, Zip:	CULLMAN, AL 35055
Officer:	JOHN DIBERNARDI
Title:	Officer
Address 1:	6950 COLUMBIA GATEWAY DRIVE
City, State, Zip:	COLUMBIA, MD 21046
Officer:	BARRY SMITH
Title:	Director
Address 1:	55 NOD ROAD
City, State, Zip:	AVON, CT 06001
Officer:	KEVIN FLETEMEYER
Title:	Vice-President
Address 1:	11013 W. BROAD STREET, STE. 500
City, State, Zip:	GLEN ALLEN, VA 23060
Officer:	ROBERT FIELD
Title:	President
Address 1:	15950 N. 76TH STREET, STE. 200
City, State, Zip:	SCOTTSDALE, AZ 85260
Officer:	GREG KAUPP
Title:	Officer

Address 1: 11013 W. BROAD STREET, STE. 500
City, State, Zip: GLEN ALLEN, VA 23060

Amendments on File (9)

Description	Date
Stmt of Chg or Chg Prin Bus Off	2/22/1985
Stmt of Chg or Chg Prin Bus Off	4/1/1986
Name Change	12/12/1991
Stmt of Chg or Chg Prin Bus Off	2/1/1993
Stmt of Chg or Chg Prin Bus Off	2/22/2005
Stmt of Chg or Chg Prin Bus Off	7/7/2008
Stmt of Chg or Chg Prin Bus Off	9/19/2008
Stmt of Chg or Chg Prin Bus Off	11/2/2009
Name Change	6/15/2010

Print

Nina Bandali, PharmD

Clinical Project Manager

EXPERIENCE

Clinical Project Manager, Magellan Rx Management **2012 - Present**

- Responsible for account management and clinical consultation in multiple states, Florida, Minnesota. Serviced the states of Pennsylvania and West Virginia
- Responsible for formulation of P&T recommendations based on evidence-based medicine and cost-effective measures
- Provides clinical support through writing assignments in Therapeutic Class Reviews and other clinical committees as needed
- Communicates and coordinates directly with state clients, implementing clinical initiatives
- Responsible for presentation of PDL recommendations and clinical information during P&T Committee meetings
- Provides explanation of strategic initiatives related to the PDL to state clients and P&T members

Xerox/ACS Government Healthcare Solutions **2003 - 2012**
Manager of Industry Relations **2006 - 2012**

- Acted as rebate manager for Indiana Medicaid acting as primary point of contact for State client overseeing all rebate operations and rebate initiatives and implementations
- Managed the supplemental rebate program for Indiana and Ohio Medicaid
- Handled all relations with pharmaceutical manufacturers acting as point of contact
- Conducted one-on-one meetings with manufacturers
- Coordinated activities for monthly presentations by manufacturers
- Compiled all supplemental rebate bids
- Acted as liaison between client and manufacturers during contract negotiations
- Prepared comprehensive financial analysis for all supplemental rebate bids and related information for client
- Conferred with clinical information pharmacists to formulate clinical recommendations for preferred drug list
- Contributed to internal pharmacy and therapeutics committee meetings
- Presented financial analysis to therapeutics committee during P&T meeting explaining different cost-saving scenarios
- Prepared all supplemental rebate contracts for accepted bids
- Entered supplemental contracts into drug rebate analysis and management system
- Ensured execution of said contracts
- Attended client meetings regarding supplemental rebates

- 
- Handled ad hoc reporting requests including design, analysis, and presentation of data output
 - Maintained FTP accounts and contact persons for all manufacturers
 - Assisted with new contract implementations
 - Participated in sales presentations
 - Trained clients on Business Objects, a querying system
 - Accomplished savings of over \$20 million for client in undiscovered rebates

Clinical Program Analyst/Clinical Information Pharmacist

2005 – 2006

- Implemented a systems conversion of state Medicaid drug program
- Established drug coverage for new Medicaid claims processing system
- Offered clinical recommendations for drug coverage set-up
- Provided drug information to clinical services department and to account managers
- Developed newsletter articles for posting on state Medicaid website
- Conducted therapeutic class reviews
- Completed query requests for state Medicaid programs, for worker's compensation programs, and for internal department heads on a project-by-project basis
- Identified target clinical issues and interventions for various state-run Medicaid and worker's compensation clients
- Audited prescription claims for Medicaid programs focusing on drug compliance and utilization
- Assigned cases to compliance monitoring pharmacists
- Conferred with account managers and financial analysts to meet client's strategic and clinical objectives
- Devised ad hoc reporting (custom reporting) and standard, defined reports for various clients
- Researched and developed innovative clinical rules for use in the creation of a claims processing system
- Acted as a technical liaison for the implementation of an automatic claims processing program
- Analyzed various data streams to determine if further action is required
- Completed projects consistently exceeding expectations

Therapeutic Consultation Pharmacist Team Lead

2004 – 2005

- Functioned as team lead over 30 pharmacists in a prescription benefits call center
- Provided ongoing training for pharmacists in various stages of their development
- Resolved claims and prior authorization issues
- Supported management in ensuring a productive and customer-oriented focus
- Participated in quality assurance monitoring
- Collaborated with management to maintain day-to-day operations

- Performed as editor of the quarterly newsletter for both the call center and for the clinical services department
- Conducted intensive training for new pharmacists in transition to Henderson, NC
- Acted as the lead in a budget reduction program on behalf of Florida Medicaid resulting in a \$292 million reduction
- Oversaw the reduction of over 17,000 faxed requests to a more manageable 300 faxes in just under 2 months

Therapeutic Consultation Pharmacist

2003 – 2004

- Performed as a consultant pharmacist for prescription benefits management call center specializing in State Medicaid programs.
- Recommended cost-effective therapy to decrease healthcare expenditures for client
- Evaluated clinical criteria for specialty drugs
- Reviewed patient profiles for recommendations pertaining to appropriate dosing, therapy duplication, drug interactions, etc.
- Handled high-call volume
- Provided customer service for physicians, healthcare professionals, pharmacies, etc.
- Awarded "Top Therapeutic Consultation Pharmacist" five out of six times

Senior Pharmacist, CVS Pharmacy

2001 – 2007

- Managed operations for a high-volume pharmacy
- Supervised pharmacy auxiliary staff
- Counseled patients on drug information, specifically, drug administration, side effects, precautions and outcomes of prescription and over-the-counter medications
- Resolved customer complaints
- Facilitated the amalgamation of two pharmacies
- Increased revenue for the pharmacy by doubling volume from an average of 180 prescriptions/day to an average of 380 prescriptions/day
- Maintained superior customer service based on limited staffing budgets
- Utilized efficient inventory practices resulting in decreased reliance on outside vendor
- Nominated by management as the top pharmacist in the district

LICENSURE(S) AND CERTIFICATION(S)

State of Georgia Pharmacy License #20374

PROFESSIONAL EDUCATION

Mercer University Southern School of Pharmacy

Doctor of Pharmacy, 2000



Michele Dickson

PDL Data/Financial Analyst

EXPERIENCE

Health Care Analyst, Magellan Rx Management 2010 - Present

- Solicits and coordinates with manufactures for supplemental rebate data information.
- Analyzes the individual cost components of drugs to determine the overall cost to the customer.
- Develops models for individual therapeutic classes to help our customers determine the financial outcomes associated with implementing various scenarios in reference to their PDL recommendations.
- Produces standard quarterly and annual reports to track statistics such as how well each customer is achieving their overall savings.
- Handles ad hoc requests when a special report or analysis is needed by the state.

Marketing Assistant, Mane, Inc. 2006 - 2010

- Analyzed the consumer-syndicated data to provide insights to company clients in the consumer packaged goods department.
- Point of contact for consumer products databases and market intelligence tools.
- Responsible for fielding questions and coordinating appropriate company training sessions.

Administrative Support, General Revenue Corporation 2005 - 2006

- Created and maintained a process for the debt collection department to measure total collections by employees.
- Implemented structure and plans involving areas of opportunity for annual company improvements.

PROFESSIONAL EDUCATION

Bowling Green State University

Bachelor of Science



Angela Sanders

EXPERIENCE

Magellan RX Management

2005 - Present

Associate Contract/Rate Analyst

2012 - Present

- Generates and prepares contract documentation.
- Process and manages full execution of contracts.
- Loading contracted rates in Magellan's proprietary contract management system.
- Generating quarterly invoice files.
- Applying corporate standards and guidelines for contracts
- Assisting with dispute resolution.

Customer Service Specialist

2008 - 2012

- Tracked, processed, and resolved issues with cases in queue i.e.; benefits, networking, and claims payment (commercial and public sector)
- Assisted Client Integration with problem solving for specific client accounts (commercial and public sector)
- Provided back up for authorization representatives, Care Assist Team (internal help desk), and Clinical Services Department
- Assisted with appeal coordinator duties

Appeal Coordinator

2005 - 2008

- Processed retro requests on a case-by-case basis
- Maintained log for reprocessed cases and claim appeals
- Loaded contracted rates in Magellan's proprietary contract management system
- Communicated directly with assigned health plans regarding the status of non-clinical claim appeals
- Implemented electronic process for claim appeals

Authorization Representative

2005

- Processed inbound provider (PCP, Specialist, and Ancillary) calls to start or correct prior-authorizations
- Provided status of prior-authorizations (internally and externally)
- Followed and tracked assigned client service level agreements



Billing /Prior-authorization, Centrum HealthCare

2004 - 2005

- Billed home health services via hard copy and electronic
- Assisted patients with billing issues and benefit level questions
- Assisted accounting with correct posting of accounts
- Provided status of prior-authorizations (internally and externally)
- Assisted with prior authorizations of home health services and verifying benefits

High Toll /Fraud Analyst, MCI/G.C. Services

2001 - 2002

- Verified and documented customer conversations concerning unusual calling patterns
- Provided collection services when required
- Assisted customers with problem solving and with the screening process of certain types of calls/phone numbers

Lead Member & Provider Representative, United HealthCare

1995 - 2000

- Credentialed both new providers and previously contracted providers
- Provided assistance with inbound and outbound calls regarding medical, dental, and pharmaceutical benefits for local and national accounts, providers, and members
- Supported the administrative needs for the appeals department and provider services department



Magellan Health Disaster Recovery Strategy

Overview

The intent of this document is to provide to its reader a high level understanding of the strategies employed by Magellan Health, Inc. to ensure business continuity. In this document, we attempt to answer the most frequently asked questions about how Magellan Health will respond to catastrophic events that might detrimentally impact our ability to provide the services expected of us by our clients. Questions not answered here should be referred to Jim Werner, IT Director – 314.387.4170 jcwerner@magellanhealth.com.

Recovery Strategy Overview

Magellan Health has traditionally employed a tape based recovery strategy. With this strategy, data backups are performed and moved daily to a secure off-site storage location. Shared backup computer hardware and warm-site data center facilities are provided by a third-party recovery services provider. In the event of a disaster, recovery teams are dispatched to the warm-site with the most recent backup tapes and needed recovery supplies to restore business critical data center operations. For many Magellan Health customers, tape based recovery provides a reasonably economic solution for computer operations recovery without major service disruptions. However, a Recovery Time Objective (RTO) of 72 hours is about the best that can be achieved. We will continue to employ this strategy where it is deemed appropriate. The Recovery Point Objective is 24 hours.

Call Centers

Magellan Health operates call centers across the continental United States. To ensure consistent high quality customer services during temporary office closures or telecommunication disruptions, telephone traffic may be rerouted from any Magellan Health call center, including After Hours, to an alternate call center restoring critical customer services within a matter of minutes. Secure VPN access is provided to key employees enabling them to work from home should office facilities be unavailable or unusable due to sustained damages, isolation, quarantine, etc. In combination, these two measures also counter the impact of high absenteeism generally associated with a pandemic event.

Data Center

Magellan Health has taken steps to eliminate or reduce to a minimum, unplanned data and telecommunication systems outages using current hardware and software technologies. Unplanned downtime exposure during day-to-day operations is significantly reduced with backup power generation systems, hosted environmental and systems monitoring applications, computer system and network hardware redundancies, mirrored disk, and data replication. Some of these technologies also serve to expedite critical systems recovery following a catastrophic event.



Magellan HEALTH SERVICES.

Magellan Health Disaster Recovery Strategy

Magellan Health's primary data center is a tier 3 facility located in Maryland Heights, MO. It is constructed with true floor to ceiling walls with no exterior windows. A badge reader located at the solid wood entry door limits access to authorized employees. A sign posted at the data center entry requires employees to swipe their own ID Badge – Tailgating is prohibited. All doors are covered by digitally recorded closed circuit television cameras. Monitors are located in the data center command center and the Magellan Health security office. Data Center staff is on site 24 x 7 x 365. Visitors to the data center are required to sign in and out upon entering and leaving and must be escorted by an authorized Magellan Health employee.

The fire suppression mechanism is a KIDDE_FENWAL FM-200 Clean Agent Fire Suppression & Pre-Action Sprinkler System. Addressable/intelligent ionization and photoelectric smoke detectors are located on the ceiling and beneath the raised access floor. Seven 20-ton and two 30-ton Liebert HVAC units provide redundant capacity to cool the room.

All computer systems and related support equipment directly connected to the functional operation of the data center are supported through a 750 KVA MGE Uninterrupted Power Supply (UPS), a secondary 750 KVA Liebert Uninterrupted Power Supply (UPS) and distributed by five (5) 150 KVA Power distribution units (PDU's), one (1) 125 KVA PDU, one 300 KVA MGE PMM (Power Management module), and one (1) functional distribution cabinet (FDC). The primary UPS is supported by emergency battery backup. The battery backup is used as a backup to the primary source of emergency power via diesel generator. A 2000 KW Cummins Diesel Generator is located outside the building at ground level. The generator's fuel tank can provide 54 hours continuous standby power before refueling. The generator is tested monthly and can be refueled while in use.

Backup and Off-Site Data Storage

Iron Mountain provides secure offsite storage for recovery media and materials. Should Magellan Health declare a 'Disaster', Iron Mountain will deliver tapes for the last 15 days backups along with pre-assembled recovery materials to the designated recovery site. Iron Mountain transports encrypted backup media between their vaulting facility and the Magellan Health data center daily. The media is transported in locked bar-coded containers. Secure Synch, Iron Mountain's web based application software, is used to track off-site media inventory. Within Magellan Health, the media is tracked in a consolidated database using various system backup applications.



Magellan HEALTH SERVICES.

Magellan Health Disaster Recovery Strategy

Backups are performed daily (incremental) and weekly (full save) for all mid range platforms. Full backups are performed nightly for Intel systems. Magellan Health uses a StorageTek SL8500 tape library system with T10000k encrypted tape drives. An IBM Tape Library system is used to support the backup of production data on the iSeries Power 7. The IBM system uses LTO-5 encrypted tape drives. Tapes are stored off-site for six (6) weeks. When returned, they are placed back into the tape library for re-use. Archive tapes are stored permanently offsite. Archives are full system backups performed on the last full weekend of the month for most mid range systems or, on the last day of the month for Intel systems and the mid range iSeries production systems.

Data Center Recovery Plan Summary

Priority 2 (P2) applications must be recovered within 72 hours. Priority 3 (P3) applications are not considered mission critical and may take up to 2 weeks for recovery.



Magellan HEALTH SERVICES.

Magellan Health Disaster Recovery Strategy

Recovery Sites

In addition to the primary data center in Maryland Heights, MO, Magellan Health also has data center facilities at our Columbia, MD, Glen Allen, VA and Phoenix, AZ locations. Warm-site recovery services are also provided by Sungard Availability Services in Philadelphia, PA. The Sungard Availability Services site in Philadelphia is used for P2 and P3 application recovery. All sites, including the Sungard Availability Services Philadelphia site, are connected to the Magellan Health MPLS wide area network. In the event of a data center disaster, all applications will be recovered in priority sequence at the recovery site as shown in the table below.

Category	Application	RTO	Recovery Site
P2	Data Warehouse	72 Hrs	Philadelphia
P2	Claims Imaging	72 Hrs	Philadelphia
P2	Netbackup	72 Hrs	Philadelphia
P2	Magellan Rx Management - FirstRX, First Financial	72 Hrs	Philadelphia
P2	CAPS, IP, IPD	72 Hrs	Philadelphia
P2	Netbackup	72 Hrs	Philadelphia
P2	Citrix, FTP, SMS, MKS	72 Hrs	Philadelphia
P2	Infrastructure	72 Hrs	Philadelphia
P2	Magnet, WebChecks	72 Hrs	Philadelphia
P2	Ultipro, Data Warehouse	72 Hrs	Philadelphia
P2	JBoss	72 Hrs	Philadelphia
P2	NIA Apps – Informa, FTP, EDI, Perfect Tracker, BizTalk, FAX, RadMD, ICORE Auth	72 Hrs	Philadelphia
P2	Magellan Rx Management Apps – Remedy, FirstEnroll, FirstIQ, FirstRebate, FirstDARS, FirstPDL, SeeBeyond, WebRA, Tidal, FirstHCM	72 Hrs	Philadelphia
P3	All others	14 days or less	Philadelphia



Magellan HEALTH SERVICES.

Magellan Health Disaster Recovery Strategy

Recovery Hardware

Recovery hardware is listed in the table below.

Application Group	Number of Servers	Config – O/S	Storage (TB)	Recovery Site
Data Warehouse (P2)	8	Oracle RAC – Linux	20	Sungard - Philadelphia
Claims Imaging (P2)	1	IBM P650 – AIX	1	Sungard - Philadelphia
NetBackup (P2)	2	IBM P570 – AIX	1	Sungard - Philadelphia
MMA Apps (P2)	22	IBM pSeries – AIX	75	Sungard - Philadelphia
CAPS, IP, Provider Network (P2)	2	IBM i770 – OS400	20	Sungard - Philadelphia
NetBackup (P2)	12	ESAG - Windows/NT	1	Sungard - Philadelphia
Citrix, FTP, SMS, MKS (P2)	8	ESAG – Windows/NT	1	Sungard - Philadelphia
Infrastructure (P2)	11	ESAG– Windows/NT	1	Sungard - Philadelphia
Magnet, WebChecks (P2)	9	ESAG –Windows/NT	1	Sungard - Philadelphia
Ultipro, Data Warehouse (P2)	9	ESAG - Windows/NT	4	Sungard - Philadelphia
JBoss (P2)	7	ESAG - Windows/NT	1	Sungard - Philadelphia
NIA Apps (P2)	27	ESAG - Windows/NT	4	Sungard - Philadelphia
ICORE Auth (P2)	3	ESAG - Windows/NT	0.6	Sungard - Philadelphia

The full data center recovery plan details recovery processes for each system. The plan also includes defined recovery roles and responsibilities, systems backup and recovery procedures, off-site media storage details, detailed hardware and software configurations / specifications, and emergency & critical business contacts information.

Plan execution should be considered when a (P2) application service outage is expected to exceed 72 hours. The plan is activated at the discretion of the VP of IT Operations or his designee. Once activated, all or part of Magellan Health's data processing activities will be restored at the alternate site.



Magellan HEALTH SERVICES.

Magellan Health Disaster Recovery Strategy

Plan Rehearsal and Administration

Plan rehearsals are conducted for each platform at least annually by Magellan Health staff at the designated recovery sites.

A minimum of 40 hours test time is allocated to each P2 system. Historically, these systems have been recovered within 24 to 30 hours in rehearsal exercises. The remainder of the test time is typically allotted to user acceptance testing. (P2) Application testers connect to the backup equipment from Sungard Availability Services St. Louis Metro Center. Connectivity to the Magellan Health WAN is tested at the beginning of each rehearsal exercise. The test equipment is then isolated to protect production data during the remainder of the exercise.

Rehearsal results are summarized and reported to Senior Management within two weeks of exercise completion. The recovery teams keep detailed logs for use in updating backup and recovery procedures at the conclusion of each exercise. Recovery plans are reviewed quarterly and updated at the end of each exercise or as changes in the Magellan Health computer operations environment dictate.

Plan Administration

Plan documents are created and maintained by Magellan Health recovery team staff. The full recovery plan is distributed to all data center staff in electronic format.



Magellan HEALTH SERVICES.

Magellan Health Disaster Recovery Strategy

Recent Exercise Rehearsal History

Platform	Priority	Rehearsal Date	Time required to Restore Operations	Number of Users Testing	Number Locations
IBM iSeries (CAPS, IPD, IP)	2	10/15/2014	40 hrs	10	2
RS6000 Apollo (Claims Imaging)	2	10/15/2014	28 hrs	1	1
Intel – MHS (Netbackup and infrastructure)	2	10/15/2014	32 hrs	3	1
Intel – NIA (Informa)	2	04/09/2014	20 hrs	2	1
MMA Apps	2	06/25/2014	40 hrs	6	2



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

February 19, 2016

Ms. Pamela Bartfay Rice, Esq.
Assistant Director, Professional Contracts
DOA-Office of State Procurement
P.O. Box 94095
Baton Rouge, Louisiana 70804-9095

RE: LaGov# 2000156914
Justification for Out-of-State Contract

Dear Ms. Rice:

Please consider this letter as justification for an out-of-state contract with Magellan Medicaid Administration. This contract will assist the Department with managing the Medicaid Pharmacy Preferred Drug List and Supplemental Rebate Program. There is no in-state contractor that can provide these services, which include negotiating supplemental rebate contracts with drug manufacturers in order to bring revenue into the state.

The contractor will not be in the state for more than 30 days.

If further information is needed, please contact Germaine Becks-Moody at (225) 342-9479.

Sincerely,

A handwritten signature in cursive script that reads "Stacy J. Guidry".

Stacy J. Guidry
Medicaid Program Manager I-B



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

February 19, 2016

Ms. Pamela Bartfay Rice, Esq.
Assistant Director, Professional Contracts
DOA-Office of State Procurement
P.O. Box 94095
Baton Rouge, Louisiana 70804-9095

RE: LaGov# 2000156914
Justification for Multi-Year Contract

Dear Ms. Rice:

The Department is requesting approval to enter into a three-year contract with Magellan Medicaid Administration ("Magellan") to assist the Department with managing the Medicaid Pharmacy Preferred Drug List and Supplemental Rebate Program. Because of Magellan's expertise, it is more efficient for the department to enter into a multi-year contract with this vendor than to seek out other vendors who lack similar expertise on an annual basis. The department understands that payment for subsequent fiscal years is subject to the availability and appropriation of funds.

If further information is needed, please contact Germaine Becks-Moody at (225) 342-9479.

Sincerely,

A handwritten signature in cursive script that reads "Stacy J. Guidry".

Stacy J. Guidry
Medicaid Program Manager 1-B

Additional Provisions

Entire Agreement Clause

This contract, together with the RFP and addenda issued thereto by the Department, the proposal submitted by the Contractor in response to the Department's RFP, and any exhibits specifically incorporated herein by reference, constitute the entire agreement between the parties with respect to the subject matter

Order of Precedence Clause

In the event of any inconsistent or incompatible provisions, this signed agreement (excluding the RFP and Contractor's proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's proposal.

Office of Technology Services
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

August 23, 2018

Ms. Pamela Rice
Division of Administration
Office of State Procurement
1201 North Third Street
Baton Rouge, Louisiana 70802

RE: Contract File Number 2000161025
Justification for Amendment

Ms. Rice:

Please consider this justification for the Office of Technology Services to exercise the option to enter into a one-year contract amendment with Deloitte Consulting LLP. The term shall begin on December 1, 2018 and shall end on November 30, 2019 retaining the terms and conditions of the initial contract. The provision to exercise this option year of the contract was included in the initial competitive procurement through a Request For Proposals.

The services provided through this contract support the replacement of a legacy mainframe based Medicaid Eligibility and Enrollment system under LDH as well as an Integrated Eligibility system for the SANP and TANF programs under DCFS. Services provided include system design, software development, interface development, system testing, as well as maintenance, enhancements, and operational support of the solution. Failure to extend the contract will prevent the project from reaching completion. Without implementation of the new systems, the respective programs will fail to be in compliance with federal requirements, will be forced to continue to utilize outdated legacy systems, and will not be able to achieve the benefits of improved accuracy and efficiency for program eligibility determinations.

The means of finance include a 90% Federal finance participation rate and 10% State general fund for the Medicaid Enrollment and Eligibility system. The SNAP/TANF Integrated Eligibility system includes a 75% Federal finance participation rate and 25% state general fund.

The current contract total is \$145,155,381 and the requested increase of \$20,042,388 results in a new maximum fee of \$165,197,769.



LOUISIANA DEPARTMENT OF
AGRICULTURE AND FORESTRY

Office of Animal Health

ACT 1001
FEE REVIEW

Joint Legislative Committee on the Budget

November 16, 2018

Grading and Certification Fees

The Louisiana Department of Agriculture and Forestry (LDAF) Office of Animal Health and Food Safety (AHFS) conducts a Grading and Certification Program for meat and meat products and fish and fishery products. This program assures that products purchased by institutions and schools meet the Institutional Meat Purchasing Specifications and general requirements for Fish and Fishery Products. The Grading and Certification Program prevents a vendor from shipping a lower valued product than what the purchase order calls for, resulting in substantial savings for both state institutions and participating school systems. This Program is funded through a \$.04/pound fee paid by participating vendors for the certification of their product. This fee is established in LAC Title 7, Part 5, Chapter 5, Section 513 - Agriculture and Animals.

Last Fee Revision: June 2005

LDAF Fees: Paid by the participating vendor, \$0.04 per pound of meat or meat products, poultry and poultry products and seafood graded, examined, or certified

Grading and Certification Fee	FY 16	FY 17	FY 18	FY 19
Number of Pounds of Meat, Poultry, and Seafood Inspected	308,430	201,454	129,670	378,125
LDAF Cost Per Pound Inspected	\$0.16	\$0.17	\$0.23	\$0.11
Fee Charged Per Pound Inspected	\$0.04	\$0.04	\$0.04	\$0.04
Balance Not Covered By Fee	\$0.12	\$0.13	\$0.19	\$0.07

Financial Analysis:

	FY 16	FY 17	FY 18	FY 19
Fees/Self Gen Revenues	\$12,337	\$8,058	\$5,187	\$15,125
Expenditures	\$50,758	\$34,492	\$30,485	\$40,650
Percentage of Revenues to Expenditures	24%	23%	17%	37%

Other Means of Finance:

	FY 16	FY 17	FY 18	FY 19
State General Fund	\$6,340	\$5,998	\$11,342	\$0
Federal Funds	\$32,081	\$20,435	\$13,957	\$25,525

Louisiana Revised Statutes Title 9, Chapter 21 – Standards For Procurement of Meat, Poultry, and Seafood Products

§2101. Food service facilities; use of certified meat, poultry, and seafood products

A. All state agencies, state institutions, or local school districts operating food service facilities for students, or for patients or inmates in their custody, shall utilize only those meat, poultry, and seafood products that have met all Louisiana Department of Agriculture and Forestry requirements for grading and certification service.

B. No contract shall be entered into by any state agency, state institution, or local school district for the operation of any facility that includes a food service facility, unless the contract contains provisions requiring that any meat, poultry, or seafood utilized in such facility has met all Louisiana Department of Agriculture and Forestry requirements for grading and certification service.

Acts 1997, No. 749, §1.

Louisiana Administrative Code Title 7, Part 5, Chapter 5

§513. Contractor's Obligation

A. Contractors furnishing products under these regulations must furnish such assistance as may be necessary to expedite the grading, examination, and acceptance of products.

B. Contractors desiring grading/certification services must notify the Department of Agriculture and Forestry at least 24 hours in advance of need. Contractors who fail to give at least 24 hours notice in advance of need will be subject to a penalty of \$50, regardless of the time required for the service or the fee assessed on a poundage basis.

C. The costs of all grading, examination, acceptance, and certification of meat and meat products, poultry and poultry products, and seafood shall be paid by the contractor at the rate of \$0.04 per pound of meat or meat products, poultry and poultry products and seafood graded, examined, or certified, which amount shall be due and payable to the Department of Agriculture and Forestry upon presentation of statement(s) for services rendered.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405 and R.S. 3:412.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 7:262 (May 1981), amended by the Department of Agriculture and Forestry, State Market Commission, LR 31:1227 (June 2005).

RS 3:841**§841. Levy of assessment; collection; costs**

A. An assessment of two cents per case is hereby levied on all eggs and egg products produced in Louisiana or produced elsewhere and distributed in Louisiana. The commissioner, by regulation, may establish the assessment on all eggs or egg products not sold by the case in an amount equal to the per case assessment.

B. Louisiana egg producers shall pay this assessment at the point of first sale in Louisiana. The assessment due on eggs or egg products produced elsewhere but distributed in Louisiana shall be paid at the point of first receipt of the eggs or egg products in Louisiana.

C. The person purchasing the eggs or egg products at the first point of sale or receiving the eggs or egg products at the first point of receipt in Louisiana shall be responsible for collecting the assessment and remitting payment to the department on or before the fifteenth day of each month for collections made during the previous month. The assessment shall be remitted to the department along with such forms and information as the commissioner may require.

D. Any person who fails to pay any assessment due under the provisions of this Part within fifteen days after the payment is due shall be liable not only for the assessment but also for a late fee equal to twenty percent of the amount of the unpaid assessments. Any person cast in judgment for any unpaid assessment or late fee shall pay all costs connected with the bringing of the civil action, including reasonable attorney fees incurred by or on behalf of the commission, plus legal interest from date of judicial demand.

Added by Acts 1968, No. 441, §1. Amended by Acts 1970, No. 495, §4; Acts 2003, No. 523, §1, eff. June 20, 2003; Acts 2009, No. 24, §8F, eff. June 12, 2009.

RS 39:2101**CHAPTER 21. STANDARDS FOR PROCUREMENT OF MEAT, POULTRY, AND SEAFOOD PRODUCTS****§2101. Food service facilities; use of certified meat, poultry, and seafood products**

A. All state agencies, state institutions, or local school districts operating food service facilities for students, or for patients or inmates in their custody, shall utilize only those meat, poultry, and seafood products that have met all Louisiana Department of Agriculture and Forestry requirements for grading and certification service.

B. No contract shall be entered into by any state agency, state institution, or local school district for the operation of any facility that includes a food service facility, unless the contract contains provisions requiring that any meat, poultry, or seafood utilized in such facility has met all Louisiana Department of Agriculture and Forestry requirements for grading and certification service.

Acts 1997, No. 749, §1.

Federal/State Meat Inspection Program

The Louisiana Department of Agriculture and Forestry (LDAF) Office of Animal Health and Food Safety (AHFS) operates the Federal/State Meat Inspection Program. This program is a cooperative program between the USDA's Food Safety and Inspection Service and the LDAF. Its mission is to ensure that consumers receive only safe, wholesome, unadulterated and properly labeled meat and poultry products.

The Louisiana Legislature passed the Meat and Poultry Inspection Law in 1968. The intent of this legislation was to provide meat and poultry products inspection programs that will impose and enforce requirements with respect to intrastate operations and commerce that are at least equal to those imposed and enforced under the Federal Meat Inspection Act and the Federal Poultry Products Inspection Act with respect to operations and transactions in interstate commerce. In order to enter into these cooperative endeavors with the USDA, and therefore be eligible to receive federal funding for 50% of the programs costs, a state's program must impose requirements at least equal to these federal acts.

The program is responsible for inspecting all livestock harvested and processed in Louisiana facilities; inspecting meat processing facilities for compliance with federal and state requirements; operating an accredited laboratory that analyzes meat and poultry products for economic and microbiological adulteration; and reviewing and approving the labels of meat and meat products to assure that accurate product information is supplied to the consumer. On an annual basis, this program regulates the production of over \$100 million of meat and poultry products sold in intrastate commerce. In FY 2018, LDAF-regulated establishments harvested 18,000 head of livestock and processed 22.5 million pounds of value added meat and poultry products. During the same time period, program personnel oversaw the condemnation of 160,000 pounds of adulterated meat and poultry products.

The program is responsible for inspecting 100% of the livestock harvested and processed in the State. It provides continuous inspection to 48 commercial slaughter and processing facilities, as well as periodic inspection of 25 custom slaughter and processing plants. Inspected slaughter establishments, inspected processors, custom slaughterers, custom processors, and warehouses distributing meat and poultry products must be permitted by the LDAF.

LDAF performs inspection services for slaughter and processing plants/facilities, without charge, up to a 40 hour workweek Monday through Friday. The expenses for this service are shared equally between the state and federal governments (50% each). However, the cost of inspection services requested by the plants/facilities that occur on weekends, holidays, or exceed 40 hours a week Monday through Friday are paid by the plants/facilities directly to the LDAF. The fees for this work are established in LAC Title 7, Part 33, Chapter 1, Sections 125, and represent the self-generated revenue received by the program.

Last Fee Revision: January 2005

LDAF Fees: Paid by the participating vendor. Overtime and holiday fees for slaughter and processing plant inspections are based on an hourly rate with a two hour minimum; \$25/hour for time over 8 hours/day Monday through Friday, \$30/hour for Saturdays and Sundays, \$35/hour for legal and declared holidays.

Meat Inspection Overtime Fee	FY 16	FY 17	FY 18	FY 19
Number of Hours of Overtime Worked	785	627.35	679	697
LDAF Cost Per Unit of Service	\$29.40	\$27.70	\$29.56	\$28.94
Fee Charged Per Service (average based on median rate)	\$30	\$30	\$30	\$30
Balance Not Covered By Fee	\$0.60	\$2.30	\$0.44	\$1.06

Financial Analysis:

	FY 16	FY 17	FY 18	FY 19
Fees/Self Gen Revenues	\$17,918	\$17,006	\$13,829	\$20,068
Expenditures	\$2,711,325	\$2,740,033	\$2,870,778	\$2,861,200
Ratio of Revenues to Expenditures	0.66%	0.62%	0.48%	0.70%

Other Means of Finance:

	FY 16	FY 17	FY 18	FY 19
State General Fund	\$1,376,762	\$1,375,697	\$1,442,365	\$1,420,566
Federal Funds	\$1,376,762	\$1,375,697	\$1,442,365	\$1,420,566

Comparison of Fee to Other States:

State	Overtime Rate
Texas	\$29.50 / hour
Mississippi	\$28 / hour
Georgia	\$28 / hour

Note: The overtime rate these states charge does not vary among regular overtime Monday through Friday, weekends, and holidays.

Louisiana Administrative Code Title 7, Part 33, Chapter 1, Sections 125

§125. Overtime and Holiday Inspection Service

A. The Department of Agriculture and Forestry shall perform inspection services for official establishments, without charge, up to a 40 hours workweek Monday through Friday.

B. The department shall charge to and be reimbursed by official establishments an hourly overtime rate per department employee providing overtime inspection services to the official establishment. The overtime periods and rate per period are as follows:

1. \$25 per hour for inspection services provided for more than 40 hours in any workweek Monday through Friday;
2. \$30 per hour for inspection services provided on a Saturday or Sunday that is not otherwise a legal holiday established by R.S. 1:55;
3. \$35 per hour for inspection services provided on days of public rest and legal holidays, other than Saturdays and Sundays, observed by the departments of the state in accordance with R.S. 1:55;
4. overtime inspection services shall be billed at a minimum of two hours at the appropriate rate. Time spent providing inspection services in excess of two hours shall be billed in increments of quarter hours, with the time being rounded up to the next quarter hour.

C. Bills are payable upon receipt and become delinquent 30 days from the date of the bill. Overtime inspections will not be performed for official establishments having a delinquent account.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:4232.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, LR 11:247 (March 1985), amended by the Department of Agriculture and Forestry, Office of the Commissioner, LR 31:1055 (May 2005), LR 32:1015 (June 2006).



Louisiana Department of Agriculture and Forestry MEAT INSPECTION DIVISION



MIKE STRAIN DVM, COMMISSIONER

AREA OFFICES

Headquarters
5825 Florida Boulevard
Ste. 4003
Baton Rouge, LA 70806
225-922-1358

Area 1 and 2
1638 Crestwell Lane
Opelousas, LA 70570
337-788-7529

Area 3
47076 N. Morrison Blvd.
Hammond, LA 70401
985-543-4026

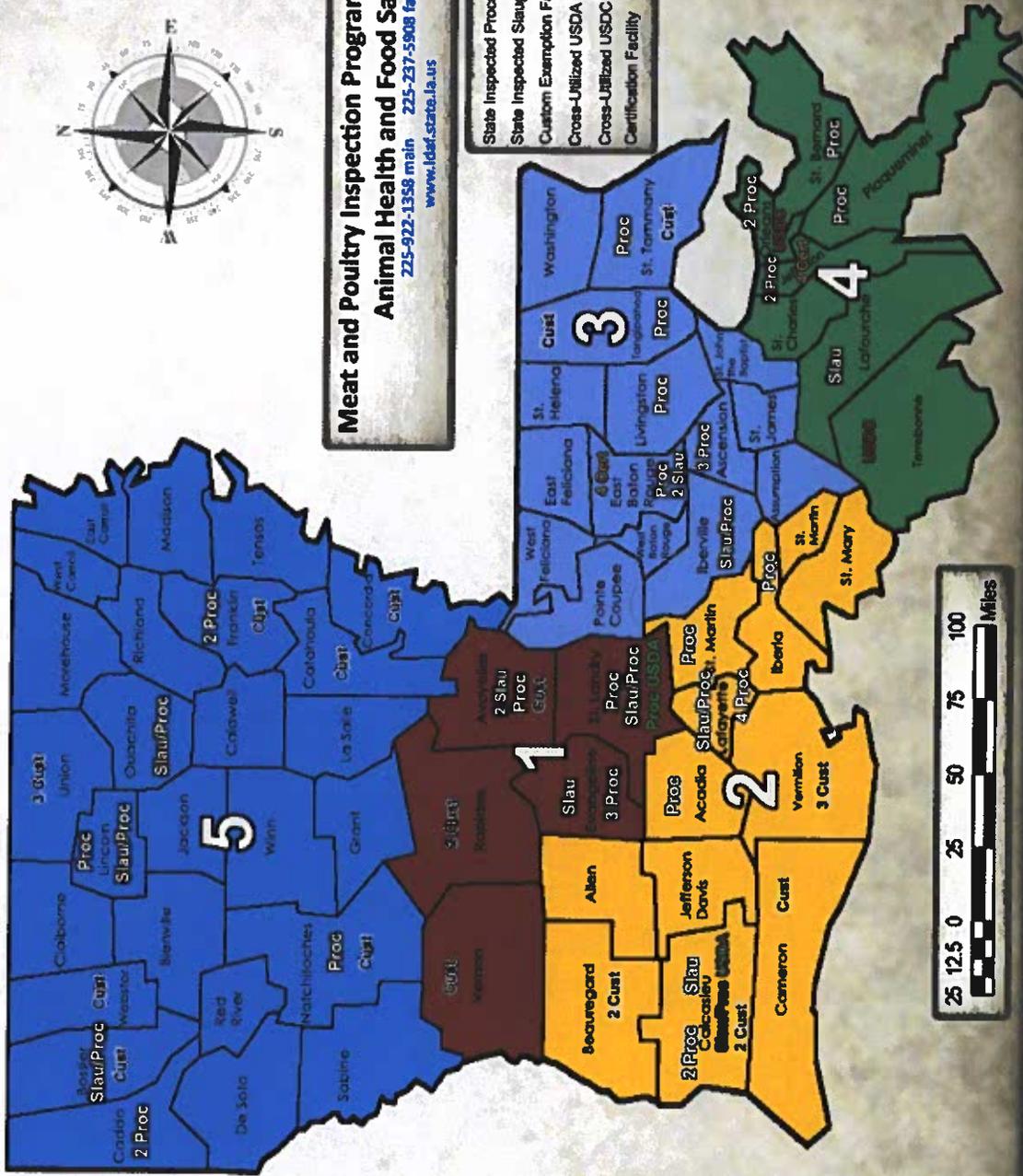
Area 4
1100 Robert E. Lee Blvd.
Room 1034
New Orleans, LA
504-286-1125

Area 5
740 Covington Road
Haughton, LA 71037
318-949-3225



Meat and Poultry Inspection Program Area Offices
Animal Health and Food Safety
225-922-1358 main 225-237-5908 fax
www.ladaf.state.la.us

State Inspected Processing Facility	Proc
State Inspected Slaughter Facility	Slau
Custom Exemption Facility	Cust
Cross-Utilized USDA Facility	USDA
Cross-Utilized USDC Facility	USDC
Certification Facility	Cert





United States Department of Agriculture

Food Safety and
Inspection Service

1400 Independence
Avenue, SW,
Washington, D.C.
20250

Honorable Michael Strain, DVM
Commissioner
Louisiana Department of
Agriculture and Forestry
P.O. Box 631
Baton Rouge, Louisiana 70821-0631

Dear Dr. Strain:

The Office of Field Operations of USDA's Food Safety and Inspection Service desires to renew Cooperative Agreement No. 12-37-A-320, covering cooperation on meat and poultry products inspection (Cross Utilization) for the period October 1, 2018, through September 30, 2019.

Participants receiving Federal financial assistance are required to certify annually that they are (1) providing a drug-free workplace for their employees; (2) not presently debarred or suspended by any Federal department or agency; (3) meeting the requirements regarding lobbying activities; and (4) complying with Federal civil rights requirements. The certification forms are enclosed for your renewal. Sign and return the original and one copy of this letter, along with one signed copy of each certification document to the following address:

Fed Ex or UPS address:

USDA, FSIS, OFO
1400 Independence Ave. SW
Room 3168-S
Washington, DC 20250

One signed copy of this renewal and each certification should be retained for your files.

M. Watts

9/18/2018

MICHAEL WATTS
EXECUTIVE ASSOCIATE OF REGULATORY OPERATIONS
OFFICE OF FIELD OPERATIONS

DATE

CONCURRENCE:

SIGNATURE



DATE 09/26/2018

TITLE Commissioner of Agriculture and Forestry

PRINT OR TYPE NAME Mike Strain, DVM

Enclosures

cc:

V. Fayne, Director, CAD, OIEA
R. Eckel, Chief, FSAB, OIEA
B. Fong, Chief, FASMB, FMD, OCFO, OA

Clearance

M. Garner, Director, FMD, OCFO

Initial



Date

9/27/18

**U.S. DEPARTMENT OF AGRICULTURE
FOOD SAFETY AND INSPECTION SERVICE**

**NOTICE TO APPLICANTS
Civil Rights Assurances Statement**

During the performance under this agreement, the Cooperator and/or State Agency agrees to:

Comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112), Age Discrimination Act of 1975 (P.L. 94-135), Title IX of the Education Amendments of 1972 (20 U.S.C. Section 1681), and all requirements imposed by the regulations of the Department of Agriculture (7 CFR Part 15), Department of Justice (28 CFR Parts 42 and 50) and FSIS directives or regulations issued pursuant to that Act, as amended, and the regulations, to the effect that, no person in the United States shall, on the ground of race, color, national origin, age, sex, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the State agency received Federal assistance from the Department; and hereby gives assurance that it will immediately take any measures necessary to effectuate this agreement.

This agreement permits authorized USDA personnel to review such records, books, and accounts as needed during normal working hours to ascertain compliance.

This assurance is given in consideration of and for the purpose of obtaining any and all allotments of Federal funds or other assistance extended after the date hereof to the recipient by the United States Department of Agriculture for the meat and poultry inspection program. This assurance is binding on the Cooperator and/or State Agency, its successors, transferees, and assignees. It is intended that the United States Department of Agriculture may rely on this assurance in providing such assistance, and that the United States shall have the right to seek its judicial enforcement.

Louisiana Department of Agriculture and Forestry

Organization Name

12-37-A-320

PR/Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry

Name(s) and Title(s) of Authorized Representative(s)



Signature(s)

09/26/2018

Date

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other
Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Louisiana Department of Agriculture and Forestry

12-37-A-320

Organization Name

PR/Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry

Name(s) and Title(s) of Authorized Representative(s)

Signature(s)

09/28/2018

Date

Instructions for Certification

1. By signing and submitting this form, the prospective primary participant is providing the certification set out on the reverse side in accordance with these instructions.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out on this form. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this form that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative 1 - for Grantees other than Individuals

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 *et. seq.*), 7 CFR Part 3017, Subpart F, Section 3017.600, Purpose. The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON PAGE 3)

Alternative 1

- A. The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about --
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
 - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted --
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

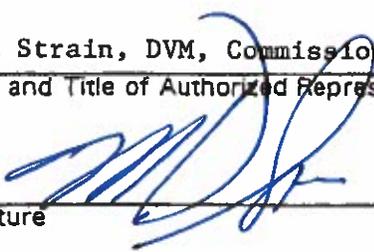
Place of Performance (Street address, city, county, State, zip code)

Statewide

Check if there are workplaces on file that are not identified here.

Louisiana Department of Agriculture and Forestry 12-37-A-320
 Organization Name Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry
 Name and Title of Authorized Representative

 09/28/2018
 Signature Date

U.S. DEPARTMENT OF AGRICULTURE

NOTICE TO APPLICANTS Certification/Disclosure Requirements Related to Lobbying

Section 319 of Public Law 101-121 (31 U.S.C.), signed into law on October 23, 1989, imposes new prohibitions and requirements for disclosure and certification related to lobbying on recipients of Federal contracts, grants, cooperative agreements, and loans. Certain provisions of the law also apply to Federal commitments for loan guarantees and insurances; however, it provides exemptions for Indian tribes and tribal organizations.

Effective December 23, 1989, current and prospective recipients (and their subtier contractors and/or subgrantees) will be prohibited from using Federal funds, other than profits from a Federal contract, for lobbying Congress or any Federal agency in connection with the award of a particular contract, grant, cooperative agreement or loan. In addition, for each award action in excess of \$100,000 (or \$150,000 for loans) on or after December 23, 1989, the law requires recipients and their subtier contractors and/or subgrantees to: (1) certify that they have neither used nor will use any appropriated funds for payment to lobbyists, (2) disclose the name, address, payment details, and purpose of any agreements with lobbyists whom recipients or their subtier contractors or subgrantees will pay with profits or nonappropriated funds on or after December 23, 1989; and (3) file quarterly updates about the use of lobbyists if material changes occur in their use. The law establishes civil penalties for noncompliance.

If you are a current recipient of funding or have an application, proposal or bid pending as of December 23, 1989, the law will have the following immediate consequences for you:

- You are prohibited from using appropriated funds (other than profits from Federal contracts) on or after December 23, 1989, for lobbying Congress or any Federal agency in connection with a particular contract, grant, cooperative agreement, or loan;
- you are required to execute the attached certification at the time of submission of an application or before any action in excess of \$100,000 is awarded; and
- you will be required to complete the lobbying disclosure form if the disclosure requirements apply to you.

Regulations implementing Section 319 of Public Law 101-121 have been published as an Interim Final Rule by the Office of Management and Budget as Part III of the February 26, 1990 Federal Register (pages 6736-6746).

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Lobbying - Contracts, Grants,
Loans and Cooperative Agreements

The undersigned certifies to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

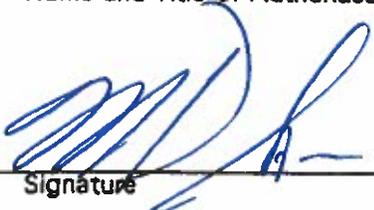
(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Louisiana Department of Agriculture and Forestry
Organization Name

12-37-A-320
Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry
Name and Title of Authorized Representative


Signature

09/26/2018
Date

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input checked="" type="checkbox"/> C a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: <input checked="" type="checkbox"/> B a. bid/offer/application b. initial award c. post award	3. Report Type: <input checked="" type="checkbox"/> A a. initial filing b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: LA Dept of Agriculture & Forestry Meat & Poultry Inspection Program 5825 Florida Boulevard, Suite 4003 Baton Rouge LA 70806 Congressional District, if known: _____		5. If Reporting in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, if known: _____
6. Federal Department/Agency: U.S. Department of Agriculture Food Safety and Inspection Service	7. Federal Program Name/Description: F/S Cooperative Agreement for Meat & Poultry Inspection CFDA Number, if applicable: _____	
8. Federal Action Number, if known: 12-37-A-320	9. Award Amount, if known: \$ _____	
10. a. Name and Address of Lobbying Entity (if individual, last name, first name, MI) N/A	b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): N/A	
<i>attach Continuation Sheet(s) SF-LLL-A, if necessary</i>		
11. Amount of Paycheck (check all that apply): \$ _____ <input type="checkbox"/> actual <input type="checkbox"/> planned	13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. contingent fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other, specify: _____	
12. Form of Payment (check all that apply): <input type="checkbox"/> a. cash <input type="checkbox"/> b. in-kind; specify: nature _____ value _____		
14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: _____ _____ _____		
<i>attach Continuation Sheet(s) SF-LLL-A, if necessary</i>		
15. Continuation Sheet(s) SF-LLL-A attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
16. Information requested through this form is authorized by Title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____ Print Name: <u>Mike Strain, DVM</u> Title: <u>Commissioner</u> Telephone No. <u>225-922-1358</u> Date: <u>09/26/2018</u>	
Federal Use Only		Authorized for Local Reproduction Standard Form - LLL

Instructions for Completion of SF-LLL, Disclosure of Lobbying Activities

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to Title 31 U.S.C., Section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of Federal covered action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the Federal covered action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants, and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include the Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10(a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data resources, gathering and maintaining data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, D.C. 20503.

DISCLOSURE OF LOBBYING ACTIVITIES
CONTINUATION SHEET

Reporting Entity: _____

Page _____ of _____

CONFIDENTIAL

Authorized for Local Reproduction
Standard Form - LL - A



United States Department of Agriculture

Food Safety and
Inspection Service

1400 Independence
Avenue, SW,
Washington, D.C.
20250

Honorable Michael Strain, DVM
Commissioner
Louisiana Department of
Agriculture and Forestry
P.O. Box 631
Baton Rouge, Louisiana 70821-0631

Dear Dr. Strain:

The Office of Field Operations of USDA's Food Safety and Inspection Service desires to renew Cooperative Agreement No. 12-37-A-322, covering Federal-State cooperation on meat and poultry inspection (Federal Meat Inspection Act and Poultry Products Inspection Act) for the period October 1, 2018, through September 30, 2019.

Participants receiving Federal financial assistance are required to certify annually that they are (1) providing a drug-free workplace for their employees; (2) not presently debarred or suspended by any Federal department or agency; (3) meeting the requirements regarding lobbying activities; and (4) complying with Federal civil rights requirements. The certification forms are enclosed for your renewal. Sign and return the original and one copy of this letter, along with one signed copy of each certification document to the following address:

Fed Ex or UPS address:

USDA, FSIS, OFO
1400 Independence Ave. SW
Room 3168-S
Washington, DC 20250

One signed copy of this renewal and each certification should be retained for your files.

M Watts

9/18/2018

MICHAEL WATTS
EXECUTIVE ASSOCIATE OF REGULATORY OPERATIONS
OFFICE OF FIELD OPERATIONS

DATE

CONCURRENCE:

SIGNATURE



DATE 09/26/2018

TITLE Commissioner of Agriculture and Forestry

PRINT OR TYPE NAME Mike Strain, DVM

Enclosures

cc:

V. Fayne, Director, CAD, OIEA

R. Eckel, Chief, FSAB, OIEA

B. Fong, Chief, FASMB, FMD, OCFO, OA

Clearance

M. Garner, Director, FMD, OCFO

Initial



Date

9/17/18

**U.S. DEPARTMENT OF AGRICULTURE
FOOD SAFETY AND INSPECTION SERVICE**

**NOTICE TO APPLICANTS
Civil Rights Assurances Statement**

During the performance under this agreement, the Cooperator and/or State Agency agrees to:

Comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112), Age Discrimination Act of 1975 (P.L. 94-135), Title IX of the Education Amendments of 1972 (20 U.S.C. Section 1681), and all requirements imposed by the regulations of the Department of Agriculture (7 CFR Part 15), Department of Justice (28 CFR Parts 42 and 50) and FSIS directives or regulations issued pursuant to that Act, as amended, and the regulations, to the effect that, no person in the United States shall, on the ground of race, color, national origin, age, sex, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the State agency received Federal assistance from the Department; and hereby gives assurance that it will immediately take any measures necessary to effectuate this agreement.

This agreement permits authorized USDA personnel to review such records, books, and accounts as needed during normal working hours to ascertain compliance.

This assurance is given in consideration of and for the purpose of obtaining any and all allotments of Federal funds or other assistance extended after the date hereof to the recipient by the United States Department of Agriculture for the meat and poultry inspection program. This assurance is binding on the Cooperator and/or State Agency, its successors, transferees, and assignees. It is intended that the United States Department of Agriculture may rely on this assurance in providing such assistance, and that the United States shall have the right to seek its judicial enforcement.

Louisiana Department of Agriculture and Forestry

12-37-A-322

Organization Name

PR/Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry

Name(s) and Title(s) of Authorized Representative(s)

Signature(s)

9/26/2018

Date

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other
Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Louisiana Department of Agriculture and Forestry 12-37-A-322
Organization Name PR/Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry
Name(s) and Title(s) of Authorized Representative(s)

Signature(s)

9/26/2018

Date

Instructions for Certification

1. By signing and submitting this form, the prospective primary participant is providing the certification set out on the reverse side in accordance with these instructions.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out on this form. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this form that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative 1 - for Grantees other than Individuals

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 *et. seq.*), 7 CFR Part 3017, Subpart F, Section 3017.600, Purpose. The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON PAGE 3)

Alternative I

- A. The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about --
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
 - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted --
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, State, zip code)

Statewide

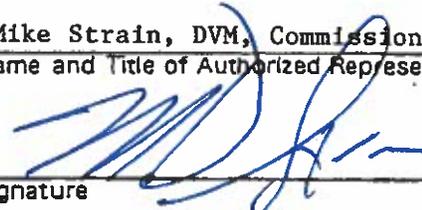
Check if there are workplaces on file that are not identified here.

Louisiana Department of Agriculture and Forestry
 Organization Name

12-37-A-322
 Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry
 Name and Title of Authorized Representative

Signature



9/26/2018
 Date

U.S. DEPARTMENT OF AGRICULTURE

NOTICE TO APPLICANTS Certification/Disclosure Requirements Related to Lobbying

Section 319 of Public Law 101-121 (31 U.S.C.), signed into law on October 23, 1989, imposes new prohibitions and requirements for disclosure and certification related to lobbying on recipients of Federal contracts, grants, cooperative agreements, and loans. Certain provisions of the law also apply to Federal commitments for loan guarantees and insurances; however, it provides exemptions for Indian tribes and tribal organizations.

Effective December 23, 1989, current and prospective recipients (and their subtier contractors and/or subgrantees) will be prohibited from using Federal funds, other than profits from a Federal contract, for lobbying Congress or any Federal agency in connection with the award of a particular contract, grant, cooperative agreement or loan. In addition, for each award action in excess of \$100,000 (or \$150,000 for loans) on or after December 23, 1989, the law requires recipients and their subtier contractors and/or subgrantees to: (1) certify that they have neither used nor will use any appropriated funds for payment to lobbyists, (2) disclose the name, address, payment details, and purpose of any agreements with lobbyists whom recipients or their subtier contractors or subgrantees will pay with profits or nonappropriated funds on or after December 23, 1989; and (3) file quarterly updates about the use of lobbyists if material changes occur in their use. The law establishes civil penalties for noncompliance.

If you are a current recipient of funding or have an application, proposal or bid pending as of December 23, 1989, the law will have the following immediate consequences for you:

- You are prohibited from using appropriated funds (other than profits from Federal contracts) on or after December 23, 1989, for lobbying Congress or any Federal agency in connection with a particular contract, grant, cooperative agreement, or loan;
- you are required to execute the attached certification at the time of submission of an application or before any action in excess of \$100,000 is awarded; and
- you will be required to complete the lobbying disclosure form if the disclosure requirements apply to you.

Regulations implementing Section 319 of Public Law 101-121 have been published as an Interim Final Rule by the Office of Management and Budget as Part III of the February 26, 1990 Federal Register (pages 6736-6746).

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Lobbying - Contracts, Grants,
Loans and Cooperative Agreements

The undersigned certifies to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Louisiana Department of Agriculture and Forestry
Organization Name

12-37-A-322
Award Number or Project Name

Mike Strain, DVM, Commissioner of Agriculture and Forestry
Name and Title of Authorized Representative

Signature

9/26/2018
Date

Instructions for Completion of SF-LLL, Disclosure of Lobbying Activities

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to Title 31 U.S.C., Section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of Federal covered action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the Federal covered action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants, and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include the Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10(a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data resources, gathering and maintaining data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, D.C. 20503.

DISCLOSURE OF LOBBYING ACTIVITIES
CONTINUATION SHEET

Reporting Entity: _____ Page _____ of _____

EXF854981(1-1-01) Authorized for Local Reproduction
Standard Form - LLL - A

Louisiana Register

VOLUME 31

NUMBER 1

JANUARY 20, 2005

Emergency
Meat & Poultry
Inspection
Operation & Holiday
Inspection Service
7: XXX111

KATHLEEN BABINEAUX BLANCO
GOVERNOR

JERRY LUKE LEBLANC
COMMISSIONER
OF ADMINISTRATION



Emergency Rules

DECLARATION OF EMERGENCY

Department of Agriculture and Forestry Office of Animal Health Services

Meat and Poultry Inspection (LAC 7:XXXIII.133)

In accordance with the Administrative Procedure Act R.S. 49:953 and R.S. 3:4232, the Commissioner of Agriculture and Forestry, is exercising the emergency provisions of the Administrative Procedure Act in implementing the following rules and regulations governing fees assessed for the Meat and Poultry Inspection Program.

For the last two years, the Meat and Poultry Inspection Program budget has ended in a deficit. The department has used other funds to make up for each years deficit. The department cannot continue to find funds from other areas to make up this continuing deficit.

Louisiana is experiencing an unprecedented shortfall in state finances. The Legislature has cut the department's budget; therefore, using other department funds to cover the deficit of the Meat and Poultry Inspection Program is not a continuing option.

The department, however, cannot discontinue the Meat and Poultry Inspection Program because the program imposes and enforces requirements with respect to intrastate operations and come that are at least equal to those imposed and enforced under the Federal Meat Inspection Act. Discontinuing the Meat and Poultry Inspection Program will endanger the health and safety of Louisiana citizens because intrastate operations and commerce would not be subject to rigorous inspections.

The department must adopt an emergency rules increasing fees to insure that the program will have adequate funding for the remaining fiscal year and beyond. Permanent adoption of Rule changes will take place according to the Administrative Procedure Act.

This Rule becomes effective upon signature, December 29, 2004, and will remain in effect 120 days or until the Rule becomes permanent through the normal Administrative Procedure Act process.

This Rule is enabled by R.S. 3:4222 and R.S. 3:4232.

Title 7

AGRICULTURE and ANIMALS

Part XXXIII. Meat and Poultry Inspections

Chapter 1. Meat and Poultry Inspection Program

§133. Overtime and Holiday Inspection Service

A. Official establishments shall be provided inspection service, without charge, up to a 40 hours workweek Monday through Friday.

B. Official establishments shall pay the Department of Agriculture \$25.00 per hour per department employee to reimburse the department for the cost of the inspection service furnished for more than 40 hours in any workweek Monday through Friday.

1. A premium overtime rate of \$30.00 per hour shall be assessed for any departmental employee working Saturday and Sunday.

2. A holiday overtime rate of \$35.00 per hour shall be assessed for any departmental employee working statutory holidays as defined in §133.C.

C. Overtime holidays for state employees shall be the statutorily named holidays in R.S. 1:55.

D. Each recipient of overtime or holiday inspection service shall be billed at the rate established in §133.B, in increments of quarter hours. For billing purposes, 15 or more minutes shall be considered a full half hour. Billings will be for each half hour service rendered by each department employee.

E. Establishments requesting and receiving the services of a department employee after he has completed his day's assignment and left the premises, or called back to duty during any overtime or holiday period, shall be billed for a minimum of two hours overtime or holiday inspection service at the established rate.

F. Bills are payable upon receipt and become delinquent 30 days from the date of the bill. Overtime or holiday inspection will not be performed for anyone having a delinquent account.

AUTHORITY NOTE: Promulgated in accordance with R.S. 40:2300.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, LR 11:247 (March 1985), amended LR 31:

Bob Odom
Commissioner

0412#008

DECLARATION OF EMERGENCY

Department of Agriculture and Forestry State Market Commission

Meat Grading and Certification** Contractor's Obligation (LAC 7:V 513)

In accordance with the Administrative Procedure Act R.S. 49:953 and R.S. 3:405 and R.S. 3:412, the Commissioner of Agriculture and Forestry, is exercising the emergency provisions of the Administrative Procedure Act in implementing the following rules and regulations governing fees assessed for grading and certification of meat and poultry.

For the last two years, the State Market Commission's budget has ended in a deficit. The department has used other funds to make up for each years deficit. The department cannot continue to find funds from other areas to make up this continuing deficit.

Louisiana is experiencing an unprecedented shortfall in state finances. The Legislature has cut the department's budget; therefore, using other department funds to cover the deficit of grading and certification of meat and poultry is not a continuing option.

Food Quality Services

The Louisiana Department of Agriculture and Forestry (LDAF) Office of Animal Health and Food Safety (AHFS) Fruits and Vegetables Inspection Program provides a comprehensive inspection and certification program to ensure the grade, quality and condition of fresh fruits, vegetables, and nuts at shipping points and receiving markets in the state meet federal and state standards. The objective of the program is to safeguard and protect the food chain, public health and general welfare of Louisiana citizenry through preventative measures ensuring fruits and vegetables are properly handled, packaged and labeled.

In January 2002, USDA Agricultural Marketing Service formally implemented the USDA Good Agricultural Practices & Good Handling Practices (GAP&GHP) audit verification program. This program for the fruit and vegetable industry is to verify an operation's efforts to minimize the risk of contamination of fresh fruits, vegetables, and nuts by microbial pathogens. The program does not guarantee the product is free from microbial contamination, but verifies the producer has taken proactive measures to reduce the risk of contamination by adhering to generally recognized industry best practices. The responsibility for product safety and the continued observance of best practices rests with the operation producing and handling the fresh product. In today's business environment many major retailers and buyers of fresh fruits, vegetables and nuts require that the producers they purchase from have GAP&GHP verification.

Last year LDAF conducted 701 inspections and certifications covering 209,392 packages, 7,555,809 pounds of produce and 24 GAP/GHP audits.

Last Fee Revision: October 1, 2018; Federal/State Cooperative Agreement No. 19-SCIDX-LA-0021

LDAF Fees: The fruit and vegetable inspection fees are established through a Cooperative Agreement with the Agricultural Marketing Service (AMS) and USDA. The fees vary by type of inspection and amount of product being inspected and are stated within the Cooperative Agreement.

NAME OF FEE	FY 16	FY 17	FY 18	FY 19
Number of Inspections	739	738	701	700
LDAF Avg. Cost Per Inspection	\$435.49	\$638.55	\$546.60	\$546.60
Average Fee Charged Per Inspection	\$141.86	\$146.34	\$142.94	\$142.94
Balance Not Covered By Fee	\$293.63	\$492.21	\$403.66	\$403.66

Financial Analysis

	FY 16	FY 17	FY 18	FY 19
Fees/Self Gen Revenues	\$104,833	\$107,996	\$100,201	\$160,000
Expenditures	\$347,733	\$548,033	\$464,269	\$297,843
Ration of Revenues to Expenditures	30%	20%	22%	54%

Other Means of Finance

	FY 16	FY 17	FY 18	FY 19
State General Fund	\$242,899	\$440,038	\$364,068	\$137,843
Federal Funds	\$0	\$0	\$0	\$0

Statutory Citation: Revised Statute 3:901

**PART IV. STATE GRADE OF FARM PRODUCTS AND
MISLABELING OF FRUITS AND VEGETABLES**

§901. State grades of farm products

The official minimum state grades of all farm products, fruits, and vegetables presented for sale or for shipment, intrastate or interstate, shall be the grades recommended by the Agricultural Marketing Service of the United States Department of Agriculture and recognized in the central market of the nation as government grades.

Acts 1978, No. 242, §1; Acts 2009, No. 24, §8A, eff. June 12, 2009.



**Agricultural
Marketing
Service**

**Specialty
Crops
Program**

**Specialty Crops
Inspection
Division**

**1400 Independence Avenue, SW.
Room 1536-S, STOP 0240
Washington, DC 20250-0240**

Mr. Michael Strain, DVM
Commissioner of Agriculture and Forestry
Louisiana Department of Agriculture and Forestry
5825 Florida Blvd. Suite 2000
Baton Rouge, LA. 70806

Dear Mr. Strain,

The Agricultural Marketing Service (AMS) is pleased to transmit to you a revised cooperative agreement between AMS and the Louisiana Department of Agriculture and Forestry related to the Federal-State inspection of specialty crops and other products, auditing and other services.

The enclosed cooperative agreement was revised to standardize language in our cooperative agreements. It defines the requirements for supervision of fruit and vegetable food safety audits, and an assessment process. The revision does not change any fees or assessment values but does allow for future changes in fees and for the collection of fees for export certificates if they are established. It also is more specific regarding how fees for imported products should be charged. Finally, auditing fees incurred by the state shall be billed by the state at the current federal rate and expenses incurred by the federal agency will be billed by the federal agency. Previous assessment and administrative fee for those services has been removed from the agreement.

Please review the enclosed cooperative agreement. If you are satisfied with the agreement's content, please sign and return the agreement to us by email or private carrier.

To: Nate Tickner (nate.tickner@ams.usda.gov)
USDA, AMS, Specialty Crops Program, SCI Division
Room 0741 South Building Stop 0240
1400 Independence Avenue SW
Washington, DC 20250-0240

Upon receipt the USDA/ AMS administrator will endorse the agreement, the signed copy will be returned to you for your records. We would like to have this agreement in place by October 1, 2018 or as soon as possible.

If you have any questions, please call Nate Tickner, Chief of the Federal-State Inspection Management Branch, at 202-720-0477 or Anthony Souza, Assistant Chief of the Federal-State Inspection Management Branch, at 209-477-0123.

We look forward to continuing our productive working relationship with the Louisiana Department of Agriculture

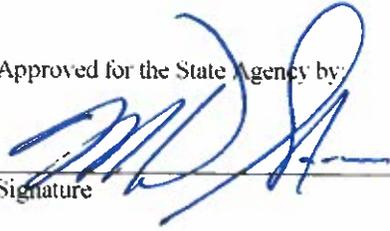
Sincerely,

Nathaniel W. Taylor
Acting Director, Specialty Crops Inspection Division
AMS Fruit and Vegetable Program

Enclosure

COOPERATIVE AGREEMENT
 between the
 AGRICULTURAL MARKETING SERVICE
 UNITED STATES DEPARTMENT OF AGRICULTURE
 WASHINGTON, DC
 (the Federal Agency)
 and the
 LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
 BATON ROUGE, LOUISIANA
 (the State Agency)

1. TITLE OF AGREEMENT: Federal-State Inspection, Grading, Auditing, and Certification of Specialty Crops and Related Products performed by the Federal-State Inspection Service.
2. OBJECTIVE: To make inspection and auditing services for specialty crops and related products authorized by Congress widely available.
3. STATEMENT OF WORK: This Cooperative Agreement will be carried out by the Federal and State agencies in accordance with the attached Statement of Work, Form AMS 20-2. All grading services; audit services; inspections of specialty crops, including raw products for processing; and other programs that use Federal Agency standards and/or program materials performed by Federally licensed State Agency employees are subject to the requirements of this Agreement.
4. LEGAL AUTHORITY: Agricultural Marketing Act of 1946 as amended (7 USC 1621 *et seq.*); Section 713 of Title VII (General Provisions) of Division A of Public Law 108-7, and applicable statutes of the State of Louisiana.
5. REVISION: This Agreement supersedes Cooperative Agreement NO. 12-25-A-4814, effective October 1, 2007, between the Louisiana Department of Agriculture and Forestry and the Agricultural Marketing Service.
6. EFFECTIVE DATE: October 1, 2018
7. APPROVAL OF AGREEMENT: The signatories below certify they have authority to enter into this Cooperative Agreement.

Approved for the State Agency by: 

 Signature

Commissioner of Agriculture & Forestry
 Title

in Baton Rouge, LA on 9/25/2018
 (City and State) (Date)

Approved for the Federal Agency by:

 Signature

Administrator
 Agricultural Marketing Service

in Washington, DC, on _____
 (date)

STATEMENT OF WORK – COOPERATIVE AGREEMENT NO. 18-SCIDX-LA-0021

This STATEMENT OF WORK is part of the Cooperative Agreement between the Agricultural Marketing Service, United States Department of Agriculture, and the Louisiana Department of Agriculture and Forestry effective October 1, 2018, and having the title of Cooperative Agreement No. 18-SCIDX-LA-0021.

I. PARTIES DESIGNATED TO PERFORM FUNCTIONS UNDER THIS AGREEMENT

- A. Federal Agency - Federal Program Managers and other Federal personnel employed by the Specialty Crops Inspection Division (SCI), Specialty Crops Program, Agricultural Marketing Service.
- B. State Agency - State Program Manager, State supervisors, and federally licensed inspectors and auditors employed or assigned to the work (e.g., contractors) by the State Agency. These are not Federal employees and are not entitled to Federal benefits.

II. RESPONSIBILITIES

A. The Federal Agency will:

1. Advise the State Agency of applicable laws, regulations, and policies. The Federal Agency is exclusively responsible for interpreting U.S. and international grades, standards, and related operational requirements.
2. Establish fees for market inspections, inspections of imported product, and audits; establish fees for travel expenses incurred in providing these services.
3. Supervise the State Agency's licensees in market inspection, auditing, and the State Agency's preparation of Federal certificates, field notes, and reports.
4. Determine the adequacy of the State Agency's training related to the performance of Federal-State duties in accordance with 7 CFR Part 51 and Part 52 and Federal instructions.
5. Provide the State Agency with a federally approved business software application at full cost recovery. Otherwise, evaluate and, if appropriate, approve the use of State or private software that meets Federal requirements.
6. Establish requirements for the transmission and sharing of inspection data, including electronic transmission of information from State or private software that meets Federal requirements.
7. Define qualifications and procedures for evaluating and licensing all inspectors and auditors in accordance with 7 CFR Part 51 Subpart-Regulations and Part 52, and Federal instructions.
8. Issue Federal licenses to all inspectors and auditors the Federal agency determines are qualified and needed to perform inspection or audit services.
9. Suspend or revoke the license of any State Agency licensee when the Federal Agency decides this action is necessary per 7 CFR Part 51 Subpart-Regulations.
10. Provide the State Agency a written statement explaining the revocation of its inspector's or auditor's Federal license.
11. Ensure the State Agency's shipping point program operates in accordance with the SCI Branch Internal Quality Management Systems (BIQMS) Quality System Service Standards (QSSS) operational and control requirements. Conduct documented reviews to ensure all guidelines are followed and verify the State Agency implements effective actions to correct problems and deficiencies.

12. Review the State's program(s) at least once each year, at its own expense, to ensure State Agency personnel are properly performing their duties under this Agreement. Additional reviews or other actions necessary to address continuing issues will be at the State's expense.
13. Arrange third-party fiscal audits of the State Agency in accordance with the USDA Office of Inspector General's "Audits of Federal-State Inspection and Grading Programs for Fresh Fruits and Vegetables" or other requirements, as determined by the Federal Agency. The Federal Agency will give the State Agency and others with a financial interest copies of the fiscal audits upon request. The Federal Agency will pay the salary of independent auditors contracted to perform this work.
14. Deposit payments (fees) received from the State Agency for inspection and audit services performed under this Agreement into the U.S. Treasury's Federal Trust Fund to cover the authorized costs of a national inspection and audit service for specialty crops and other products.
15. Bill audit service customers directly at the prevailing Federal hourly rate for the Federal Agency's time in reviewing and certifying audits.
16. Pay the State Agency moneys owed within 60 days of the end of each month by electronic transfer (fees may be assessed on electronic transfers by the financial institution) or by check drawn to the order of and mailed to an address designated by the State Agency. Payments of net amounts totaling less than \$100 due may be deferred until the end of the next month.
17. Establish and advise the State Agency in writing of Federal oversight fees on a program-by-program basis for Federal-Agency approved alternative inspection programs (e.g., the Partners-In-Quality Program), and new services or programs as they are developed.

B. The State Agency will:

1. Adhere to all applicable Federal laws, regulations, instructions, and policies in carrying out grading, inspection, auditing, certification, and related activities under this Agreement, including Federal conflict-of-interest policies. The State Agency may issue supplemental instructions consistent with Federal regulations to comply with State law or administrative policies. The State Agency must provide the Federal Agency copies of any supplemental instructions.
2. Engage State Agency personnel, other parties, or both to conduct services under this Agreement in accordance with USDA's Uniform Federal Assistance Regulations. The State Agency is fully accountable for all responsibilities assigned to it under this Agreement, whether the work is performed by the State Agency or by other parties. If the other party conducting services is a non-profit organization or an institution of higher education, the State Agency must audit that other party once a year. No member of Congress or resident commissioner may take part in this Agreement or realize any benefit from it, unless via a corporation for its general benefit.
3. Provide technical supervision of its Federal licensees under procedures approved by the Federal Agency.
4. Ensure its federally licensed personnel meet all Federal Agency training requirements. To the extent permissible by State law, the State Agency will furnish the Federal Agency a written notice when dismissing any licensee whose dismissal was not recommended, or whose license was not withdrawn, by the Federal Agency.
5. Implement a quality management system in accordance with the Federal Agency's Branch Internal Quality Management Systems (BIQMS) Quality System Service Standards (QSSS) for its shipping point program.
6. Buy inspection equipment at the request of the Federal Agency. This equipment may be transferred on a reimbursable basis to other States that conduct similar inspection programs.

7. Provide inspection and/or auditing services within the State, and/or in other States upon mutual agreement of the Federal and State agencies and the cooperator in the other State, at the request of a financially interested party.
 - a. Shipping Point Inspections: States will issue Federal or Federal-State certificates for shipping point inspections, which are inspections performed by a qualified licensee on commodities produced within the state before they enter into commerce.
 - b. Receiving Market Inspections: States will provide market inspections, which are inspections performed on commodities produced within the state that have entered into commerce or were imported and/or exported into or from another state or foreign country. All offices that perform more than 10 receiving market inspections annually must use a federally approved business software application.
 - c. Audits: States will provide audit services on covered commodities produced within the state by qualified staff who are trained and licensed by the Federal Agency.
8. Establish and collect fees for shipping point inspections and inspections of raw products for processing. All fees for market inspections must match the fees published in the Federal Register for similar work, unless the Federal Agency authorizes higher fees when necessary to cover the State Agency's costs or allow for an orderly termination or transfer of operations. If the State does not establish fees sufficient to maintain a reserve balance, the State will provide adequate funds from other available sources to provide for program termination.
9. Report work to the Federal Agency and collect fees for services under this Agreement. Reporting includes, as appropriate:
 - a. Fresh Product Inspections: Form SC-345, *Terminal Market Inspection*, and/or Form SC-346, *Federal-State [Shipping Point] Inspection* Processed Product Inspections: A summary of processed fruits or vegetables sampled or inspected.
 - b. Audits: Form SC-214, *Inspection or Audit Services Rendered to Specialty Crops Inspection Division*, and the *Audit Services Billing Worksheet*
 - c. All Services: Annual Cooperator Report on all activities under this Agreement, including fees collected, and the cost of the work conducted, and whether they were paid from fees or State appropriations.
 - d. Maintain a complete accounting of all receipts from work performed and disbursements made under this Agreement using an approved SC-218, *Monthly Financial Report of Federal-State Inspection*.
10. Provide the Federal Agency with proposed changes to the State Agency's approved software, including, but not limited to: updates, modification, improvement, or any other change in new or existing software used to provide services under this agreement. Further, State Agency will make no change to software used to provide services under this agreement—including Federal software, approved State software, or approved private software—without the written approval of the Federal Agency to change the software.
11. Collect fees for inspection and audit services, including travel expenses at the current Federal rate, travel expenses may be at a higher rate if needed to cover the cost of travel expenses. Pay all travel and per diem costs of required training and reimburse the Federal Agency for tuition costs.
12. Pay salaries and benefits of the State Agency's personnel employed or assigned to work under this Agreement, and other allowable expenses (including overhead) as permitted by USDA's Uniform Federal Assistance Regulations (7 CFR Part 3015) and Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.
13. Reimburse the Federal Agency for the cost of printing and distributing guidance and other documents, including certificate forms, and inspection equipment furnished by the Federal Agency.
14. Reimburse the Federal agency for the direct cost of travel and incidental expenses for independent auditors contracted by the Federal or State agency to conduct fiscal reviews of the State Agency's program.

15. In addition to other payments specified in this Agreement, pay the Federal Agency the following fees:
- (a) An annual minimum fee of \$5,400.00 (payable monthly in amounts of \$450.00) for basic participation in the Federal-State Audit Verification Program and Federal-State Shipping Point Inspection Program, including inspection of raw products for processing, provided under this agreement in addition to;
 - (b) 7.7 % (percent) of all fees collected for Federal-State, shipping point inspection work and inspection of raw products for processing.
 - (c) 15% (percent) of all fees collected for terminal market work performed by Federal licensees at Federal-State markets,
 - (d) 95% (percent) of all fees collected for terminal market work performed by Federal employees at Federal-State markets,
 - (e) An administrative fee established by the Federal Agency for any new services provided to recover the development, oversight, and administration costs of the service until such time as they are otherwise classified.

Except that fees to recover the actual expense of additional costs other than normal overhead expenses (e.g., travel reimbursements and postage for mailing samples) and the premium portion of fees collected for work during overtime or holiday periods are not subject to this assessment. In addition, whenever fees are collected by either party to recover travel expenses, the party incurring these expenses will be reimbursed 100 percent of these expenses, regardless of which party collected the fees. Such payments will be made by electronic transfer, or by check or money order drawn to the order of and mailed to the Agricultural Marketing Service in Washington, DC, within 60 days of the end of each month.

16. Pay the Federal Agency all moneys due within 60 days following the end of each month. This includes actual additional costs other than normal overhead expenses (e.g., travel reimbursements and postage for mailing samples). The portion of fees collected for work during overtime, weekends, or holiday periods are not subject to this assessment. If either party incurs travel expenses, the fees collected, whether by the State or Federal agency, will be used to reimburse the party that incurred the cost for 100 percent of the expenses. Payments of net amounts totaling less than \$100 due may be deferred until the end of the next month. Late payments will incur a 6 percent penalty fee and a recurring 15 percent monthly interest charge. Payments may be made electronically or sent to: USDA SCI Division Service Center, Attention: Federal/State Accounts, 100 Riverside Parkway, Suite 101, Fredericksburg, Virginia 22406. Checks should be payable to USDA/AMS Federal-State Account. The State Agency may not order materials or supplies from the Federal Agency Equipment and Supply Depot while there is an unpaid balance.
17. Deposit all fees, expenses, and penalties collected for services provided under this Agreement, including service-related consulting and training, and all other activities or services performed under Federal Agency oversight, and the interest earned from the investment of such collections, into a fund approved by both the Federal and State agencies. If annual user fee revenue exceeds annual program costs so that reserve funds are accumulated, any unexpended balance must remain available in the fund without fiscal year limitation and be used only for conducting work under this Agreement.
18. Keep a separate accounting of expenditures and provide the Federal Agency a final Form SF-269, *Financial Status Report*, submitted no later than 90 days after the end of the agreement. Retain official records for the retention period required by the Federal Agency, and provide the Federal Agency with reports, paper or electronic inspection certificates, and data upon request and in accordance with 7 CFR 51.21.

C. It is mutually agreed:

1. The Federal Agency will investigate suspected or alleged wrongdoing by State Agency employees that affects the technical integrity of work performed under this Agreement. The State Agency will investigate suspected or alleged wrongdoing by State Agency employees that affects all other aspects of the work performed under this Agreement. Each party agrees to immediately notify the other of identified suspected or alleged wrongdoing, to cooperate with the other party in investigations, and, to notify the other of the results of such investigations, including actions taken against licensees.
2. Each party will be responsible and assume liability for their respective decisions made under this Agreement and any actions taken pursuant to those decisions. Neither party will be responsible or assume liability for decisions made by the other party under this Agreement.

D. Termination of Agreement:

1. This agreement will continue in force, subject to the availability of funds in the Federal Trust Fund and the continuation of the necessary legal authority, until it is terminated by mutual written consent or by either party with 60 days written notice to the other party. Agreement will be reviewed every 5 years.
2. If this Agreement is terminated:
 - a. User fees deposited to the credit of the Federal Trust Fund will continue to be available for disbursement as provided for in this Agreement, and any remaining unobligated balance and assets purchased from that fund will be available for use in any inspection and grading program of the Federal Agency.
 - b. The Federal Agency will transfer all user fees collected under this Agreement, except an amount necessary to settle outstanding obligations, to any succeeding entity with which the Federal Agency establishes a cooperative agreement to provide services in the State as outlined in this Agreement. If the Federal Agency does not enter in an agreement with a succeeding entity, and the Federal Agency or another Federal entity provides services in the State, all funds and property will immediately revert to the Federal Agency for these activities. If no Federal inspection is provided in the State within 1 year of the termination of this Agreement, all remaining funds, accrued interest, and/or property will revert to the State Agency for prompt pro-rated distribution to persons who received inspection service from the State Agency within 3 years prior to the termination of this Agreement. All other assets (including supplies) acquired with Federal-State user fees will be disposed of in accordance with USDA's Uniform Federal Assistance Regulations.
 - c. The State Agency is responsible for covering accrued liabilities and shutdown expenses from a trust fund or other State funds.

D. Guidance Documents and Resources

Guidance documents and resources for carrying out the duties and responsibilities of this Cooperative Agreement are located at: <https://www.ams.usda.gov/services/sci/fresh-products>.

Equal Employment Opportunity and Civil Rights

No person in the United States shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in programs or activities funded in whole or in part by the United States Department of Agriculture based on race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department in support of the Department's policy, equal employment opportunity and civil rights for all employees and customers are an essential part of all programs administered by AMS. State agencies are strongly encouraged to develop and support an equal employment opportunity and civil rights program in carrying out the partnership created with this cooperative agreement. (Not all prohibited bases will apply to all programs and/or employment activities.)

http://www.usda.gov/wps/portal/usda/usdahome?navid=NON_DISCRIMINATION



United States Department of Agriculture

Agricultural Marketing Service, Specialty Crops Program, Specialty Crops Inspection Division

PATCH # 036

DOCUMENT: General Market Manual October 2017

REMARKS: The following guidance is being issued to further set Specialty Crops Inspection Division (SCI) policy regarding Terminal Market Inspection (TMI) fees. The increment for charging Premium Time (Overtime) and Premium Time (Federal Holiday) has been changed to ¼ hour increments. Please review the following guidance and APPENDIX II – SCHEDULE OF USER FEES for the updated information and fees. The following guidance will be included in a General Market Manual revision.

Determining Lot Quantities

When fees are calculated on a lot basis, use Appendix IV "Table of Carlot Equivalents" to determine whether the quantity of product requested for inspection represents "over half a lot" or "equal to or less than half a lot." For container sizes not listed in the table, determine the number of packages in a full lot by dividing the weight per trailer load by the weight of the package. Divide this result by two to determine the number of packages in a half lot. Product unloaded directly from the same over the road, land or air transportation shall not be charged more than a carlot fee for a single lot of the same product when it is determined that it exceeds a carlot equivalent.

Lot Quantities of 50 Packages or Less

Quality and condition and condition only inspections for lots of 50 Packages or less will be charged the same rate as Quality and Condition or Condition Only Inspections for Additional Lots of the Same Product as listed in Appendix II-Schedule of User Fees.

Bulk Bins

For product in bulk bins, determine the number of packages by dividing the net weight of the product in the bulk bin by the net weight of the package most typically used for that product. Then multiply that figure times the number of bulk bins to determine if the lot is "over half a lot" or "equal to or less than half a lot."

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

Weight, Freezing, Count, Size, or Temperature Inspections

Fees for weight, freezing, count, size, or temperature inspections are charged as follows:

- Weight only - Hourly Based Inspection Services rate with a 2-hour minimum;
- Weight in combination with quality and/or condition - lot fee plus one Hourly Based Inspection Services hour;
- Freezing, count, size, or temperature only - Hourly Based Inspection Services rate with ½ hour minimum;
- Freezing in combination with quality and/or condition - lot fee;
- Count or size with condition only - quality and condition lot fee.

All inspections that are restricted to an individual factor(s), other than condition only, must be billed on a lot basis based on the type of factor(s) being inspected, e.g. quality and/or condition.

Dockside Inspections

Dockside inspections of an individual product unloaded directly from the same ship will be charged according to the package weight dependent on if the packages weigh less than 30 pounds or if they weigh 30 pounds or more. Minimum charge per individual product will be at the Minimum Charge per Individual Product for Dockside Inspection rate. A minimum charge for each additional lot of the same product will be at the Dockside Inspections for Additional Lots of the Same Product rate.

When performing inspections of products in sea containers unloaded directly from sea transportation, or when palletized products unloaded directly from sea transportation are not offered for inspection at dockside, lot fees apply. However, when palletized products are offered for inspection at dockside but the inspection service and the applicant, for reasons of efficiency or to facilitate the inspection process, agree to inspect the product(s) at another location, the package fee for dockside inspections will apply.

Contract Inspections

Terminal Market inspections (including those performed under Section 8e for imports) performed on a contract basis must be charged at the Hourly Based Inspection Services rate. Contract basis consists of a written and approved service agreement between SCI or a Federal-State Inspection Program and an applicant. Under a contract basis inspection services are provided on a commitment basis where an on-duty inspector is provided for a predetermined time period, normally forty hours per work week. For additional inspectors requested to provide additional inspection work at a contract site, the normal lot rate must be charged.

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

Inspection for Products under Canadian Import Requirements

When an SC-205 is requested for product on which an unrestricted inspection has been previously performed that proved the product met Canadian Import Requirements, and that certificate is still valid as per established time frames, a subsequent inspection is not required and the fee for issuing the SC-205 must be charged on an Hourly Based Inspection Services basis with a ½ hour minimum. In these instances the original certificate is referenced on the SC-205. For lots not previously inspected or where the timeframe for the certificate has expired, detailed notesheets are required and fees must be based on the lot equivalency rate for Quality and Condition. This same policy applies to the issuance of export forms of apples and table grapes.

All Other Types of Inspections Performed

For all other types of inspections (i.e., product certification for Department of Defense contractors, State institutions, and tree nut inspections; etc.), the fees must be based on the time spent on-site performing the inspection and must be charged on an Hourly Based Inspection Services basis with a ½ hour minimum for work performed during the grader's regularly scheduled work week.

Premium Time (Overtime)

Lot or Packaged Based Inspections

In addition to the lot or package based inspection service fee, charge the Premium Time (Overtime) for Lot or Packaged Inspection Based rate as listed in Appendix II-Schedule of User Fees, when this service type is performed outside the employee's normal tour of duty hours. This rate is ½ the Hourly Based Inspection Services rate, rounded up to the nearest whole dollar. Charge in ¼ hour increments, rounded up to the nearest ¼ hour.

Hourly Based Inspections

In addition to the hourly based inspection service fee (i.e. under an hourly contract, net weight, temperature only, etc.), charge the Premium Time (Overtime) Hourly Inspection Based rate as listed in Appendix II-Schedule of User Fees, when this service type is performed outside the employee's normal tour of duty hours. Charge in ¼ hour increments, rounded up to the nearest ¼ hour.

Premium Time (Federal Holiday)

Lot or Packaged Based Inspections

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

In addition to the lot or package based inspection service fee, charge the Premium Time (Holiday) for Lot or Packaged Inspection Based rate as listed in Appendix II-Schedule of User Fees, when this service type is performed by a Federal employee during normal tour of duty hours on a Federal Holiday. Charge the regular overtime rate for hours before or after the normal tour of duty hours. This rate is ½ the Hourly Based Inspection Services rate, rounded to the nearest whole dollar. Charge in ¼ hour increments, rounded up to the nearest ¼ hour.

Hourly Based Inspections

A. Within Normal Tour of Duty

In addition to the hourly based inspection service fee (i.e. under an hourly contract, net weight, temperature only, etc.), charge the Premium Time (Holiday) Hourly Inspection Based Within Normal Tour of Duty rate as listed in Appendix II-Schedule of User Fees, when this service type is performed by a Federal employee on a Federal Holiday within the employee's normal tour of duty hours. Charge in ¼ hour increments, rounded up to the nearest ¼ hour.

B. Outside Normal Tour of Duty

In addition to the hourly based inspection service fee (i.e. under an hourly contract, net weight, temperature only, etc.), charge the Premium Time (Holiday) Hourly Inspection Based Outside Normal Tour of Duty rate as listed in Appendix II-Schedule of User Fees, when this service type is performed by a Federal employee on a Federal Holiday outside of the employee's normal tour of duty hours. Charge in ¼ hour increments, rounded up to the nearest ¼ hour.

Request for Additional Certificate Copies

Requests for additional certificate copies of an occasional nature are provided free as part of good customer service and in promotion of our services. However, when requests involve a significant number of certificates, occur frequently, or involve considerable administrative resources the time spent completing the request must be charged on an Hourly Based Inspection Services basis with a ½ hour minimum.

Waiting Time Charges

A charge for waiting time must be made at the Hourly Based Inspection Services rate (rounded to the nearest ½ hour) in addition to the lot, package, or hourly fees when an inspection is delayed because the product is not available or not readily accessible. When waiting time is charged state under "Remarks" on the certificate that the fee includes a charge for waiting time.

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

Travel charges

A charge for travel expenses must be applied in addition to the lot, package, or hourly fees in accordance with approved Division guidance. These fees may include; airfare, mileage, tolls, parking fees and travel time. If multiple services for the same applicant are performed during the same service visit, travel charges must be divided equally among all certificates. Guidance for charging applicants for travel-related expenses by Federal and Federal/State terminal market inspection offices, and the procedures to be used in calculating travel charges for typical non-contract service situations can be found within the Terminal Market Travel Charge Policy.

Mixed Loads

When multiple products are inspected and:

- A continuation certificate is needed for products from the same shipper:
 - The fee is determined on each individual product;
 - For hand written certificates: the total fee for all products must be shown on the first certificate only, and draw a line in the fee block on each continued certificate and make a statement in the Remarks section such as "Fees charged on Certificate No. 999999."
 - For FEIRS certificates total fee is shown on the first lot only with "See Page 1" in the fee block on each continued lot on the certificate.

- The applicant requests separate certificates for each shipper and/or product:
 - Separate certificates must be issued for each lot as requested by the applicant;
 - The fee must be determined and reported on each certificate according to the quantity of product or time spent on each certificate.

Lots in Excess of a Full Lot (i.e., Railcars or Break Bulk unloaded from a ship)

When lots are in excess of the standard lot equivalent the following rule should apply:

- Charge only full lot fee until the quantity reaches ¼ more than the standard lot equivalent. For each additional complete ¼ lot, charge an additional ¼ lot fee.
- This rule does not apply for lots loaded or unloaded from a single over the road conveyance when the quantity is in excess of the standard lot equivalency, (e.g. 50 foot trailer).

Charges for Restricted Inspections

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

Restricted inspections are charged on the basis of the quantity certified, regardless of the restriction. When the inspection is specifically requested on a single brand or grade, the charges must be based on the quantity inspected. For example: the trailer contains both Brand X and Brand Y; however, the applicant requested only Brand Y to be inspected. The fee is based on the quantity of brand Y only. The notesheet and certificate must show a remark such as; "Restricted to above noted lot only, trailer contains other product not covered by this inspection."

Appeal Inspections

Fees for appeal inspections must be charged as normal except as follows:

- When appeal inspection results reverse the original inspection results, and the same applicant was already charged for the original inspection, no inspection fee will be charged; only applicable travel expenses and/or overtime must be assessed.
- On market inspections that reverse shipping point inspections, the receiver must be charged as normal.

Responsibility for Payment of Fees

The applicant is responsible for payment of all fees and expenses incurred in providing the requested inspection service. Financially interested parties other than the applicant must not be billed by the inspection service. If another financially interested party requests an inspection they must be listed as the applicant before the inspection will be made.

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

APPENDIX II – SCHEDULE OF USER FEES

Fresh Fruit and Vegetable Fees

When performing inspections of product unloaded directly from land or air transportation, the charges shall be determined on the following basis	Rate	Start Date
Quality and Condition Inspections for Over Half Lot	\$191.00 per lot ¹	10/1/17
Quality and Condition for Half Lot or Less and Condition Only for Over Half Lot	\$159.00 per lot	10/1/17
Condition Only for Half Lot or Less	\$146.00 per lot ¹	10/1/17
Quality and Condition or Condition Only Inspections for Additional Lots of the Same Product	\$87.00 per lot ¹	10/1/17
Quality and Condition and Condition Only for Lots of 50 Packages or Less	\$87.00 per lot ¹	10/1/17
Dockside Inspections – Each package weighing < 30 lbs.	\$0.044 per pkg. ¹	10/1/17
Dockside Inspections – Each package weighing 30 lbs. or more	\$0.068 per pkg. ¹	10/1/17
Minimum Charge per Individual Product for Dockside Inspection	\$174.00 per lot ¹	10/1/17
Dockside Inspections for Additional Lots of the Same Product	\$79.00 per lot ¹	10/1/17
Hourly based inspection services	\$85.00 per hour ¹	10/1/17
Hourly based audit services	\$108.00 per hour ²	10/1/17
Premium Time (Overtime) Lot or Packaged Inspection Based	\$43.00 per hour	10/1/17
Premium time (Overtime) Hourly Inspection Based	\$27.00 per hour	10/1/16
Premium time (Holiday) Lot or Packed Based	\$43.00 per hour	10/1/17
Premium time (Holiday) Hourly Based Within Normal Tour of Duty	\$63.00 per hour	10/1/16
Premium time (Holiday) Hourly Based Outside Normal Tour of Duty	\$43.00 per hour	10/1/17
Rate for Billable Mileage	\$1.96 per mile	08/01/18

¹ Additional travel costs will apply where applicable.

² Only airfare and travel costs outside of the United States will be added to the fee, if applicable.

This PATCH represents official guidance. This PATCH is scheduled to be incorporated into the document listed above. After incorporation into the document listed above this PATCH will become obsolete. USDA is an equal opportunity provider, employer, and lender.

RS 3:901

**PART IV. STATE GRADE OF FARM PRODUCTS AND
MISLABELING OF FRUITS AND VEGETABLES**

§901. State grades of farm products

The official minimum state grades of all farm products, fruits, and vegetables presented for sale or for shipment, intrastate or interstate, shall be the grades recommended by the Agricultural Marketing Service of the United States Department of Agriculture and recognized in the central market of the nation as government grades.

Acts 1978, No. 242, §1; Acts 2009, No. 24, §8A, eff. June 12, 2009.

address of plant where produced. If packaged by the store, package must show store name.

F. All master containers in which dressed R.T.C. poultry, either loose or in smaller containers or individual wrappers, must also be labeled to show grade if any, part name, or whole bird statement, name and address of plant or dealer, and U.S.D.A. Legend (if from out-of-state).

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, June 1954, amended LR 19:1125 (September 1993).

§945. Penalties

A. Any person, corporation or other organization violating the provisions of the Chapter may be fined not less than \$25 or more than \$500, as provided by Louisiana Revised Statutes of 1950, Title 3, Section 3:413.

B. Product mislabeled shall have a stop sale placed on it until it is properly labeled, as determined by an employee of the state Poultry and Egg Division.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405 and R.S. 3:413.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, June 1954, amended by the Department of Agriculture and Forestry, LR 19:1125 (September 1993).

§949. Authority to Enter Premises

A. Employees or agents of the Department of Agriculture and Forestry are authorized to enter any store, vehicle, market, restaurant, state institution, school, nursing home, or any other business or place where eggs or poultry are bought, stored, sold, offered for sale or processed, or served as food to the public, and to make such inspections as needed of eggs to determine if the grades of such eggs conform to grades as labeled on the exterior of the container. If such inspection determines that the eggs in the container do not conform to the grade as labeled on the exterior of the container, the Department of Agriculture and Forestry employees or agents are authorized to examine the invoices and such other records needed to determine the cause and place of the violation of the regulation of this Chapter. The said agents or employees shall have the power to stop sale, and impound for evidence, any containers of eggs offered for sale which are in conflict with any provisions of this Act. The party having possession of the eggs has the right to ask for an appeal grading.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19:1125 (September 1993).

Chapter 11. Market Commission—Fruits and Vegetables
Subchapter A. Fruits and Vegetables

§1101. General Authority of Market Commission

A. The State Market Commission (hereinafter referred to as commission) shall be responsible for enforcing the provisions of these regulations.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1103. Establishment of Official State Grades for Fresh Fruits, Vegetables, Nuts and Other Special Products

A. Standards established in *United States Standards for Fresh Fruits, Vegetables, Nuts and Other Special Products* which were promulgated by the U.S. Department of Agriculture in accordance with 7 U.S.C. 1622 and 1624 shall apply to all Louisiana state grades for fresh fruits, vegetables, nuts, and other special products.

B. All inspections which shall be performed shall be in accordance with *Market Inspection Instruction, Combined Market and Shipping Point Inspection Instructions*, and *Shipping Point Inspection Instructions* which were promulgated by the U.S. Department of Agriculture in accordance with 7 U.S.C. 1622 and 1624.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405 and R.S. 3:410.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1105. Certification of Fresh Fruits, Vegetables, Nuts and Other Special Products

A. The examination, acceptance, and certification of fresh fruits, vegetables, nuts, and other special products shall be in accordance with U.S. Department of Agriculture, Agricultural Marketing Service, Fruit and Vegetable Division grading and inspection requirements.

B. Each container shall be legibly labeled, stamped, or written on the side or end showing the name and address of the grower or the name and address of the packing house or company or contract number, showing the U.S. grade, inspection stamp or tag, and name of produce in container. In the instance of sacks, a tag shall be securely attached to the outside, giving the above information.

C. Required Certificates

1. For inspection of fruits and vegetables entering state institutions, federal Form FVQ 459 and state Form AI 1583 will be required.

2. For shipping point inspections of fruits and vegetables, federal Form FVQ 184 will be required.

3. For terminal market inspections of fruits and vegetables by collaborators, Form FVQ 303 will be required.

address of plant where produced. If packaged by the store, package must show store name.

F. All master containers in which dressed R.T.C. poultry, either loose or in smaller containers or individual wrappers, must also be labeled to show grade if any, part name, or whole bird statement, name and address of plant or dealer, and U.S.D.A. Legend (if from out-of-state).

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, June 1954, amended LR 19:1125 (September 1993).

§945. Penalties

A. Any person, corporation or other organization violating the provisions of the Chapter may be fined not less than \$25 or more than \$500, as provided by Louisiana Revised Statutes of 1950, Title 3, Section 3:413.

B. Product mislabeled shall have a stop sale placed on it until it is properly labeled, as determined by an employee of the state Poultry and Egg Division.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405 and R.S. 3:413.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, June 1954, amended by the Department of Agriculture and Forestry, LR 19:1125 (September 1993).

§949. Authority to Enter Premises

A. Employees or agents of the Department of Agriculture and Forestry are authorized to enter any store, vehicle, market, restaurant, state institution, school, nursing home, or any other business or place where eggs or poultry are bought, stored, sold, offered for sale or processed, or served as food to the public, and to make such inspections as needed of eggs to determine if the grades of such eggs conform to grades as labeled on the exterior of the container. If such inspection determines that the eggs in the container do not conform to the grade as labeled on the exterior of the container, the Department of Agriculture and Forestry employees or agents are authorized to examine the invoices and such other records needed to determine the cause and place of the violation of the regulation of this Chapter. The said agents or employees shall have the power to stop sale, and impound for evidence, any containers of eggs offered for sale which are in conflict with any provisions of this Act. The party having possession of the eggs has the right to ask for an appeal grading.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19:1125 (September 1993).

**Chapter 11. Market
Commission—Fruits and Vegetables
Subchapter A. Fruits and Vegetables**

§1101. General Authority of Market Commission

A. The State Market Commission (hereinafter referred to as commission) shall be responsible for enforcing the provisions of these regulations.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1103. Establishment of Official State Grades for Fresh Fruits, Vegetables, Nuts and Other Special Products

A. Standards established in *United States Standards for Fresh Fruits, Vegetables, Nuts and Other Special Products* which were promulgated by the U.S. Department of Agriculture in accordance with 7 U.S.C. 1622 and 1624 shall apply to all Louisiana state grades for fresh fruits, vegetables, nuts, and other special products.

B. All inspections which shall be performed shall be in accordance with *Market Inspection Instruction, Combined Market and Shipping Point Inspection Instructions, and Shipping Point Inspection Instructions* which were promulgated by the U.S. Department of Agriculture in accordance with 7 U.S.C. 1622 and 1624.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405 and R.S. 3:410.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1105. Certification of Fresh Fruits, Vegetables, Nuts and Other Special Products

A. The examination, acceptance, and certification of fresh fruits, vegetables, nuts, and other special products shall be in accordance with U.S. Department of Agriculture, Agricultural Marketing Service, Fruit and Vegetable Division grading and inspection requirements.

B. Each container shall be legibly labeled, stamped, or written on the side or end showing the name and address of the grower or the name and address of the packing house or company or contract number, showing the U.S. grade, inspection stamp or tag, and name of produce in container. In the instance of sacks, a tag shall be securely attached to the outside, giving the above information.

C. Required Certificates

1. For inspection of fruits and vegetables entering state institutions, federal Form FVQ 459 and state Form AI 1583 will be required.

2. For shipping point inspections of fruits and vegetables, federal Form FVQ 184 will be required.

3. For terminal market inspections of fruits and vegetables by collaborators, Form FVQ 303 will be required.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1107. Time Limitation for Issuance of Certificate

A. A state of Louisiana condition examination and origin certificate must be issued not more than 72 hours prior to the scheduled delivery of the product to the purchasing agency.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1109. Waiver of Specification Requirements

A. Waivers and amendments to specification requirements may be made only with concurrence of purchaser and contractor.

B. A written statement of the precise nature of the changes in the specifications must be provided to the Louisiana Department of Agriculture representative prior to any examination of the product.

C. Failure to include information concerning the Louisiana agricultural products preference of the vendor on the purchase order shall constitute a waiver of the vendor's right for a certificate of origin.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1111. Final Delivery Product

A. Final acceptance of the product will be the responsibility of the purchaser (consignee).

B. Products may be rejected for the following reasons:

1. no certificate affixed;
2. sealing tape on container broken; or
3. obvious deviations from specification requirements without appropriate written notice of changes in specification requirements.

C. Purchaser (consignee) may accept product with minor deviations from specification requirements without written statement of agreed upon changes, but shall do so at purchaser's risk.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1113. Contractor's Obligation

A. Contractors furnishing products under these regulations must furnish such assistance as may be necessary to expedite the grading, examination, and acceptance of products.

B. Contractors desiring certification services must notify the Department of Agriculture at least 24 hours in advance

of need. Vendors who fail to give at least 24 hours advance notice of need will be subject to a penalty of \$50.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985).

§1115. Citrus Regulations

A. In addition to regulations stipulated in §1103, the following regulations and definitions are prescribed governing the marketing and/or sale of citrus in Louisiana.

1. Definitions

Broker—a person who assumes neither ownership nor possession of citrus, nor washes, packs, sizes, or grades citrus, but is engaged in the business of acting as an agent, for a fee or commission, in the sale or transfer of citrus between producers or packers as sellers and other packers, wholesalers, or retailers as buyers.

Citrus—shall include the following: lemons, satsumas, mandarins, navels, grapefruit, tangerines, and all Valencia varieties of citrus.

Citrus Container—any container used to sell field-run citrus. Boxes shall have volume or weight labeled on the side and the name and address of the producer/packer.

Commission—the Louisiana Department of Agriculture and Forestry, Market Commission.

Department—the Louisiana Department of Agriculture and Forestry.

Field-Run Citrus—unwashed and unsized citrus sold by the producer to a packer for further processing.

Louisiana Citrus Producer—any person engaged in growing citrus in Louisiana for wholesale or retail sale.

Packer—any person who washes, sizes, and packs citrus for wholesale/retail sales.

Producer—any person engaged in growing citrus for the purpose of wholesale or retail sale.

Retailer—any person who sells citrus to a consumer.

Small Louisiana Citrus Producer—any person who grows and markets his own citrus, for retail sales only, either at his fruit stand, store, or farm.

Standard Citrus Receptacle or Flexible Covering or Binding—any container used for the purpose of packing fruit for wholesale or retail trade.

Washed Citrus—citrus that is free from dirt, adhering foreign material, or residue that materially detracts from the appearance, the edible or the marketing quality of the fruit.

Wholesaler—any person engaged in the business of buying citrus from producers, packers, brokers, wholesalers, or other persons on his own account, and selling or transferring citrus to other wholesalers, packers, retailers, or other persons and consumers. A wholesaler includes a person engaged in producing citrus from his own farm and

AGRICULTURE AND ANIMALS

disposing of any portion of his production in any manner other than retail sales at his fruit stand, store or on his farm.

2. Citrus sold in Louisiana shall be required to meet the minimum maturity test of soluble solids in relation to percentage of anhydrous citric acid. Citrus fruit shall include the following: lemons, satsumas, mandarins, navels, grapefruit, tangerines, and all Valencia varieties of citrus.

a. Satsumas, mandarins, navels, tangerines, tangelos, Valencia and other round oranges must meet a maturity test of 10 percent soluble solids to 1 percent anhydrous citric acid.

b. Grapefruit must meet a maturity test of 6 percent soluble solids to 1 percent anhydrous citric acid.

c. Citrus fruit not meeting maturity tests standards will be put off sale, and the product will be seized by the Louisiana Department of Agriculture and Forestry in accordance with provisions in §1115.A.10 to prevent the citrus from again entering the wholesale or retail markets. The packer, or the producer or the wholesaler, or any combination of the three may be charged the costs that are involved in seizing and destroying the product.

3. Citrus for wholesale will be marketed only in new standard citrus containers which are sound, clean, and free of weather stains and discolorations. All containers must have the following on the outside of the container:

a. name of fruit, unless the fruit is in a see-through sack or a container that is not covered, such as a 1/2 bushel basket;

b. volume, net weight or count;

c. name of producer and/or packer;

d. if the fruit is being packed for someone other than the packer, then the label can read "Packed For:" and give the person's name and address.

4. All citrus sold in Louisiana shall be washed and sold by weight, volume, or count for wholesale marketing purposes with the following exceptions:

a. if fruit offered for wholesale is not sized, all fruit within a container shall be of uniform size;

b. producers who sell only their own citrus retail are exempt from washing and sizing fruit; however, the citrus must be clean and sold by either weight, volume, or count;

c. producers who sell their citrus to a packer for processing and packing. Producers must invoice all such sales as field-run citrus. The packer buying field-run citrus is responsible for washing, sizing, and labeling of the citrus.

5. Products labeled as Louisiana citrus (Louisiana oranges, tangerines, etc.) shall have proof of origin. If the origin of the product cannot be proven, then all signs referring to the product as Louisiana citrus must be removed.

6. All producers, producer-packers, packers, and wholesalers shall furnish an invoice stating the type of citrus, volume or weight sold, and origin. All retail outlets

must have a copy of the invoice showing the origin of the citrus before the citrus can be advertised or sold as "LOUISIANA CITRUS." If the seller cannot prove the citrus was grown in Louisiana, then all advertising stating such must be removed.

7. All citrus leaving the state must comply with all of the above regulations. No citrus shall be allowed to leave the state that has not been cleaned, properly labeled and packed in standard citrus containers.

8. Employees or agents of the Louisiana Department of Agriculture and Forestry are authorized to enter any store, vehicle, roadside stand, market, or any other business or place where citrus is packed, processed or sold to determine if the citrus is in compliance with these rules and regulations. In addition, any agent or employee of the Louisiana Department of Agriculture and Forestry may take necessary quantities of citrus fruits to conduct maturity tests. A receipt for such fruit will be issued upon request.

9. Penalties. Any person, corporation or other organization violating the provisions of this Chapter may be levied of civil penalty of not less than \$25 or more than \$500. In addition, any person, corporation or other organization violating the provisions of this Chapter or part of Chapter 5 of R.S. 3:401-414 shall be fined not less than \$25 nor more than \$500 or imprisoned for not less than 10 days nor more than six months, or both.

10. If any authorized inspector, in the discharge of his duties, has reason to believe that any lot of citrus being sold is not in compliance with these rules and regulations, he shall issue a stop-sale for such lot. If there is a question as to whether or not the lot meets maturity requirements, then the inspector will take a sample of the fruit to run a maturity test. A stop-sale may be issued for up to 24 hours while the maturity tests are being performed. If the citrus does not meet minimum maturity requirements, the lot will have a permanent stop-sale issued and may be removed by the department to a proper cold storage until such time as the wholesaler or the packer can be contacted and inform the department of how he will dispose of the citrus.

a. Citrus that has a stop-sale issued for reasons other than failing to meet maturity requirements may be reworked and offered for reinspection. The inspector who issued the stop-sale shall serve the person in possession of the lot with notice of noncompliance. Such notice shall be served in person before the inspector leaves the premises. The person in possession shall notify the owner of the lot, or every other person that has an interest in it, of the serving of such notice of noncompliance. The notice of noncompliance shall include all of the following:

i. description of the lot;

ii. location of the lot;

iii. reasons for which the lot is held.

b. The owner of the lot shall have 48 hours from the time of serving of such notice of noncompliance for reconditioning or for the correction of the deficiencies which

are noted in the notice of noncompliance. If such lot is reconditioned or the deficiencies are corrected, the inspector shall remove the stop-sale tags and release the lot for marketing or may, with the consent of the owner of such, divert the lot to other lawful uses or destroy it.

c. If the owner of the lot fails or refuses to give such consent, or if the lot has been reconditioned or the deficiencies otherwise corrected so as to bring it into compliance within 48 hours, the inspector shall proceed as provided in Chapter 5 of R.S. 3:3552.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:248 (March 1985), amended by the Department of Agriculture and Forestry, Office of Marketing, Market Commission, LR 23:1286 (October 1997).

§1117. Sweet Potato Regulations

A. In addition to regulations stipulated in §1103, the following regulation is prescribed governing the marketing and/or sale of sweet potatoes in Louisiana.

1. The U.S. Standards for U.S. Number 1 and 2 Grades of Sweet Potatoes as stipulated by the U.S. Department of Agriculture, shall be adopted as official state grades except that not more than 10 percent tolerance will be allowed for each grade.

2. The grade *Louisiana Commercial* is hereby established, the standards of which are not less than those of U.S. Number 2, except that not more than 10 percent tolerance for grade defects will be allowed.

3. The grade *Louisiana Jumbo* is hereby established, the standards of which are the same as U.S. Number 2, except that not more than 10 percent tolerance will be allowed and the minimum weight shall not be less than 16 ounces. There are no maximum weight requirements.

4. It shall be unlawful for any person, firm, or corporation to sell, offer for sale, ship, or move any sweet potatoes into the channels of fresh trade except U.S. Number 1, U.S. Number 2, *Louisiana Commercial*, and *Louisiana Jumbo* grades.

5. The movement of sweet potatoes into channels of fresh trade is prohibited unless in conformance with this regulation and is accompanied by proper grade certificate.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1119. Cabbage Solidity Regulation

A. In addition to the regulations stipulated in §1103, the following regulation is prescribed governing the marketing and/or sale of cabbage in Louisiana:

1. cabbage placed on the market that are soft or immature and fail to meet the requirement of U.S. Number 1 standards as to solidity is undesirable and has a tendency to demoralize the market;

2. all lots of cabbage offered for sale for shipment or movement shall meet the standard requirements of U.S. Number 1 Grade as to solidity.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1121. Shallot Regulation

A. In addition to the regulations stipulated in §1103, the following regulation is prescribed governing the marketing and/or sale of bunched shallots in Louisiana.

1. The weight of the bunches shall not be less than 4 pounds per dozen bunches with a tolerance of one bunch per dozen weighing less than 1/3 pound.

2. It shall be unlawful for any person, firm or corporation to offer for sale or shipment bunched shallots unless in conformance with this regulation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1123. Stemmed Berries for Processing Purposes

A. In addition to the regulations stipulated in §1103, the following regulation is prescribed governing the inspection and certification of strawberries of processing plants.

1. Strawberries shall be submitted for inspection in quart or pint containers that are well filled.

2. In the case of flats and hand carriers, the strawberries shall not overflow from the individual well-filled cup containers.

3. It shall be the responsibility of the seller or the seller's representative to segregate each individual lot, and make each lot accessible for inspection. Strawberries inspected at points of assembly shall be accompanied by a certificate of inspection. Strawberries passing inspection at processing plants shall be considered as being accompanied by a certificate of inspection.

4. Strawberries shall be well colored and firm with the stem removed without bruising, free from decay and mold or evidence of decay having been removed from the strawberry. Unless otherwise specified, the minimum diameter shall be 1/2 inch. A tolerance of 10 percent for soft, undercolored, badly misshapen, stems, leaking and undersized berries, including 2 percent decay shall be allowed.

5. Strawberries for processing purposes shall not be held at assembly points for a processing plant more than three hours after having passed inspection and certificate issued.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1125. Sweet Pepper Maturity Regulation

A. In addition to the regulations stipulated in §1103, the following regulation is prescribed governing the marketing and/or sale of sweet peppers in Louisiana.

1. Sweet peppers placed on the market that are not mature and firm causes a demoralization of the market in that immature peppers will not insure a proper completion of the ripening process.

2. All lots of sweet peppers offered for sale or shipment must meet the standard requirements of the U.S. Number 1 Grade as to maturity and firmness. Immature means that the seeds are not fully developed and that the pepper has not reached the stage of maturity which will insure a proper completion of ripening process. Firm means that the pepper is not soft, shriveled, limp, or pliable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1127. Mislabeling of Fresh Fruits and Vegetables Prohibited

A. No person or firm shall mislabel any fresh fruit or vegetable, or place or have any false or misleading statement or designation of quality, grade, trademarks, trade name, area of production or place of origin on any fruit or vegetable, or on any placard used in connection with or having reference to any fresh fruit or vegetable or container, bulk lot, bulk load, load, arrangement, or display of fresh fruits or vegetables. Any fruits and/or vegetables found mislabeled shall have a stop-sale placed on the product and may be seized by the department.

B. Fruits or vegetables labeled as a Louisiana-grown or produced product must have proof of origin of that product, such as sale invoices that give the producers or producer-packer's name and address. Any product labeled, "Louisiana Fruit," "Louisiana Vegetables," or has the name of a town (such as "Ruston Peaches," "Hammond Strawberries," etc.) attached to said product, that implies it was produced in that region, must have proof that the product is a Louisiana product and was produced in that region.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985), amended by the Department of Agriculture and Forestry, Office of Marketing, Market Commission, LR 23:1287 (October 1997).

§1129. Transportation of Fresh Fruits and Vegetables

A. It shall be unlawful for any common carrier, whether railroad, boat, truck, or any other vehicle to transport, carry, or deliver fresh fruits and vegetables unless accompanied by a proper grade certificate(s), except when being trucked by a farmer of his own product or being assembled for delivery to an assembly or packing shed where a duly authorized inspector is stationed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1131. Shipment of Product into Louisiana

A. All fruits and vegetables which are shipped into Louisiana and will be offered for sale in the state will be required to meet the provisions of these regulations with regard to grade, inspection, and marking requirements.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

§1133. Penalty for Violations; Injunctive Relief; Costs

A. Whenever the commission has any reason to believe that a violation of these regulations has occurred, an adjudicatory hearing will be held to make a determination with respect to the suspected violation.

B. The commission shall give written notice to the person suspected of the violation, such notice to comply with the requirements of the Administrative Procedure Act, at least five days prior to the date set for such adjudicatory hearing.

C. As chairman of the State Market Commission, the commissioner shall designate a hearing officer to preside at all adjudicatory proceedings.

D. At any such adjudicatory hearing, the person suspected of a violation of these regulations shall be accorded all of the rights set forth in the Administrative Procedure Act.

E. Whenever the commission makes a determination from the proceedings of the adjudicatory hearing that any violation of these regulations has occurred, the commission may impose a monetary fine.

F. The commission may impose a penalty of not less than \$25 nor more than \$500, or have the person suspected of a violation imprisoned for not less than 10 days nor more than six months, or both for each violation of these rules and regulations which is proven in any adjudicatory hearing.

G. Each separate day on which a violation occurs shall be considered a separate violation.

H. Any person may appeal any action taken by the commissioner to impose a monetary penalty by:

1. applying for a rehearing under the procedures provided in the Administrative Procedure Act; or

2. applying for judicial review of the commissioner's determination, under either the Administrative Procedure Act or other applicable laws.

I. In addition to the penalties authorized in this Section, the commission may apply for injunctive relief restraining violations of these regulations. The person condemned in any such proceeding shall be liable for the costs of court and for any additional costs incurred by the commission in gathering the necessary evidence, including reasonable attorney fees and expert witness fees.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:413 and R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 11:249 (March 1985).

Subchapter B. Fruits and Vegetables Rules and Regulations

§1135. Red River Valley Tomatoes

A. Definitions

Red River Valley Tomatoes—tomatoes that are produced by farms in Louisiana that have been certified by the Red River Valley Research Station of Louisiana State University as being certified Red River Valley Tomato Producers, and which meet all horticulture practices prescribed by the Red River Valley Research station. No tomatoes that have been gassed to achieve ripeness or that do not meet the Louisiana Number 1 Grading Standard can qualify as a Red River Valley Tomato.

B. In addition to the standards referred to in §1103, the following provisions govern the marketing and sale of tomatoes in Louisiana that are labeled as Red River Valley Tomatoes.

1. The U.S. Standards for Combination, 2, and 3 as stipulated by the United States Department of Agriculture (hereinafter "U.S.D.A."), shall be adopted as official State Grades.

2. The grade Louisiana Number 1 is hereby established, the standards of which are not less than those of the U.S. combination, except that not more than 15 percent tolerance for grade defects will be allowed.

3. The grades Louisiana Number 2 and Louisiana Number 3 are hereby established, these standards of which are not less than the U.S. Standards for Number 2 and Number 3.

4. Color classification shall be the same as U.S. Standards.

5. Size

a. The size of tomatoes packed in any standard type shipping container shall be specified and marked according to one of the size designations set forth in Table 1. Individual containers shall not be marked with more than one size designation. Consumer packages and their master container are exempt; however, if they are marked, the same requirements apply.

b. Table 1

Louisiana Sizes		
Size Designations	Minimum Diameter*	Maximum Diameter†
LA Small	2 4/32 in.	2 9/32 in.
LA Medium	2 8/32 in.	2 17/32 in.
LA Large	2 16/32 in.	2 25/32 in.
LA Extra Large	2 24/32 in.	
LA Colossal	3 9/16 in. or Larger	

Louisiana Sizes		
Size Designations	Minimum Diameter*	Maximum Diameter†
*Will not pass through a round opening of the designated diameter when tomato is placed with the greatest transverse diameter across the opening.		
†Will pass through a round opening of the designated diameter in any position.		

6. It shall be unlawful for any person, firm, or corporation to sell, offer for sale, ship, or move any tomato labeled as "Red River Valley Tomatoes" into the channels of fresh trade unless it meets Louisiana Number 1 Grade.

7. All tomatoes offered for sale as "Red River Valley Tomatoes" are subject to inspection by U.S.D.A. licensed personnel of the Louisiana Department of Agriculture and Forestry. If a particular lot of tomatoes does not meet the Louisiana grade standards, a stop sale order will be issued on the entire lot, and the lot will be removed from retail sales until the lot has been reworked or relabeled.

8. The movement of tomatoes labeled as "Red River Valley Tomatoes" into channels of fresh trade is prohibited unless in conformance with this regulation.

9. The Louisiana Department of Agriculture and Forestry has the option of charging fees in accordance with federal rates for shipping point inspections.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405, 3:411 and 3:412.

HISTORICAL NOTE: Adopted by the Department of Agriculture, State Market Commission, September 1949, repealed LR 12:826 (December 1986), promulgated by the Department of Agriculture and Forestry, Office of Marketing, LR 20:782 (July 1994).

Chapter 13. Produce Assembly Center

§1301. Operation of Center

A. The produce assembly center will be operated by the Department of Agriculture and Forestry; the center manager will be a state employee.

B. Only produce for consignment will be marketed through the produce assembly center.

C. Official grading services will be available through the produce assembly center.

D. The produce assembly center will arrange for transportation of the produce from the produce assembly center.

E. The produce assembly center will not operate during months when no produce is available for consignment. At least 15 days' advance notice of closure of the center will be given by publication in a newspaper of general circulation in the area in which the produce assembly center is located.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:406 and R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 7:406 (August 1981), repromulgated LR 8:272 (June 1982).

§1303. Produce to be Marketed through the Produce Assembly Center

A. All produce must be graded by official graders at the produce assembly center.

B. Only USDA #1 and USDA #2 grades will be accepted for consignment.

C. All produce must be packaged in containers which are acceptable in the produce trade. Containers will be available at cost at the produce assembly center.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:406 and R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 7:406 (August 1981), repromulgated LR 8:272 (June 1982).

§1305. Consignment of Produce and Payment Policy

A. A commission of percent of the selling price will be charged on all produce marketed through the produce assembly center. Fees will be used to defray the operating expenses of the center.

B. The percent commission will be due and payable upon receipt by the seller of the purchase price of the produce.

C. The produce assembly center manager will deduct the commission of percent from the sales revenues received from the buyer and pay over the remainder to the seller.

D. The revenues from sales of produce will be paid over to the seller by the produce assembly center manager immediately upon receipt of the sales revenues from the buyer, but no later than 30 days after delivery of the produce to the produce assembly center.

E. In any circumstances where the sales revenues are not received by the produce assembly center manager within 30 days after delivery of the produce to the center, the produce assembly center reserves the right to pay over only 75 percent of the agreed-upon selling price, subject to correction upon receipt of revenues from the sale of the produce.

F. Separate accounting records will be maintained on transactions for each seller, and any seller may examine the accounting records for his account at any time during regular business hours.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:406 and R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 7:406 (August 1981), repromulgated LR 8:272 (June 1982).

§1307. Marketing Advisory Service

A. The produce assembly center manager will establish and maintain contact with major produce buyers throughout the country to determine the most advantageous crops for marketing.

B. Results of the produce assembly center manager's surveys of produce buyers will be posted at the center and will be made available to producers in the area.

C. At least once each year, prior to planting season, the State Department of Agriculture and the Cooperative Extension Service will conduct an informational forum to disseminate information on potential markets for produce. General information meetings may be held at other times throughout the year as deemed appropriate by the Department of Agriculture and Forestry.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:406 and R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 7:406 (August 1981), repromulgated LR 8:273 (June 1982).

§1309. Right of Refusal

A. The produce assembly center will not accept any produce for consignment which does not meet USDA #1 or USDA #2 grade standards, according to the findings of official graders.

B. The produce assembly center will not accept any produce for which no markets are available.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:406 and R.S. 3:404.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 7:406 (August 1981), repromulgated LR 8:273 (June 1982).

Chapter 15. Farm Youth Loan Program

Subchapter A. Authorization and Administration of Farm Youth Loans and Loan Guarantees

§1501. Definitions

Applicant—a natural person applying for a farm youth loan or for a farm youth loan guarantee who is a resident of Louisiana and between 10 and 20 years of age.

Borrower—anyone who is granted a farm youth loan.

Commission—the State Market Commission.

Commissioner—the Commissioner of Agriculture.

Compromise Agreement—any agreement between the borrower and the commission or lender, in the case of a guaranteed loan, to satisfy the loan obligation incurred by the borrower.

Department—the Department of Agriculture.

Farm Youth Loan—a loan which shall be used for the purpose of raising, growing, and selling of livestock, poultry, eggs, or agronomic, horticultural, silvacultural, or aquacultural crops.

Farm Youth Loan Guarantee—an agreement that, in the event of default, the state shall pay the lender 75 percent of the principal and interest due and payable under a farm

Poultry and Eggs

The Louisiana Department of Agriculture and Forestry (LDAF) Office of Animal Health and Food Safety (AHFS) Poultry and Egg Program is a cooperative endeavor (Federal/State Cooperative Agreement No. 12-25-A-3311) between the USDA's Agricultural Marketing Service (AMS) and the LDAF. The objective is to provide consumers with safe, wholesome and properly labeled poultry and egg products.

These fees are collected and authorized through cooperative agreements with the USDA to establish and maintain grading services at authorized USDA poultry and egg plants provide fee grading services at off-plant locations, and perform shell egg surveillance at all shell egg plants and hatcheries. Currently, there are two facilities operating in Louisiana requiring full-time LDAF inspector personnel – Cal Maine Farms in Pine Grove, LA and Foster Farms in Farmerville, LA. Additional program personnel are utilized throughout the state to provide inspection/surveillance oversight at retail stores and government institutions.

In fiscal year 2018, Poultry and Egg personnel conducted 128 poultry inspections (4,727,935 pounds inspected) and 3,537 egg inspections (633,855 dozen eggs and 203,150 pounds of egg products inspected).

Pursuant to LRS 3:837-3:846 LDAF is responsible for the enforcement of administering rules and regulations of the Louisiana Egg Commission. This includes collection license/certification and assessment fees as prescribed by law.

LDAF Fees: Paid by the participating vendor. Fees are calculated based on inspections per pound, per case and/or hourly rate.

The USDA is currently reviewing the fees associated with this program. This review will likely result in an increase of some fees within the next two years.

NAME OF FEE	FY 16	FY 17	FY 18	FY 19
Number of Inspections	2662	3641	3537	2750
LDAF Avg. Cost Per Inspection	\$543	\$370	\$371	\$371
Avg. Fee Charged Per Inspection	\$463	\$293	\$290	\$290
Balance Not Covered By Fee	\$81	\$77	\$81	\$81

Financial Analysis

	FY 16	FY 17	FY 18	FY 19
Fee/Self Gen Revenues	\$1,233,194	\$1,142,261	\$1,064,187	\$1,150,000
Expenditures	\$1,447,064	\$1,442,596	\$1,358,631	\$1,423,450
Ration of Revenues to Expenditures	85%	79%	78%	81%

Other Means of Finance

	FY 16	FY 17	FY 18	FY 19
State General Fund	\$211,105	\$297,005	\$291,461	\$269,950
Federal Funds	\$2,808	\$3,393	\$2,991	\$3,500

Statutory Citation: Revised Statute 3:841-842

§841. Levy of assessment; collection; costs

A. An assessment of two cents per case is hereby levied on all eggs and egg products produced in Louisiana or produced elsewhere and distributed in Louisiana. The commissioner, by regulation, may establish the assessment on all eggs or egg products not sold by the case in an amount equal to the per case assessment.

B. Louisiana egg producers shall pay this assessment at the point of first sale in Louisiana. The assessment due on eggs or egg products produced elsewhere but distributed in Louisiana shall be paid at the point of first receipt of the eggs or egg products in Louisiana.

C. The person purchasing the eggs or egg products at the first point of sale or receiving the eggs or egg products at the first point of receipt in Louisiana shall be responsible for collecting the assessment and remitting payment to the department on or before the fifteenth day of each month for collections made during the previous month. The assessment shall be remitted to the department along with such forms and information as the commissioner may require.

D. Any person who fails to pay any assessment due under the provisions of this Part within fifteen days after the payment is due shall be liable not only for the assessment but also for a late fee equal to twenty percent of the amount of the unpaid assessments. Any person cast in judgment for any unpaid assessment or late fee shall pay all costs connected with the bringing of the civil action, including reasonable attorney fees incurred by or on behalf of the commission, plus legal interest from date of judicial demand.

Added by Acts 1968, No. 441, §1. Amended by Acts 1970, No. 495, §4; Acts 2003, No. 523, §1, eff. June 20, 2003; Acts 2009, No. 24, §8F, eff. June 12, 2009.

§842. Dealers and handlers; records; reports; licensing; fees

A. Except as otherwise provided by this Part, every person who produces, processes, distributes, or sells eggs or egg products in Louisiana shall obtain a license to do so from the department. Each license shall be renewed annually. Failure to obtain or renew a license, when required, shall be a violation of this Part. An application for a license, or for a renewal, shall be on a form furnished by the department and shall furnish such information as the commissioner shall deem reasonably pertinent. A fee of one hundred dollars shall accompany each license application and renewal.

B. Every person who produces, processes, holds, stores, maintains, distributes, or sells eggs or egg products in Louisiana shall keep a complete and accurate record of all eggs and egg products handled and all assessments paid or collected by him. These records shall be in a form and contain such information as the commissioner may require. These records shall be preserved for the period of time set by the commissioner in regulations adopted pursuant to this Part.

C. The department shall have access, during normal working hours, to any premises where there is reason to believe that eggs or egg products are being produced, processed, held, stored, maintained, distributed, sold, or offered for sale. The department may examine any facility and any records relating to the production, processing, holding, storing, maintaining, distributing, or selling of eggs or egg products. The department may inspect and audit all books and records relating to the amount of any assessment that may be due and the collection and payment of any such assessment. Entrance on the premises under the provisions of this Subsection shall not be deemed to be criminal trespass under any state law or local ordinance.

Added by Acts 1968, No. 441, §1; Acts 2003, No. 523, §1, eff. June 20, 2003; Acts 2009, No. 24, §8F, eff. June 12, 2009.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
WASHINGTON, D.C. 20250

CONFIRMATION OF AGREEMENT 12-25-A-3311

OCTOBER 1, 2018

This agreement effective July 1, 1992, between the Louisiana Department of Agriculture and Forestry and the Agricultural Marketing Service, United States Department of Agriculture (USDA) covering voluntary grading of poultry, rabbits, and shell eggs contains a provision requiring the Federal Agency to make annual confirmation of its continuance beyond September 30.

This is to confirm that the agreement shall continue in effect for the fiscal year ending September 30, 2019 contingent upon Federal funds being available.

JOYCE
HERMAN

Digitally signed by JOYCE
HERMAN
Date: 2018.10.17 11:02:04
-04'00'

Joyce Herman
Federal Assistance Officer



United States
Department of
Agriculture

Agricultural
Marketing Service

Poultry Programs, Grading Branch
P.O. Box 25424
Little Rock, Arkansas 72221-5424

July 6, 2010

Honorable Bob Odom, Commissioner
Louisiana Department of Agriculture and Forestry
P.O. Box 631
Baton Rouge, Louisiana 70821-0631

Dear Mr. Odom:

Cooperative Agreement No. 12-25-A-3311, effective July 1, 1992 (Item II, B, 6), permits the designation of the State supervisory assistant for the poultry grading program. Further, our April 1997 letter of understanding provides that the Federal Agency will reimburse the State Agency for such assistance.

The purpose of this letter is to advise you that the current rate of reimbursement for supervisory assistance is \$47.36 per hour including fringe benefits. This represents the nationwide average of Federally employed Assistant Federal-State Supervisors at the GS-11 pay level.

If you wish to continue providing this supervisory assistance, please feel free to use this rate effective July 1, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Dixon", with a horizontal line extending to the right.

Don Dixon
Regional director

cc: C. Johnson
G. Tharp
B. Babin
D. Stutts
Cooperative Agreement File

AMENDMENT TO
COOPERATIVE AGREEMENT
between the
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
(hereinafter called the Federal Agency)
and the
Louisiana Department of Agriculture and Forestry
Baton Rouge, Louisiana 70804
(hereinafter called the State Agency)

1. Provision for Amendment: It is agreed that the Cooperative Agreement providing for *Federal-State Poultry Grading Service (State Trust Fund)* in the State of Louisiana, effective July 1, 1992, is amended as follows:

All references to mandatory inspection of egg products, otherwise referred to in the cooperative agreement as "inspection service", and the voluntary grading of egg products are hereby deleted. All other terms and conditions of the document remain unchanged.

2. Effective Date of Amendment: May 28, 1995

3. Approvals: This Agreement is hereby approved for the Cooperator.

Done at Baton Rouge, LA on May 24, 1995
(City and State) (Date)

Bob Adam Commissioner
(Signature and Title)

This Amendment is hereby approved for the Federal Agency.

Done at Washington, D.C. on 6/5/95
(Date)

Kenneth C. O.
Deputy Administrator, Marketing Programs
Agricultural Marketing Service

AMENDMENT TO
COOPERATIVE AGREEMENT
between the
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
(hereinafter called the Federal Agency)
and the
Louisiana Department of Agriculture and Forestry
Baton Rouge, Louisiana 70804
(hereinafter called the State Agency)

1. Provision for Amendment: It is agreed that the Cooperative Agreement providing for *Federal-State Poultry Grading Service (State Trust Fund)* in the State of *Louisiana*, effective July 1, 1992, is amended as follows:

All references to mandatory inspection of egg products, otherwise referred to in the cooperative agreement as "inspection service", and the voluntary grading of egg products are hereby deleted. All other terms and conditions of the document remain unchanged.

2. Effective Date of Amendment: May 28, 1995

3. Approvals: This Agreement is hereby approved for the Cooperator.

Done at Baton Rouge, LA on May 24, 1995
(City and State) (Date)

Bob Adam Commissioner
(Signature and Title)

This Amendment is hereby approved for the Federal Agency.

Done at Washington, D.C. on 6/5/95
(Date)

Kenneth C. [Signature]
Deputy Administrator, Marketing Programs
Agricultural Marketing Service

**AMENDMENT TO
COOPERATIVE AGREEMENT**
between the
**AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**
(hereinafter called the Federal Agency)
and the
*Louisiana Department of Agriculture and Forestry
Baton Rouge, Louisiana 70804*
(hereinafter called the State Agency)

1. Provision for Amendment: It is agreed that II. C.4. of the Cooperative Agreement providing for Federal-State Poultry Grading Service (State Trust Fund) in the State of Louisiana, effective July 1, 1992, is amended to read as follows:

4. The fees or charges for grading, sampling, weighing, inspection, and other services provided for in this Agreement will be in accordance with the regular schedule of fees specified in the applicable regulations of the Secretary of Agriculture, unless otherwise provided by written agreements with applicants and approved by both the State and Federal Agencies; except that, in the case of nonresident fee service, the recipient of the service will be charged travel time based on distances to and from the nearest state agency office and will also be charged at a fixed rate for each certificate issued in lieu of mileage of the grader. Distances and travel time to vendors will be maintained on file at the State Agency in Baton Rouge, Louisiana, and will be available for inspection and/or approval by USDA personnel upon request.

2. Effective Date of Amendment: October 1, 1999

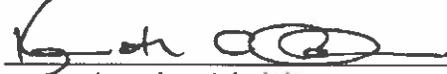
3. Approvals: This Agreement is hereby approved for the Cooperator.

Done at Baton Rouge, LA on 11/2/99
(City and State) (Date)


(Signature and Title)

This Amendment is hereby approved for the Federal Agency.

Done at Washington, D.C. on 11/16/99
(Date)


Associate Administrator
Agricultural Marketing Service

COOPERATIVE AGREEMENT
between the
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
(hereinafter called the Federal Agency)
and the
Louisiana Department of Agriculture and Forestry
Baton Rouge, Louisiana 70804
(hereinafter called the State Agency)

1. Title of Agreement: Federal-State Poultry Grading Service (State Trust Fund)
2. Objective: To provide nationwide cooperative grading service for:
 - A. Voluntary grading of egg products, shell eggs, poultry, and rabbits, hereinafter called "grading service."
 - B. Mandatory inspection of egg products, hereinafter called "inspection service."
 - C. Regulatory surveillance inspection of shell egg handlers and records applicable thereto, hereinafter called "regulatory service."
3. Statement of Work: This cooperative agreement shall be carried out by the organizational units or officials of the Federal Agency and the Cooperator in the manner and subject to the conditions provided in the Statement of Work, Form AMS-20-2, attached hereto and made a part of this Agreement.
4. Legal Authority: Agricultural Marketing Act of 1946 as amended (7 U.S.C. 1621 *et seq.*), the Egg Products Inspection Act (21 U.S.C. 1031 *et seq.*) and applicable laws of the State of Louisiana.
5. Revision: This Agreement supersedes Cooperative Agreement No. 12-25-A-2423, Revision 3, effective April 1, 1989, between the Louisiana Department of Agriculture and Forestry and the Agricultural Marketing Service.
6. Effective Date: July 1, 1992
7. Approvals: The signatories hereby certify that they have authority to enter into said cooperative agreement.

This Agreement is hereby approved for the State Agency.

Done at Baton Rouge, Louisiana on September 1, 1992
(City and State) (Date)

Bob Odgen
Signature

Commissioner
Title

This Agreement is hereby approved for the Federal Agency.

Done at Washington, D.C. on 92 SEP 1992
(Date)

A.P. Mansero
Administrator, Agricultural Marketing Service

STATEMENT OF WORK - COOPERATIVE AGREEMENT NO. 12-25-A-3311

This STATEMENT OF WORK is part of the Cooperative Agreement between the Agricultural Marketing Service, United States Department of Agriculture, and the Louisiana Department of Agriculture and Forestry, effective July 1, 1992, having the title of Federal-State Poultry Grading Service (State Trust Fund).

I. Introduction - Federal and State employees shall be designated for the conduct of activities to be carried out under terms of this Agreement as follows:

A. For the Federal Agency - Supervisor(s), graders, inspectors, and clerical personnel. Employees will be under the supervision of the Federal Agency.

B. For the State Agency - Supervisor(s), inspectors, graders, and clerical personnel. Inspectors and graders shall be federally licensed and jointly supervised by the State and Federal Agencies.

II. Responsibilities

A. The Federal Agency will:

1. Establish qualifications for supervisors, inspectors, and graders according to applicable Agency regulations.

2. Train prospective federally licensed graders and inspectors to interpret and apply regulations, official grade standards, procedures, and to prepare certificates and other official documents and records.

3. Issue Federal licenses to all Federal and State-employed graders and inspectors, subject to Federal Agency regulations, after the Federal Agency's determination of candidates' qualifications.

4. Furnish inspectors' and graders' instructions, USDA Standards, certificate forms, and other standard forms required.

5. Approve plant facilities, labeling, compounds, and materials used with the services provided.

6. Designate a representative to perform the required survey of plant facilities included in the inspection and grading services.

7. Assign work to be performed by State supervisory personnel, graders, and inspectors.

8. Supervise grading and inspection work performed with necessary assistance furnished by the State Agency.

9. Assign available Federal inspectors and graders as required to facilitate grading and inspection work.

10. Establish the amount of money to be reimbursed to the State Agency for the regulatory service it performs.

11. Bill and collect:

a. All fees and expenses for grading or inspection services rendered to other Agencies of the Federal Government for deposit into a Federal Trust Fund Account.

b. All expenses for overtime and holiday work as authorized by the Egg Products Inspection Act for deposit into the U.S. Treasury as a reimbursement to the appropriation financing such overtime services.

c. All amounts due from the State Agency for salaries, fringe benefits, expenses, and administrative overhead costs of Federal employees, as provided for in paragraph II.B.11., for deposit into a Federal Trust Fund Account.

CONTINUATION SHEET - COOPERATIVE AGREEMENT NO. 12-25-A-3311

12. Disburse to the State Agency the following costs or any other costs as may be mutually agreed upon in writing:

a. From the Federal Trust Fund Account for nonresident grading certificates that are billed by the Federal Agency to other agencies of the Federal Government:

(1) Expenses - One hundred (100) percent of nonresident grading services performed by State employees.

(2) Fees - Eighty-five (85) percent of nonresident grading services performed by State employees.

b. From appropriated funds:

(1) Salaries, fringe benefits, travel, per diem, and approved indirect costs for State employees during the period of their inspection service training.

(2) Claims from the State Agency (with detailed fiscal documentation) for inspection services performed by licensed State inspectors:

(a) Salaries for all regular hours worked, fringe benefits, relocation costs as mutually agreed upon in writing, and indirect costs.

(b) Salaries for overtime and holiday hours worked, plus approved direct and indirect costs, if applicable.

(3) Costs of regulatory services.

13. Maintain records of receipts from work performed for examination by a State Agency representative.

B. The State Agency will:

1. Cooperate with the Federal Agency in disseminating information concerning cooperative grading and inspection activities to producers, processors, and other mutually interested parties.

2. Use only official regulations, grade standards, established methods and procedures, and official USDA certificates as designated by the Federal Agency; provided, that the State Agency may issue State certificates specifying product condition, State of origin, and contract requirements of the State of Louisiana Standard Specifications for Poultry and Eggs other than product grade.

3. Assign and reassign each grader or inspector with the prior concurrence of the Federal supervisor.

4. Furnish necessary and adequate office space and clerical and communication services for the Federal supervisor(s) as mutually agreed upon in writing.

5. Furnish program reports required by the Federal Agency and retain copies for the retention period required by the Federal Agency.

6. Designate State supervisory personnel when needed to aid the Federal supervisor in the technical supervision of the grading program, as mutually agreed to in writing between the Agencies.

7. Perform the regulatory service. The State Agency may submit a written request for the Federal Agency to handle such work when the State does not desire to do so.

CONTINUATION SHEET - COOPERATIVE AGREEMENT NO. 12-25-A-3311

8. Assume the risks of collections due the State Agency for grading services performed for applicants for service.

9. Collect all fees and expenses for services rendered except the following:

a. Grading and inspection services rendered to other Agencies of the Federal Government.

b. All expenses for overtime and holiday inspection services.

10. Deposit fees and expenses collected for work performed under this Agreement in a State Trust Fund and maintain records of such collections and disbursements therefrom. These records shall be accessible to the Federal Agency. The State Agency shall furnish the Federal Agency with an annual report of the fees collected and the cost of the work conducted hereunder, whether paid from fees or from appropriations. Audits shall be conducted according to applicable regulations of the Federal Agency, and shall cover the terms and provisions of this Agreement.

11. Disburse from its trust fund or other sources the following costs or any other costs as may be mutually agreed upon:

a. Salaries, expenses, travel, relocation for resident graders, and other items of cost incurred by State employees to perform and administer the grading program in the State.

b. Claims from the Federal Agency for nonresident fee certificates billed by the State Agency to industry:

(1) Fifteen (15) percent of all fees for nonresident grading services performed by State employees.

(2) One hundred (100) percent of fees and expenses for nonresident grading services performed by Federal employees. (See II.C.5.)

c. Claims by the Federal Agency for resident grading services to industry:

(1) One hundred (100) percent of the rates charged under Federal-State contracts for the inauguration of service, termination of service, and administrative (volume) charges for resident grading services as stated in each applicable regulation to cover overhead costs associated with administering the program.

(2) Federal graders' salaries, fringe benefits, travel, and subsistence expenses applicable to this program.

C. It is mutually understood and agreed that:

1. Grading services will be available on a nonresident and resident basis.

2. Inspection services will be available upon application and approval on a resident basis.

3. Regulatory services will be available on a nonresident basis.

4. The fees or charges for grading, sampling, weighing, inspection, and other services provided for in this Agreement will be in accordance with the regular schedule of fees specified in the applicable regulations of the Secretary of Agriculture, unless otherwise provided by written agreements with applicants and approved by both the State and Federal Agencies; except that, in the case of nonresident fee service, the recipient of the service will be

CONTINUATION SHEET - COOPERATIVE AGREEMENT NO. 12-25-A-3311

charged at a fixed rate for each certificate issued in lieu of the actual travel time and mileage of the grader. Reimbursement to the Federal Agency as established in paragraph II.B.11.b.(1) of this Agreement will be based on the travel time normally incurred by the grader when traveling to the grading location and return. Distances and travel time to vendors will be maintained on file at the State Agency office in Baton Rouge, Louisiana, and will be available for inspection and/or approval by USDA personnel upon request.

5. The State Agency's reimbursements to the Federal Agency for travel, per diem, subsistence, and miscellaneous expenses incurred by Federal employee(s) are only for the transaction of official business. The expenses reimbursed will be those allowed under the standardized Federal Travel Regulations and claimed by the employee(s).

6. State Agency payments to the Federal Agency shall be by check or money order drawn to the order of and mailed to an address designated by the Federal Agency, and received by the due date specified on the invoice. Federal Agency payments to the State Agency shall be by check drawn to the order of the State Agency, mailed to an address designated by the State Agency, and be received by the due date specified on the invoice.

7. Interpretation of the standards of quality, grades, operational requirements or procedures remain with the Federal Agency.

8. Any licensed inspector or grader is subject to dismissal for substantiated charges of incompetency or dishonesty. The Federal Agency reserves the right to suspend or revoke any license when it thinks such action to be for the good of the service, as provided by 7 CFR 55, 56, 59 and 70, and will furnish the State Agency with a written statement of the reasons for any such action.

9. All applications for resident service provided for under this Agreement and approved by the State Agency must have the concurrence of the Federal Agency. Each Agency will retain copies.

10. No member of Congress or Resident Commissioner will be admitted to any share or part of this Agreement, or to any benefit to arise therefrom, unless it be made with a corporation for its general benefit.

11. All aspects of this Agreement shall be executed according to all applicable parts of USDA's Uniform Federal Assistance Regulations (7 CFR 3015 *et seq.*) or as they may be later revised and successive published regulations, as appropriate, hereby incorporated by reference and made a part of this Agreement. The cooperator confirms that it understands and is bound by the above regulations, a copy of which is attached.

12. The following are attached and made a part of this Agreement:

- a. Attachment 1, Equal Opportunity Clause.
 - b. Standard Form 424B, Assurances - Non-Construction Programs.
 - c. Form AD-1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions.
 - d. Form AD-1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions.
- Note: The recipient is responsible for obtaining the signatures and retaining the certificates, if warranted, from lower tier recipients or contractors as defined in 7 CFR 3017.

CONTINUATION SHEET - COOPERATIVE AGREEMENT NO. 12-25-A-3311

e. Form AD-1049, Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals.

f. Certification Regarding Lobbying - NOTE: Certification Regarding Lobbying is required annually from recipients of funds exceeding \$100,000. Additionally, the appropriate lobbying disclosure report form, SF-LLL, is available from the Federal Agency, if applicable.

13. If this Agreement is terminated:

a. State Trust Funds. All user fees and assets acquired from such fees held by the State that were acquired under this Agreement, except a reasonable amount necessary to settle outstanding obligations, as documented by the State and agreed to by the Federal Agency, will be immediately transferred to any succeeding entity with which AMS has established a cooperative agreement. If no agreement is entered into with such succeeding entity and grading and inspection services are then being provided in the State by the Federal Agency or by another department or agency within the Federal Government, all such funds or property will immediately revert to the Federal Agency for disposition into a Federal Trust Fund Account and made available for use in the State. If there is no Federal inspection provided in the State by the Federal Agency or by another department or agency within the Federal Government following 1 year from the termination of this Agreement, all remaining funds, interest accrued and/or property, less reasonable administrative costs, as documented by the State and agreed to by the Federal Agency, will be promptly distributed by the State on a pro-rata basis to persons or organizations who received Federal-State inspection service from the State within 3 years prior to the termination of this Agreement.

b. Federal Trust Funds. User fees from the State deposited to the credit of the Federal Trust Fund will continue to be available for disbursement as provided for in this Agreement, and any remaining unobligated balance and any assets purchased from such account shall be available for use in any related inspection and grading program of the Federal Agency.

c. Federal Appropriated Funds. Reimbursement will be made on a prorated basis for that part of the fiscal year during which the regulatory services were performed by the State Agency.

14. Subject to the availability of funds in the Federal and State Trust Fund Accounts, the availability of federally appropriated funds, and the continuation of the necessary legal authority, this Agreement shall continue in force until terminated, subject to annual confirmation by a duly authorized officer of the Federal Agency. This Agreement may be amended or terminated by mutual consent, or terminated by either party upon 60 days notice in writing.

Attachments

EQUAL OPPORTUNITY CLAUSE

During the performance of this Agreement, unless exempt under rules, regulations and relevant orders of the Secretary of Labor (41 CFR Ch. 60) issued pursuant to authority conferred by Executive Order 11246 of September 24, 1965, as amended, hereinafter referred to in this paragraph as the "Executive Order", the Cooperator agrees as follows:

- (a) The Cooperator will not discriminate against any employee or applicant for employment and will take affirmative action to ensure that applicants and employees are treated without regard to their race, color, religion, age, disability, sex, marital status, or national origin. Such action shall include, but not be limited to, the following: Recruitment or recruitment advertising, employment, upgrading, demotion or transfer; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Cooperator agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by AMS setting forth the provisions of this Equal Opportunity Clause.
- (b) The Cooperator will, in all solicitations or advertisements of employees placed by or on behalf of the Cooperator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, age, handicap, sex, marital status, or national origin.
- (c) The Cooperator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by AMS advising the labor union or workers' representative of the Cooperator's commitments under this Equal Opportunity Clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (d) The Cooperator will comply with all provisions of the executive Order, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (e) The Cooperator will furnish all information and reports required by the Executive Order, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by AMS and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the Cooperator's noncompliance with this Equal Opportunity Clause of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the Cooperator may be declared ineligible for further government contracts in accordance with procedures authorized in the Executive Order, by rules, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (g) The Cooperator will include the provisions of subparagraphs (a) through (g) of this paragraph in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Cooperator will take such action with respect to any subcontract or purchase order as AMS may direct as a means of enforcing such direction provisions, including sanction for noncompliance. However, if the Cooperator becomes involved in, or is threatened with, litigation with subcontractor or vendor as a result of such direction by AMS, the Cooperator may request the United States to enter into such litigation to protect the interests of the United States.

The Cooperator assures AMS that in carrying out this Agreement, it will not exclude from participation in, deny the benefits of, or otherwise subject any persons to discrimination based on race, color, national origin, sex, handicap, age, or marital status, and will comply with all requirements imposed by or pursuant to the following:

- (a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-6), and the nondiscrimination regulations of the U.S. Department of Agriculture as now or hereinafter amended (7 CFR Part 15, Subpart A).
- (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1686), and the nondiscrimination regulations of the U.S. Department of Agriculture (7 CFR Part 15a).
- (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and the nondiscrimination regulations of the U.S. Department of Agriculture (7 CFR Part 15b).
- (d) The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et. seq.), and the nondiscrimination regulations of the U.S. Department of Agriculture (7 CFR Part 15c).
- (e) Title VII (Equal Credit Opportunity Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 et. seq.), (Regulation B, 12 CFR 202, March 23, 1977).

Federal Rates

FY 2019 Poultry and Shell Egg Rates – Effective October 1, 2018

Resident Plants

Resident (Per Hour)

Regular	\$52.00
Overtime	\$69.00
Holiday	\$33.00
Regular/Night Differential (ND)	\$55.00
Overtime/ND	\$77.00
Regular/Sunday Differential (SD)	\$64.00
Overtime/SD	\$86.00
Regular/SD/ND	\$71.00
Overtime/SD/ND	\$96.00

Administrative Volume Charge (minimum \$275, maximum \$3,225)

Poultry	\$.00047/pound
Eggs	\$.058/case

Non-scheduled Fee (Per Hour)

Regular	\$90.00
Premium	\$111.00

Audit Fee (Per Hour)

Regular	\$108.00
---------	----------

USDA Grader
Non-resident

(Sat, Sun, Holiday)

FY 2019 Livestock Rates – Effective October 1, 2018

Resident Plants

Commitment (Per Hour)

Regular	\$74.00
Overtime	\$91.00
Holiday	\$109.00
Regular/Night Differential (ND)	\$81.00
Overtime/ND	\$100.00

Non-Commitment

Regular	\$99.00
Premium	\$115.00

Audit Rate

Regular	\$108.00
---------	----------

Chapter 9. Market Commission—Poultry and Eggs

Subchapter A. Certification of Official State Grades of Poultry, Poultry Products and Shell Eggs

§901. Establishment of Official State Grades of Poultry, Poultry Products, and Shell Eggs

A. Standards established in Regulations Governing the Voluntary Grading of Poultry Products and Rabbit Products and U.S. Classes, Standards, and Grades with Respect Thereto (7 CFR Part 2870) shall apply to all Louisiana state grades for poultry and poultry products.

B. Standards established in Regulations Governing the Grading of Shell Eggs and U.S. Standards, Grades, and Weight Classes for Shell Eggs (7 CFR Part 2856) shall apply to all Louisiana grades for shell eggs.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405 and R.S. 3:410.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 8:271 (June 1982).

§903. Certification of Poultry, Poultry Products, and Shell Eggs

A. The examination, acceptance and certification of poultry, poultry products, and shell eggs shall be in accordance with U.S. Department of Agriculture, A.M.S. (Agricultural Marketing Service), Poultry Grading Branch poultry and egg grading and inspection requirements.

B. Each master or shipping container of poultry and egg products shall be legibly labeled to show the net weight, U.S. grade (if applicable), inspection mark, plant name and address, kind, class, and weight range.

C. A Louisiana certificate of condition and origin must be issued no more than seven days prior to delivery and must accompany each delivery of product to a state agency or political subdivision of the state. The certificate of condition examination and origin must contain:

1. the origin of the product, except as provided in §903.D;
2. the purchase order number of the purchasing agency;
3. verification of:
 - a. condition of the product, i.e., no change in the product since initial inspection; and
 - b. compliance with the specifications of the purchase order.

D. The purchase order of the purchasing agency must indicate whether or not a vendor has claimed a preference based on provision of Louisiana agricultural products. When the purchase order of the purchasing agency does not indicate that the vendor has claimed a Louisiana agricultural products preference, no certification as to origin of the product will be made.

E. Each master or shipping container of poultry, poultry products, and shell eggs meeting the specifications of the purchase order shall be stripped on the outside of the container with non-glossy filament tape or equivalent. All tape used for sealing purposes must be approved by the Department of Agriculture and Forestry. The tape shall be placed so that it must be torn to open the container.

F. Each master or shipping container must be stamped with the U.S.D.A. contract compliance stamp and certificate number or U.S.D.A. Sample Grade stamp and date or bear the U.S.D.A. shield. The stamp imprint must be legible and placed partially on the container and partially on the tape on the end of the container.

G. All containers of Louisiana agricultural products must be stamped with a Louisiana agricultural products stamp.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 8:271 (June 1982), amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1120 (September 1993).

§905. Time Limitation for Issuance of Certificate

A. A state of Louisiana condition examination and origin certificate must be issued not more than seven days prior to the scheduled delivery of the product to the purchasing agency.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 8:272 (June 1982), amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1121 (September 1993).

§907. Waiver of Specification Requirements

A. The purchasing agency may waive the requirements for sealing of the container when the contents are ice-packed rather than frozen, but may do so only at purchasing agency's risk. When the purchasing agency waives the requirement for sealing of the container, a written statement of waiver must be provided to the Department of Agriculture and Forestry.

B. Waivers and amendments to specification requirements may be made only with concurrence of the purchasing agency and the vendor.

C. A written statement of the precise nature of the changes in the specifications must be provided to the Department of Agriculture and Forestry representative prior to any examination of the product.

D. Failure to include information concerning the Louisiana agricultural products preference of the vendor on the purchase order shall constitute a waiver of the vendor's right for a certificate of origin.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 8:272 (June 1982).

§909. Final Delivery of Product

A. Final acceptance of the product will be the responsibility of the purchasing agency.

B. Products may be rejected for the following reasons:

1. no certificate affixed;
2. sealing tape on container broken;
3. no official stamp affixed;
4. obvious deviations from specification requirements without appropriate written notice of changes in specification requirements.

C. Purchasing agency may accept product with minor deviations from specification requirements without written statement of agreed-upon changes, but shall do so at purchasing agency's risk.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 8:272 (June 1982).

§911. Contractor's Obligations

A. Vendors requesting certification services under these regulations must provide such assistance as may be necessary to expedite the examination and certification of products and the taping of containers, including the provision of the necessary tape.

B. Vendors desiring certification services must notify the Department of Agriculture and Forestry at least 24 hours in advance of need. Vendors who fail to give at least 24 hours advance notice of need shall be subject to a penalty of \$50, regardless of the time required for the services or the fees assessed.

C. The cost of all examination and certification services shall be paid by the vendor at the current U.S.D.A. rate for each hour required to conduct the examination, provided that no specific charge shall be made for certification of product when inspection is simultaneously performed. The cost of all examination and certification services on all eggs and poultry that does not require a federal grade certificate to be written by a Louisiana Department of Agriculture and Forestry employee shall be charged at a rate of \$0.025 per pound for each hour required to conduct the examination, provided that no specific charge shall be made for certification of product when inspection is simultaneously performed.

D. Vendor must reimburse the Department of Agriculture and Forestry for travel expenses of the inspector providing services, at the rate specified in state travel regulations.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:412 and R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture, Market Commission, LR 8:272 (June 1982), amended LR 9:411 (June 1983), LR 16:393 (May 1990), amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1121 (September 1993), LR 25:236 (February 1999).

Subchapter B. Egg Grading and Marketing

§915. Definitions

A. For the purpose of these regulations the following words, terms and phrases shall be construed to mean:

Ambient Temperature—the atmospheric temperature surrounding or encircling shell eggs.

Boiled Eggs—eggs that are hard or soft boiled, that are pickled, frozen, or by any other means preserved and sold commercially.

Broker—a person who never assumes ownership or possession of eggs, nor changes the grade or pack of eggs, but is engaged in the business of acting as agent, for a fee or commission, in the sale or transfer of eggs between producers, or dealer-wholesalers as sellers and dealer-wholesalers, processors, or retailers as buyers.

Candling—the practice of examining the interior of an egg by use of transmitted light for determining whether it is inedible, and for determining quality in grading edible eggs.

Case—30 dozen per case of shell eggs.

Commissioner—the Commissioner of Agriculture and Forestry of the State of Louisiana.

Consumer—any person using eggs for food, and shall include restaurants, hotels, cafeterias, hospitals, state institutions, schools, other places not specifically named such as bakeries, day care centers, nursing homes, etc. or any other establishment serving food to be consumed or produced on the premises, but shall not include the Armed Forces or any other federal agency or institution.

Dealer-Wholesaler—any person engaged in the business of buying eggs from producers or other persons on his own account and selling or transferring eggs to other dealer-wholesalers, processors, retailers, or other persons and consumers. A *dealer-wholesaler* further means a person engaged in producing eggs from his own flock and disposing of any portion of the production on a graded basis.

Denatured—rendering unfit for human consumption by treatment or the addition of a foreign substance such as lamp black, methylene dye, powdered charcoal or kerosene, in addition to crushing of the egg shells.

Department—the Louisiana Department of Agriculture and Forestry.

Egg Producer—any person, farm, corporation, or other entity that produces eggs.

Egg Products—any other products made from whole eggs, egg whites, egg yolks or any combination thereof that is not included in the above definitions.

Egg Products Inspection Act—Public Law 91-597, Egg Products Inspection Act, dated 12/29/70.

Eggs—the product of the domesticated chicken offered for sale for human consumption.

Federal Standards—the quality and weight requirements for grades as defined in the United States Standards for Shell Eggs that are now or may hereafter be established by the United States Department of Agriculture.

Frozen Egg Products—frozen whole eggs, frozen whites, or frozen yolks or any combination thereof to which have been added salt, sugar, or other food or noninjurious food additive.

Frozen Eggs, Frozen Egg Yolks, or Frozen Mixed Eggs—the food prepared by freezing liquid eggs.

Inedible and Unfit for Human Consumption—for eggs, this shall mean eggs described as black rots, white rots, mixed rots (addled eggs), sour eggs, eggs with green whites, eggs with stuck yolks, moldy eggs, musty eggs, eggs showing blood rings, eggs containing embryo chicks (at or beyond the blood ring stage), leakers, and any eggs that are adulterated as such term is defined pursuant to the Food, Drug and Cosmetic Act.

Offered for Sale—eggs that are housed within any wholesale or retail place of business, or on or alongside of any loading or unloading platform in the state of Louisiana, or within a truck or other carrier that has come to rest within the state of Louisiana.

Packer—any person who grades, sizes, candles, and packs eggs for the purpose of resale.

Person—any individual, partnership, association, business trust, corporation or any organized group of persons, whether incorporated or not.

Possession—the fact of possession by any person engaged in the sale of a commodity is prima facie evidence that such commodity is for sale.

Processor—a person who operates a plant for the purpose of breaking or boiling eggs for freezing, drying, or commercial food manufacturing.

Producer—any person engaged in the business of producing eggs in Louisiana, either as an owner or as an officer or stockholder of a business engaged in producing eggs in Louisiana, or any person deriving a profit from such business or a person who further processes boiled, frozen or other egg products derived from fresh shell eggs.

Retailer—any person who sells eggs to a consumer.

Sell—to "offer for sale," "expose for sale," "have in possession for sale," "exchange," "barter," or "trade."

Standard—the quality specifications for a single egg, and a group of standards is combined to make a grade.

U.S.D.A.—the United States Department of Agriculture.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969, amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1121 (September 1993), LR 23:293 (March 1997).

§917. Temperature Requirements

A. The temperature of shell eggs shall be held at an ambient temperature of 45° F or below at all times when being transported, stored, or displayed for sale except for brief periods of loading or unloading.

1. No shell egg handler shall possess any shell eggs that are packed into containers for the purpose of resale to the consumer unless they are labeled with the following statement: "keep refrigerated at or below 45° F."

2. Every person, firm, or corporation selling shell eggs for the purpose of resale to the consumer must store and transport shell eggs under refrigeration at an ambient temperature no greater than 45° F, and all containers of eggs must be labeled "Keep refrigerated at or below 45° F." The requirements of this Section include, but are not limited to, retailers, institutional users, restaurants, nursing homes, dealer-wholesalers, food handlers, transportation firms, or any person who delivers to the retail or consuming trade. Eggs found which do not meet refrigeration requirements, either in transit, storage, or display, can be seized and destroyed by Department of Agriculture and Forestry inspectors.

B. Packers shall not be responsible for the interior quality of eggs if all recommended handling procedures in this Section are not followed by all parties following point of sale by packer.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19:1122 (September 1993), amended LR 23:293 (March 1997).

§919. Sale or Offering for Sale of Eggs within Louisiana

A. No person, firm, or corporation shall sell, traffic in, or deliver to the retail or consuming trade, any eggs unfit for human consumption or any eggs that do not meet Grade B requirements. A store may not repackage eggs unless it has an egg consolidation plan approved by USDA and LDAF.

B. All shell eggs and egg products offered for sale in Louisiana are subject to inspection by personnel of the Louisiana Department of Agriculture and Forestry before being placed in retail outlets. If a particular lot of eggs does not meet the Louisiana grade standards the said lot may be seized or be retained for shipment back to the producer. All packer/producers and retailers must maintain records showing the disposition of all eggs retained and returned to the packer/producer.

C. This Chapter shall be applicable to all retailers of eggs, except that retailers shall be permitted to sell eggs, identified as unclassified, when such eggs are purchased directly from producers who own less than 500 hens; however, eggs sold as unclassified must meet Grade B standards.

D. Invoices

AGRICULTURE AND ANIMALS

1. Every person, firm, or corporation selling eggs or egg products to a retailer or manufacturer shall furnish an invoice showing the size, quality, and date of transaction of such eggs according to the standards prescribed by this Section together with the name and address of the person by whom the eggs were sold. This invoice shall be retained for two years.

2. Retailers shall be required to produce an invoice showing origin of eggs. These invoices must be kept for a period of two years. These invoices shall also show the name and address of the vendor, producer, packer, dealer-wholesaler or broker.

E. Containers

1. All containers shall show the name and address of the producer.

2. Any and all shell eggs offered for sale at retail shall be prepackaged, and shall be plainly marked as to grade and size with letters not less than 3/8 inch in height.

3. Containers must contain the phrase "Keep refrigerated at or below 45° F."

F. Licenses

1. Every person, firm, or corporation engaged in selling shell eggs, frozen eggs, liquid eggs, or any egg product to a retailer or manufacturer shall secure a license. The license shall be issued by the commissioner, after application made to and approval granted by the Louisiana Egg Commission.

2. All packers/producers/processors are subject to yearly plant inspections by the department. Travel expenses incurred in conducting such inspections shall be reimbursed to the Department of Agriculture and Forestry by the licensee.

3. Application forms for license shall be furnished by the Department of Agriculture and Forestry. Each license application shall be accompanied by a fee of \$100 payable to the Louisiana Egg Commission. Upon approval of the application, a license will be issued to the applicant. A license will be valid for a period of one year, September 1 through August 31.

4. Any packer/producer/processor/dealer-wholesaler/broker that does not apply for a license, after being informed that such business requires a license or having received the necessary applications from the department, shall have all eggs sold by such business put off-sale until such time as the business obtains a license.

G. Inspection Requirements for Packing Plants and Egg Products/Boiling Plants

1. Packing plants and egg products/boiling plants shall meet minimum requirements of state health regulations, USDA regulations, and Food and Drug Administration regulations and practice good sanitation practices. If minimum sanitation requirements for food handling are not met, the department has the right to stop operation until such time as the plant is in compliance.

2. All eggs used in boiling operations must meet Grade B requirements. Boiling operations will provide the Department of Agriculture and Forestry with a schedule stating the hours of operation. Boiling operations will be checked for sanitation and egg quality on a regular basis. Eggs boiled which do not meet minimum Grade B requirements will be destroyed by the licensee upon request of and in the presence of department personnel.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969, promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19:1122 (September 1993), amended LR 23:293 (March 1997), amended by the Department of Agriculture and Forestry, Office of Animal Health and Food Safety, Egg Commission, LR 42:219 (February 2016), LR 43:1517 (August 2017).

§921. Louisiana Standards, Grades and Weight Classes for Shell Eggs

A. Louisiana standards, grades and weight classes for shell eggs shall be as defined in the United States Standards that are now or may hereafter be established by the United States Department of Agriculture.

B. Louisiana Consumer Grades. The official Louisiana consumer grades for shell eggs are as follows.

Grade AA
Grade A
Grade B

C. Louisiana Weight Classes

Jumbo	Medium
Extra Large	Small
Large	Peewee

D. These grades are applicable to edible shell eggs in lot quantities rather than on an individual egg basis. A lot may contain any quantity of two or more eggs.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405 and R.S. 4:10.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969, amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1122 (September 1993).

§923. Inspections; Fees; Failure to Meet Standards

A. All eggs and egg products offered for sale in Louisiana are subject to inspection by personnel of the Louisiana Department of Agriculture and Forestry.

B. There shall be a \$0.02 per case assessment for all shell eggs graded or processed in the state of Louisiana. In addition, any plant outside of the state of Louisiana shipping eggs into Louisiana, for wholesale or retail, shall be charged the same assessment. This assessment shall be dedicated to the Louisiana Egg Commission.

C. An additional \$0.16 per case inspection fee for all graded or processed shell eggs or egg products sold in the state of Louisiana, if the sale is to the consumer or if the purchase by the buyer is for the purpose of resale at the

consumer level, or if by the dealer/wholesaler for the purpose of resale.

D. Producers/brokers selling nest run eggs in Louisiana will not be responsible for the \$0.02 assessment nor the \$0.16 inspection fee. The assessment or fee shall be paid by the packer packaging the eggs.

E. All egg products will be inspected for condition only. All egg products plants shall be responsible for the fees and assessments due on all products entering Louisiana. Additionally, at the discretion of the department, a dealer wholesaler selling egg products in Louisiana could be held liable for fees due in lieu of an egg product plant based on the following formula:

1. 36 pounds of frozen or liquid eggs shall represent a 30 dozen case of shell eggs;
2. nine pounds of dried eggs shall represent a 30 dozen case of shell eggs;
3. two containers of boiled eggs weighing 20 to 25 pounds each shall represent a 30 dozen case of shell eggs;
4. 50 pounds of cooked or diced eggs shall represent a 30 dozen case of shell eggs;
5. boiled pickled eggs: case equivalent shall be determined by dividing the number of eggs in a container by 360.

F. Packers producers, processors, and wholesalers shall be required to report and pay assessments and inspection fees on reported volume on a monthly basis. Reports are due on a monthly basis from all egg handlers regardless of who is responsible for paying the assessments and fees. The assessments and fees shall be paid reported no later than the fifteenth of the following month. If a report is not received by the due date, a letter shall be sent to the egg handler reminding them of the past due report. If the handler does not report within 10 days from date of the past due notice, the egg handler's license may be suspended and all eggs or egg products found sold, packaged, or processed shall be put off sale and the packer/producer's eggs shall not be sold in Louisiana until such time when all assessments and fees are paid in full.

G. Report forms shall be supplied by the Department of Agriculture and Forestry, Poultry and Egg Division. It shall be the responsibility of the packer to request these forms as they are needed.

H. Dealers-wholesalers shall be required to furnish evidence of origin by invoice on eggs which they handle. Dealers/wholesalers shall report volume of sales monthly on forms furnished by the department. On sale of eggs and egg products produced out-of-state, the last dealer/wholesaler/processor that handles the eggs or egg products before they enter the state shall be responsible for paying all fees. In-state producers/packers/processors are responsible for all fees of eggs or egg products they have sold in this state. Fees shall be paid not later than the fifteenth of the following month.

I. Brokers shall be required to furnish evidence of origin by invoice on eggs and egg products which they handle and sell in Louisiana. If shell eggs are nest run, then the packer buying such eggs shall be responsible for fees. If the eggs have been graded, then the packer who graded the eggs shall be responsible. However, if the state is not able to collect the fees from the out-of-state packer then the in-state packer shall be responsible for all fees. No fees shall be charged to place of origin on nest-run eggs; the packer buying the eggs shall be responsible for all fees.

J. Underpayment or overpayment found during audits are to be reported on the next monthly egg inspection report to the department.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405 and 3:412.

HISTORICAL NOTE: Promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19.1122 (September 1993), amended LR 23:294 (March 1997), amended by the Department of Agriculture and Forestry, Office of Animal Health and Food Safety, Egg Commission, LR 43.1517 (August 2017).

§925. Ownership

A. All eggs shall be considered the property of the person in whose possession they are found except those in the custody of common carriers or public warehouses where the owner is identified by record.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969.

§927. Destination Tolerances; Additional Inspection Fees

A. No eggs shall be sold for resale to the consumers below U.S. Grade B, nor shall any eggs be sold as fresh eggs if the eggs are over 45 days of age. Eggs 45-60 days of age after package date may be returned to the processor or sent to a breaker. Eggs older than 60 days from date of package will be destroyed on the premises in the presence of the inspector/grader.

B. Eggs not meeting destination tolerances of the grade designated on the container shall be subject to an additional inspection fee and shall have a stop sale place on them.

C. Eggs not meeting Grade B standards shall have a stop sale issued, pay an additional inspection fee as set forth below, and be retained under U.S.D.A. provisions.

	Grade A Standards**	Grade B Standards*
1-10 cases	\$ 5	\$15
11-30 cases	20	30
31-99 cases	30	60
over 100 cases	40	80
*Eggs failing to meet Grade B standards may be retained with a U.S.D.A. tag and a PY 518 Alleged Violations and Detention Notice.		
**Eggs failing to meet Grade A standards, but which meet Grade B standards shall be returned under a Louisiana stop sale, and shall be subject to an additional inspection fee		

D. If an appeal grading is asked for and the inspector's decision is upheld, the party asking for the appeal grading

shall pay all expenses incurred at the current federal rate. If the inspector's decision is reversed, the state shall absorb all expenses. Appeal grading shall be performed by the director or assistant director of the Poultry and Egg Division.

E. Any egg handler that fails to pay the additional inspection fee shall have a stop sale placed on this product and any other egg or egg product found in the state until such time as all fees are paid.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405 and 3:412.

HISTORICAL NOTE: Promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19:1123 (September 1993), amended LR 23:295 (March 1997), LR 28:1171 (June 2002).

§929. Labeling, Advertising and Displaying of Eggs

A. Terms, words, phrases, symbols, etc. used in the labeling and advertising of eggs such as fresh, newly laid, and yard eggs shall be applied only to eggs having not less than the minimum quality requirements of U.S.D.A. consumer Grade A or better and which have been so labeled as to grade and size.

B. Each carton or sleeve shall have on each individual container the following:

1. the grade and size;
2. the date when packed;
3. the name and address of packer/producer;
4. the Louisiana license number issued by the Louisiana Egg Commission (example: La000);
5. the phrase "keep refrigerated at 45° F or below";

C. Each case, regardless of size, of loose eggs shall have marked on one end:

1. the grade and size;
2. the name and address of packer/producer;
3. the date when packed;
4. the Louisiana license number (example: La000);
5. the phrase "keep refrigerated at 45° F or below" (this may be placed on the side or top of the case).

D. Eggs that are packed on flats (cartons that do not have tops or lids) and are shrink wrapped shall have the above information on a place card no smaller than 5 x 8 inches displayed immediately above the eggs so packed that are being offered for sale to the consumer. It is the responsibility of the retailer to see that such signs are posted.

E. License numbers shall have "La" preceding the number (example: La001).

F. All eggs advertised or displayed for sale for human consumption shall designate the correct grade and size, and such designation shall also appear on the exterior of the container in which eggs are offered for sale.

G. Restaurants, hotels, and other dining places using eggs below Grade A quality shall be required to display a

placard of heavy cardboard of not less than 8 x 11 inches, stating the quality and weight of the eggs used by the establishment, in a location where it can easily be seen by the customers, or in lieu thereof, place this information on the menu. If packers, jobbers, or dealer-wholesalers sell eggs below Grade A quality to restaurants, hotels, and other eating establishments, it shall be their responsibility to inform them to post such notices.

H. Grade and size of eggs must be identified in ads, papers, circulars, and point-of-sale materials.

I. All cartons and containers containing shell eggs that have not been specifically processed to destroy all live *Salmonellae* prior to distribution for sale to the ultimate consumer shall contain the following statement on each such carton or container:

"SAFE HANDLING INSTRUCTIONS: To prevent illness from bacteria: keep eggs refrigerated, cook eggs until yolks are firm and cook foods containing eggs thoroughly."

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, State Market Commission, May 1969, amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1123 (September 1993), LR 28:1171 (June 2002).

§931. Exemption

A. Producers selling eggs of their own production on their own premises to individuals are exempt from the provisions of these regulations. No more than 30 dozen can be sold to one person at one time.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969, amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1124 (September 1993).

§933. Stop Sale Notices

A. Any enforcement officer may, while enforcing the provisions of the regulations, issue and enforce a written, printed or stamped *Stop Sale* order on any eggs held to be in violation of these regulations which shall prohibit further sales of any such eggs. In case of a dispute the egg vendor shall have the right of prompt re-inspection by a licensed federal or state grader. If upon re-inspection the eggs fail to meet the specifications for grade as advertised they shall be re-marked as to their proper grade and weight classification or they shall be re-packaged.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969.

§935. Audits

A. All license holders are subject to yearly audits and must be audited at least once every two years to insure proper reporting of egg and egg product inspection fees and egg assessments to the Louisiana Egg Commission. Audits shall be performed by employees of the Department of Agriculture and Forestry. Travel expenses and per diem incurred in conducting out-of-state audits are to be reimbursed to the Department of Agriculture and Forestry by

out-of-state license holders. Failure or refusal to pay travel expenses and/or per diem will result in immediate suspension of license and all products found in the state shall have a "STOP SALE" placed on the product and no further sales will be allowed in the state until such time as all expenses are paid.

B. The out-of-state daily allowance for meals and lodging, plus travel expense to and from locations of license holders shall be the maximum amount reimbursable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 3:405.

HISTORICAL NOTE: Promulgated by the Department of Agriculture and Forestry, Market Commission, LR 19:1124 (September 1993), amended LR 23:295 (March 1997).

§937. Prohibited Acts

A. It is prohibited to:

1. prepare, pack, place, deliver for shipment, deliver for sale, load, ship, transport, sale in bulk or containers or advertise by sign, placard or otherwise any eggs for human consumption which are mislabeled, that are, or contain inedible eggs not denatured, or eggs that have been incubated;

2. use descriptive terminology for eggs that have not been graded and sized according to the standards set forth by the Louisiana Department of Agriculture and Forestry;

3. use descriptive terminology such as "fresh," "farm," "country," etc., or to represent the same to be "fresh" any eggs excepting those eggs that meet the minimum requirements of Grade A destination standards and are less than 30 days of age;

4. sell to the consumer eggs that are over 30 days of age.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, May 1969, amended by the Department of Agriculture and Forestry, LR 19:1124 (September 1993).

Subchapter C. Identification of Graded Dressed and Drawn (Ready-to-Cook) Poultry

§939. Definitions

Further Processing—when referring to poultry, a poultry plant engaged in further processing of poultry—i.e., nuggets, patties, breaded products, etc.

Poultry—any domesticated fowl, including chickens, turkeys, ducks, and geese.

Poultry Plant—a plant engaged in the business of slaughter or processing poultry for sale, either fresh or frozen.

R.T.C.—when referring to poultry, *ready-to-cook*. no further processing is necessary.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, June 1954, amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1124 (September 1993).

§941. Application

A. No poultry may be offered for sale to the consumer unless it was slaughtered in a federally inspected plant or in a Louisiana plant that is state inspected to insure sanitation and to insure that the product is wholesome.

B. The specifications for poultry grade shall, at all times, be based upon *THE UNITED STATES QUALITY STANDARDS FOR POULTRY* formulated by the United States Department of Agriculture.

C. The Department of Agriculture and Forestry shall cooperate with the United States Department of Agriculture and Forestry or any other agency in formulating cooperative programs for the furtherance of these regulations.

AUTHORITY NOTE: Adopted in accordance with R.S. 3:405.

HISTORICAL NOTE: Adopted by the Department of Agriculture, Market Commission, June 1954, amended by the Department of Agriculture and Forestry, Market Commission, LR 19:1124 (September 1993).

§943. Labeling, Advertising and Displaying of Poultry

A. No poultry can be advertised for sale in newspapers, radio, store ads, or other means as Grade A, U.S. Grade A, or U.S.D.A. Grade A unless the product bears the U.S.D.A. Grade A shield. A store may advertise "cut-from Grade A poultry" only if it is able to prove that the product was cut from Grade A whole poultry. It may not advertise "cut-from Grade A poultry" if it has in its place of business any like product that is not Grade A. (Example: it cannot advertise "8 piece cut chicken, cut from Grade A birds" if it has invoices, or whole product that was not Grade A.)

B. No retailer may mark product as Grade A, A Grade, or U.S. Grade A, either on the product or in placards above the product, or elsewhere in the store unless it has been graded and has a U.S.D.A. Grade Shield on the packaging, if individually wrapped. If the product was bulk packed, then the retailer must have the label from the original master container and sales invoice to prove the product is A Grade.

C. Wholesale. Whole birds, cut-up, and parts must be labeled or have imprinted or stamped on the individual wrappers the grade (if graded, the U.S.D.A. shield must also be on each container), part name or whole bird statement, name and address of the plant (including plant number except in the case of whole birds, the plant number may be on the clip), and U.S.D.A. legend.

D. Retail (not packaged, bulk). In refrigerated cases with open displays of R.T.C. poultry, placards declaring the grade (if any) and part name or whole bird statement must be displayed immediately adjacent thereto. The size of the print used on such placard shall be large enough to be easily read.

E. Retail (packaged). Packaged R.T.C. poultry offered for sale at retail must be labeled to show grade (if graded), part name or whole bird statement, net weight, and name and