



## 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

Thursday, May 16, 2019  
**Upon Adjournment of the House**  
House Committee Room 5

#### **I. CALL TO ORDER**

#### **II. ROLL CALL**

#### **III. BUSINESS**

1. Fiscal Status Statement and Five-Year Base-Line Budget
2. Facility Planning and Control - Capital Outlay Change Orders
3. Review and approval of a contract amendment to extend the duration of the contract between the Louisiana Department of Health, Bureau of Health Services Financing and Public Consulting Group, Inc., in accordance with R.S. 39:1615(J)
4. Review and approval of a contract amendment to extend the duration of the contract between the Louisiana Department of Health, Bureau of Health Services Financing and Health Management Systems, Inc., in accordance with R.S. 39:1615(J)
5. Review and approval of the request to reprogram funding for Coastal Restoration and Management Projects, as required by Act 7 of the 2008 Second Extraordinary Session and Act 20 of the 2009 Regular Legislative Session
6. Review and approval of the Fiscal Year 2019-2020 operating budgets for the following state retirement systems, as required by R.S. 11:176 and R.S. 39:81:
  - A. Teachers' Retirement System of Louisiana
  - B. Louisiana State Employees' Retirement System
  - C. Louisiana School Employees' Retirement System
  - D. Louisiana State Police Retirement System
7. Review and approval of the Fiscal Year 2019-2020 operating budget for the Louisiana Lottery Corporation in accordance with R.S. 47:9010(A)(7)
8. Review and approval of Deputy Sheriffs' Back Supplemental Pay in accordance with R.S. 40:1667.8
9. Review and approval of the Sabine River Authority's Fiscal Year 2019-2020 budget in accordance with R.S. 38:2324(B)(1)
10. Review of a contract between the Office of Group Benefits and Access Health Louisiana, Inc., for a capitated primary care network, in accordance with the provisions of R.S. 42:802
11. Review of a contract between the Department of Transportation and Development and Kapsch TrafficCom USA, Inc., associated with the Traffic Management Center in accordance with R.S. 39:1615(J)

#### **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)**

May 16, 2019

**MAY 2019  
Over/(Under)  
APRIL 2019**

**GENERAL FUND REVENUE**

	<b>APRIL 2019</b>	<b>MAY 2019</b>	<b>MAY 2019 Over/(Under) APRIL 2019</b>
Revenue Estimating Conference, April 10, 2019	\$9,553.900	\$9,553.900	\$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
<b>Total Available General Fund Revenue</b>	<b>\$9,733.850</b>	<b>\$9,733.850</b>	<b>\$0.000</b>

**APPROPRIATIONS AND REQUIREMENTS**

**Non-Appropriated Constitutional Requirements**

Debt Service	\$422.651	\$422.651	\$0.000
Interim Emergency Board	\$1.323	\$1.323	\$0.000
Revenue Sharing	\$90.000	\$90.000	\$0.000
<b>Total Non-Appropriated Constitutional Requirements</b>	<b>\$513.973</b>	<b>\$513.973</b>	<b>\$0.000</b>

**Appropriations**

General (Act 2 of 2018 2nd ES and Act 2 of the 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)	\$63.350	\$63.350	\$0.000
<b>Total Appropriations</b>	<b>\$9,109.777</b>	<b>\$9,109.777</b>	<b>\$0.000</b>

**Total Appropriations and Requirements**

<b>Total Appropriations and Requirements</b>	<b>\$9,623.750</b>	<b>\$9,623.750</b>	<b>\$0.000</b>
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**General Fund Revenue Less Appropriations and Requirements**

**\$110.100      \$110.100      \$0.000**

**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 A.(3)(a) "At the first meeting of the Joint Legislative Committee on the Budget after publication of the Comprehensive Annual Financial Report for the state of Louisiana, the commissioner of administration shall certify to the committee the actual expenditures paid by warrant or transfer and the actual monies received and any monies or balances carried forward for any fund at the close of the previous fiscal year which shall be reflected in the budget status report."

**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 \$12.262m 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) 308.053**

**Certification in accordance with R.S. 39:75A(3)(a) \$308,053,201**

**III. Current Year Items Requiring Action**

GOHSEP - Repay FEMA for multiple disasters	\$25.00
TOPS and Higher Education - funding for accreditation issues, LSUHSCNO lease/occupancy agreement with Cancer Research Center, and Online Educational Resources including e-Textbooks	\$19.00
Department of Corrections - personal services and acquisitions & major repairs	\$16.29
DOA - Finalize implementation of LaGov financial system	\$15.14
Public Service Commission and Environmental Quality - Partial repayment plan	\$3.00
Office of Juvenile Justice - Raise the Age Initiative	\$2.10

**Total Items Requiring Action \$80.53**

#### **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.

In 2008, the State of Louisiana through the Coastal Protection and Restoration Authority Board entered into a Project Partnership Agreement with the United States Army Corps of Engineers to construct a Hurricane and Storm Damage Risk Reduction System (HSDRRS) around the greater New Orleans area. The HSDRRS project is a cost share agreement whereby the State is required to pay a percentage (about 35%) of the total costs of the project. Payback will occur over a 30 year period with the first payment due once the HSDRRS project is completed, which is expected to be in Fiscal Year 2021.



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

	Current Fiscal Year 2018-2019	Projected Fiscal Year 2019-2020	Projected Fiscal Year 2020-2021	Projected Fiscal Year 2021-2022	Projected Fiscal Year 2022-2023
<b>REVENUES:</b>					
Taxes, Licenses & Fees	\$12,134,900,000	\$12,354,400,000	\$12,576,200,000	\$12,882,900,000	\$13,165,400,000
Less Dedications	(\$2,581,100,000)	(\$2,629,600,000)	(\$2,532,200,000)	(\$2,578,000,000)	(\$2,615,800,000)
Act 10 of the 2018 Second Extraordinary Session - Transfer of Funds	\$53,333,333	\$0	\$0	\$0	\$0
<b>TOTAL REC REVENUES (OFFICIAL FORECAST)</b>	<b>\$9,607,233,333</b>	<b>\$9,724,800,000</b>	<b>\$10,044,100,000</b>	<b>\$10,304,900,000</b>	<b>\$10,549,700,000</b>
<b>ANNUAL REC GROWTH RATE</b>		<b>1.22%</b>	<b>3.28%</b>	<b>2.60%</b>	<b>2.38%</b>
<b>Other Revenues:</b>					
Carry Forward Balances	\$63,664,831	\$0	\$0	\$0	\$0
Utilization of Prior Year Surplus	\$62,951,760	\$0	\$0	\$0	\$0
<b>Total Other Revenue</b>	<b>\$126,616,591</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL REVENUES</b>	<b>\$9,733,849,924</b>	<b>\$9,724,800,000</b>	<b>\$10,044,100,000</b>	<b>\$10,304,900,000</b>	<b>\$10,549,700,000</b>
<b>EXPENDITURES:</b>					
General Appropriation Bill (Act 2 of 2018 2nd ES and Act 2 of 2018 3rd ES)	\$8,766,758,058	\$9,198,725,957	\$9,518,794,110	\$9,736,146,777	\$9,972,763,689
Ancillary Appropriation Bill (Act 49 of 2018 RS)	\$0	\$11,580,114	\$41,158,073	\$57,920,117	\$75,463,044
Non-Appropriated Requirements	\$513,973,375	\$541,811,413	\$532,415,092	\$518,934,704	\$503,876,678
Judicial Appropriation Bill (Act 69 of 2018 RS)	\$153,530,944	\$153,530,944	\$153,494,541	\$153,494,541	\$153,494,541
Legislative Appropriation Bill (Act 79 of 2018 RS)	\$62,472,956	\$62,472,956	\$62,481,299	\$62,480,806	\$62,480,365
Special Acts	\$0	\$0	\$6,070,000	\$6,070,000	\$6,070,000
Capital Outlay Bill (Act 29 of 2018 RS)	\$398,000	\$0	\$0	\$0	\$0
<b>TOTAL ADJUSTED EXPENDITURES (less carryforwards and surplus)</b>	<b>\$9,497,133,333</b>	<b>\$9,968,121,384</b>	<b>\$10,314,413,115</b>	<b>\$10,535,046,945</b>	<b>\$10,774,148,317</b>
<b>ANNUAL ADJUSTED GROWTH RATE</b>		<b>4.96%</b>	<b>3.47%</b>	<b>2.14%</b>	<b>2.27%</b>
<b>Other Expenditures:</b>					
Carryforward BA-7s Expenditures	\$63,664,831	\$0	\$0	\$0	\$0
Prior Year Surplus Expenditures in Capital Outlay Bill	\$62,951,760	\$0	\$0	\$0	\$0
Mid-Year Adjustments after 12/1/2018	\$0	\$0	\$0	\$0	\$0
<b>Total Other Expenditures</b>	<b>\$126,616,591</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$9,623,749,924</b>	<b>\$9,968,121,384</b>	<b>\$10,314,413,115</b>	<b>\$10,535,046,945</b>	<b>\$10,774,148,317</b>
<b>PROJECTED BALANCE</b>	<b>\$110,100,000</b>	<b>(\$243,321,384)</b>	<b>(\$270,313,115)</b>	<b>(\$230,146,945)</b>	<b>(\$224,448,317)</b>

Oil Prices included in the REC forecast adopted on 4/10/2019.

\$58.96

\$59.15

\$60.00

\$61.71

\$62.17

**DIVISION OF ADMINISTRATION  
Facility Planning & Control**

**JOINT LEGISLATIVE COMMITTEE  
ON THE  
BUDGET**

**Briefing Book**

**FOR**

**May 2019**

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**JOINT LEGISLATIVE COMMITTEE ON THE BUDGET**  
**May 2019**

**Approval of Act 959 Project** **1**

**Roadway Improvements at Innovation Park**  
**Louisiana State University**  
**Baton Rouge, Louisiana**  
**Project No. 01-107-06-17; WBS F.01003818**

**Reporting of Change Orders over \$50,000 and under \$100,000** **2**

**1) Renovation of Allen Building – School of Nursing**  
**Southern University**  
**Shreveport, Louisiana**  
**Project No. 19-618-07S-01, Part 01; WBS F.19001010**

Office of the Commissioner  
State of Louisiana  
Division of Administration

JOHN BEL EDWARDS  
GOVERNOR



JAY DARDENNE  
COMMISSIONER OF ADMINISTRATION

April 22, 2019

The Honorable Cameron Henry, Chairman  
Joint Legislative Committee on the Budget  
Post Office Box 44294, Capitol Station  
Baton Rouge, Louisiana 70804

RE: **Approval of Act 959 Project  
Roadway Improvements at Innovation Park  
Louisiana State University  
Baton Rouge, Louisiana  
Project No. 01-107-06-17; WBS F.01003818**

Dear Chairman Henry:

Pursuant to R.S. 39:128 B. (4) Louisiana State University has requested approval to undertake the planning, design and construction of roadway improvements at the LSU Innovation Park located on LA 30 south of the University's main campus. The project will consist of the construction of a boulevard entry into LSU Innovation Park directly from LA 30. The project scope also includes subsurface drainage and appropriate turn lanes on LA 30. The total project cost is \$1,800,000 and will be funded by grants from the U.S. Department of Commerce's Economic Development Administration (\$1,100,000) and Louisiana Economic Development (\$500,000). Additionally, the Research Park Corporation is committing \$200,000. There will be no debt for this project. This request has been approved by the Board of Regents for Higher Education and the LSU Board of Supervisors.

Facility Planning and Control will administer the project and recommends it to the Joint Legislative Committee on the Budget.

Please place this item on the agenda for the next meeting of the Committee.

Sincerely,



Mark A. Moses  
Director



Jay Dardenne  
Commissioner of Administration

CC: Mr. Mark Gates, FPC  
Mr. Stephen Losavio, FPC  
Ms. Lisa Smeltzer, FPC  
Ms. Sue Gerald, FPC  
Ms. Ternisa Hutchinson, OPB  
Mr. Barry Dusse, OPB  
Mr. Samuel Roubique, OPB  
Mr. Paul Fernandez, OPB  
Ms. Jane Schoen, House Fiscal Division  
Ms. Linda Hopkins, House Fiscal Division  
Ms. Ashley Albritton, House Fiscal Division  
Ms. Martha Hess, Senate Counsel  
Ms. Raynel Gascon, Senate Fiscal Division  
Mr. Danny Mahaffey, LSU  
Mr. David Van Alstine, FPC

Office of the Commissioner  
State of Louisiana  
Division of Administration

JOHN BEL EDWARDS  
GOVERNOR



JAY DARDENNE  
COMMISSIONER OF ADMINISTRATION

April 22, 2019

The Honorable Cameron Henry, Chairman  
Joint Legislative Committee on the Budget  
Post Office Box 44294, Capitol Station  
Baton Rouge, Louisiana 70804

**RE: Reporting of Change Orders over \$50,000 and under \$100,000  
Facility Planning and Control**

Dear Chairman Henry:


In accordance with R.S. 39:126 any change order in excess of fifty thousand dollars but less than one hundred thousand dollars shall be submitted to the Joint Legislative Committee on the Budget for review but shall not require committee approval. Pursuant to this authority Facility Planning and Control has issued change orders that are itemized on the attached list.

Please place this item on the agenda of the next meeting of the Committee.

Sincerely,



Mark A. Moses  
Director



Jay Dardenne  
Commissioner of Administration

MAM/kh

CC: Mr. Mark Gates, FPC  
Mr. Stephen Losavio, FPC  
Ms. Lisa Smeltzer, FPC  
Ms. Sue Gerald, FPC  
Ms. Ternisa Hutchinson, OPB  
Mr. Barry Dusse, OPB  
Mr. Samuel Roubique, OPB  
Mr. Paul Fernandez, OPB  
Ms. Jane Schoen, House Fiscal Division  
Ms. Linda Hopkins, House Fiscal Division  
Ms. Ashley Albritton, House Fiscal Division  
Ms. Martha Hess, Senate Counsel  
Ms. Raynel Gascon, Senate Fiscal Division

1. **Renovation of Allen Building – School of Nursing**  
**Southern University**  
**Shreveport, Louisiana**  
**Project No. 19-618-07S-01, Part 01; WBS F.19001010**  
**State ID No. S28020**  
**Site Code: 7-09-025**

**Date of Contract: August 23, 2016**

<b>Original Contract Amount:</b>	<b>\$3,350,000.00</b>
<b>Changes by previous change orders:</b>	<b>\$ 40,317.00</b>
Change Order 1:	\$ -8,550.00 (05/04/17)
Change Order 2:	\$ 48,867.00 (09/03/17)
<b>Contract amount increased by Change Order 3:</b>	<b>\$ 65,018.00 (09/26/18)</b>
<b>New Contract Sum:</b>	<b>\$3,455,335.00</b>

Change Order 3 increases the project contract amount due to an unforeseen condition discovered during construction. Demolition revealed that the existing masonry units under the rear stair were in brittle condition and could not support the modifications to the rear stair. The modified design provided for the installation of additional structural steel. There are sufficient contingency funds to cover the additional costs.





**State of Louisiana**  
Louisiana Department of Health  
Bureau of Health Services Financing

March 27, 2019

The Honorable Cameron Henry  
Louisiana State House of Representatives  
Chairman, Joint Legislative Committee on the Budget  
P.O. Box 44294  
Baton Rouge, LA 70804

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

Dear Representative Henry:

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) April hearing for consideration by your committee pursuant to R.S.39:1615(J). LDH has a current contract with Public Consulting Group (PCG) and wishes to extend this contract pursuant to the extension options in the Request for Proposals. The contract details are as follows:

**INDEPENDENT VERIFICATION AND VALIDATION (IV&V) SERVICES**

This is a three-year, statewide contract with Medicaid that provides independent verification and validation (IV&V) services for the Medicaid Systems Modernization project through PCG. The Centers for Medicare and Medicaid Services (CMS) requires Federal certification using IV&V services based on language found at Public Law 92-603, and the Code of Federal Regulations (CFR) at 42 CFR Part 433 and 45 CFR 95.611(d). In the absence of Federal certification using IV&V, Medicaid systems modernization projects are not authorized to receive enhanced Federal matching funds for their operation (90% Federal/10% State General Fund match).

The IV&V services delivered by PCG help to assure the alignment of the Department's Modernization Project with CMS standards along with monitoring of the design, development and implementation of the integrated modular solution related to the Medicaid Management Information Systems. Failure to obtain IV&V services will jeopardize enhanced federal funding resulting in the use of state funding above the budgeted amount.

The current contract, which was executed on June 1, 2016, expires on May 31, 2019. LDH is in the process of re-procuring this contract, however, CMS and Office of State Procurement approvals of the Request for Proposals (RFP) took longer than anticipated. The RFP is scheduled for publication at the end of March, and LDH anticipates the RFP process to be complete within the next six months (pending any significant delays or protests). LDH is satisfied with the performance of PCG and would like to exercise the extension option in the contract. LDH is

The Honorable Cameron Henry  
March 27, 2019  
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requesting approval of JLCB to extend the contract until May 31, 2020, to avoid disruption in obtaining enhanced federal funding.

Thank you for considering our request to have this contract extension included on the April JLCB agenda. I am enclosing a copy of the contract and associated amendments for your convenience. If you have any questions or need any additional information, please feel free to contact Shannon Duplessis at (225) 342-6917 or [Shannon.Duplessis@la.gov](mailto:Shannon.Duplessis@la.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Jen Steele', with a stylized flourish at the end.

Jen Steele  
Medicaid Director

Enclosure [8]

JS/kb

# PUBLIC CONSULTING GROUP (PCG) CONTRACT EXTENSION

## ➤ Contract Summary

<b>Start Date</b>	June 1, 2016	<b><u>Contract Amount</u></b>	
<b>End Date</b>	May 31, 2019	<b>Initial 3-Year Term</b>	\$11,196,423
<b>Extension Request</b>	June 1, 2019 – May 31, 2020	<b>1 Year Extension</b>	\$3,206,413

## ➤ Extension Request

- **LDH is requesting permission to exercise the contractual option for a one-year extension with PCG** for continued independent verification and validation (IV&V) services for Medicaid Systems Modernization projects. The Centers for Medicare and Medicaid Services (CMS) require states to have IV&V services in order to receive enhanced federal funding under the Affordable Care Act.
- **Extension of the contract will allow the State to continue to receive enhanced federal funds at the 90% federal/10% state financial participation rate** without interruption until the RFP for a new contract can be published and the contract awarded.
- Failure to extend the contract could put enhanced federal funding at risk. The CMS requirement for IV&V is found in Public Law 92-603, 42 CFR 433 and 45 CFR 95.611(d). In the absence of IV&V, Medicaid systems are not authorized to receive enhanced federal matching funds for their operations.

## ➤ Services Provided

- Material assistance to the State with maintaining Medicaid federal certification for its systems modernization program, maintaining alignment with CMS standards, and supporting the monitoring of modernization systems design, development, testing, and implementation.
- Performance evaluations of and reviews of all Medicaid systems modernization components.
- Independent assessments of systems modernization project activities and deliverables and internal project management processes; makes recommendations for process improvements.
- Independent quality control and quality assessment of ongoing systems modernization project deliverables; makes recommendations for improvements.

## ➤ RFP Timeline

- LDH initiated the Request for Proposals (RFP) process to solicit bids from proposers for a new contract. The tentative timeline for the procurement process, barring any significant delays is:

Tentative Schedule of Key Events	
Public Notice of RFP	Friday, March 29, 2019
Deadline for Receipt of Proposals	Monday, May 6, 2019
Notice of Intent to Award, and 14-day protest period	Friday, June 7, 2019
Contract Execution, on or about	Monday, August 19, 2019
Contract Effective Date	To be scheduled



**State of Louisiana**  
Louisiana Department of Health  
Bureau of Health Services Financing

March 27, 2019

The Honorable Cameron Henry  
Louisiana State House of Representatives  
Chairman, Joint Legislative Committee on the Budget  
P.O. Box 44294  
Baton Rouge, LA 70804

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

Dear Representative Henry:

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) April 2019 hearing for consideration pursuant to R.S.39:1615(J). LDH has a current contract with Health Management Systems (HMS) and wishes to extend this contract pursuant to the extension options in the contract. The contract details are as follows:

**THIRD PARTY LIABILITY SERVICES**

This is a three year, statewide contract with Medicaid to assist the Department with recovering Medicaid funds from liable third parties by identifying and billing the liable third party. By law, Medicaid is the payer of last resort. If another insurer or program has the responsibility to pay for medical costs incurred by a Medicaid-eligible individual, that entity is generally required to pay all or part of the cost of the claim prior to Medicaid making any payment. Whenever the state has paid claims and subsequently discovers the existence of a liable third party, it must attempt to recover the money from the liable third party. HMS performs these functions as required by 42 CFR 433 Subpart D.

The current contract, which was executed on July 1, 2016, expires on June 30, 2019. LDH is in the process of re-procuring this contract, however, in order to provide sufficient time to develop a request/solicitation for proposal (R/SFP) that aligns with the Centers for Medicare and Medicaid Services' (CMS) requirements for systems modularity, LDH would like to extend the current HMS contract to avoid interruption of services while the R/SFP is developed. LDH is satisfied with the performance of HMS and is requesting approval of the JLCB to extend the contract until June 30, 2020.

Thank you for considering our request to have this contract extension included on the April JLCB agenda. I am enclosing a copy of the contract for your convenience. If you have any

The Honorable Cameron Henry  
March 27, 2019  
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questions or need any additional information, please feel free to contact Shannon Duplessis at (225) 342-6917 or [Shannon.Duplessis@la.gov](mailto:Shannon.Duplessis@la.gov).

Sincerely,



Jen Steele  
Medicaid Director

Enclosure

JS/dh

## SCOPE OF WORK

### A. Project Overview

At a minimum, the Contractor will:

1. Develop and implement a collections process for seeking reimbursement from liable third party health insurance carriers or directly from Medicaid providers for medical services provided under Title XIX or Title XXI Medicaid for fee -for-service enrollees and Medicaid managed care members. Managed Care Organizations (MCOs) have three hundred sixty-five (365) calendar days from date of service to collect from liable third parties. The State has reserved the right to pursue collection as a “come behind” process after the three hundred sixty-five (365) calendar day time frame for the MCOs to collect has elapsed.
2. Including the following, develop and implement a cost avoidance process by which TPL is added to the resource file:
  - a. When Contractor has identified and verified third party coverage;
  - b. Prior to instructing providers to bill carriers; and
  - c. After the Contractor has billed carriers directly and received payment.
3. Augment the Fiscal Intermediary (FI)’s monthly Medicare recovery efforts.
4. Develop and annually implement a review process as approved by the Louisiana Department of Health (LDH), which seeks reimbursement from Medicaid participating hospital providers through which overpayments (i.e., credit balances) for medical services provided under Title XIX or Title XXI Medicaid for fee-for-service enrollees are identified and recovered.

### B. Deliverables

The Contractor will complete deliverables in accordance with the requirements in this section.

#### Reporting

The Contractor shall work with the State and agree to the required timelines for delivery of all reporting functions. Although the State has indicated the reports that are required, the Contractor may suggest additional reports. The State also reserves the right to require additional reports beyond what is included in this document. All report formats must be approved by the State. Reports require State approval before being considered final.

#### Auditing

The Contractor shall perform audits throughout the course of their contract. The State will approve audit schedules and the mechanisms for which these will be completed.

#### Validation

The Contractor shall perform validations to ensure the State is being provided the highest quality of deliverables. The Contractor should suggest areas which require validation.

#### Monitoring

The Contractor shall monitor and evaluate the project progress and shall identify and report any deficiencies or issues needing to be resolved along with the recommended solutions in the form of project status reporting or other formats deemed necessary by the State. The Contractor shall meet with the State on a regular basis, as determined by mutual agreement between the State Contract Monitor and the Contractor.

#### 1. General Requirements

This section identifies tasks the selected Contractor will perform, at a minimum, during the contract period. These tasks and associated deliverables will be the basis by which the Contractor’s performance will be measured.

The Contractor shall:

- a. Pursue third party liability (TPL) recoveries for federally mandated pay and chase claims which are paid by Medicaid without regard to known health insurance coverage.
- b. Pursue TPL recoveries for claims paid and adjudicated prior to updates to the resource file denoting current and retroactive health insurance coverage. If a Medicaid enrollee has multiple types of coverage, the Contractor shall prioritize the coverage and report the information to the Department in the following order:
  - i. Major medical or major medical without maternity coverage;
  - ii. Pharmacy coverage; and
  - iii. Dental only, vision only, cancer only, and other specialized types of coverage (reported only in the absence of major medical or pharmacy coverage).
- c. Obtain a monthly file from all health insurance carriers, as required by LA R.S. 44:14, and conduct a data match with the Louisiana Medicaid enrollee file to identify liable third parties to the Department for updating the Medicaid resource file:
  - i. Issue billings to carriers based on data match criteria in order to maximize recoveries;
  - ii. Initiate and maintain a comprehensive resource file review program for file maintenance of third party resource data in order to maximize cost avoidance;
  - iii. Process the nightly files delivered via Secure File Transfer Protocol (SFTP) from the Medicaid eligibility system containing information on Medicaid enrollees who are currently enrolled in private insurance or whose insurance enrollment status is unknown. The Contractor shall verify insurance coverage for these Medicaid enrollees within five (5) business days of receipt of the file delivered from the Medicaid eligibility system;
  - iv. Perform carrier code updates and consolidation; and
  - v. Perform cleanup of invalid scopes of coverage.
- d. Pursue follow-up on outstanding accounts receivables six (6) months after Contractor issues billings to carriers with the requirement of ninety percent (90%) resolution of claims within ninety (90) calendar days of six (6) month follow-up. For the purposes of B.1.d, resolution shall mean claims that have been closed on the accounts receivable. Ninety percent (90%) is defined as being calculated by the total number of claims resolved divided by the total number of claims billed.
- e. Within ninety (90) calendar days of contract execution, at a minimum, provide twenty-four (24) months of insurance data obtained through data match agreements with insurance carriers of Louisiana residents, searchable by social security number, for the Department to access via a web service call. The data specifications shall be determined in collaboration between the Department and the Contractor and shall be an on-going process throughout the life of the contract; however, the specifications must include the ability to access data real time.

Provide for secure, web-based access to claim information for all appropriate providers, within ninety (90) calendar days of contract execution, in order to fulfill requirements mandated by Act 517 (SB 33) of the 2008 Regular Legislative Session. Information on Act 517 will be made available in the procurement library. For each Medicaid reclamation claim paid by a health insurer, provide claim identifying information (control number, patient account number), comprehensive insurance billing data, payment information, and posting date of payment. The Contractor must provide electronic notification to providers when payment updates are available and host data on a web server for a minimum of sixty (60) calendar days after notification to the provider. The Contractor must develop and implement a provider training curriculum and maintain an adequately staffed provider inquiry line Monday through Friday, 8am-5pm CT, excluding Louisiana state holidays. In addition, the Contractor must provide for submission of online extension requests for claims for which the provider must bill and must provide a module for providers to review the status of submitted inquiries with regard to recovery projects within the web portal.

- g. Provide for secure, web-based access to claims billed to carriers to include specific

data elements as determined by the Department in an agreed-upon format within two (2) weeks after the date of billing.

- h. Conduct an annual electronic data match with the Defense Enrollment Eligibility Reporting System (DEERS) in accordance with the date and file formatting required by DEERS. The DEERS online data system shall be used in conjunction with the annual file.
- i. Provide an electronic data file to the Department of Children & Family Services (DCFS) pursuant to an interagency agreement between LDH and DCFS in accordance with Act 578 of the 2008 Louisiana Legislature. Information on Act 578 will be made available in the procurement library.
- j. Perform a quarterly data match with support enforcement information system data as per the Centers for Medicare and Medicaid Services (CMS) regulations as specified by the Department.
- k. Perform identification and collection activities for commercial insurance within sixty (60) calendar days of the receipt of the Medicaid Adjudicated Claims History File data, as mandated by Federal Regulation 42 CFR 433.139 Collection and Disposition of Recovered Funds.
- l. Develop and implement a review process for Medicaid participating hospital providers for the purpose of annually identifying and recovering potential Medicaid overpayments by means of ~~performing a combination of provider self-reviews, desk reviews and onsite reviews.~~ **an amnesty process through provider self reviews.**

## 2. Programmatic Requirements

- a. Information provided by the Department to the Contractor shall include, but not be limited to the following:
  - i. Copies of the Medicaid enrollee file, the resource file, the provider file, and the adjudicated claims history file on, at a minimum, a monthly basis through the Department's FI.
  - ii. An SFTP file, on a quarterly basis, of the FI's Medicare monthly void/adjustment data.
  - iii. A TPL Carrier Code listing is available on the Louisiana Medicaid website.
  - iv. Access to support enforcement information system data in a format and medium determined by DCFS.
  - v. Access to Medicare recovery data will be coordinated by the Department to ensure non-duplication and timely filing assurance.
- b. The Department will monitor and measure the performance of the Contractor by:
  - i. Assuring that all state and federal regulations are promptly and appropriately implemented.
  - ii. Assuring that the recovered funds balance with the invoice, and authorizing the disposition of the associated funds which correspond to the appropriate Medicaid expenditures.
  - iii. Reviewing and ensuring the accuracy of invoices and authorizing invoice payment.
  - iv. Acting as coordinator between the Contractor and the FI.
  - v. Providing Louisiana Medicaid Management Information System (LMMIS) access to any and all files which the Department determines necessary for the fulfillment of contractual requirements.
  - vi. Providing copies on request of the Louisiana Title XIX State Plan, including amendments hereto as published, and copies of the administrative regulations, as necessary, under which the Louisiana Title XIX State Plan is to be operated.
  - vii. Furnishing, in writing, the name and title of each individual, with the scope of authority of such individual, authorized to act for the Department regarding this contract.
  - viii. Participating with the Contractor in developing a report delivery schedule listing the time and location of delivery of reports produced by the Contractor. Such schedule will be used to determine whether or not penalties for late reports are to be assessed.
  - ix. Providing review for approval or rejection of any replacement of



Contractor staff within forty-five (45) calendar days of notification to the Department of such proposed change. The Department may request any contractor personnel changes at any time that it deems necessary with regard to this contract.

- x. Assuring that state personnel are available for consultation in the specifications of the awarded contract.
- c. The performance of the Contractor will be measured during the period of the contract by consideration of the following:
- i. Enhancement of recoveries and third party cost avoidance.
  - ii. Collection of identified potential accounts receivables or receipt of documentation refuting the corresponding claims.
  - iii. The Contractor shall act as the Department's agent in collecting data from carriers, at a minimum, on a monthly basis.
  - iv. The Contractor shall provide to the resource file, in a fixed-length record format to be delivered by LDH to the Contractor, adds and updates (changes and terminations to third party coverage) within thirty (30) calendar days from receipt of the information. Documentation of the adds and updates shall be maintained by the Contractor.
  - v. Progress of the Contractor along a pre-determined series of project management oriented milestones as defined in the work plan.
  - vi. Requirement and demonstration that the Contractor's proposed personnel are working on the project. Completion of annual hospital credit balance reviews for all Medicaid participating hospital providers as selected and approved by LDH. **The contractor will pursue all overpayments through an amnesty process.** A review is considered complete once all Medicaid provider overpayments associated with that review have been received and processed by the FI or the Department's designee.
  - vii. Collection of identified and verified provider overpayments.

### 3. Operations Requirements

#### a. Medicaid Recovery Process

- i. The Contractor shall provide identifying information via SFTP for recoupment of claims submitted to providers to bill carriers.
  - 1. The recoupment data shall include data elements identified below and shall be produced per the specifications furnished by the FI or the Department's designee.

- |                                |   |
|--------------------------------|---|
| - Enrollee First and Last Name | - Enrollee Medicaid Identification Number   |
| - Claim Type                   | - Beginning Date of Service                 |
| - Provider Billed Amount       | - Date(s) of Service                        |
| - Recoupment Amount            | - MMIS or MCO Internal Control Number (ICN) |
| - Attending Provider Number    | - Medicaid or MCO Paid Amount               |
|                                | - Billing Provider Number                   |

- 2. A recoupment data log shall be produced electronically in an Excel spreadsheet to include the data elements identified below:

- |                                |   |
|--------------------------------|---|
| - Enrollee First and Last Name | - Recoupment Date Identification Number |
| - Invoice Number               | - Beginning Date of Service             |
| - Ending Date of Service       | - MMIS or MCO ICN                       |
| - Recoupment Amount            | - Medicaid or MCO Paid Amount           |
| - Report Totals                |   |

- ii. The Contractor shall provide identifying information via SFTP for commercial insurance collections for disposition of funds recovered and adjustment of Medicaid claims.

- 1. The adjustment data shall include data elements identified below and shall be produced per the specifications furnished by the FI or the Department's designee. NOTE: Excludes carrier overpayments (insurance policy obligation amounts in excess of Medicaid payment).

- Enrollee First and Last Name
- Enrollee Medicaid Identification Number
- Claim type
- Provider Billed Amount
- TPL Payment Amount
- Check Number
- Attending Provider Number
- Carrier Name
- MMIS or MCO ICN
- Date(s) of Service
- Medicaid or MCO Paid Amount
- Pay-In Voucher (PIV) Number
- Billing Provider Number

2. An adjustment data check log shall be produced electronically in an Excel spreadsheet to include data elements identified below:

- Invoice Number
- Name of Third Party Carrier
- Check Number
- Carrier Paid Amount
- Adjustment Data Identification Number
- PIV Number
- Check Date
- Report Totals

iv. Entire payments or additional payments for services and/or beneficiaries not billed by the Contractor, but included in checks for claims billed by the Contractor, shall be entered on a log produced to include data elements identified below:

- Check Number
- Check Date
- Amount Not Billed
- Remitter/Third Party Carrier Name
- Amount of Check Dispositioned

1. Check copies and remittance pages reflecting the services and/or beneficiaries and research notations to assist with identifying beneficiaries shall be attached to the check log.
2. The log with attachments shall be enclosed with each adjustment file. Adjustment reports shall be in an electronic format.

iv. The Contractor shall provide a file which includes all insurance adds and updates to the resource file for all identified third party coverage of Medicaid enrollees within thirty (30) days of receipt of third party payment.

1. The data file shall be produced electronically to include data elements identified below:

- Enrollee First and Last Name
- Enrollee Date of Birth
- Enrollee SSN
- Policy Number
- Beginning Date of Coverage
- Scope of Coverage
- Contractor's Initiator Code
- Enrollee Medicaid Identification Number
- Policyholder Information
- Carrier Code
- Group Number
- Ending Date of Coverage
- Support Enforcement (SES) Initiator Code

v. The Contractor shall review FI-generated updates, reject reports, and complete updates within five (5) business days.

vi. The Contractor shall notify the Department of carrier code additions and/or updates.

vii. The Contractor shall maintain a provider relations hotline with sufficient staff to fulfill the contract requirements related to Medicaid recovery Monday through Friday, 8am-5pm CT, excluding Louisiana state holidays and weekends.

b. Annual Hospital Credit Balance Reviews

i. The Contractor shall provide identifying information via SFTP for recoupment of claims submitted to providers to bill carriers.

1. The recoupment data shall include data elements identified below and shall be produced per the specifications furnished by the FI or the Department's designee.

- Enrollee First and Last Name
- Enrollee Medicaid Identification Number
- Claim Type
- Date(s) of Service
- Date(s) of Payment
- MMIS or MCO Internal Control Number (ICN)
- Provider Billed Amount
- Medicaid or MCO Paid Amount
- Recoupment Amount
- Billing Provider Number
- Attending Provider Number

2. A recoupment data log shall be produced electronically in an Excel spreadsheet to include data elements identified below:

- Invoice Number
- Recoupment Data Identification Number
- Enrollee First and Last Name
- Beginning Date of Service
- Ending Date of Service
- MMIS or MCO Internal Control Number (ICN)
- Provider Billed Amount
- Medicaid or MCO Paid Amount
- Recoupment Amount
- Report Totals

ii. The Contractor shall maintain a provider relations hotline with sufficient staff to fulfill the contract requirements related to Medicaid provider overpayments Monday through Friday, 8am-5pm CT, excluding Louisiana state holidays and weekends.

c. Verified Cost Avoidance Records / File Maintenance

i. The Contractor shall complete all insurance add/update requests from LDH, managed care organizations, providers, and members as follows:

1. Emergency – policies termed within four (4) business hours (For purposes of this contract, emergency is defined as the inability of a enrollee to have a prescription filled because of incorrect third party insurance coverage on the resource file OR any emergency as determined by LDH).

2. Non-emergency – verified add/update within five (5) business days.

3. Insurance adds/updates shall contain the following:

- Enrollee First and Last Name
- Enrollee Medicaid Identification Number
- Enrollee SSN
- Enrollee Date of Birth
- Policyholder Information
- Carrier Code
- Policy Number
- Group Number
- Beginning Date of Coverage
- Ending Date of Coverage
- Scope of Coverage
- Contractor's Initiator Code
- SES Initiator Code

4. The Contractor shall submit a nightly electronic file to the FI or the Department's designee in the specified format with all verified insurance adds and updates. The data file shall, at a minimum, contain the following:

- Enrollee First and Last Name
- Enrollee Medicaid Identification Number
- Enrollee SSN
- Enrollee Date of Birth
- Policyholder Information
- Carrier Code
- Policy Number
- Group Number
- Beginning Date of Coverage
- Ending Date of Coverage
- Scope of Coverage
- Contractor's Initiator Code
- SES Initiator Code

5. The Contractor shall review FI-generated updates reject reports and complete updates within five (5) business days.

6. The Contractor shall re-verify all policies on the resource file, at a minimum, on a quarterly basis **through June 30, 2018. Effective July 1, 2018 the Contractor shall no longer be required to perform a quarterly reverification of all policies.**

7. The Contractor shall perform the following tasks to update, add, and inactivate carrier information:

- Eliminate duplicate entries;
- Validate entries;
- Inactivate carrier codes of companies that have been acquired, merged or liquidated;
- Undertake a process prior to each carrier code consolidation that identifies all enrollees impacted by the change and crosswalk enrollees under the old code to the new carrier code;
- Inactivate carrier codes that are consolidated; and
- Request new carrier codes from the FI or the Department's designee, as necessary. All Blue Cross/Blue Shield carriers shall be coded with the host plan.

8. The Contractor shall maintain an appropriately-staffed call center/verification unit with sufficient staff to fulfill the contract requirements related to cost avoidance and file maintenance Monday through Friday, 8am-5pm CT excluding Louisiana state holidays and weekends.

9. HMS shall receive from LDH, SSA files to verify other insurance information one time per quarter. Information received from SSA files will be verified and returned on the nightly file within 45 business days of receipt

d. Medicare Recovery Process

- i. The Contractor shall maintain an appropriately-staffed call center/verification unit with sufficient staff to fulfill the contract requirements related to recovery services Monday through Friday, 8am-5pm CT excluding Louisiana state holidays and weekends.
- ii. Medicare recoveries shall be coordinated with the Department to ensure non-duplication and timely filing assurance.
- iii. An SFTP file of the FI's monthly Medicare void/adjustment data will be provided to the Contractor.
- iv. After receipt of the FI's monthly Medicare void/adjustment data, the Contractor shall prepare correspondence to providers advising them of the amount of Medicaid payments to be voided/adjusted. Correspondence should be mailed to the providers within five (5) business days of the receipt of the data from the FI or the Department's designee in order to allow timely claim submittal by the provider to the carrier. The project will close in thirty (30) calendar days and the Contractor shall submit a void file in an approved format identifying the claims from the Medicare project within fifteen (15) business days of the close of the project.
- v. Within five (5) business days of notification from the FI or the Department's designee that the void file has processed, the Contractor shall prepare and submit data to LDH for manual recoupment of the claims which failed to void or adjust electronically. The Contractor shall be responsible for resolving and responding to provider inquiries and deleting the claims to be voided/adjusted if so indicated.

e. Deposit System

- i. The Contractor shall ensure that the liable third parties shall submit payment to LDH. Collections shall be handled through a Louisiana based bank security deposit system, such as a "lock box." (The Contractor is responsible to set up and pay for all costs associated with this security deposit system.) The bank shall transfer the deposits to a LDH fiscal account within twenty-four (24) hours of receipt. The bank shall provide images of all checks, remittance notices, and any other information sent by the third parties to LDH fiscal. The Contractor shall make copies of checks and remittance notices available to LDH upon request at no cost to the Department.
- ii. The Contractor shall provide a monthly detailed list of the checks transmitted to LDH fiscal by an electronic file, in the format specified by LDH fiscal, along with an electronic report in an

agreed-upon format. The LDH fiscal section will add a PIV number to the file and return the file to the Contractor. The Contractor is responsible for including the PIV number with the other related data in the adjustment file. Information contained on the file shall include but not be limited to:

- Total Amount per Deposit      - Date of Deposit                      - Carrier Name
- PIV Number                              - Check Number
- Check Date                              - Check Amount

f. Refunds

i. The Contractor shall notify the Department of any refunds due carriers or providers when it has been determined that a carrier paid the claim or when a provider claim was voided/adjusted and a refund is due. Notification shall include, but not be limited to, the following data elements:

- Enrollee First and Last Name                      - Enrollee Medicaid Identification Number
- Carrier/Provider Name (Pay To)                      - Carrier Mailing Address
- LDH Provider ID Number                      - Refund Amount
- Original Check Amount                      - Check Date
- Check Number                      - MMIS or MCO ICN ( of approved original claim)
- RA ICN (of voided claim)                      - RA ICN (of approved original claim)
- Date of Service                      - Reason for refund (with supporting documents)

ii. The Contractor shall assure that the refunded amount is credited on the next invoice submitted to the Department.

g. Follow-up Activities

- i. The Contractor shall be responsible for follow-up activities associated with identification and collection efforts.
- ii. Follow-up activities may involve, but are not limited to, resolution of coverage or referral to the Commissioner of Insurance in cases where a denial for timely filing or prior authorization is received from a carrier and is less than thirty-six (36) months from date of service.

h. Additional Contractor Requirements

i. The Contractor shall provide for off-site storage and a remote back-up of operating instructions, procedures, reference files, system documentation, and operational files.

- ii. The data back-up policy and procedures shall include, but not be limited to:
1. Descriptions of the controls for back-up processing, including how frequently back-ups occur;
  2. Documented back-up procedures;
  3. The location of data that has been backed up (off-site and on-site, as applicable);
  4. Identification and description of what is being backed up as part of the back-up plan;
  5. A list of all back-up files to be stored at remote locations and the frequency with which these files are updated; and
  6. Any change in back-up procedures in relation to the Contractor's technology changes.

iii. The Contractor shall provide, at its own expense, its own office space, furniture, equipment, and supplies. The Contractor is not required to locate its office space in the Baton Rouge area; however, the Department shall have the option to require contract performance facilities within East Baton Rouge parish or a contiguous parish if the Department determines at any time that the success of the contract is dependent on immediate and extensive access to the contract staff and resources.

iv. The Contractor shall obtain prior written approval from the Department for all contract related correspondence including, but not limited to, letters, mass mailings, e-mailings, and call scripts for outbound calls or customer service centers. All proposed correspondence must be submitted via email to the

Department. The Department will only consider correspondence submitted from the Contractor, not subcontractors or vendors.

- v. The Contractor shall produce accurate reports and statistics in a format specified by the Department, and within the timeframe provided by the Department. **Monthly and quarterly reports shall be delivered to LDH no later than 11 business days following the end of the month or end of the quarter being reported.**
- ~~v-~~ vi. **New reports requested by LDH shall be completed within 90 business days of LDH's request.**
- ~~vi-~~ vii. The Contractor shall respond to requests by the Department, state and/or federal auditors or the Centers for Medicare and Medicaid Services (CMS) by deadlines provided by the Department.
- ~~vii~~ viii. The Contractor shall turn over upon request, at no extra charge to the Department, copies of files and documentation including, but not limited to, manuals, operations manuals, and other documentation relating thereto that are essential to initiation and operation of the Medicaid program.
- ~~viii-~~ ix. The Contractor shall obtain and/or accept from the Department and/or FI documents and reports necessary in the performance of TPL functions.
- ~~ix-~~ x. The Contractor shall use no data or information provided to the Contractor by the Department or its FI (other than to satisfy the requirements of the contract) without the prior written consent of the Department.

#### 4. Staffing Requirements and Qualifications

The Contractor shall:

- a. Maintain an adequate organizational structure and staffing level with sufficient experience to discharge the Contractor's responsibilities and provide this information in writing when requested by the Department.
- b. Maintain an adequate liaison with the Department in connection with contractual responsibilities. Liaison shall be fostered by meetings as needed between the Department and the Contractor. Any request for information from the FI or the Department's designee which is necessary to perform contract-related activities shall be made to the Contract Monitor.
- c. Notify the Department in writing of persons authorized to act on behalf of the Contractor.
- d. Maintain an appropriate level of staff to accomplish the performance requirements of the contract.
- e. Assume complete responsibility for staff training and the cost and timely accomplishment of all contractual responsibilities.
- f. Cooperate fully with any contractors, consultants, or other parties that may be engaged by the Department. Permit access by any other parties, when requested in writing by the Department, to the Medicaid program files, procedures, and records which may be in the possession of or under the control of the Contractor.
- g. Assign a Project Manager dedicated to the day-to-day operations of recovery activities, who possesses a minimum of three (3) years project management experience working with a project of similar size and scope and a minimum of one (1) year working with Medicaid TPL.
  - i. The Project Manager shall take part in weekly conference calls with the Department. The weekly meeting times and days shall be established through mutual agreement between the Department and the Contractor.
  - ii. The Project Manager shall serve as liaison with Department personnel. At a minimum, the Project Manager shall be responsible for problem resolution, assuring that all contract employees are properly trained and supervised, and assuring that appropriate quality control procedures are in place.

- iii. The Project Manager shall be responsible for review of reports, meetings with the Department, establishment of data match contracts with insurance carriers, establishment of overall procedures and management of the contract, daily depositing to

the lock box, and reconciliation of collections to Medicaid payments.

- h. Assign recoveries operational staff responsible for reviewing claims, requesting third party payments, processing collections, and collecting updates to existing coverage and termination of coverage.
  - i. Assign a Project Manager dedicated to the day-to-day operations of hospital credit balance reviews, who possesses a minimum of three (3) years of direct hospital credit balance review management experience working with a project of similar size and scope and a minimum of one (1) year working with Medicaid TPL.
  - i. The Project Manager shall take part in weekly conference calls with the Department. The weekly meeting times and days shall be established through mutual agreement between the Department and the Contractor.
  - j. Assign operational staff to perform the credit balance reviews at a level sufficient to accomplish the performance requirements of the contract.
  - k. Assign a Project Manager dedicated to the day-to-day operations of file maintenance and cost avoidance operations, who possesses a minimum of three (3) years file maintenance project management experience working with a project of similar size and scope and a minimum of one (1) year working with Medicaid TPL.
    - i. The Project Manager shall take part in weekly conference calls with the Department. The weekly meeting times and days shall be established through mutual agreement between the Department and the Contractor.
  - l. Assign operational staff to perform the file maintenance and verification functions at a level sufficient to accomplish the performance requirements of the contract.
  - m. Submit proposed personnel change requests, supervisory level and above, in writing to the Department forty-five (45) business days in advance of the proposed change. Contractor shall provide resumes of personnel proposed for consideration. No personnel change may be made without written approval by the Department. Immediate notification is required should any personnel with access to LDH systems be removed from the contract for any reason.
5. Record Keeping Requirements
- a. Invoices for recoveries may be submitted to the contract monitor for payment authorization after the Department has notified the Contractor that adjustments submitted by the Contractor have been processed successfully. The Department shall be notified within five (5) business days of any checks received in error and provided a list which contains the remitter, check number, check date, and check amount. A copy of the check and all documentation received with the check shall be attached.
  - b. Contractor is responsible for providing minutes from all meetings as specified by the Department to the Department within five (5) business days.
  - c. Contractor shall maintain copies of meeting minutes and copies should be made available per Department request, at no cost to the Department.
6. Reporting Requirements
- The Department reserves the right to require any other reports as deemed necessary.
- a. Project Status Reports
    - i. The Contractor shall provide progress reports with respect to recovery activities, annual hospital credit balance reviews, and file maintenance cost avoidance activities including specified data elements as determined by the Department. Project status reports



shall be prepared and submitted within an agreed-upon time frame between the Department and the Contractor.

b. Billing Reports

- i. The Contractor shall provide access to all billings to include specified data elements as determined by the Department in an agreed-upon format due within two (2) weeks after the date of billing.

c. Invoice Reports

- i. The Contractor shall produce the following adjustment reports which shall include specified data elements as determined by the Department in an agreed-upon format:

- |                                |   |
|--------------------------------|---|
| - Recoveries                   | - Pay and Chase                           |
| - Carrier Overpayments         | - Summary by Recovery Type                |
| - Refunds                      | - Summary of Recovery Subtotal by Carrier |
| - Payment recouped by Carriers | - Monthly Report by Claim Type            |

- ii. The Contractor shall produce the following recoupment reports which shall include specified data elements as determined by the Department in an agreed-upon format:

1. Commercial Insurance Recoveries
2. Provider Overpayment Recoveries
3. Medicare Recoveries
4. Refunds

d. Managed Care TPL Report

- i. The Contractor shall report the amount billed and collected for Medicaid enrollees in Managed Care Organizations.

e. Accounts Receivable Reports

i. Project Accounts Receivable Reports

1. Reports shall be submitted with the invoice. The identified potential accounts receivables shall be classified after a project as being:

- Denied – an Explanation of Benefits (EOB) received from provider/carrier with a reason identifying that the claim in question was not the responsibility of a third party; or
- Outstanding – neither payment nor documentation received refuting claim.

2. The identified potential accounts receivables shall continue to be reported on a monthly report to provide an update to the status of each project. This report shall include, as required, six (6) month follow-up activity. The Accounts Receivable Reports shall be submitted monthly for each project until at least ninety percent (90%) of claims have been classified as Collected or Denied.

ii. Quarterly Accounts Receivable Reports

1. A quarterly accounts receivable report shall be produced in accordance with the requirements of the Department.

f. Carrier Reports

- i. The Contractor shall submit a monthly carrier file report identifying all carriers submitting eligibility files to the Contractor, the date (mm/dd/yyyy) the file is received, the frequency of the submission of the files, and the status of outreach to those carriers that are not providing files.

g. File Maintenance Reports

The Contractor shall:

- i. Submit a monthly carrier code update report identifying those carrier codes that have been added and carrier codes that have been inactivated.

- ii. Submit a monthly carrier file report identifying all carriers submitting files to the Contractor, the frequency of the submission of the files, and the status of outreach to those carriers that are not providing files.
- iii. Submit a monthly report identifying the date (mm/dd/yyyy) a carrier eligibility file is received, the name of the carrier, the date (mm/dd/yyyy) the carrier eligibility file is verified, and the date (mm/dd/yyyy) that the verified adds or updates are loaded to the resource file.

h. Recovery Reports

- i. The Contractor shall provide access to all billings to include specified data elements as determined by the Department in an agreed-upon format due within the time frame as determined by the Department.

7. Contingency Plan

- a. The Contractor, regardless of the architecture of its systems, shall develop and be continually ready to invoke a contingency plan to protect the availability, integrity, and security of data during unexpected failures or disasters (either natural or man-made) to continue essential application or system functions during or immediately following failures or disasters. Contingency plans shall include a disaster recovery plan (DRP) and a business continuity plan (BCP). A DRP is designed to recover systems, networks, workstations, applications, etc. in the event of a disaster. A BCP shall focus on restoring the operational function of the organization in the event of a disaster and includes items related to information technology, as well as operational items such as employee notification processes and the procurement of office supplies needed to do business in the emergency mode operational environment. The practice of including both the DRP and the BCP in the contingency planning process is a best practice.
- b. The Contractor shall have a contingency plan no later than thirty (30) business days from the date the contract is signed. At a minimum, the contingency plan shall address the following scenarios:
  - i. The central computer installation and resident software are destroyed or damaged;
  - ii. The system interruption or failure resulting from network, operating hardware, software, or operations errors compromise the integrity of transactions that are active in a live system at the time of the outage;
  - iii. System interruption or failure resulting from network, operating hardware, software, or operations errors compromise the integrity of data maintained in a live or archival system;
  - iv. System interruption or failure resulting from network, operating hardware, software, or operations errors does not compromise the integrity of transactions or data maintained in a live or archival system but does prevent access to the system, such as it causes unscheduled system unavailability;
- c. The contingency plan shall specify projected recovery times and data loss for mission-critical systems in the event of a declared disaster.
- d. The Contractor shall annually test its plan through simulated disasters and lower level failures in order to demonstrate to the Department that it can restore system functions. In the event the Contractor fails to demonstrate through these tests that it can restore system functions, the Contractor shall be required to submit a corrective action plan to the Department describing how the failure shall be resolved within ten (10) business days of the conclusion of the test.

8. Transition Plan

This section outlines the requirements of the Contractor during the hand-off to a successor Contractor at the end of the contract term or in the event of contract termination.

- a. The Contractor shall submit a transition/takeover plan which outlines the procedures and timelines to ensure continuity of services. The transition/takeover plan must be a comprehensive document detailing the proposed schedule, activities, and resource requirements associated with the transition tasks. The transition/takeover plan must be approved by the Department. In addition to the initial transition plan, an updated plan shall be provided to the Department upon the Department's request.
- b. The transition/takeover plan must include procedures that shall, at a minimum, comply with the following stipulations:
  - i. Upon expiration of the contract term, or upon termination if terminated prior to expiration, all records, reports, worksheets, or any other pertinent materials related to the execution of the contract shall become the property of the Department. The Contractor must provide the Department with all data, documentation, or other pertinent information for the Department or a subsequent contractor to assume the operational activities successfully. This includes correspondence, documentation of ongoing issues, and other operational support documentation. The information must be supplied in media and format specified by the Department and according to the schedule approved by the Department.
  - ii. The Contractor shall transfer all data to the Department or a third party at the sole discretion of the Department and as directed by the Department. All transferred data must be compliant with HIPAA. All relevant data must be received and verified by the Department or the subsequent Contractor. If the Department determines that not all of the data was transferred to the Department or the subsequent Contractor, as required, or the data is not HIPAA compliant, the Department reserves the right to hire an independent contractor to assist the Department in obtaining and transferring all required data and to insure that all the data are HIPAA compliant. The reasonable cost of providing these services will be the responsibility of the Contractor.
  - iii. In the event of contract termination, the Contractor shall transfer all data and nonproprietary systems to the Department or new contractor within the agreed-upon time frame.
- c. The transition/takeover plan must be adhered to within thirty (30) days of written notification of contract termination, unless other appropriate time frames have been mutually agreed upon by both the Contractor and the Department.
- d. If the contract is not terminated by written notification as provided above, the Contractor shall propose a transition/takeover plan six (6) months prior to the end of the contract period, including extensions to such period. The plan shall address the possible transition of the records and information maintained to either the Department or a third party designated by the Department.

9. Additional Services

HMS agrees to allow unlimited access to HMS's product, Elli, by LDH Staff at no additional cost. (Addendum A).

C. Liquidated Damages

- 1. In the event the Contractor fails to meet the performance standards specified within the contract, the liquidated damages defined below may be assessed. If assessed, the liquidated damages will be used to reduce the State's payments to the Contractor or if the liquidated damages exceed amounts due from the State, the Contractor will be required to make cash payments for the amount in excess. The State may also delay the assessment of liquidated damages if it is in the best interest of the State to do so. The State may give notice to the Contractor of a failure to meet performance standards, but delay the assessment of liquidated damages in order to give the Contractor an opportunity to remedy the deficiency; if the Contractor subsequently fails to remedy the deficiency to the satisfaction of the State, the State may reassert the assessment of liquidated damages, even following contract termination.
- 2. The decision to impose liquidated damages may include consideration of some or all of the following factors:
  - a. The duration of the violation;
  - b. Whether the violation (or one that is substantially similar) has previously occurred;
  - c. The Contractor's history of compliance;

- d. The severity of the violation and whether it imposes an immediate threat to the health or safety of the consumers; and
- e. The “good faith” exercised by the Contractor in attempting to stay in compliance.

3. In the event the Contractor fails to perform as required, the Contractor shall pay the Department the specified amounts listed below as agreed liquidated damages. Liquidated damages assessed per quarter shall not exceed eight (8) percent of the contractor’s total quarterly contingency fee payment within the current SFY quarter.

4

REQUIREMENT	LIQUIDATED DAMAGES
Contractor shall submit reports in accordance with stated requirements, and/or as agreed upon during contract negotiations with LDH.	A twenty-five (\$25) dollar per business day charge to the Contractor may be imposed per each report for each day after the report due date until the report is received.
Contractor is responsible for providing minutes from all meetings as specified by the Department to the Department within five (5) business days.	A one hundred dollar (\$100) charge to the Contractor may be imposed for each occurrence in which minutes are not received by the Department within five (5) business days.
Contractor shall request approval to make changes of proposed key personnel to the Department.	A one hundred fifty dollar (\$150) per business day charge to the Contractor may be imposed for each day that a change in key personnel is made but not approved by the Department.
Project Manager(s) shall take part in weekly conference calls with the Department.	A one thousand dollar (\$1,000) charge to the Contractor may be imposed for each weekly meeting in which the Project Manager fails to participate without obtaining prior approval from the Department.
Contractor shall have, at a minimum, data match agreements with all health insurance carriers that have more than 1,000 covered lives in the State of Louisiana within ninety (90) calendar days of contract execution.	A one hundred dollar (\$100) per business day charge to the Contractor may be imposed for each data match agreement not obtained for each day beyond ninety (90) calendar days from contract effective date. This charge shall be waived if the Contractor provides sufficient documentation of efforts to obtain data match agreements but specific carriers remain unresponsive.
Contractor shall pursue follow-up on outstanding accounts receivables six (6) months after Contractor issues billings to carriers with the requirement of ninety (90) percent resolution of claims within ninety (90) days of six (6) month follow-up.	A three thousand dollar (\$3,000) charge to the Contractor may be imposed for each project that does not achieve a minimum of ninety percent (90%) resolution of claims within ninety (90) calendar days of six (6) month follow-up. For the purposes of this requirement, project is defined as all billings released in a given month. The liquidated damages will be assessed per project not meeting the performance requirement.
Contractor shall maintain an appropriately staffed call center with adequate staff available Monday through Friday, 8am-5pm CT excluding Louisiana state holidays and weekends.	A five thousand dollar (\$5,000) charge may be imposed for each day that the call center/ verification unit is not open and available to conduct business in accordance with requirements. A five hundred dollar (\$500) per hour charge may be imposed when the call center is not open and available to conduct business for more than two hours as required.

Contractor shall update the resource file by adding, terming, or updating insurance policy information as required.	Payment of fee to the Contractor may be withheld for recovery of Medicaid funds recouped as a result of insurance policy information not being updated as required. In addition, a two hundred seventy-five dollar (\$275) charge to the Contractor may be imposed for each addition, termination, or update of insurance policy information that is not completed as required.
Contractor shall complete annual reviews of every Medicaid hospital provider (approximately 150).	A five hundred dollar (\$500) charge to the Contractor may be imposed for each Medicaid hospital provider review not completed as required.
Contractor shall submit a nightly electronic file to the FI or the Department's designee in the specified format with all verified insurance adds and updates.	A four hundred dollar (\$400) charge to the Contractor may be imposed for each day the nightly electronic file is not submitted as required.
Verified insurance coverage shall be uploaded within thirty (30) calendar days of the data matches. For the purpose of this requirement, data match is defined as policy match that has been identified between LDH Medicaid eligibility and carrier eligibility and as of the date that HMS has verified the policy.	A one thousand dollar (\$1,000) per day charge to the Contractor may be imposed per record per day for each day the record is not loaded within thirty (30) calendar days of the data match.

D. Fraud and Abuse

1. The Contractor shall have internal controls and policies and procedures in place that are designed to prevent, detect, and report known or suspected fraud and abuse activities.
2. Such policies and procedures must be in accordance with state and federal regulations. The Contractor shall have adequate staffing and resources to investigate incidents and develop and implement corrective action plans to assist the Contractor in preventing and detecting potential fraud and abuse activities.

E. Technical Requirements

The Contractor must maintain hardware and software compatible with current State requirements which are as follows:

1. For recovery activities, the Contractor shall own, lease or have access to computer facilities to be able to accept electronic data, bill health carriers electronically, data match electronically, and produce Medicaid adjustments and reports through Department designated electronic media;
2. The Contractor is responsible for procuring and maintaining hardware and software resources which are sufficient to successfully perform the services detailed in this Statement of Work and associated RFP;
3. The Contractor should adhere to state and federal regulations and guidelines as well as industry standards and best practices for systems or functions required to support the requirements of this Statement of Work and associated RFP;
4. Unless explicitly stated to the contrary, the Contractor is responsible for all expenses required to obtain access to the State systems or resources which are relevant to successful completion of the requirements of this Statement of Work and associated RFP. The Contractor is also responsible for expenses required for the State to obtain access to the Contractor's systems or resources which are relevant to the successful completion of the requirements of this Statement of Work and associated RFP. Such expenses are inclusive of hardware, software, network infrastructure and any licensing costs;
5. Any confidential information must be encrypted to FIPS 140-2 standards when at rest or in transit;

6. Contractor owned resources must be compliant with industry standard physical and procedural safeguards (NIST SP 800-114, NIST SP 800-66, NIST 800-53A, ISO 17788, etc.) for confidential information (HITECH, HIPAA Part 164);
7. Any Contractor use of flash drives or external hard drives for storage of LDH data must first receive written approval from the State and upon such approval shall adhere to FIPS 140-2 hardware level encryption standards; and
8. All Contractor utilized computers and devices must:
  - a. Be protected by industry standard virus protection software which is automatically updated on a regular schedule;
  - b. Have installed all security patches which are relevant to the applicable operating system and any other system software; and
  - c. Have encryption protection enabled at the Operating System level.

The Contractor must maintain hardware and software compatible with LDH requirements throughout the contract. The Contractor shall provide all supplies and equipment for Contractor staff.

#### F. Subcontracting

1. The State shall have a single prime Contractor as the result of any contract negotiation, and that prime Contractor shall be responsible for all deliverables specified in this Statement of Work and associated RFP. This general requirement notwithstanding, Contractor may enter into subcontractor arrangements; however, Contractor shall acknowledge total responsibility for the entire contract.
2. If the Contractor intends to subcontract for portions of the work, the Contractor should identify any subcontractor relationships and include specific designations of the tasks to be performed by the subcontractor. Information required of the Contractor under the terms of this Statement of Work and associated RFP shall also be required for each subcontractor. The prime Contractor shall be the single point of contact for all subcontract work.
3. Unless provided for in the contract with the State, the prime Contractor shall not contract with any other party for any of the services herein contracted without the express prior written approval of the State.
4. For subcontractor(s), before commencing work, the Contractor will provide letters of agreement, contracts, or other forms of commitment which demonstrate that all requirements pertaining to the Contractor will be satisfied by all subcontractors through the following:
  - a. The subcontractor(s) will provide a written commitment to accept all contract provisions; and
  - b. The subcontractor(s) will provide a written commitment to adhere to an established system of accounting and financial controls adequate to permit the effective administration of the contract.
5. The Contractor shall not contract with any other vendor under a business agreement for the furnishing of any good, product, or merchandise, or the supplying of any good or service required by the contract without the express prior written approval of the State. The Contractor shall not substitute any vendor under a business agreement without the prior written approval of the State. For vendor(s), before commencing work, the Contractor will provide letters of agreement, contracts or other forms of commitment which demonstrate that all requirements pertaining to the Contractor will be satisfied by all vendors through the following:
  - a. The vendor(s) will provide a written commitment to accept all contract provisions; and
  - b. The vendor(s) will provide a written commitment to adhere to an established system of accounting and financial controls adequate to permit the effective administration of the contract.
6. Any work or service by a subcontractor, or the selling, offering to sell, or the furnishing of a specific good, product, or merchandise of a part of the principal contract by a vendor, must be performed within the geographical confines of the continental United States, Alaska, Hawaii, or its territories, including Puerto Rico,

Guam, Virgin Islands of the United States, the Northern Marianas and American Samoa.

#### G. Compliance with Civil Rights Laws

1. The Contractor agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and the Americans with Disabilities Act of 1990.
2. Contractor agrees not to discriminate in the rendering of services to and/or employment of individuals because of race, color, religion, sex, sexual orientation, gender identity, age, national origin, veteran status, political affiliation, or disabilities. 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.

#### H. Insurance Requirements

Insurance shall be placed with insurers with an A.M. Best's rating of no less than A-: VI. This rating requirement shall be waived for Workers' Compensation coverage only. The Contractor shall purchase and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

##### 1. Minimum Scope and Limits of Insurance

###### a. Workers' Compensation

Before any work is commenced, the contractor shall maintain during the life of this contract, Workers' Compensation insurance shall be in compliance with the Workers' Compensation laws of Louisiana and of the State of the Contractor's headquarters. Employers' Liability is included with a minimum limit of \$500,000 per accident/per disease/per employee.

###### b. Commercial General Liability

The contractor shall maintain during the life of the contract such Commercial General Liability insurance, including Personal and Advertising Injury Liability, shall have a minimum limit per occurrence of \$1,000,000 and a minimum general aggregate of \$2,000,000. The Insurance Services Office (ISO) Commercial General Liability occurrence coverage form CG 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. Claims-made form is unacceptable.

###### c. Automobile Liability

The contractor shall maintain during the life of the contract such Automobile Liability Insurance shall have a minimum combined single limit per occurrence of \$1,000,000. ISO form number CA 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. This insurance shall include third-party bodily injury and property damage liability for owned, hired and non-owned automobiles.

###### d. Professional Liability (Errors and Omissions)

The contractor shall maintain during the life of the contract such Professional Liability (Error & Omissions) insurance, which covers the professional errors, acts, or omissions of the Contractor, shall have a minimum limit of \$1,000,000. Claims-made coverage is acceptable. The date of the inception of the policy must be no later than the first date of the anticipated work under this contract. It shall provide coverage for the duration of this contract and shall have an expiration date no later than 30 calendar days after the anticipated completion of the contract. The policy shall provide an extended reporting period of not less than 24 months, with full reinstatement of limits, from the expiration date of the policy.

##### 2. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and accepted by the State. The Contractor shall be responsible for all deductibles and self-insured retentions.

##### 3. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions: a. General Liability and Automobile Liability Coverage

- i. The Department, its officers, agents, employees and volunteers shall be named as an additional insured as regards negligence by the Contractor. ISO Form CG 20 10 (current form approved for use in Louisiana), or equivalent, is to be used when applicable. The coverage shall contain no special limitations on the scope of protection afforded to the Department.
- ii. The Contractor's insurance shall be primary as respects the Department, its officers, agents, employees and volunteers. Any insurance or self-insurance maintained by the Department shall be excess and non-contributory of the Contractor's insurance. iii. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the policy limits.

b. Workers' Compensation and Employers' Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Department, its officers, agents, employees and volunteers for losses arising from work performed by the Contractor for the Department.

c. All Coverage

- i. Coverage shall not be canceled, suspended, or voided by either party (the Contractor or the insurer) or reduced in coverage or in limits except after 30 calendar days written notice has been given to the Department. Ten-day written notice of cancellation is acceptable for non-payment of premium. Notifications shall comply with the standard cancellation provisions in the Contractor's policy.
- ii. Neither the acceptance of the completed work nor the payment thereof shall release the Contractor from the obligations of the insurance requirements or indemnification agreement.
- iii. The insurance companies issuing the policies shall have no recourse against the Department for payment of premiums or for assessments under any form of the policies.
- iv. Any failure of the Contractor to comply with reporting provisions of the policy shall not affect coverage provided to the Department, its officers, agents, employees and volunteers.

4. Acceptability of Insurers

All required insurance shall be provided by a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located. Insurance shall be placed with insurers with an A.M. Best's rating of **A-: VI or higher**. This rating requirement may be waived for workers' compensation coverage only.

If at any time an insurer issuing any such policy does not meet the minimum A.M. Best rating, the Contractor shall obtain a policy with an insurer that meets the A.M. Best rating and shall submit another Certificate of Insurance as required in the contract.

5. Verification of Coverage

Contractor shall furnish the Department with Certificates of insurance reflecting proof of required coverage. The Certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The Certificates are to be received and approved by the Department before work commences and upon any contract renewal thereafter.

In addition to the Certificates, Contractor shall submit the declarations page and the cancellation provision endorsement for each insurance policy. The Department reserves the right to request complete certified copies of all required insurance policies at any time.

Upon failure of the Contractor to furnish, deliver and maintain such insurance as above provided, this contract, at the election of the Department, may be suspended, discontinued or terminated. Failure of the Contractor to purchase



and/or maintain any required insurance shall not relieve the Contractor from any liability or indemnification under the contract.

6. Subcontractors

Contractor shall include all subcontractors as insured's under its policies OR shall be responsible for verifying and maintaining the Certificates provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. The Department reserves the right to request copies of subcontractor's Certificates at any time.

7. Workers' Compensation Indemnity

In the event Contractor is not required to provide or elects not to provide workers' compensation coverage, the parties hereby agree that Contractor, its owners, agents and employees will have no cause of action against, and will not assert a claim against, the State of Louisiana, its departments, agencies, agents and employees as an employer, whether pursuant to the Louisiana Workers' Compensation Act or otherwise, under any circumstance. The parties also hereby agree that the State of Louisiana, its departments, agencies, agents and employees shall in no circumstance be, or considered as, the employer or statutory employer of Contractor, its owners, agents and employees. The parties further agree that Contractor is a wholly independent Contractor and is exclusively responsible for its employees, owners, and agents. Contractor hereby agrees to protect, defend, indemnify and hold the State of Louisiana, its departments, agencies, agents and employees harmless from any such assertion or claim that may arise from the performance of this contract.

8. Indemnification/Hold Harmless Agreement

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under Contract. *Contractor shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the State and its Authorized Users from suits, actions, damages and costs of every name and description relating to personal injury and damage to real or personal tangible property caused by Contractor, its agents, employees, partners or subcontractors, without limitation; provided, however, that the Contractor shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of the State.*

If applicable, Contractor will indemnify, defend and hold the State and its Authorized Users harmless, without limitation, from and against any and all damages, expenses (including reasonable attorneys' fees), claims, judgments, liabilities and costs which may be finally assessed against the State in any action for infringement of a United States Letter Patent with respect to the Products furnished, or of any copyright, trademark, trade secret or intellectual property right, provided that the State shall give the Contractor: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit, (ii) the opportunity to take over, settle or defend such action, claim or suit at Contractor's sole expense, and (iii) assistance in the defense of any such action at the expense of Contractor. Where a dispute or claim arises relative to a real or anticipated infringement, the State or its Authorized Users may require Contractor, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as the Commissioner of Administration shall require.

The Contractor shall not be obligated to indemnify that portion of a claim or dispute based upon: i) Authorized User's unauthorized modification or alteration of a Product, Material or Service; ii) Authorized User's use of the Product in combination with other products not furnished by Contractor; iii) Authorized User's use in other than the specified operating conditions and environment.

In addition to the foregoing, if the use of any item(s) or part(s) thereof shall be enjoined for any reason or if Contractor believes that it may be enjoined, Contractor shall have the right, at its own expense and sole discretion as the Authorized User's exclusive remedy to take action in the following order of precedence: (i) to procure for the State the right to continue using such item(s) or part (s) thereof, as applicable; (ii) to modify the component so that it becomes non-infringing equipment of at least equal quality and performance; or (iii) to

replace said item(s) or part(s) thereof, as applicable, with non-infringing components of at least equal quality and performance, or (iv) if none of the foregoing is commercially reasonable, then provide monetary compensation to the State up to the dollar amount of the Contract.

For all other claims against the Contractor where liability is not otherwise set forth in the Contract as being "without limitation", and regardless of the basis on which the claim is made, Contractor's liability for direct damages, shall be the greater of \$100,000, the dollar amount of the Contract, or two (2) times the charges rendered by the Contractor under the Contract. Unless otherwise specifically enumerated herein or in the work order mutually agreed between the parties, neither party shall be liable to the other for special, indirect or consequential damages, including lost data or records (unless the Contractor is required to back-up the data or records as part of the work plan), even if the party has been advised of the possibility of such damages. Neither party shall be liable for lost profits, lost revenue or lost institutional operating savings.

The State and Authorized User may, in addition to other remedies available to them at law or equity and upon notice to the Contractor, retain such monies from amounts due Contractor, or may proceed against the performance and payment bond, if any, as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against them.

I. Resources Available to Contractor

The State will have an assigned staff member who will be responsible for primary oversight of the contract. This individual will schedule meetings to discuss progress of activities and problems identified. Contractor may recommend additional State staff to be available during the contract.

J. Ownership of Proprietary Data and Work Product

1. Ownership. 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 reports, documents, or other documentation prepared by Contractor exclusively for the State for this contract in connection with the performance of the services contracted for herein and specifically identified as a deliverable or included in the RFP as a report in the Section Reporting Requirements ("Work Product") 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. Other than the rights in the Work Product set forth above, the State shall have no rights, title, or any other interest in other Contractor work product, systems, processes, services or data which (a) are produced or used by Contractor or provided by Contractor to the State as part of or in the course of performing any work or services under this Contract, or (b) are conceived of or made during the term of this Contract; including but not limited to all inventions, improvements, computer programs, algorithms, code, edits, databases, discoveries, ideas, analyses, manuals, processes or process flows, policies, procedures, systems, reports, writings, documentation or materials, or other works made or conceived by Contractor. The State shall not attempt to reverse engineer, de-encrypt, disassemble, copy, or decompile any Contractor Intellectual Property (as defined below) or Work Product.

2. Contractor Intellectual Property.

a. Contractor provides, or in the future may provide, similar consulting services (including but not limited to cost avoidance, commercial insurance recovery services, disallowance, subrogation, health insurance premium payment, audit, and fraud, waste and abuse services) to other clients. Contractor is entitled to use the same information or data and apply the same ideas, inventions, and solutions that is created under this contract to its work for other clients so long as in performing work for Contractor's other clients, Contractor does not use or reveal any Confidential Information of the State (as defined in Section VI.A.1 of the RFP) or any third-party confidential information made available to Contractor by the State that Contractor did not have access to independent of this Contract.

b. For purposes of this Contract, "Contractor Intellectual Property" means proprietary information, templates, processes or process flows, methodologies, algorithms, source code, claim edits, policies, procedures, manuals, scenarios, systems, databases, inventions, patents, know-how and software that either (i) were licensed, created or owned by Contractor prior to the Effective Date of this Contract; or (ii) are subsequently licensed, created or owned by Contractor outside the scope of, and independent from, this Contract. Contractor Intellectual Property includes derivative works based upon improvements to any of the material described in 12.2.(B)(i) or 12.2.(B)(ii) above, provided that the derivative works or improvements shall not contain any Confidential Information of the State or any other information about or relating to the State.

c. As between the State and Contractor, Contractor shall retain sole and exclusive ownership of all right, title, and interest to Contractor Intellectual Property, and the State acknowledges and agrees that it does not now own, neither by virtue of this Contract nor the work or services rendered hereunder shall it acquire, any right, title, and interest in or to the Contractor Intellectual Property, and that all such right, title, and interest is and shall remain owned by Contractor. The State shall not attempt to reverse engineer, de-encrypt, disassemble, or decompile any Work Product or Contractor Intellectual Property.

d. To the extent Contractor Intellectual Property is necessary for the use of the Work Product to be provided under this Contract, Contractor grants to the State for the benefit of the State and its agents, successors and permitted assigns the irrevocable, non-exclusive, worldwide, royalty-free, paid-up right and license to use Contractor's Intellectual Property solely in connection with the State's permitted use of the Work Product for purposes of this Contract.

K. Contract Monitor

All work performed by the Contractor will be monitored by the contract monitor or designee:

Department of Health  
Bureau of Health Services Financing/MMIS  
Bienville Building  
225-342-9076  
628 North 4th Street, 6th Floor  
Baton Rouge, LA 70802  
~~Chris.ourso@la.gov~~

L. Term of Contract

1. The contract shall commence on or near the date approximated in the Schedule of Events. The term of this contract shall be three (3) years. With all proper approvals and concurrence with the successful Contractor, the Department may also exercise an option to extend for up to twenty-four (24) additional months at the same rates, terms and conditions of the initial contract term. Prior to the extension of the contract beyond the initial thirty-six (36) month term, approval by the Joint Legislative Committee on the Budget (JLCB) or other approval authorized by law shall be obtained. Such written evidence of JLCB approval shall be submitted, along with the contract amendment to the Office of State Procurement (OSP) to extend contract terms beyond the initial three (3) year term.
2. No contract/amendment shall be valid, nor shall the state be bound by the contract/amendment, until it has first been executed by the head of the using agency, or his designee, and the Contractor and has been approved in writing by the OSP director. Total contract term, with extensions, shall not exceed five (5) years. The continuation of this contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the contract.
3. No provider recovery projects (i.e., commercial insurance and Medicare) shall begin after January 1, ~~2019~~ 2020 without written Department approval.

4. Upon contract termination, except in the instance of Termination for Cause or Convenience, Contractor shall have an additional period of three (3) months to continue follow-up activities, as contemplated in Section B(3)g of this document, and collect payment on claims originally billed prior to contract expiration ("Run-Out period").

**M. Payment Terms**

1. Payment of invoices is subject to State approval. Continuation of payment is dependent upon available funding. The Contractor shall submit deliverables in accordance with established timelines and shall submit itemized invoices monthly or as defined in the contract terms.

2. The State will make every reasonable effort to make payments within thirty (30) business days of the approval of invoices and under a valid contract. Contractor will not be paid more than the maximum amount of the contract. Contractor shall submit a final invoice to the Department within fifteen (15) business days following the end of the run-out period.

3. **Performance Bond**

The successful proposer shall be required to provide a performance (surety) bond in the amount of its total proposal cost to insure the successful performance under the terms and conditions of the contract negotiated between the successful proposer and the Department. Any performance bond furnished shall be written by a surety or insurance company currently on the U.S. Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the *Federal Register*, or by a Louisiana domiciled insurance company with at least an A-rating in the latest printing of the A.M. Best's Key Rating Guide to write individual bonds up to 10 percent of policyholders' surplus as shown in the A.M. Best's Key Rating Guide or by an insurance company that is either domiciled in Louisiana or owned by Louisiana residents and is licensed to write surety bonds. No surety or insurance company shall write a performance bond which is in excess of the amount indicated as approved by the U.S. Department of the Treasury Financial Management Service list or by a Louisiana domiciled insurance company with an A-rating by A.M. Best up to a limit of 10 percent of policyholders' surplus as shown by A.M. Best; companies authorized by this Paragraph who are not on the treasury list shall not write a performance bond when the penalty exceeds 15 percent of its capital and surplus, such capital and surplus being the amount by which the company's assets exceed its liabilities as reflected by the most recent financial statements filed by the company with the Department of Insurance. In addition, any performance bond furnished shall be written by a surety or insurance company that is currently licensed to do business in the state of Louisiana.

4. Invoices may not be filed for less than one thousand dollars (\$1,000) with the exception of the last invoice which shall be for the final amount. Final invoice(s) shall be received within fifteen (15) business days following the end of the run-out period.

5. Invoices shall be in a hard copy format on Contractor letterhead as well as an electronic version to include specified data elements as determined by the Department.

6. **Recovery**

- a. Contractor shall receive a contingency fee of 6.5% based on the amount of third party payments collected. Invoices shall be paid after Medicaid claims are successfully collected via adjustment, void, or negative balance transactions.
- b. Contractor shall be responsible for adding or updating coverage, prior to invoicing the Department, for any recovery made on the behalf of the Department.

7. **Annual Hospital Credit Balance Reviews**

- a. Contractor shall receive a contingency fee of 6.5% based on the amount of provider payments collected. Invoices shall be paid after Medicaid provider overpayments are successfully collected via adjustment, void, or negative balance transaction.

**8. File Maintenance and Cost Avoidance**

- a. Contractor shall receive a monthly fee of ~~\$125,000~~ **\$120,000** for maintenance of the resource file for all Medicaid enrollees **beginning July 1, 2018.**



# State of Louisiana

JOHN BEL EDWARDS  
GOVERNOR

March 25, 2019

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

Dear Representative Henry:

Act 7 of the 2008 2<sup>nd</sup> Extraordinary Legislative Session and Act 20 of the 2009 Regular Legislative Session provided appropriations of State 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 Acts 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. The initial lists of projects were approved by both the CPRA Board and the JLCB, and were subsequently amended and approved by both the CPRA Board and the JLCB. For reference, please find in Attachment I both 2008 and 2009 lists showing the projects currently funded with the surplus funds, as well as the remaining balances for each.

I am writing to request further revisions to the 2008 and 2009 lists in an effort to reprogram funds that are remaining on projects that are completed. We propose to utilize \$11,295,410 from the 2008 allocation and \$4,285,665 from the 2009 allocation, for a total of \$15,581,075, and to reallocate it to six other coastal restoration and flood protection projects. In Attachment II we detail the reprogramming plan by showing the new proposed projects and the corresponding source of funding for each.

We believe it is in the best interest of the State to reprogram the \$15,581,075 to the new projects because it will allow CPRA to further its efforts in coastal restoration and flood protection in accordance with the Comprehensive Master Plan for a Sustainable Coast. Therefore, we would greatly appreciate the opportunity to present this request to the JLCB at its next meeting. Please note that the CPRA Board, at its March 20, 2019 meeting, approved these revisions via a favorable vote of the 2019 Annual Plan, which includes the funding for the projects requested herein.

**Executive Division**

The Honorable Cameron Henry  
March 25, 2019  
Page 2

We look forward to meeting with you and the JLCB to present our proposed reprogramming of 2008 and 2009 Surplus fund appropriations to CPRA. 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,



Lawrence B. Haase  
Executive Director

Attachments

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

**Coastal Protection and Restoration Authority**  
**2008 and 2009 Surplus Current Funding Allocations, Commitments and Balances**  
**As of March 2019**

**2008 Surplus Funded Projects**

Projects	Funding	Total Expenditures & Commitments	Balance	Project Status
<b>State Match for Federally Funded Hurricane Protection Projects</b>	\$ 160,500,000.00			
<b>Greater New Orleans</b>				
Lake Pontchartrain and Vicinity Project (includes previously committed \$2.5M to accelerate Inner Harbor)	\$ 50,000,000	\$ 38,949,920	\$ 11,050,080	Ongoing
West Bank and Vicinity Project (includes previously committed \$5M to accelerate West Bank)	\$ 50,000,000	\$ 50,000,000	\$ -	Completed
<b>Morganza and Larose</b>				
Morganza to the Gulf Project	\$ 40,000,000	\$ 39,999,202	\$ 798	Completed
Larose to Golden Meadow Project	\$ 15,000,000	\$ 14,630,210	\$ 369,790	Completed
<b>Southwest</b>				
Southwest/Chenier Integrated Project	\$ 3,000,000	\$ 2,128,312	\$ 871,688	Ongoing
Acadiana to the Gulf of Mexico Access Channel (AGMAC) and Hurricane/Ecosystem Protection (Vermillion, Iberia, St. Mary)	\$ 1,500,000	\$ 754,773	\$ 745,227	Completed - proposed for reprogramming
Cameron-Creole Levee Project	\$ 1,000,000	\$ -	\$ 1,000,000	Completed - proposed for reprogramming
<b>State Match for Federally Funded Coastal Restoration Projects</b>	\$ 110,000,000			
<b>Barrier Islands/Shorelines</b>				
Caminada Barrier Shoreline/Elmers Island	\$ 30,000,000	\$ 29,620,083	\$ 379,917	Project completed, but utilizing remaining funds for OM&M
Cameron Shoreline	\$ 15,000,000	\$ 14,999,978	\$ 23	Completed
<b>Diversions</b>				
Bayou Lafourche Phase I	\$ 20,000,000	\$ 19,151,260	\$ 848,740	Project completed, but pending litigation expenses
Myrtle Grove	\$ 7,000,000	\$ 3,944,953	\$ 3,055,047	Ongoing
Hope Canal/Maurepas Diversion	\$ 3,000,000	\$ 3,000,000	\$ -	Completed
<b>Beneficial Use</b>	\$ 20,000,000	\$ 20,000,000	\$ -	Completed
<b>Pipeline Conveyance/Dedicated Dredging</b>	\$ 15,000,000	\$ 5,879,824	\$ 9,120,176	Completed - proposed for reprogramming
<b>Innovative Coast-wide Initiatives</b>	\$ 16,000,000	\$ 15,569,993	\$ 430,007	Completed - proposed for reprogramming
Incentive for Innovative Dredging				
Beneficial Use/Mitigation Banking				
Pre-clearing Beneficial Use sites				
Carbon Credits Program				
Programming (NEPA) EIS for Master Plan				
Non-structural Pilot Program				
<b>Emergency Reserve/Accelerated Advancement of High Priority Items</b>	\$ 13,500,000	\$ 11,878,147	\$ 1,621,853	Ongoing
<b>TOTAL</b>	<b>\$ 300,000,000</b>	<b>\$ 270,506,656</b>	<b>\$ 29,493,344</b>	<b>Proposed Reprogramming - \$11,295,410</b>



## 2009 Surplus Funded Projects

Projects	Funding	Total Expenditures & Commitments	Balance	Project Status
<b>Southeast La. Hurricane Land Easements, Rights of Ways, Relocation and Disposal Areas (LERRDS)</b>	<b>\$ 193,300,000</b>			
WEST BANK AND VICINITY	\$ 121,300,000	\$ 82,624,777	\$ 38,675,223	Ongoing
LAKE PONTCHARTRAIN AND VICINITY	\$ 72,000,000	\$ 52,519,072	\$ 19,480,928	Ongoing
<b>Southeast La. Flood Projects</b>	<b>\$ 22,690,000</b>			
MORGANZA TO THE GULF	\$ 7,730,000	\$ 7,730,000	\$ -	Ongoing
LAFITTE LEVEE PROTECTION	\$ 7,730,000	\$ 7,593,848	\$ 136,152	Completed
LAROSE TO GOLDEN MEADOW	\$ 4,820,000	\$ 4,820,000	\$ -	Completed
DONALDSONVILLE TO THE GULF	\$ 1,450,000	\$ 114,234	\$ 1,335,766	Completed - proposed for reprogramming
NORTH SHORE HURR FLOOD PROTECTION PLAN	\$ 960,000	\$ 959,528	\$ 472	Completed
<b>South-Central and Southwest La.</b>	<b>\$ 24,660,000</b>			
CAMERON CREOLE LEVEE	\$ 11,600,000	\$ 9,712,839	\$ 1,887,161	Completed - proposed for reprogramming
4-MILE CANAL STORM SURGE REDUCTION CONSTRUCTION	\$ -	\$ -	\$ -	Original project funding allocation of \$6,280,000; funding reprogrammed to Bayou Tigre project
BAYOU TIGRE (initially 4-MILE CANAL STORM SURGE REDUCTION CONST)	\$ 185,153	\$ 185,153	\$ -	Reprogrammed allocation of \$6,280,000; balance reprogrammed to North Vermillion Bay project
NORTH VERMILLION BAY SHORELINE PROTECTION (amount reprogrammed from Bayou Tigre)	\$ 6,094,847	\$ 6,094,847	\$ -	Ongoing
MORGAN CITY/ ST MARY FLOOD PROTECTION	\$ 3,870,000	\$ 3,870,000	\$ 0	Completed
DELCAMBRE-AVERY CANAL (E&D)	\$ 970,000	\$ 335,765	\$ 634,235	Completed - proposed for reprogramming
ALEXANDRIA TO THE GULF	\$ 970,000	\$ 970,000	\$ -	Completed
SOUTH CENTRAL COASTAL PLAN	\$ 970,000	\$ 883,765	\$ 86,235	Completed
<b>Other Allocations</b>	<b>\$ 49,350,000</b>			
BENEFICIAL USE (dredge material and twin spans)	\$ 6,290,000	\$ 6,254,993	\$ 35,007	Completed - \$29,999 proposed for reprogramming
BARRIER ISLAND MAINTENANCE PROGRAM	\$ 3,390,000	\$ 563,995	\$ 2,826,005	Ongoing- Expended as maintenance monitoring tasks are needed
CONSERVATION/ RESTORATION PARTNERSHIP	\$ 3,390,000	\$ 3,383,507	\$ 6,494	Completed
ATCH BASIN NATURAL RES INVENTORY & ASSESSMENT	\$ 1,450,000	\$ 1,160,880	\$ 289,120	Completed - proposed for reprogramming
REHAB AND REPAIR OF STATE REST PROJECTS	\$ 1,940,000	\$ 841,760	\$ 1,098,240	Ongoing- Expended as repairs/rehabilitations are identified
RESERVE FUND CONTINGENCY	\$ 13,550,000	\$ 8,054,933	\$ 5,495,067	Ongoing- Expended as need for emergency reserve spending arises
CWPPRA	\$ 14,500,000	\$ 14,056,937	\$ 443,063	Ongoing
INNOVATIVE PROGRAMS	\$ 1,940,000	\$ 1,757,437	\$ 182,563	Completed
UNIVERSITY PARTNERSHIPS	\$ 1,930,000	\$ 1,803,682	\$ 126,318	Completed - \$109,384 proposed for reprogramming
LOUISIANA COASTAL AREA (LCA)	\$ 970,000	\$ 970,000	\$ -	Completed
<b>TOTAL</b>	<b>\$ 290,000,000</b>	<b>\$ 217,261,950</b>	<b>\$ 72,738,050</b>	<b>Proposed Reprogramming - \$4,285,665</b>

**Coastal Protection and Restoration Authority**  
**Proposed Reprogramming of 2008 and 2009 Surplus Fund Allocations**

Proposed Project Name	Total Proposed Project Budget	Existing Available Project Funding	2008 Surplus Funding Proposed Reprogram	2008 Project Name (s) From Which Funding Is Being Used	2009 Surplus Funding Proposed Reprogram	2009 Project Name (s) From Which Funding Is Being Used
Grand Isle Bayside Segmented Rock Breakwater Project and Habitat Enhancements	\$ 6,500,000	\$ 2,270,440	\$ 4,120,176	Pipeline Conveyance Dedicated Dredging	\$ 109,384	University Partnerships
Lafitte Area Independent Levee District Tidal Protection	\$ 5,000,000	\$ -	\$ 5,000,000	Pipeline Conveyance Dedicated Dredging	\$ -	
St. Bernard Pump Station Repairs	\$ 4,000,000	\$ 1,148,485	\$ 675,234	1)Acadiana to Gulf Access Channel - \$245,227 2)Innovative Coast-wide Initiatives - \$430,007	\$ 2,176,281	1)Cameron Creole Levee - \$1,887,161 2)Atchafalya Basin Natural Resource Inventory and Assessment - \$289,120
Violet Canal Repairs	\$ 1,000,000	\$ -	\$ 1,000,000	Cameron Creole Levee Project	\$ -	
LaCache Pump Station	\$ 2,000,000	\$ -	\$ -		\$ 2,000,000	1)Donaldsonville to the Gulf - \$1,335,766 2)Delcambre-Avery Canal (E&D) - \$634,235 3)Beneficial Use (Dredge Material and Twin Spans) - \$29,999
South Lafourche Levee District (SLLD) E-South Levee Lift	\$ 500,000	\$ -	\$ 500,000	Acadiana to Gulf Access Channel	\$ -	
<b>TOTAL</b>	<b>\$ 19,000,000</b>	<b>\$ 3,418,925</b>	<b>\$ 11,295,410</b>		<b>\$ 4,285,665</b>	

Representative Cameron Henry  
Chairman



Senator Eric LaFleur  
Vice Chairman

# FY19-20 Operating Budget Review and Approval State Retirement Systems

Joint Legislative Committee on the Budget  
by the House Fiscal Division

May 16, 2019



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# STATE RETIREMENT SYSTEMS

## State Retirement Systems

R.S. 11:4 defines a “state retirement system” as one of the following:

Louisiana State Employees’ Retirement System (LASERS)

Teachers’ Retirement System of Louisiana (TRSL)

Louisiana School Employees’ Retirement System (LSERS)

Louisiana State Police Retirement System (LSPRS)

# STATE RETIREMENT SYSTEMS

## Approval of State Retirement System Operating Budgets

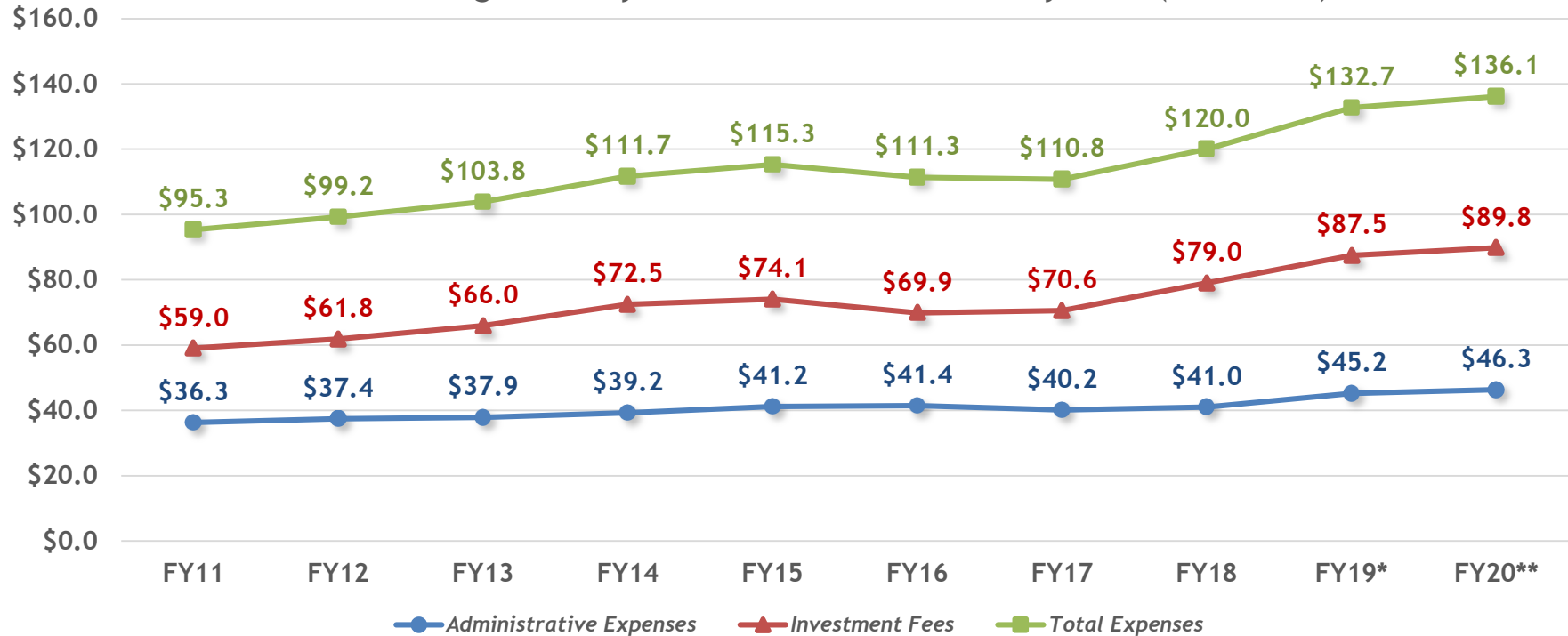
R.S. 11:176 and R.S. 39:81 require each of the four state public retirement systems to submit their respective operating budgets to the Joint Legislative Committee on the Budget (JLCB) for review and approval.

R.S. 39:81(B) further provides that the proposed operating budgets shall include, at a minimum:

- Actual expenditures for the prior year
- Projected expenditures for the current and ensuing fiscal years
- A listing and itemization of each professional, personal or consulting service contract, along with the general purpose of each professional service, and reasonable information concerning prior need for the requested services
- A personnel table containing salary information on authorized, estimated and requested positions
- Any other information specified by the JLCB

# STATE RETIREMENT SYSTEMS

Combined Budget History of Four State Retirement Systems (in Millions)



\*Existing Operating Budget as of 12/1/18

\*\*Proposed FY20 Budgets.

# FUNDING OVERVIEW

## Means of Finance:

State Retirement System Budget Summary	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Total Fees & Self-Generated Rev.*	\$120,015,120	\$132,711,056	\$136,118,618	\$3,407,562	2.6%	\$16,103,498	13.4%
<b>Total Means of Finance</b>	<b>\$120,015,120</b>	<b>\$132,711,056</b>	<b>\$136,118,618</b>	<b>\$3,407,562</b>	<b>2.6%</b>	<b>\$16,103,498</b>	<b>13.4%</b>

\*Note: Fees & Self-Generated Revenues for the retirement systems are funded directly by employers as a percentage of projected payroll, in accordance with Act 94 of the 2016 Regular Session.

## Administrative Expenses/Request by System:

State Retirement System Budget Summary	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
LASERS	\$18,127,275	\$19,715,300	\$20,259,000	\$543,700	2.8%	\$2,131,725	11.8%
TRSL	\$17,727,744	\$20,123,000	\$20,645,952	\$522,952	2.6%	\$2,918,208	16.5%
LSERS	\$4,359,622	\$4,522,256	\$4,503,166	(\$19,090)	(0.4%)	\$143,544	3.3%
LSPRS	\$816,685	\$870,500	\$910,500	\$40,000	4.6%	\$93,815	11.5%
<b>Subtotal Administrative Expenses</b>	<b>\$41,031,326</b>	<b>\$45,231,056</b>	<b>\$46,318,618</b>	<b>\$1,087,562</b>	<b>2.4%</b>	<b>\$5,287,292</b>	<b>12.9%</b>
Investment Management Fees	\$78,983,794	\$87,480,000	\$89,800,000	\$2,320,000	2.7%	\$10,816,206	13.7%
<b>Total Expenditures/Request</b>	<b>\$120,015,120</b>	<b>\$132,711,056</b>	<b>\$136,118,618</b>	<b>\$3,407,562</b>	<b>2.6%</b>	<b>\$16,103,498</b>	<b>13.4%</b>
Total FTEs	327	325	324	(1)	(0.3%)	(3)	(0.9%)



# EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$21,342,533	\$22,998,932	\$23,527,626	\$528,694	2.3%	\$2,185,093	10.2%
Other Compensation	\$431,834	\$500,655	\$445,661	(\$54,994)	(11.0%)	\$13,827	3.2%
Related Benefits	\$10,544,777	\$11,851,326	\$12,355,192	\$503,866	4.3%	\$1,810,415	17.2%
Travel	\$280,325	\$385,390	\$383,482	(\$1,908)	(0.5%)	\$103,157	36.8%
Operating Services	\$5,494,070	\$6,305,090	\$6,529,457	\$224,367	3.6%	\$1,035,387	18.8%
Supplies	\$50,811	\$90,000	\$80,000	(\$10,000)	(11.1%)	\$29,189	57.4%
Professional Services	\$2,050,144	\$2,345,090	\$2,195,950	(\$149,140)	(6.4%)	\$145,806	7.1%
Other Charges	\$75,639	\$86,000	\$86,000	\$0	0.0%	\$10,361	13.7%
Acq/Major Repairs	\$761,193	\$668,573	\$715,250	\$46,677	7.0%	(\$45,943)	(6.0%)
<b>Total Admin. Expenditures</b>	<b>\$41,031,326</b>	<b>\$45,231,056</b>	<b>\$46,318,618</b>	<b>\$1,087,562</b>	<b>2.4%</b>	<b>\$5,287,292</b>	<b>12.9%</b>
Investment Management Fees*	\$78,983,794	\$87,480,000	\$89,800,000	\$2,320,000	2.7%	\$10,816,206	13.7%
<b>Total Expenditures</b>	<b>\$120,015,120</b>	<b>\$132,711,056</b>	<b>\$136,118,618</b>	<b>\$3,407,562</b>	<b>2.6%</b>	<b>\$16,103,498</b>	<b>13.4%</b>

\*Note: Investment Management Fees do not include expenses associated with Alternative Investments or Securities Lending activities due to their unique payment terms. Further information on these expenses may be found in the system Comprehensive Annual Financial Report.

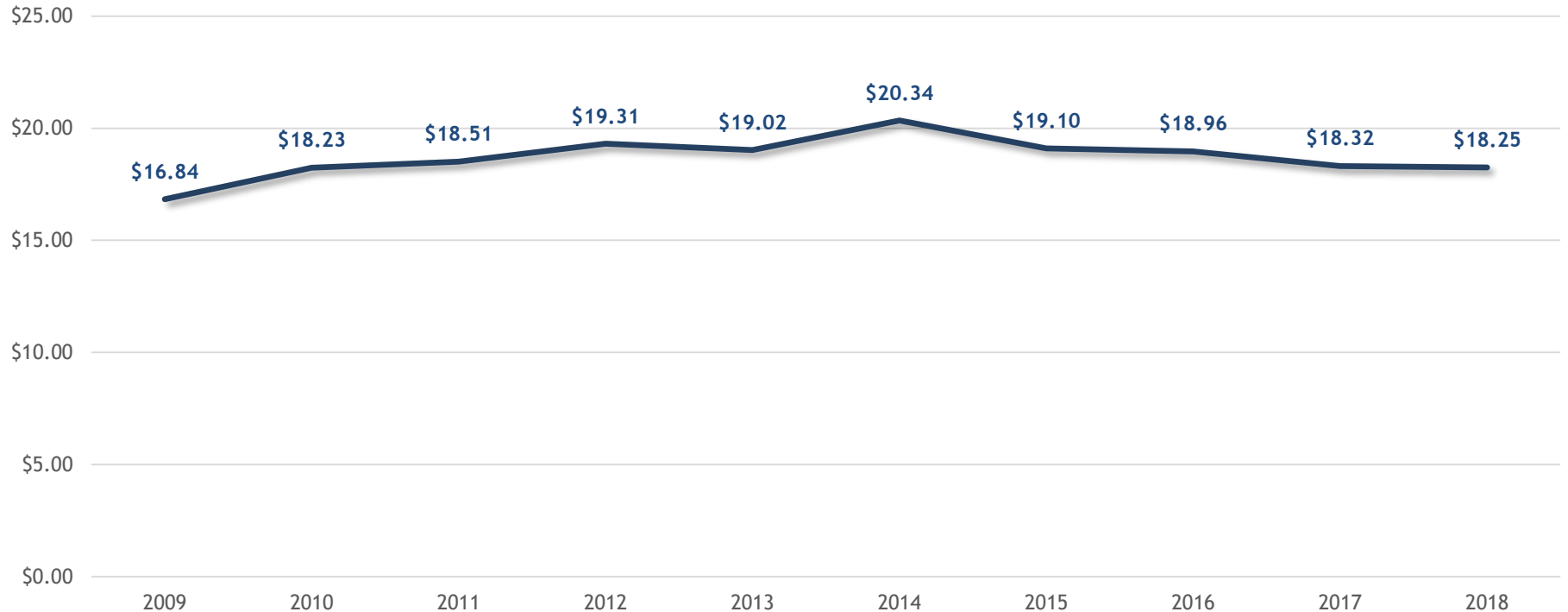
# PERFORMANCE INFORMATION

Indicators*	LASERS	TRSL	LSERS	LSPRS	Total
<b>Annual Benefits</b>	\$1,317,635,325	\$1,986,400,248	\$171,928,421	\$47,329,769	<b>\$3,523,293,763</b>
<b>Valuation Assets</b>	\$12,360,520,632	\$20,319,561,584	\$1,949,906,654	\$848,456,307	<b>\$35,478,445,177</b>
<b>Experience Account</b>	\$11,241,902	\$85,129,775	\$4,911,217	\$1,957,062	<b>\$103,239,956</b>
<b>Investment Yield:</b>					
Market Value	8.79%	11.35%	6.41%	9.40%	n/a
Actuarial Value	7.52%	9.48%	7.64%	8.22%	n/a
<b>Unfunded Accrued Liability</b>	\$6,743,119,532	\$10,552,318,323	\$664,343,734	\$292,799,239	<b>\$18,252,580,828</b>
<b>Funded Ratio</b>	64.7%	65.8%	74.6%	74.3%	<b>66.0%</b>
<b>Employer Contribution Rates (Aggregate):</b>					
FY 2018-19	37.9%	26.5%	28.0%	43.1%	n/a
FY 2019-20	40.8%	25.9%	29.4%	49.1%	n/a

\*Note: Performance information as of June 30, 2018, unless indicated otherwise.

# PERFORMANCE INFORMATION

Combined Unfunded Accrued Liability of Four State Retirement Systems (in Billions)



Source: Actuarial Valuation Reports

# LASERS

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

## Agency Overview



The mission of LASERS is to provide a sound retirement plan for members through prudent management and exceptional service.

### Plan Description and Membership

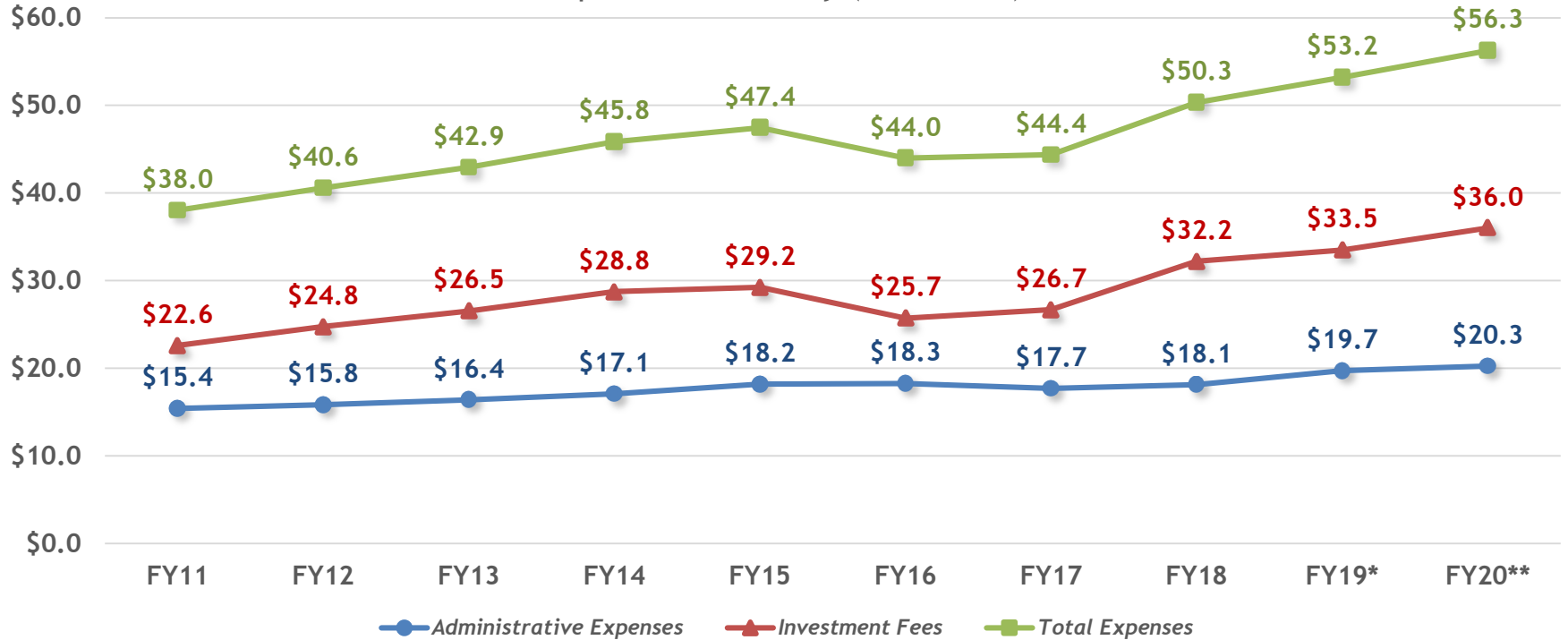
Louisiana State Employees' Retirement System (LASERS) administers a cost-sharing defined benefit pension plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined by LA R.S. 11:411-413.

Total Members	2016	2017	2018
Active Members	39,284	39,055	39,293
DROP Participants	1,609	1,520	1,398
Regular Retirees	39,998	40,482	40,832
Disability Retirees	2,401	2,325	2,234
Survivors	5,802	5,872	5,940
Terminated Vested / Vested and Reciprocals	3,865	3,794	3,720
<b>Subtotal</b>	<b>92,959</b>	<b>93,048</b>	<b>93,417</b>
Terminated, Due Refund	52,837	53,573	54,370
<b>Total Members</b>	<b>145,796</b>	<b>146,621</b>	<b>147,787</b>

# LASERS

## LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

Expenditure History (in Millions)



\*Existing Operating Budget as of 12/1/18

\*\*Proposed FY20 Budget.

# LASERS

## LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$9,551,568	\$10,027,500	\$10,290,800	\$263,300	2.6%	\$739,232	7.7%
Other Compensation	\$117,619	\$229,000	\$183,200	(\$45,800)	(20.0%)	\$65,581	55.8%
Related Benefits	\$4,656,006	\$5,221,200	\$5,434,800	\$213,600	4.1%	\$778,794	16.7%
Travel	\$145,566	\$182,500	\$181,000	(\$1,500)	(0.8%)	\$35,434	24.3%
Operating Services	\$2,683,498	\$3,098,100	\$3,314,200	\$216,100	7.0%	\$630,702	23.5%
Supplies	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Professional Services	\$753,264	\$754,000	\$627,000	(\$127,000)	(16.8%)	(\$126,264)	(16.8%)
Other Charges	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Acq/Major Repairs	\$219,754	\$203,000	\$228,000	\$25,000	12.3%	\$8,246	3.8%
<b>Total Admin. Expenditures</b>	<b>\$18,127,275</b>	<b>\$19,715,300</b>	<b>\$20,259,000</b>	<b>\$543,700</b>	<b>2.8%</b>	<b>\$2,131,725</b>	<b>11.8%</b>
Investment Management Fees*	\$32,210,782	\$33,500,000	\$36,000,000	\$2,500,000	7.5%	\$3,789,218	11.8%
<b>Total Expenditures</b>	<b>\$50,338,057</b>	<b>\$53,215,300</b>	<b>\$56,259,000</b>	<b>\$3,043,700</b>	<b>5.7%</b>	<b>\$5,920,943</b>	<b>11.8%</b>

\*Note: Investment Management Fees do not include expenses associated with Alternative Investments or Securities Lending activities due to their unique payment terms. Further information on these expenses may be found in the system Comprehensive Annual Financial Report.

# LASERS

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

## Significant Adjustments

### **\$431,100 - Personal Services (Salaries & Related Benefits)**

- \$263,300 increase due to market rate adjustments for classified and unclassified staff.
- **(\$45,800)** decrease in other compensation, including overtime, termination pay, wages, and board member per diem.
- \$213,600 increase for related benefits adjustments, including employer retirement contributions, health insurance, etc.

### **\$216,100 - Operating Services**

- \$387,800 increases primarily due to computer maintenance and rentals/computer licensing software.
- **(\$171,700)** decrease primarily due postage, bank fees, printing services, and supplies.

### **(\$127,000) - Professional Services**

- **(\$127,000)** decrease primarily due to decreasing actuarial services, legal services, financial audit, and IT consulting.

### **\$25,000 - Acquisitions**

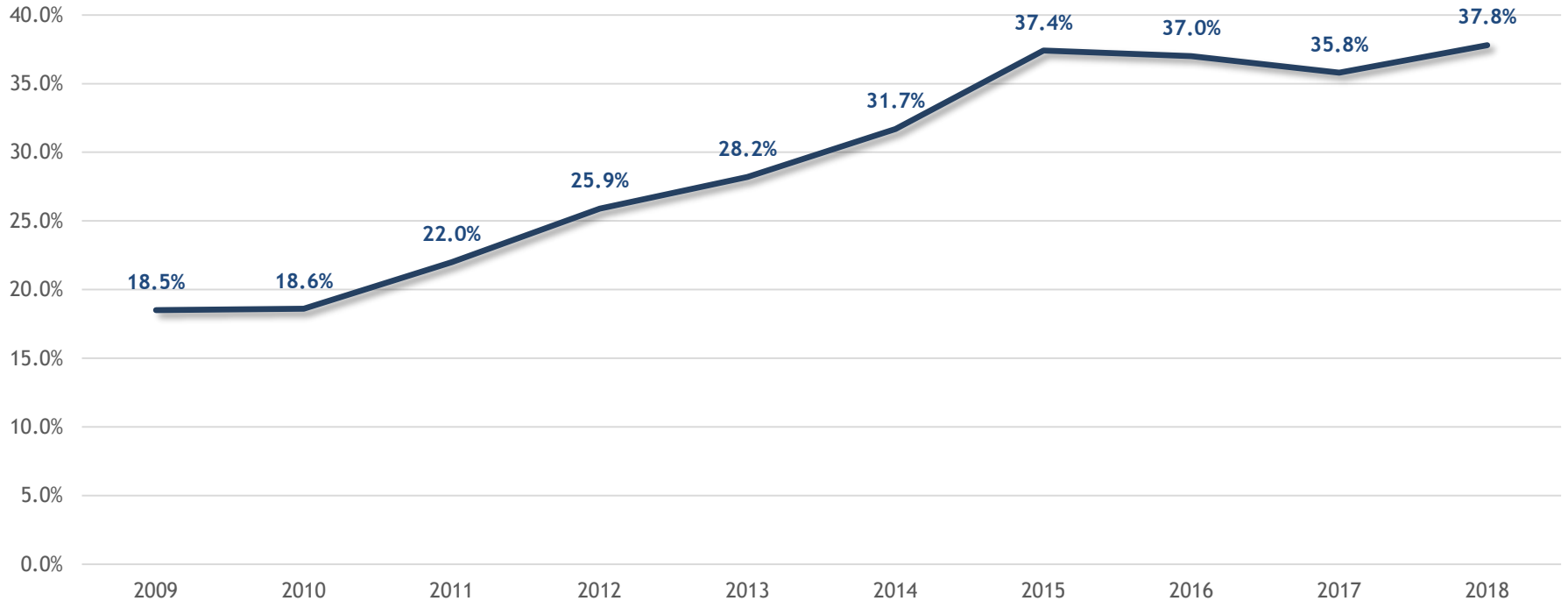
- \$25,000 increase in Information Technology purchases.

### **\$2,500,000 - Investment Fees**

# LASERS

## LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

### Employer Contribution Rates (Aggregate)



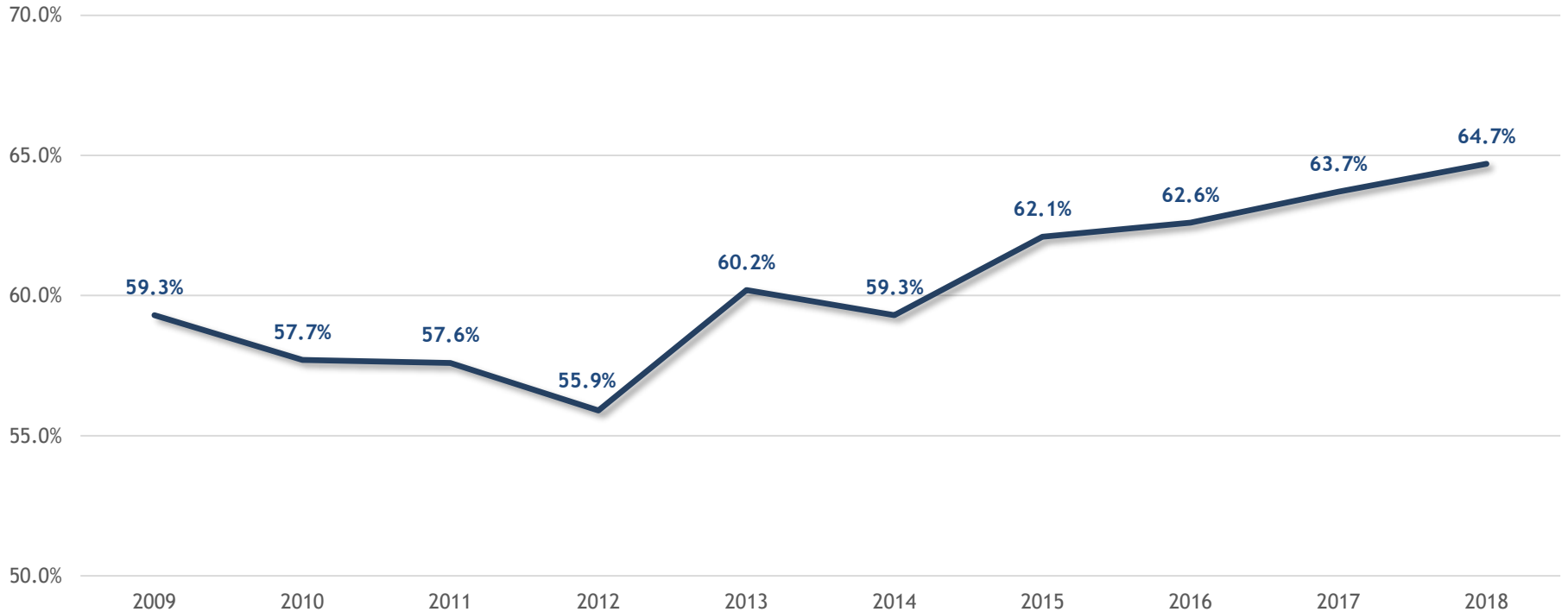
Source: Actuarial Valuation Reports



# LASERS

## LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

### Funded Ratio

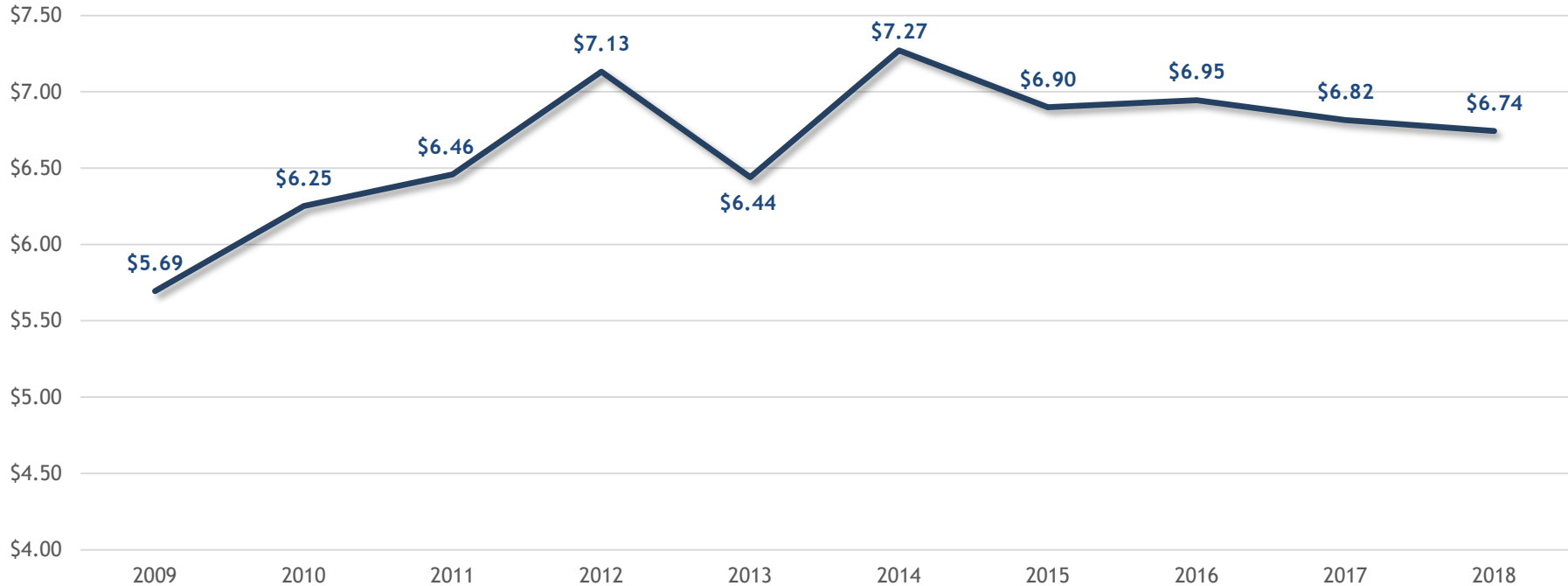


Source: Actuarial Valuation Reports

# LASERS

## LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

Unfunded Accrued Liability (in Billions)



Source: Actuarial Valuation Reports

# LASERS

## LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

### FY20 Personnel/Budget Ratio

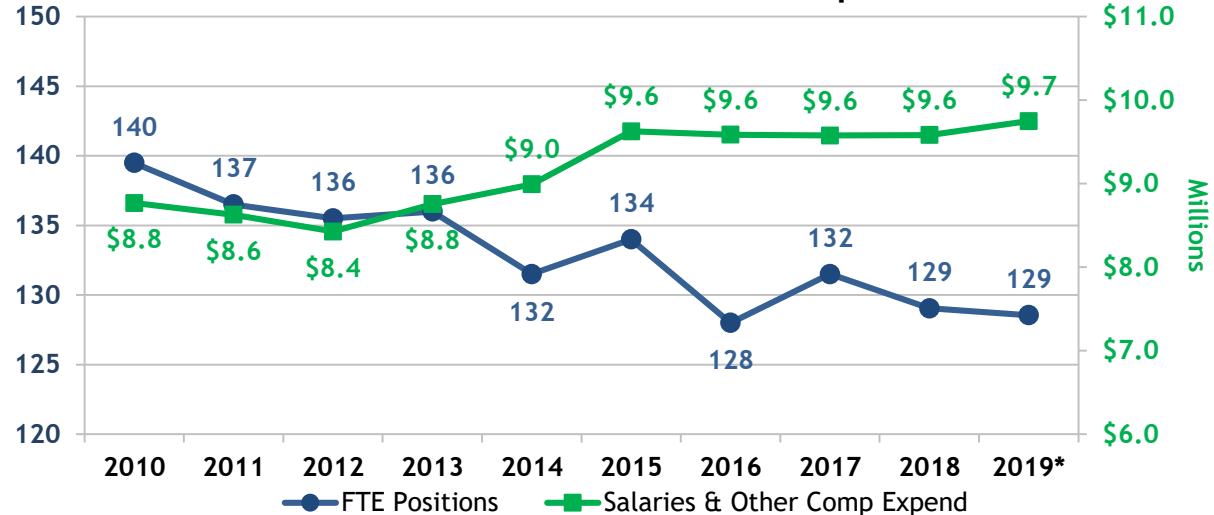
\$10.5 M Salaries and Other Comp.  
 + \$ 5.4 M Related Benefits  
 = \$15.9 M Total Personnel Services

**78.5% of operating expenditures**  
 (excluding Investment Management Fees)

### Authorized Positions

- 137 positions recommended for FY20
- 11 vacancies reported in budget request.

### 10 Year FTE Positions/Salaries Expended



Source: Department of Civil Service, Statewide Reports

\*Existing Budget as of 11/30/2018

Contact	Title	Phone Number
Ms. Cindy Rougeou	Executive Director	225.922.0604
Ms. Maris LeBlanc	Deputy Director and Chief Operating Officer	225.922.2644
Mr. Trey Boudreaux	Assistant Director and Chief Administrative Officer	225.922.2836

## Agency Overview



The mission of TRSL is to manage the Teachers' Retirement System of Louisiana in a manner that creates the highest degree of confidence in our integrity, efficiency, fairness, and financial responsibility.

### Plan Description and Membership

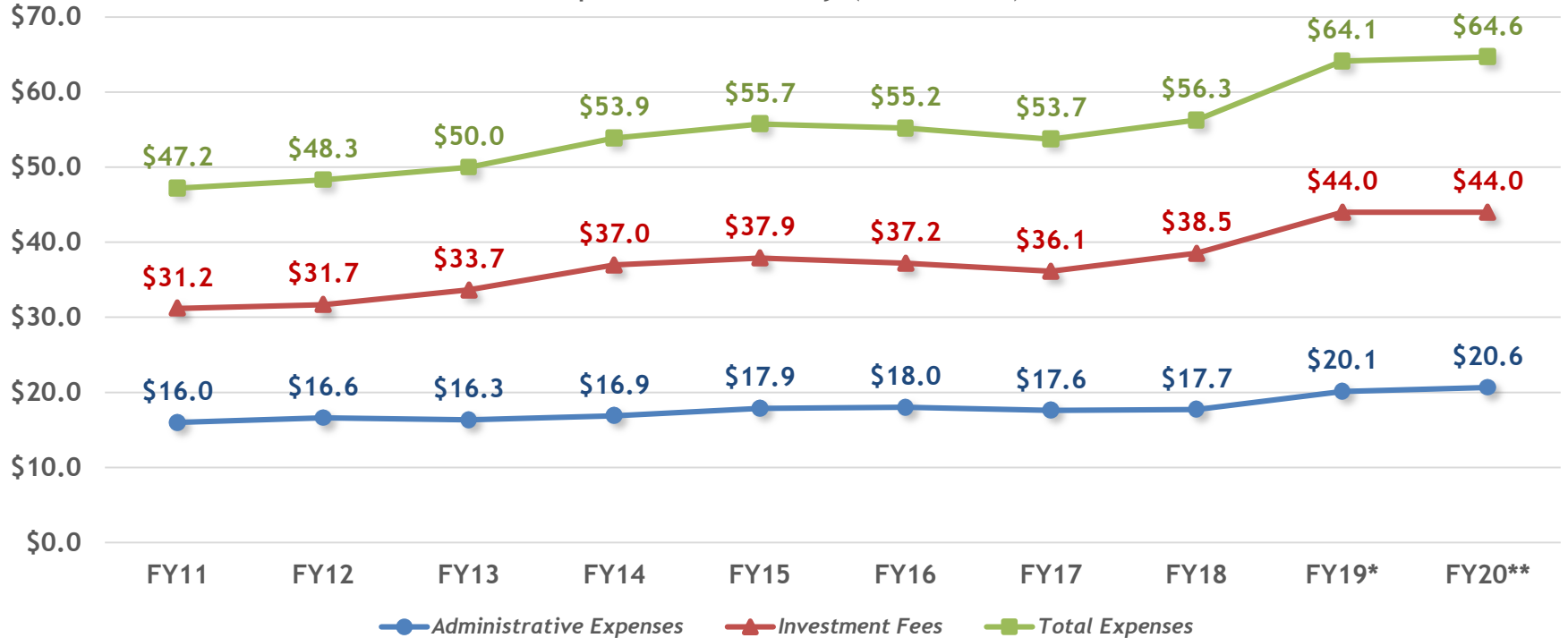
Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LA R.S. 11:701.

Total Members	2016	2017	2018
Active Members	84,068	84,228	85,045
Regular Retirees	64,593	65,749	66,760
Disability Retirees	4,238	4,280	4,248
Survivors	6,997	7,229	7,415
DROP Participants	2,504	2,478	2,420
Vested and Reciprocals	6,687	6,941	7,211
<b>Subtotal Active and Vested Inactive Members</b>	<b>169,087</b>	<b>170,905</b>	<b>173,099</b>
Inactive Non-Vested (Due Refunds)	19,842	20,980	22,364
<b>Total Members</b>	<b>188,929</b>	<b>191,885</b>	<b>195,463</b>

# TRSL

## TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

### Expenditure History (in Millions)



\*Existing Operating Budget as of 12/1/18

\*\*Proposed FY20 Budget.

# TRSL

## TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$9,424,383	\$10,515,000	\$10,766,769	\$251,769	2.4%	\$1,342,386	14.2%
Other Compensation	\$298,086	\$191,000	\$191,000	\$0	0.0%	(\$107,086)	(35.9%)
Related Benefits	\$4,606,362	\$5,342,000	\$5,609,183	\$267,183	5.0%	\$1,002,821	21.8%
Travel	\$66,604	\$109,000	\$109,000	\$0	0.0%	\$42,396	63.7%
Operating Services	\$2,154,595	\$2,450,000	\$2,515,000	\$65,000	2.7%	\$360,405	16.7%
Supplies	\$44,182	\$80,000	\$70,000	(\$10,000)	(12.5%)	\$25,818	58.4%
Professional Services	\$789,966	\$990,000	\$959,000	(\$31,000)	(3.1%)	\$169,034	21.4%
Other Charges	\$75,639	\$86,000	\$86,000	\$0	0.0%	\$10,361	13.7%
Acq/Major Repairs	\$267,927	\$360,000	\$340,000	(\$20,000)	(5.6%)	\$72,073	26.9%
<b>Total Admin. Expenditures</b>	<b>\$17,727,744</b>	<b>\$20,123,000</b>	<b>\$20,645,952</b>	<b>\$522,952</b>	<b>2.6%</b>	<b>\$2,918,208</b>	<b>16.5%</b>
Investment Management Fees*	\$38,530,790	\$44,000,000	\$44,000,000	\$0	0.0%	\$5,469,210	14.2%
<b>Total Expenditures</b>	<b>\$56,258,534</b>	<b>\$64,123,000</b>	<b>\$64,645,952</b>	<b>\$522,952</b>	<b>0.8%</b>	<b>\$8,387,418</b>	<b>14.9%</b>

\*Note: Investment Management Fees do not include expenses associated with Alternative Investments or Securities Lending activities due to their unique payment terms. Further information on these expenses may be found in the system Comprehensive Annual Financial Report.

## Significant Adjustments

### **\$518,952 - Personal Services (Salaries & Related Benefits)**

- \$251,769 increase due to market rate adjustments for classified and unclassified staff.
- \$267,183 increase for related benefits adjustments, mainly due to employer retirement contributions and health insurance.

### **\$65,000 - Operating Services**

- \$136,808 increases primarily due to insurance for cyber insurance, printing costs, and equipment/computer maintenance.
- **(\$71,808)** decrease primarily due to reduced bank charges, postage costs due to board elections, and equipment rentals.

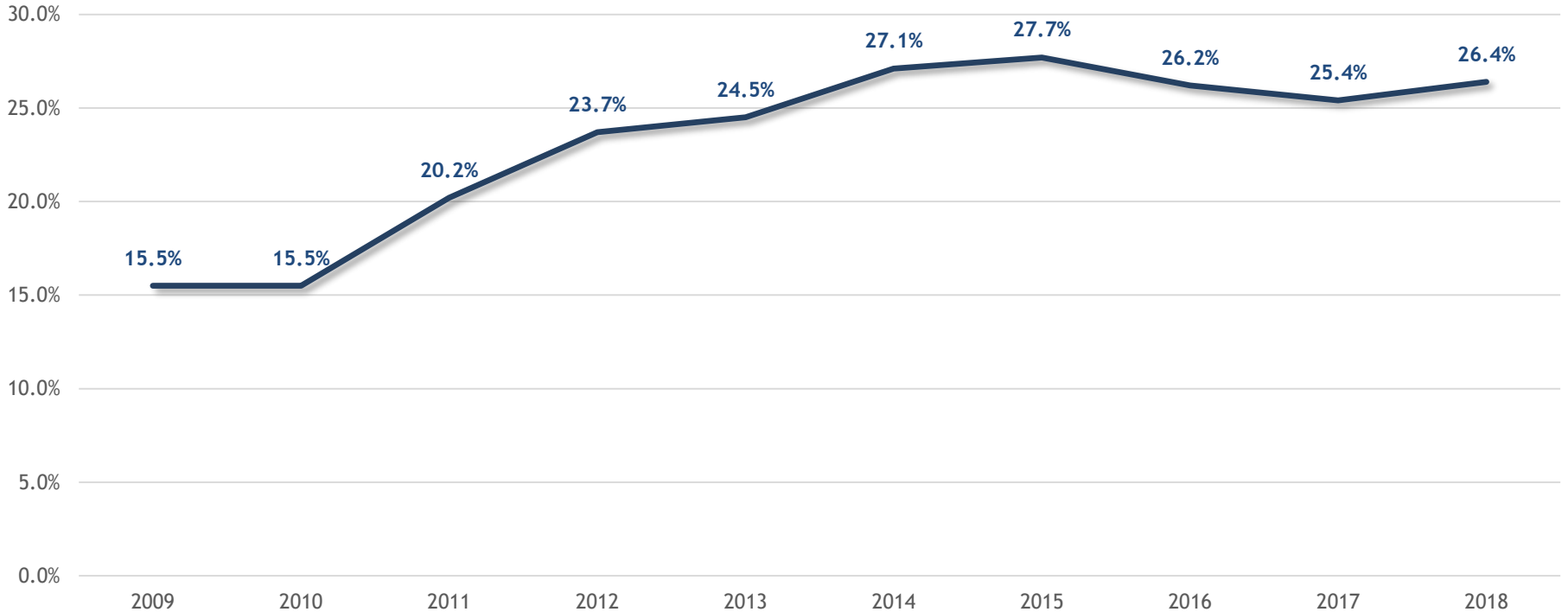
### **(\$31,000) - Professional Services**

- \$31,341 increases in management and consulting services, and other professional services.
- **(\$62,341)** decrease primarily due to actuarial contract reductions based on anticipated needs and prior year actuals.

### **(\$20,000) - Acquisitions**

- **(\$20,000)** decrease in acquisitions due non-recurring one-time purchases of imaging scanner and phone upgrades.

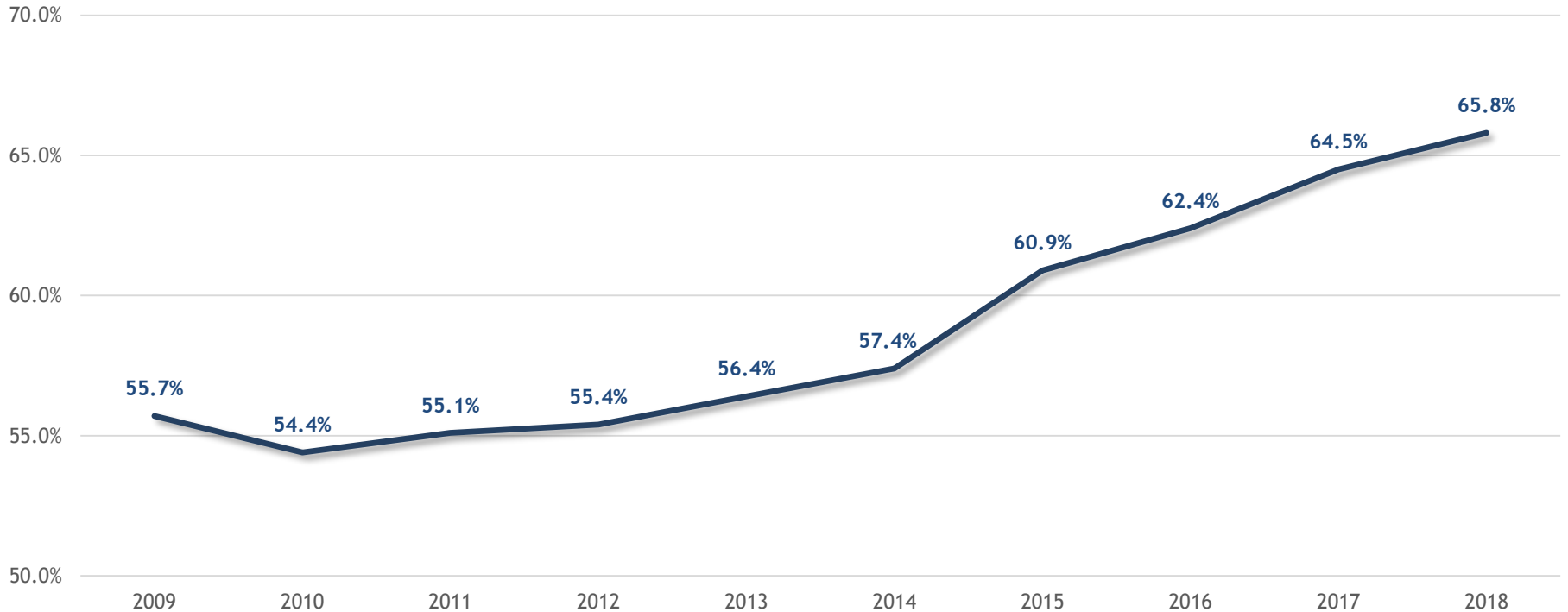
## Employer Contribution Rates (Aggregate)



Source: Actuarial Valuation Reports

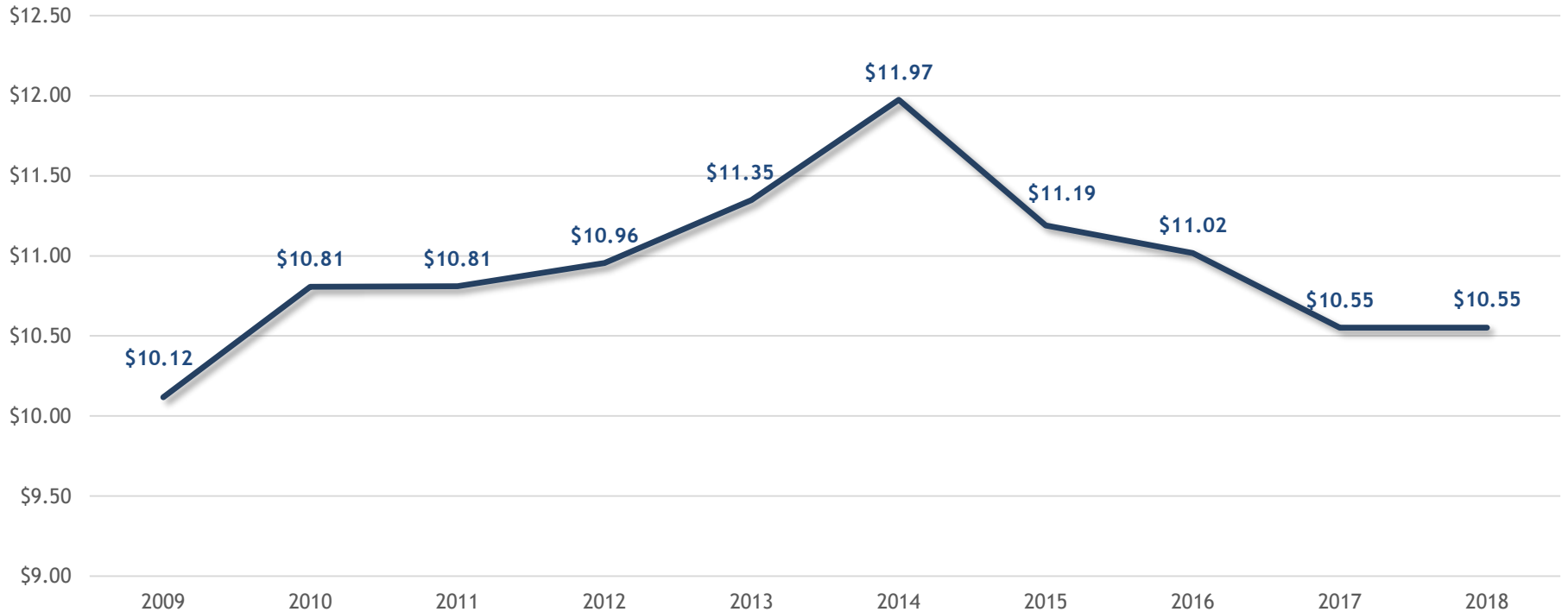


## Funded Ratio



Source: Actuarial Valuation Reports

## Unfunded Accrued Liability (in Billions)



Source: Actuarial Valuation Reports

### FY20 Personnel/Budget Ratio

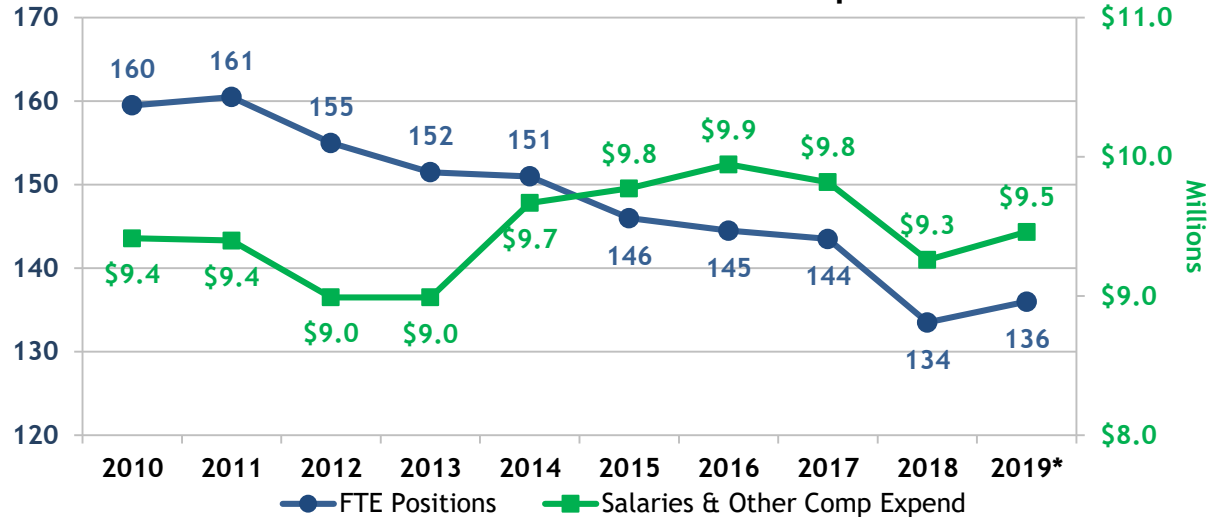
\$11.0 M	Salaries and Other Comp.
+ \$ 5.6 M	Related Benefits
<hr/>	
= \$16.6 M	Total Personnel Services

**80.2% of operating expenditures**  
(excluding Investment Management Fees)

### Authorized Positions

- 153 positions recommended for FY20
- 20 vacancies reported in budget request.

### 10 Year FTE Positions/Salaries Expended



Source: Department of Civil Service, Statewide Reports

\*Existing Budget as of 11/30/2018

Contact	Title	Phone Number
Ms. Dana Vicknair	Director	225.925.6530
Ms. Katherine Whitney	Deputy Director	225.925.6119
Mr. Jeff LaCour	Assistant Director of Operations	225.925.6465

### Agency Overview

#### Plan Description and Membership

Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LA R.S. 11:1002.

Total Members	2016	2017	2018
Active Members	12,075	12,055	12,033
Retirees and Survivors	13,148	13,354	13,482
DROP Participants	676	622	631
Terminated Due Deferred Benefits	275	311	339
Terminated Due Refunds	3,898	4,268	4,475
<b>Total Members</b>	<b>30,072</b>	<b>30,610</b>	<b>30,960</b>

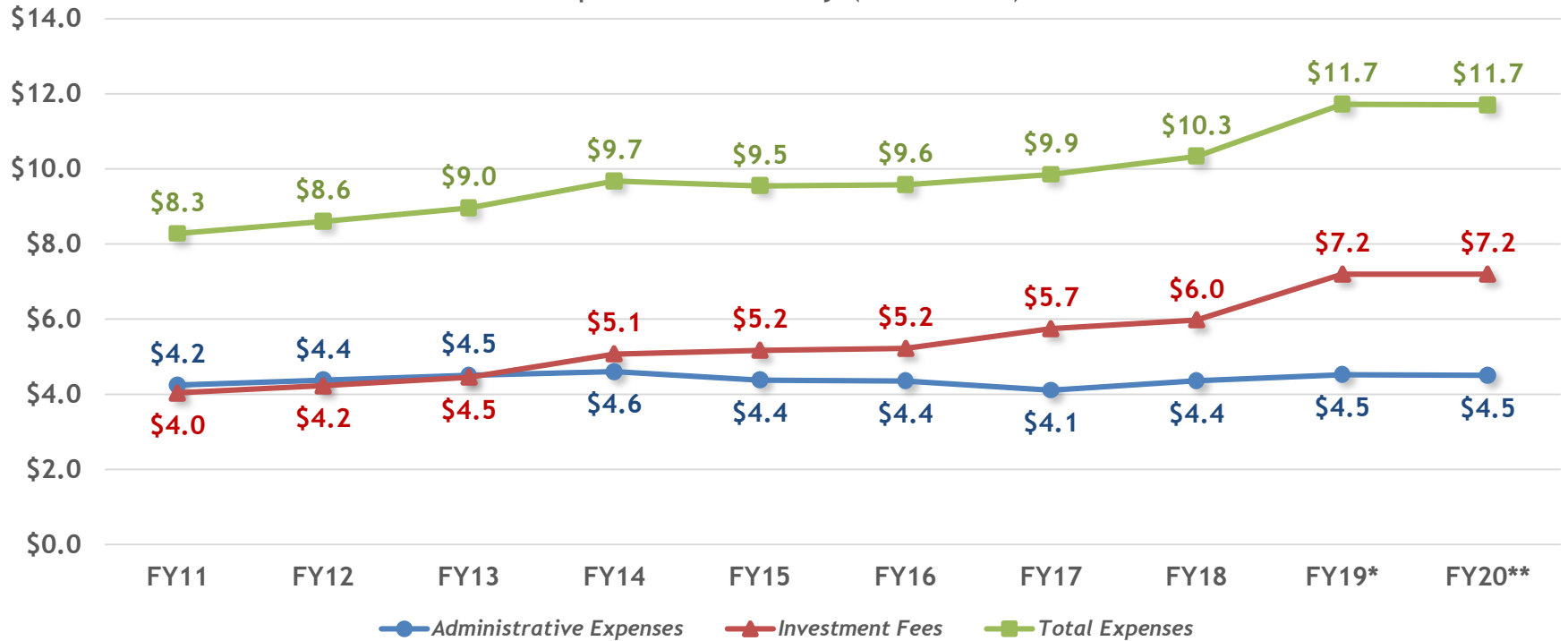


The mission of LSERS is to enhance the financial security and quality of life for LSERS' members and their families by offering professional and courteous service and maintaining an accountable and sound retirement program that provides comprehensive retirement benefits through prudent management and successful investment of LSERS' assets.

# LSERS

## LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

### Expenditure History (in Millions)



\*Existing Operating Budget as of 12/1/18

\*\*Proposed FY20 Budget.

# LSERS

## LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$2,052,542	\$2,136,432	\$2,130,057	(\$6,375)	(0.3%)	\$77,515	3.8%
Other Compensation	\$12,867	\$77,155	\$67,961	(\$9,194)	(11.9%)	\$55,094	428.2%
Related Benefits	\$1,115,820	\$1,128,126	\$1,141,209	\$13,083	1.2%	\$25,389	2.3%
Travel	\$59,143	\$81,890	\$81,482	(\$408)	(0.5%)	\$22,339	37.8%
Operating Services	\$597,830	\$686,990	\$630,257	(\$56,733)	(8.3%)	\$32,427	5.4%
Supplies	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Professional Services	\$247,908	\$312,090	\$310,950	(\$1,140)	(0.4%)	\$63,042	25.4%
Other Charges	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Acq/Major Repairs	\$273,512	\$99,573	\$141,250	\$41,677	41.9%	(\$132,262)	(48.4%)
<b>Total Admin. Expenditures</b>	<b>\$4,359,622</b>	<b>\$4,522,256</b>	<b>\$4,503,166</b>	<b>(\$19,090)</b>	<b>(0.4%)</b>	<b>\$143,544</b>	<b>3.3%</b>
Investment Management Fees*	\$5,973,279	\$7,200,000	\$7,200,000	\$0	0.0%	\$1,226,721	20.5%
<b>Total Expenditures</b>	<b>\$10,332,901</b>	<b>\$11,722,256</b>	<b>\$11,703,166</b>	<b>(\$19,090)</b>	<b>(0.2%)</b>	<b>\$1,370,265</b>	<b>13.3%</b>

\*Note: Investment Management Fees do not include expenses associated with Alternative Investments or Securities Lending activities due to their unique payment terms. Further information on these expenses may be found in the system Comprehensive Annual Financial Report.

## Significant Adjustments

### **(\$2,486) - Personal Services (Salaries & Related Benefits)**

- **(\$6,375)** decrease due to the elimination of one vacant position, partially offset by market rate adjustments.
- **(\$9,194)** reduction for other compensation, including overtime and student labor.
- \$13,083 increase for related benefits adjustments, primarily due to LSERS rate increases.

### **(\$57,141) - Operating Services**

- **(\$19,336)** decrease in property maintenance.
- **(\$10,971)** decrease in equipment/software maintenance due to a reclassification as computer acquisitions.
- **(\$26,426)** net decrease due to reductions in computer software expenses, postage, and other operating services expenses.

### **(\$1,140) - Professional Services**

- **(\$1,140)** net decrease, primarily due to reduction of projected legal expenses and increased medical fees.

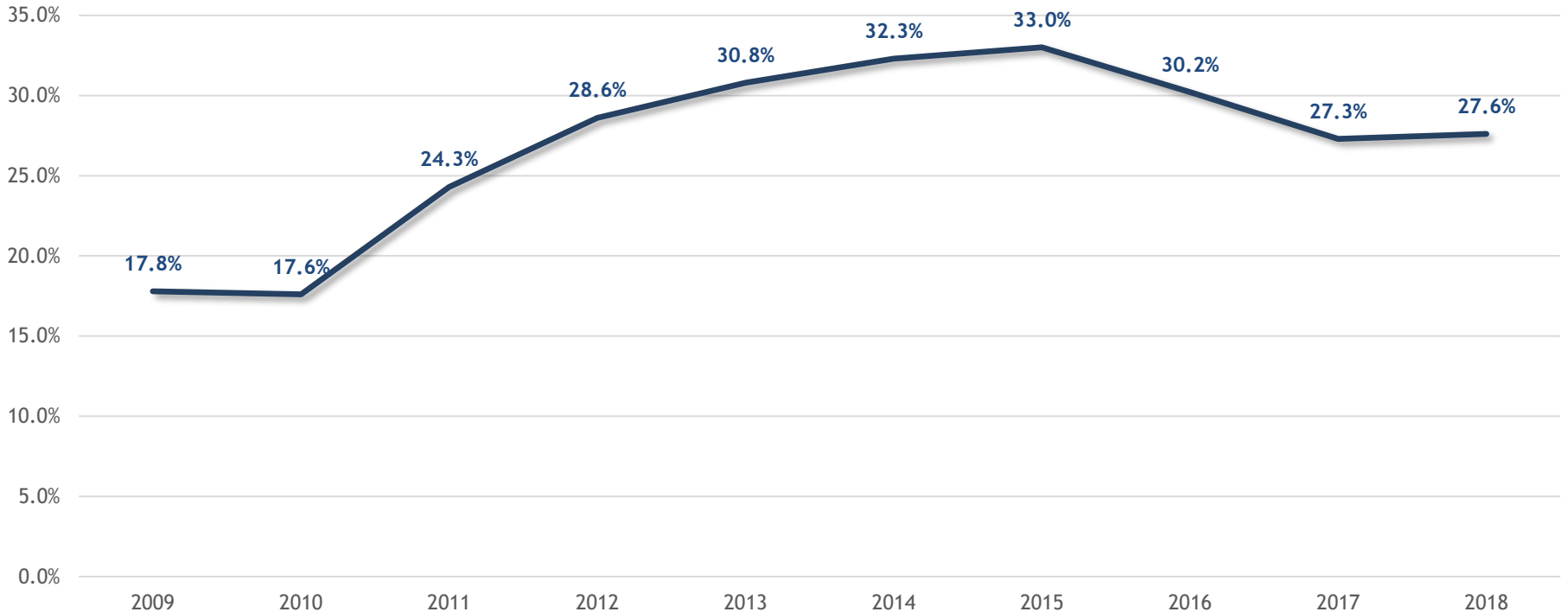
### **\$41,677 - Acquisitions**

- \$41,677 increase due to reclassification of computer acquisitions and a project to replace the 2<sup>nd</sup> floor carpet.

# LSERS

## LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

### Employer Contribution Rates



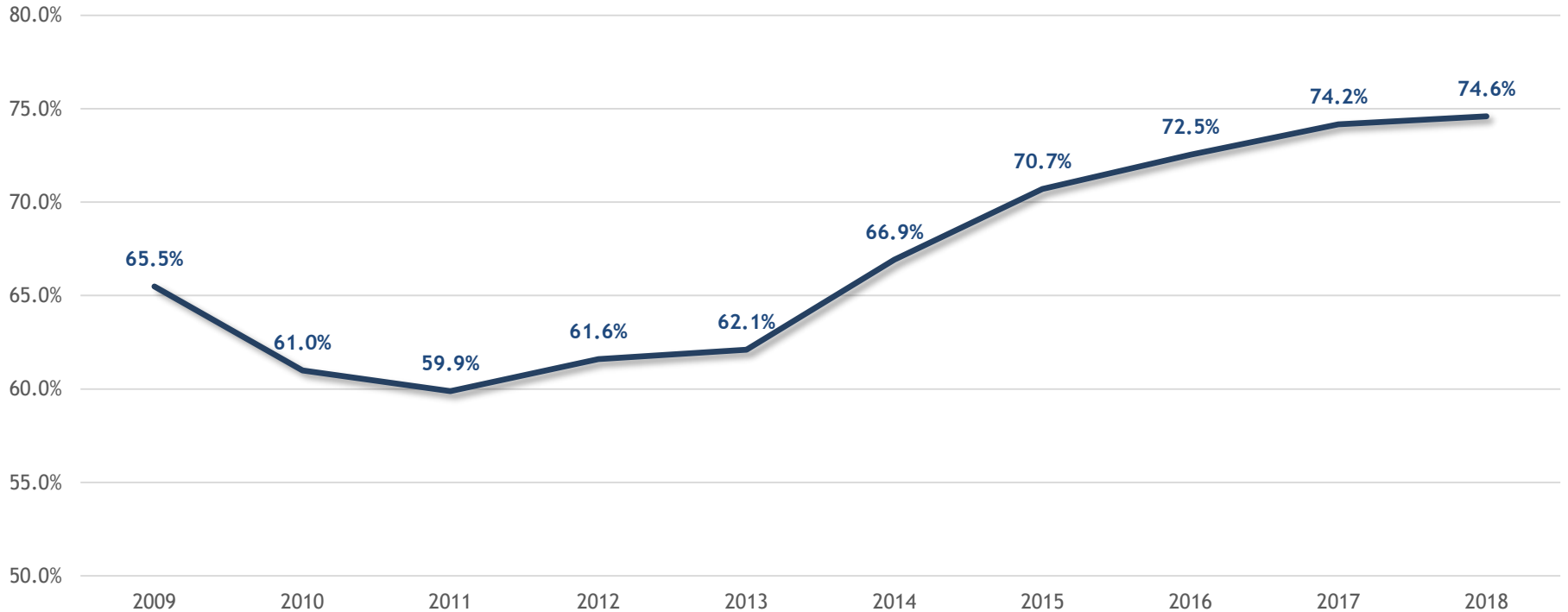
Source: Actuarial Valuation Reports



# LSERS

## LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

### Funded Ratio

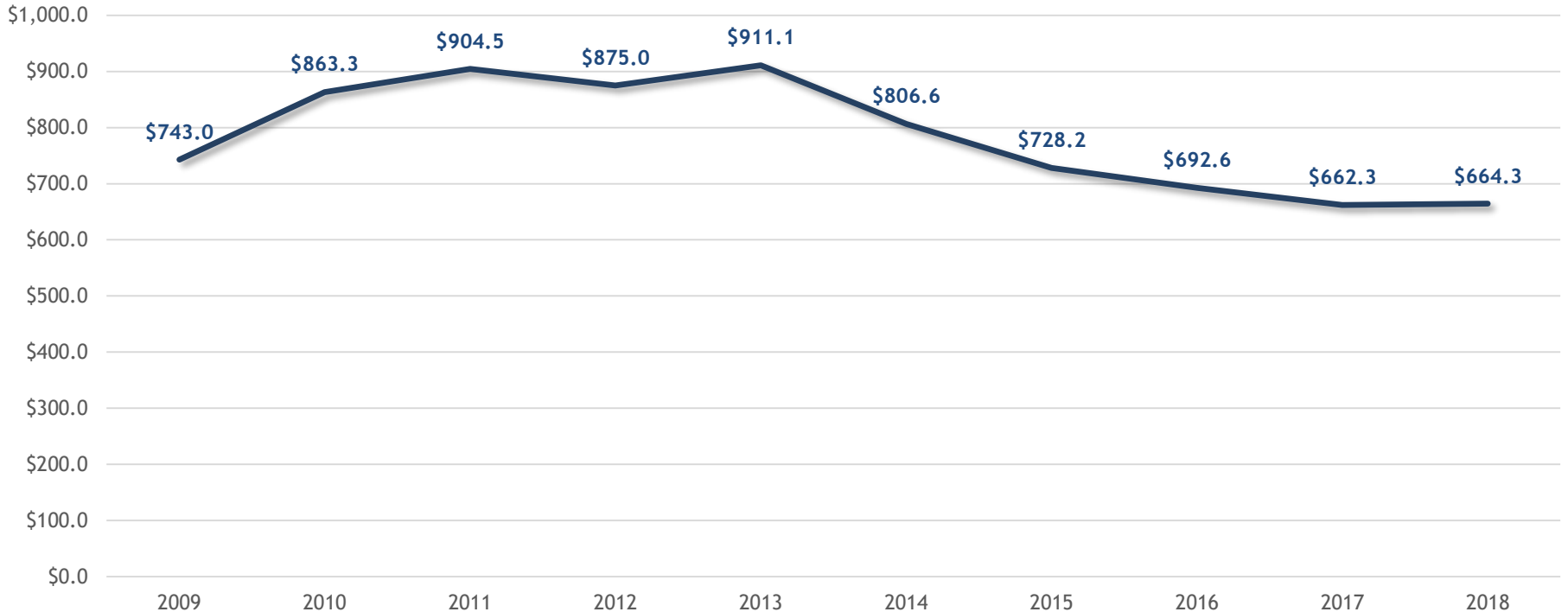


Source: Actuarial Valuation Reports

# LSERS

## LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Unfunded Accrued Liability (in Millions)



Source: Actuarial Valuation Reports

# LSERS

## LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

### FY20 Personnel/Budget Ratio

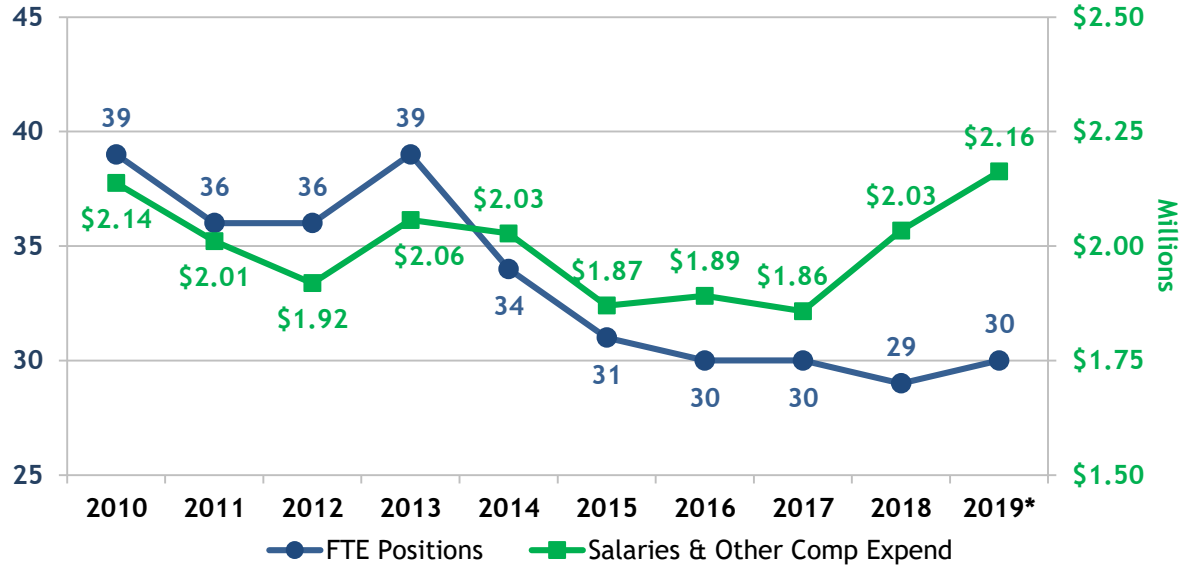
\$2.2	M	Salaries and Other Comp.
+ \$1.1	M	Related Benefits
<hr/>		
= \$3.3	M	Total Personnel Services

**74.2% of operating expenditures**  
(excluding Investment Management Fees)

### Authorized Positions

- 30 positions recommended for FY20
- 1 position eliminated

### 10 Year FTE Positions/Salaries Expended



Source: Department of Civil Service, Statewide Reports

\*Existing Budget as of 11/30/2018

Contact	Title	Phone Number
Mr. Charles Bujol	Executive Director	225.925.6484
Ms. Chenfei Zhou	Assistant Director	225.925.6492

### Agency Overview

#### Plan Description and Membership



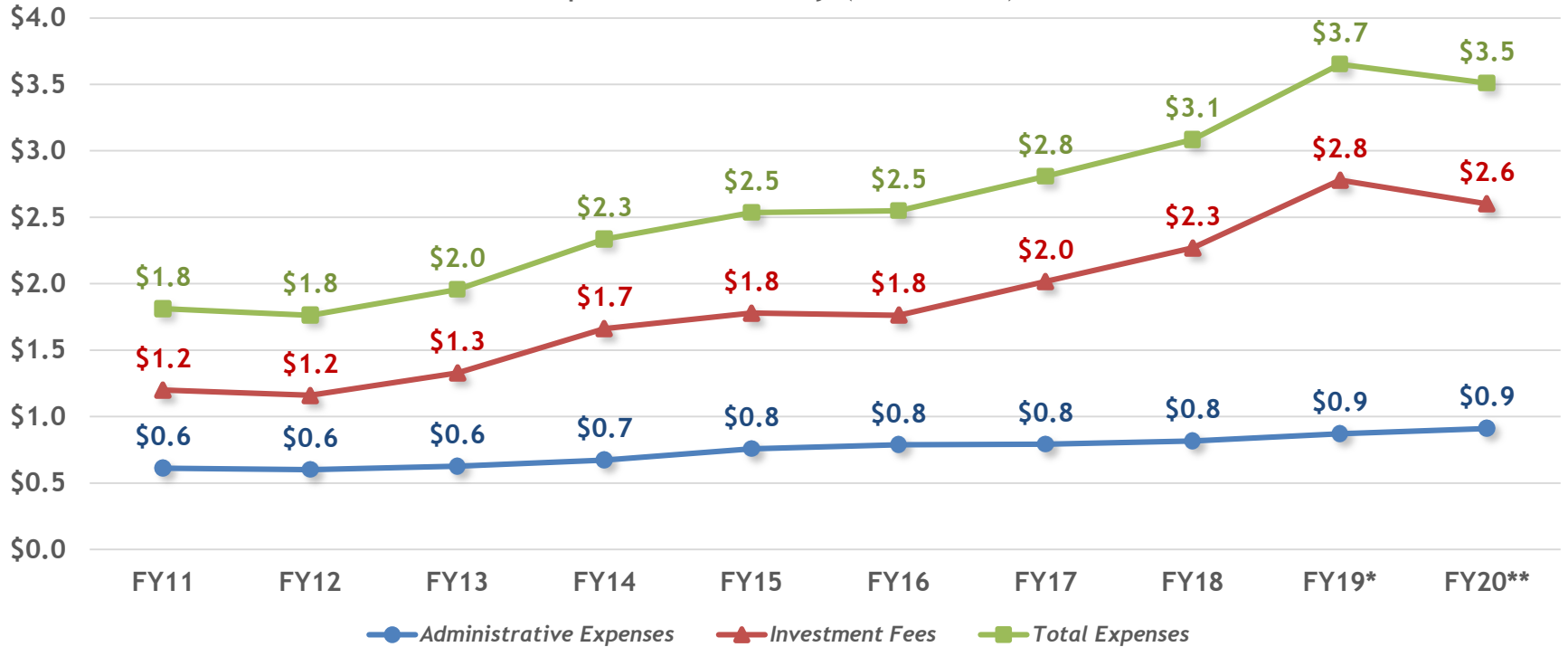
Louisiana State Police Retirement System (LSPRS) administers a single employer defined benefit pension plan to provide retirement, disability, and survivor benefits to commissioned law enforcement officers of the Office of State Police and the Superintendent of State Police and their beneficiaries as defined in LA R.S. 11:1305.

Total Members	2016	2017	2018
Active Members	1,041	1,071	1,129
Retirees and Survivors	1,220	1,155	1,174
DROP Participants	-	-	-
Terminated Due Deferred Benefits	41	43	44
Terminated Due Refunds	N/A	139	169
<b>Total Members</b>	<b>2,302</b>	<b>2,408</b>	<b>2,516</b>

# LSPRS

## LOUISIANA STATE POLICE RETIREMENT SYSTEM

Expenditure History (in Millions)



\*Existing Operating Budget as of 12/1/18

\*\*Proposed FY20 Budget.

# LSPRS

## LOUISIANA STATE POLICE RETIREMENT SYSTEM

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 Proposed Budget	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$314,040	\$320,000	\$340,000	\$20,000	6.3%	\$25,960	8.3%
Other Compensation	\$3,262	\$3,500	\$3,500	\$0	0.0%	\$238	7.3%
Related Benefits	\$166,589	\$160,000	\$170,000	\$10,000	6.3%	\$3,411	2.0%
Travel	\$9,012	\$12,000	\$12,000	\$0	0.0%	\$2,988	0.0%
Operating Services	\$58,147	\$70,000	\$70,000	\$0	0.0%	\$11,853	20.4%
Supplies	\$6,629	\$10,000	\$10,000	\$0	0.0%	\$3,371	0.0%
Professional Services	\$259,006	\$289,000	\$299,000	\$10,000	3.5%	\$39,994	15.4%
Other Charges	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Acq/Major Repairs	\$0	\$6,000	\$6,000	\$0	0.0%	\$6,000	0.0%
<b>Total Admin. Expenditures</b>	<b>\$816,685</b>	<b>\$870,500</b>	<b>\$910,500</b>	<b>\$40,000</b>	<b>4.6%</b>	<b>\$93,815</b>	<b>11.5%</b>
Investment Management Fees*	\$2,268,943	\$2,780,000	\$2,600,000	(\$180,000)	(6.5%)	\$331,057	14.6%
<b>Total Expenditures</b>	<b>\$3,085,628</b>	<b>\$3,650,500</b>	<b>\$3,510,500</b>	<b>(\$140,000)</b>	<b>(3.8%)</b>	<b>\$424,872</b>	<b>13.8%</b>

\*Note: Investment Management Fees do not include expenses associated with Alternative Investments or Securities Lending activities due to their unique payment terms. Further information on these expenses may be found in the system Comprehensive Annual Financial Report.

## Significant Adjustments

### **\$30,000 - Personal Services (Salaries & Related Benefits)**

- \$20,000 increase for market rate adjustments and salary base adjustments.
- \$10,000 increase for related benefits adjustments, including retirement and insurance.

### **\$0 - Operating Services**

- \$1,000 increase in copy machine rental expenses.
- **(\$1,500)** decrease in anticipated expenses related to the recruitment for the Executive Director.
- \$500 increase for “death audit” search now performed quarterly as opposed to biannually.

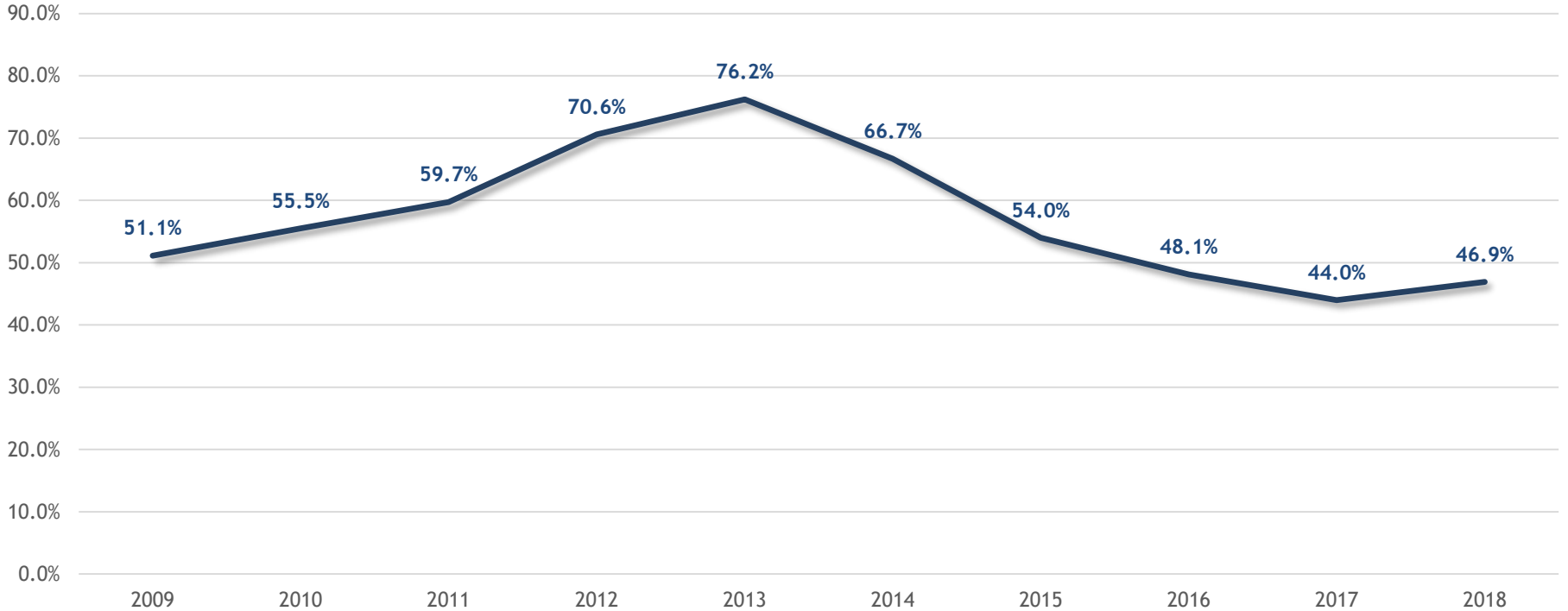
### **\$10,000 - Professional Services**

- \$10,000 increase for investment consulting in advance of an anticipated fee increase.

### **(\$180,000) - Investment Management Fees**

- **(\$180,000)** decrease to remove excess budget authority for investment management fees.

### Employer Contribution Rates



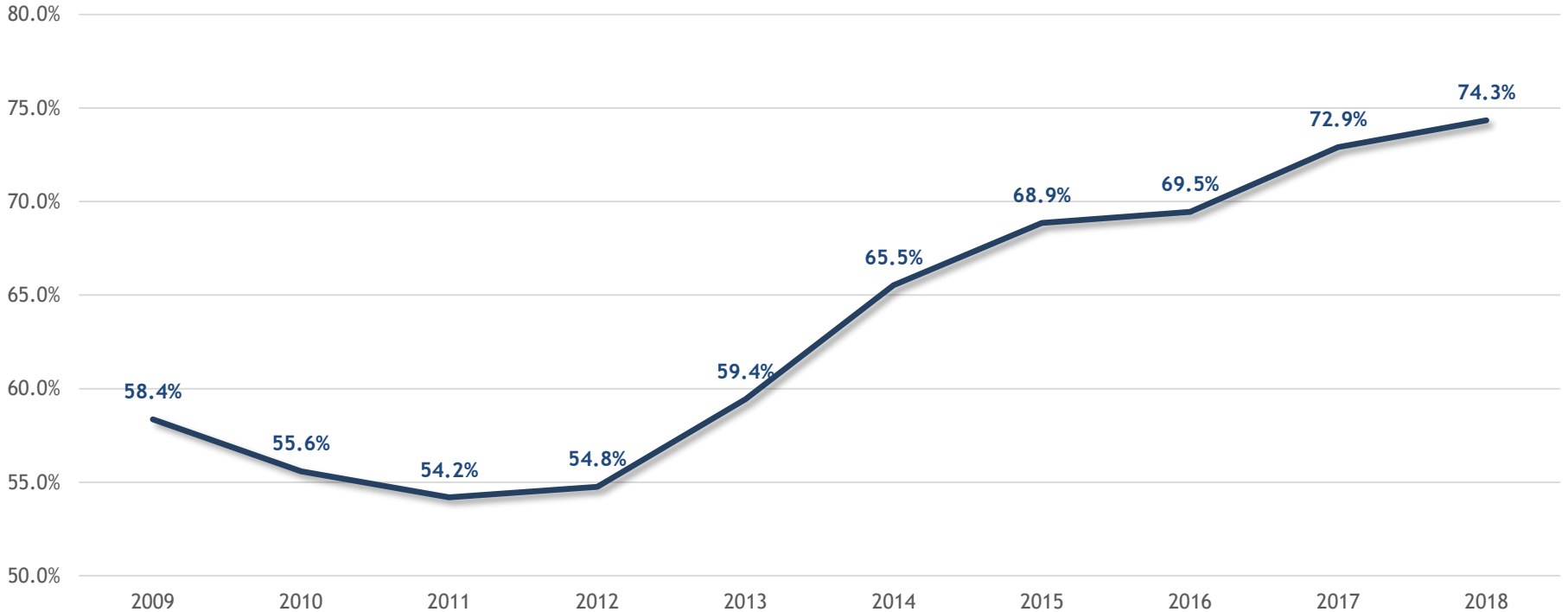
Source: Actuarial Valuation Reports



# LSPRS

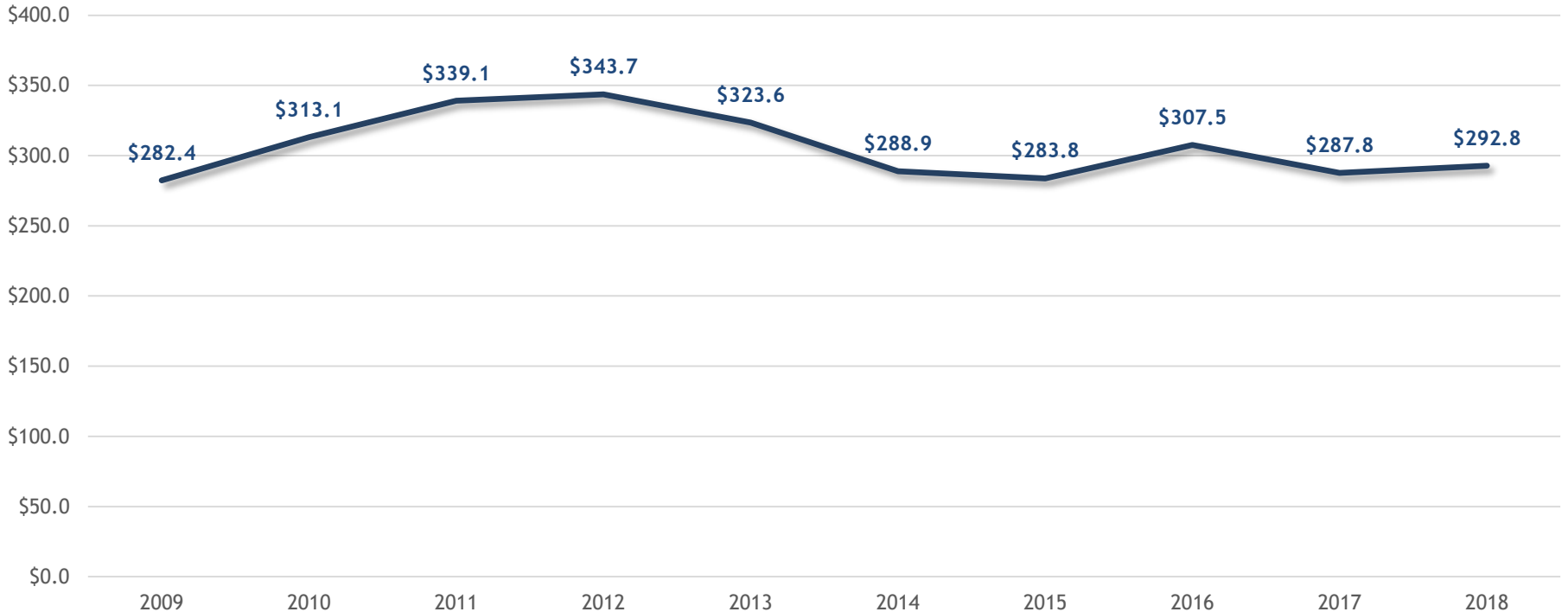
LOUISIANA STATE POLICE RETIREMENT SYSTEM

## Funded Ratio



Source: Actuarial Valuation Reports

### Unfunded Accrued Liability (in Millions)



Source: Actuarial Valuation Reports

# LSPRS

## LOUISIANA STATE POLICE RETIREMENT SYSTEM

### FY20 Personnel/Budget Ratio

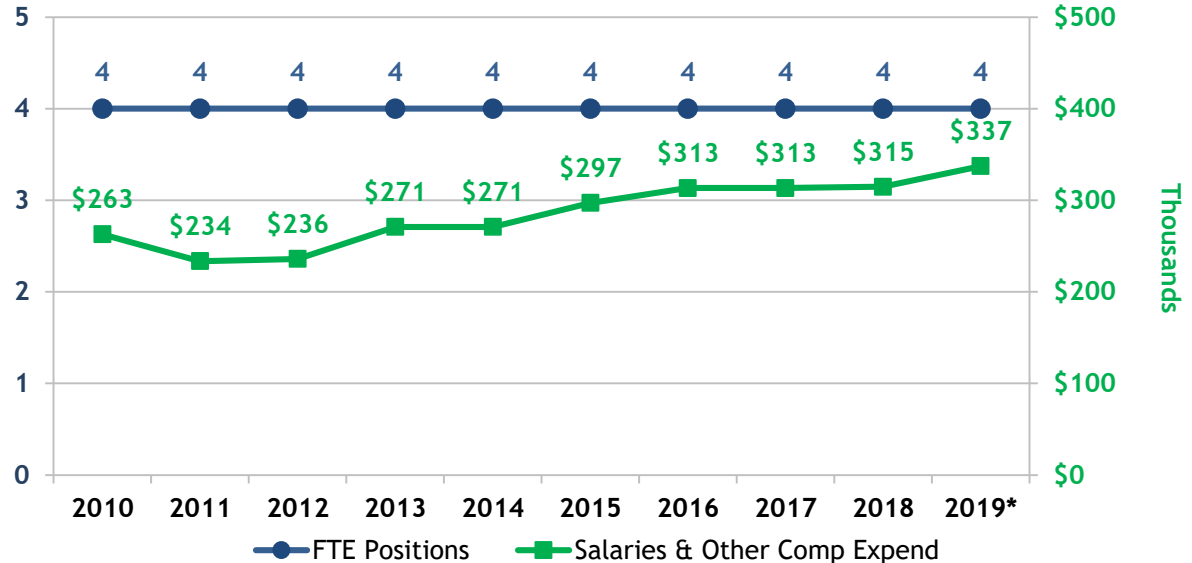
\$343.5 K Salaries and Other Comp.  
 + \$170.0 K Related Benefits  
 = \$513.5 K Total Personnel Services

**56.4% of operating expenditures**  
 (excluding Investment Management Fees)

### Authorized Positions

- 4 positions recommended for FY20
- No vacancies reported in budget request.

### 10 Year FTE Positions/Salaries Expended



Source: Department of Civil Service, Statewide Reports

\*Existing Budget as of 11/30/2018

Contact	Title	Phone Number
Mr. Irwin Felps, Jr.	Executive Director	225.295.8400
Ms. Kimberly Gann	Assistant Director	225.295.8400



**LOUISIANA LOTTERY CORPORATION**

**FINANCIAL PLAN**

**FOR THE FISCAL YEAR ENDING JUNE 30, 2020**



February 22, 2019

Board of Directors, Louisiana Lottery Corporation  
Joint Legislative Committee on the Budget, Louisiana Legislature

### **Budget Message**

The mission of the Louisiana Lottery Corporation as defined by statute is to offer the best possible lottery games in order to maximize revenue to the state while insuring the integrity of the lottery, the dignity of the state, and the general welfare of its citizens. Every year during the budgeting process, the Lottery renews its commitment to this mission. The financial plan for the fiscal year ending (FYE) June 30, 2020 reflects this commitment.

Total revenue for the current fiscal year is projected at \$497.1 million and is budgeted for the 2020 fiscal year at \$479.4 million. These estimates result in projected transfers to the state for FYE June 30, 2019 of \$174.0 million and budgeted transfers of \$167.8 million for FYE June 30, 2020. Revenue and transfers are budgeted at conservative levels because of the uncertainty of Powerball and Mega Millions sales. The frequency and size of larger jackpots for these games cannot be predicted for future years.

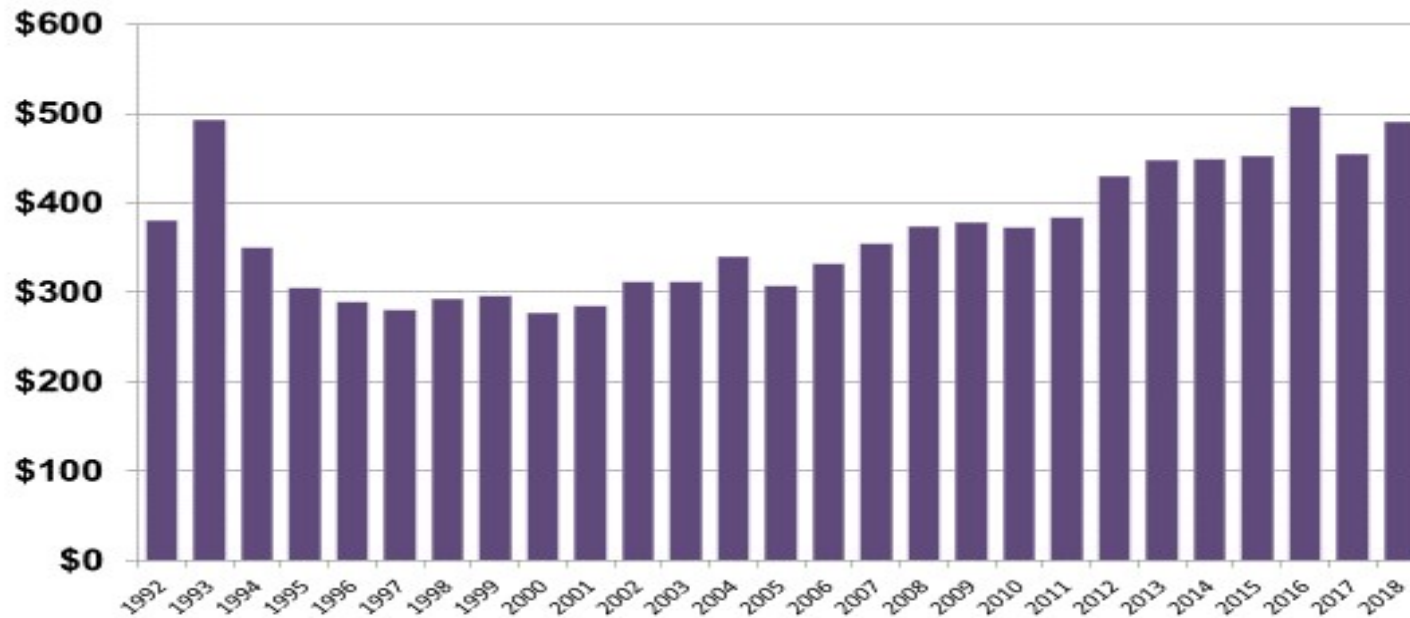
Our operating budget is focused on the funding of prize structures for our games, providing steady and adequate compensation to our retailers, supporting our games and our retailers through advertising and marketing programs,

operating efficiently, maintaining competitive salaries and benefits for our employees, and providing training and professional development for our workforce.

The estimated revenue, expenses, and 35% transfer to the state result in a balanced budget for your review and approval.

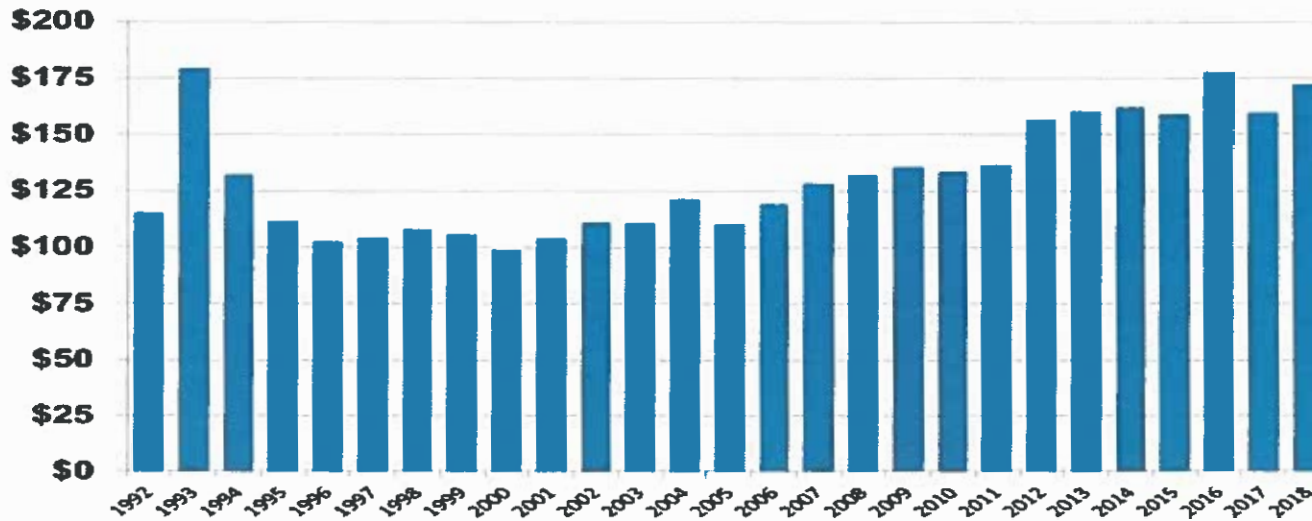
Graphical presentations of historical Lottery sales and transfers to the state are presented below for informational purposes.

## History of Total Sales (in \$millions)



# History of State Transfers

(in \$millions)



We have prepared a comprehensive package with financial comparisons and narrative explanations. The sections of our plan are listed in the table of contents. We are committed to providing thorough and relevant financial information to be used in the budget decision-making process. Should additional information or explanations become necessary please feel free to contact us.

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION

  
Rose J. Hudson  
President

**LOUISIANA LOTTERY CORPORATION  
FINANCIAL PLAN  
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

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**Louisiana Lottery Corporation**  
**Income Statement**  
**For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>% of Revenue</u>	<u>Projected 6/30/2019</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2020</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
<b>Revenue</b>							
<b>Ticket Sales</b>							
Ticket Sales-Instant	\$217,150,430	44.20%	\$215,900,000	43.43%	\$215,000,000	44.85%	(\$900,000)
Ticket Sales-Online							
<i>Jackpot Games</i>							
Powerball	96,168,009	19.57%	79,750,000	16.04%	79,750,000	16.64%	0
Mega Millions	41,915,689	8.53%	66,375,000	13.35%	50,000,000	10.43%	(16,375,000)
Lotto	24,234,573	4.93%	21,900,000	4.41%	21,500,000	4.48%	(400,000)
Easy 5	10,687,597	2.18%	10,595,000	2.13%	10,595,000	2.21%	0
<i>Daily Games</i>							
Pick 3	52,108,444	10.61%	52,500,000	10.56%	52,500,000	10.95%	0
Pick 4	48,710,356	9.91%	48,760,000	9.81%	48,760,000	10.17%	0
Total Ticket Sales-Online	<u>273,824,668</u>	<u>55.73%</u>	<u>279,880,000</u>	<u>56.30%</u>	<u>263,105,000</u>	<u>54.88%</u>	<u>(16,775,000)</u>
Total Ticket Sales	<u>490,975,098</u>	<u>99.93%</u>	<u>495,780,000</u>	<u>99.73%</u>	<u>478,105,000</u>	<u>99.73%</u>	<u>(17,675,000)</u>
<b>Other Revenue</b>							
Interest Income	1,091,346	0.22%	1,322,000	0.27%	1,290,000	0.27%	(32,000)
Net (Decr.) Incr. In Fair Value	(815,764)	-0.17%	0	0.00%	0	0.00%	0
Retailer License Fees	7,450	0.00%	10,000	0.00%	10,000	0.00%	0
Retailer Security Deposits	2,980	0.00%	0	0.00%	0	0.00%	0
Miscellaneous Revenue	480	0.00%	0	0.00%	0	0.00%	0
Gain-Asset Disposals	44,167	0.01%	0	0.00%	0	0.00%	0
Total Other Revenue	<u>330,659</u>	<u>0.07%</u>	<u>1,332,000</u>	<u>0.27%</u>	<u>1,300,000</u>	<u>0.27%</u>	<u>(32,000)</u>
<b>Total Revenue</b>	<b><u>\$491,305,757</u></b>	<b><u>100.00%</u></b>	<b><u>\$497,112,000</u></b>	<b><u>100.00%</u></b>	<b><u>\$479,405,000</u></b>	<b><u>100.00%</u></b>	<b><u>(\$17,707,000)</u></b>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Income Statement  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>% of Revenue</u>	<u>Projected 6/30/2019</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2020</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
<b>Expenses</b>							
<b>Prize Expenses</b>							
Prize Expense-Instant	\$127,154,039	25.88%	\$126,124,000	25.37%	\$124,933,000	26.06%	(\$1,191,000)
Prize Expense-Online	136,452,863	27.77%	140,827,000	28.33%	131,805,000	27.49%	(9,022,000)
Total Prize Expense	<u>263,606,902</u>	<u>53.65%</u>	<u>266,951,000</u>	<u>53.70%</u>	<u>256,738,000</u>	<u>53.55%</u>	<u>(10,213,000)</u>
Retailer Compensation	<u>27,496,227</u>	<u>5.60%</u>	<u>27,912,000</u>	<u>5.61%</u>	<u>26,917,000</u>	<u>5.61%</u>	<u>(995,000)</u>
<b>Operating Expenses</b>							
<b>Direct Expenses</b>							
Lottery System Vendor Fees	5,322,546	1.08%	4,689,000	0.94%	4,238,000	0.88%	(451,000)
Cost of Instant Tickets	2,969,954	0.60%	2,808,000	0.56%	2,603,000	0.54%	(205,000)
Courier Service	936,315	0.19%	907,000	0.18%	903,000	0.19%	(4,000)
Total Direct Expenses	<u>\$9,228,815</u>	<u>1.88%</u>	<u>\$8,404,000</u>	<u>1.69%</u>	<u>\$7,744,000</u>	<u>1.62%</u>	<u>(\$660,000)</u>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation**  
**Income Statement**  
**For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>% of Revenue</u>	<u>Projected 6/30/2019</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2020</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
<b>General Operating Expenses</b>							
Advertising	\$7,123,797	1.45%	\$7,250,000	1.46%	\$7,250,000	1.51%	\$0
Contract Labor	277,403	0.06%	280,000	0.06%	280,000	0.06%	0
Depreciation	357,479	0.07%	400,000	0.08%	400,000	0.08%	0
Equipment Lease	44,315	0.01%	45,000	0.01%	45,000	0.01%	0
Insurance	607,150	0.12%	655,000	0.13%	700,000	0.15%	45,000
Postage	42,132	0.01%	50,000	0.01%	50,000	0.01%	0
Professional Fees (page 15)	333,614	0.07%	432,000	0.09%	420,000	0.09%	(12,000)
Rent	257,398	0.05%	260,000	0.05%	263,000	0.05%	3,000
Repairs & Maintenance	346,126	0.07%	407,000	0.08%	401,000	0.08%	(6,000)
Salaries and Benefits (page 9)	7,863,031	1.60%	8,271,000	1.66%	8,615,000	1.80%	344,000
Supplies (page 12)	403,484	0.08%	435,000	0.09%	445,000	0.09%	10,000
Communications Network	188,719	0.04%	120,000	0.02%	120,000	0.03%	0
Telephone	159,408	0.03%	102,000	0.02%	94,000	0.02%	(8,000)
Information Technology	103,956	0.02%	255,000	0.05%	231,000	0.05%	(24,000)
Multi-State Lottery	85,944	0.02%	125,000	0.03%	125,000	0.03%	0
Travel (page 10)	106,350	0.02%	110,000	0.02%	110,000	0.02%	0
Uncollectible Accounts	28,177	0.01%	50,000	0.01%	50,000	0.01%	0
Utilities	147,739	0.03%	160,000	0.03%	160,000	0.03%	0
Other General & Admin. (page 4)	421,273	0.09%	449,000	0.09%	455,000	0.09%	6,000
<b>Total Gen Operating Expenses</b>	<u>18,897,495</u>	<u>3.85%</u>	<u>19,856,000</u>	<u>3.99%</u>	<u>20,214,000</u>	<u>4.22%</u>	<u>358,000</u>
<b>Total All Operating Expenses</b>	<u>28,126,310</u>	<u>5.72%</u>	<u>28,260,000</u>	<u>5.68%</u>	<u>27,958,000</u>	<u>5.83%</u>	<u>(302,000)</u>
<b>Net Income</b>	<u>172,076,318</u>	<u>35.02%</u>	<u>173,989,000</u>	<u>35.00%</u>	<u>167,792,000</u>	<u>35.00%</u>	<u>(6,197,000)</u>
Payments to State Treasury	171,955,980	35.00%	173,989,000	35.00%	167,792,000	35.00%	(6,197,000)
<b>(Decrease) Increase in Retained Earnings</b>	<u><u>\$120,338</u></u>	<u><u>0.02%</u></u>	<u><u>\$0</u></u>	<u><u>0.00%</u></u>	<u><u>\$0</u></u>	<u><u>0.00%</u></u>	<u><u>\$0</u></u>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Income Statement  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>% of Revenue</u>	<u>Projected 6/30/2019</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2020</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
<b>Other General &amp; Administrative Supporting Detail</b>							
Bank Charges	\$105,149	0.02%	\$111,000	0.02%	\$111,000	0.02%	\$0
Dues & Subscriptions	46,110	0.01%	45,000	0.01%	45,000	0.01%	0
Freight	1,950	0.00%	3,000	0.00%	3,000	0.00%	0
Recruiting	0	0.00%	3,000	0.00%	3,000	0.00%	0
Employee Training	18,779	0.00%	40,000	0.01%	40,000	0.01%	0
Seminars	55,204	0.01%	40,000	0.01%	40,000	0.01%	0
Services Purchased	193,093	0.04%	207,000	0.04%	213,000	0.04%	6,000
Taxes & Licenses	988	0.00%	0	0.00%	0	0.00%	0
<b>Total Other Gen. &amp; Admin.</b>	<b><u>\$421,273</u></b>	<b><u>0.09%</u></b>	<b><u>\$449,000</u></b>	<b><u>0.09%</u></b>	<b><u>\$455,000</u></b>	<b><u>0.09%</u></b>	<b><u>\$6,000</u></b>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Summary of Means of Financing,  
Expenditures and Fund Balance  
For the Fiscal Years Ending as Shown**

<b>MEANS OF FINANCING</b>	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>	<u>Budgeted 6/30/2020</u>	<u>*Variance Increase (Decrease)</u>
<b>State General Fund (Direct)</b>				
<b>State General Fund By:</b>				
Fees & Self-Generated Revenues:				
1) Licenses	\$10,430	\$10,000	\$10,000	\$0
2) Sales of Goods and Services	490,975,098	495,780,000	478,105,000	(17,675,000)
3) Other (Penalties and Misc. Revenue)	480	0	0	0
4) Investment Income (Expense)	275,581	1,322,000	1,290,000	(32,000)
5) Gain on Disposal of Assets	44,167	0	0	0
<b>Total Means of Financing</b>	<u><b>\$491,305,756</b></u>	<u><b>\$497,112,000</b></u>	<u><b>\$479,405,000</b></u>	<u><b>(\$17,707,000)</b></u>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Summary of Means of Financing,  
Expenditures and Fund Balance  
For the Fiscal Years Ending as Shown**

	<b>6/30/2018</b>	<b>Projected 6/30/2019</b>	<b>Budgeted 6/30/2020</b>	<b>*Variance Increase (Decrease)</b>
<b>EXPENDITURES (ACCRUAL BASIS)</b>				
<b>Salaries and Benefits: (page 9)</b>				
Salaries	\$5,852,178	\$6,347,378	\$6,608,000	\$260,622
Related Benefits	2,010,854	1,923,622	2,007,000	83,378
<b>Total Salaries and Benefits</b>	<b>7,863,032</b>	<b>8,271,000</b>	<b>8,615,000</b>	<b>344,000</b>
<b>Contract Labor-Board Members' Compensation (page 14)</b>	<b>143,302</b>	<b>145,000</b>	<b>145,000</b>	<b>0</b>
<b>Operating Expenses:</b>				
Travel (page 10)	106,350	110,000	110,000	0
Operating Services (page 11)	19,276,526	18,867,000	18,223,000	(644,000)
Supplies (page 12)	403,484	435,000	445,000	10,000
<b>Total Operating Expenses</b>	<b>19,786,360</b>	<b>19,412,000</b>	<b>18,778,000</b>	<b>(634,000)</b>
<b>Professional Services: (page 15)</b>				
Accounting	176,262	197,000	197,000	0
Research and Management Consulting	55,284	100,000	100,000	0
Legal	98,069	119,000	119,000	0
Other	4,000	16,000	4,000	(12,000)
<b>Total Professional Services</b>	<b>333,615</b>	<b>432,000</b>	<b>420,000</b>	<b>(12,000)</b>
<b>Other Charges: (page 13)</b>				
Prize Expense and Retailer Compensation	291,103,129	294,863,000	283,655,000	(11,208,000)
<b>TOTAL EXPENDITURES (ACCRUAL BASIS)</b>	<b>\$319,229,438</b>	<b>\$323,123,000</b>	<b>\$311,613,000</b>	<b>(\$11,510,000)</b>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Summary of Means of Financing,  
Expenditures and Fund Balance  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>	<u>Budgeted 6/30/2020</u>	<u>*Variance Increase (Decrease)</u>
<b>Net Income</b>	\$172,076,318	\$173,989,000	\$167,792,000	(\$6,197,000)
<b>Less Payments to State Treasury (required and surplus)</b>	171,955,980	173,989,000	167,792,000	(6,197,000)
<b>Fund Balance at Beginning of Year</b>	13,092,826	13,213,164	13,213,164	0
<b>Fund Balance at End of Year</b>	<u>13,213,164</u>	<u>13,213,164</u>	<u>13,213,164</u>	<u>0</u>
<b>Reservations of Fund Balance (page 8)</b>	\$13,213,164	\$13,213,164	\$13,213,164	\$0
<b>Nonaccrual Charges</b>				
Capital Expenditures (page 16)	278,837	748,000	650,000	(98,000)
<b>Total Nonaccrual Charges</b>	<u>\$278,837</u>	<u>\$748,000</u>	<u>\$650,000</u>	<u>(\$98,000)</u>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation**  
**Specified Uses of Retained Earnings (Net Position)**  
**For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>
<b>Specified Uses of Retained Earnings:</b>		
Land	\$1,542,415	\$1,542,000
Buildings (Net of Accumulated Depreciation)	2,536,353	2,410,000
Other Capital Assets (Net of Accumulated Depreciation)	384,462	606,164
New Capital Expenditure Purchases	748,000	650,000
Retailer Security Deposits	188,157	190,000
Deposits	13,777	15,000
Litigation and Prize Reserve	7,800,000	7,800,000
<b>Total Retained Earnings</b>	<b><u>\$13,213,164</u></b>	<b><u>\$13,213,164</u></b>



**Louisiana Lottery Corporation  
Schedule of Salaries and Benefits  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>% of Salaries</u>	<u>Projected 6/30/2019</u>	<u>% of Salaries</u>	<u>Budgeted 6/30/2020</u>	<u>% of Salaries</u>	<u>*Variance Increase (Decrease)</u>
<b>Employees-Permanent Positions (page 18)</b>	<b>125</b>		<b>122</b>		<b>122</b>		<b>0</b>
Salaries at Full Employment	\$6,522,115		\$6,517,378		\$6,778,073		\$260,695
Turnover and Open Positions	(739,312)		(250,000)		(250,073)		(73)
Overtime Wages	1,678		5,000		5,000		0
Deputies for Drawings Security	67,695		75,000		75,000		0
<b>Total Salaries</b>	<b>5,852,176</b>		<b>6,347,378</b>		<b>6,608,000</b>		<b>260,622</b>
State Retirement Contributions	32,449	0.55%	34,911	0.55%	36,344	0.55%	1,433
Supplemental Retirement Plan Expense	477,978	8.17%	274,207	4.32%	285,466	4.32%	11,259
Basic Retirement Plan Expense	284,246	4.86%	308,483	4.86%	321,149	4.86%	12,666
457(b) Retirement Plan Expense	194,411	3.32%	210,733	3.32%	219,386	3.32%	8,653
Vacation Expense Accruals	12,603	0.22%	0	0.00%	0	0.00%	0
Medicare Tax	83,578	1.43%	90,768	1.43%	94,494	1.43%	3,726
State Unemployment Tax	2,048	0.03%	1,904	0.03%	1,982	0.03%	78
Insurance-Health, Dental, Life	884,626	15.12%	960,089	15.13%	1,003,905	15.19%	43,816
Insurance-Disability	38,915	0.66%	42,527	0.67%	44,274	0.67%	1,747
<b>Total Benefits</b>	<b>2,010,854</b>	<b>34.36%</b>	<b>1,923,622</b>	<b>30.31%</b>	<b>2,007,000</b>	<b>30.37%</b>	<b>83,378</b>
<b>Total Salaries and Benefits</b>	<b>\$7,863,030</b>		<b>\$8,271,000</b>		<b>\$8,615,000</b>		<b>\$344,000</b>
<b>Compensation of Board Members (page 14)</b>	<b>\$143,302</b>		<b>\$145,000</b>		<b>\$145,000</b>		<b>\$0</b>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts.

**Louisiana Lottery Corporation  
Schedule of Operating Expenses  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>	<u>Budgeted 6/30/2020</u>	<u>*Variance Increase (Decrease)</u>
<b>Travel</b>				
In-State:				
Administrative	\$2,821	\$2,915	\$2,915	\$0
Field Travel	27,903	28,864	28,864	0
Board Members	<u>3,731</u>	<u>3,861</u>	<u>3,861</u>	<u>0</u>
Total In-State	34,455	35,640	35,640	0
Out-of-State:				
Conference and Conventions	<u>63,928</u>	<u>66,121</u>	<u>66,121</u>	<u>0</u>
Total Out-of-State	63,928	66,121	66,121	0
Total Mileage Reimbursement	<u>7,967</u>	<u>8,239</u>	<u>8,239</u>	<u>0</u>
<b>Total Travel</b>	<b><u><u>\$106,350</u></u></b>	<b><u><u>\$110,000</u></u></b>	<b><u><u>\$110,000</u></u></b>	<b><u><u>\$0</u></u></b>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts.

**Louisiana Lottery Corporation  
Schedule of Operating Expenses  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>	<u>Budgeted 6/30/2020</u>	<u>*Variance Increase (Decrease)</u>
<b>Operating Services</b>				
<b>Direct Expenses ***</b>				
Lottery System Vendor Fees	\$5,322,546	\$4,689,000	\$4,238,000	(\$451,000)
Cost of Instant Tickets	2,969,954	2,808,000	2,603,000	(205,000)
Courier Service	936,315	907,000	903,000	(4,000)
<b>Total Direct Expenses</b>	<u><b>9,228,815</b></u>	<u><b>8,404,000</b></u>	<u><b>7,744,000</b></u>	<u><b>(660,000)</b></u>
<b>General Operating Expenses</b>				
Advertising	7,123,797	7,250,000	7,250,000	0
Contract Labor	134,098	135,000	135,000	0
Depreciation	357,479	400,000	400,000	0
Equipment Lease	44,315	45,000	45,000	0
Insurance	607,150	655,000	700,000	45,000
Postage	42,132	50,000	50,000	0
Rent	257,398	260,000	263,000	3,000
Repairs & Maintenance	346,126	407,000	401,000	(6,000)
Communications Network	188,719	120,000	120,000	0
Telephone	159,408	102,000	94,000	(8,000)
Information Technology	103,956	255,000	231,000	(24,000)
Multi-State Lottery	85,944	125,000	125,000	0
Uncollectible Accounts	28,177	50,000	50,000	0
Utilities	147,739	160,000	160,000	0
Bank Charges	105,149	111,000	111,000	0
Dues & Subscriptions	46,110	45,000	45,000	0
Freight	1,950	3,000	3,000	0
Recruiting	0	3,000	3,000	0
Employee Training	18,779	40,000	40,000	0
Seminars	55,204	40,000	40,000	0
Services Purchased	193,093	207,000	213,000	6,000
Taxes & Licenses	988	0	0	0
<b>Total Gen Operating Exp.</b>	<u><b>10,047,711</b></u>	<u><b>10,463,000</b></u>	<u><b>10,479,000</b></u>	<u><b>16,000</b></u>
<b>Total All Operating Services</b>	<u><b>\$19,276,526</b></u>	<u><b>\$18,867,000</b></u>	<u><b>\$18,223,000</b></u>	<u><b>(\$644,000)</b></u>

\*\*\* These variable expenses fluctuate directly with lottery ticket sales.

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Schedule of Operating Expenses  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>	<u>Budgeted 6/30/2020</u>	<u>*Variance Increase (Decrease)</u>
<b>Supplies</b>				
Printing	\$2,071	\$3,000	\$3,000	\$0
Office Supplies	34,100	30,000	30,000	0
Automotive Supplies	89,355	90,000	100,000	10,000
Instant Game Supplies- Dispensers and Delivery Bags	143,421	220,000	220,000	0
Online Game Supplies- Play Centers	91,852	50,000	50,000	0
Other Supplies	42,685	42,000	42,000	0
<b>Total Supplies</b>	<u><u>\$403,484</u></u>	<u><u>\$435,000</u></u>	<u><u>\$445,000</u></u>	<u><u>\$10,000</u></u>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts

**Louisiana Lottery Corporation  
Schedule of Other Charges  
For the Fiscal Years Ending as Shown**

	<u>6/30/2018</u>	<u>Projected 6/30/2019</u>	<u>Budgeted 6/30/2020</u>	<u>*Variance Increase (Decrease)</u>
<b>Other Charges</b>				
Prize Expense	\$263,606,902	\$266,951,000	\$256,738,000	(\$10,213,000)
Retailer Compensation	<u>27,496,227</u>	<u>27,912,000</u>	<u>26,917,000</u>	<u>(995,000)</u>
<b>Total Other Charges ***</b>	<b><u><u>\$291,103,129</u></u></b>	<b><u><u>\$294,863,000</u></u></b>	<b><u><u>\$283,655,000</u></u></b>	<b><u><u>(\$11,208,000)</u></u></b>

\*\*\* These variable expenses fluctuate directly with lottery ticket sales.

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**Louisiana Lottery Corporation  
Compensation of Board Members  
For the Fiscal Years Ending as Shown**

<u>Name of Member</u>	<u>Statutory Authority For Payment</u>	<u>Authorized Per Diem Rate Per Meeting</u>	<u>What Other Expenses Are Paid With The Exception of Travel (Itemize Type and Amount)</u>		<u>06/30/18</u>	<u>Projected 06/30/19</u>	<u>Budgeted 06/30/20</u>	<u>*Variance Increase (Decrease)</u>
<b><u>Current Board Members:</u></b>								
Verge Ausberry Jr. *	R.S. 47:9004(D)	N/A	Annual Salary	15,000	\$15,000	\$10,000		(\$10,000)
To be determined						5,000	15,000	10,000
Larry C. Cager	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Heather L. Doss**	R.S. 47:9004(D)	N/A	Annual Salary	15,000	7,500			0
Dudley A. Gautreaux, Jr.	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Whalen A. Gibbs	R.S. 47:9004(D)	N/A	Annual Salary	15,000	6,652	15,000	15,000	0
Carmen T. Jones	R.S. 47:9004(D)	N/A	Annual Salary	15,000	7,055	15,000	15,000	0
Blake A. McCaskill	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Lisa Reardon**	R.S. 47:9004(D)	N/A	Annual Salary	15,000	7,500			0
Roy Robichaux (Chairman effective February 24, 2017) *	R.S. 47:9004(D)	N/A	Annual Salary	25,000	25,000	16,667		(16,667)
To be determined						8,333	25,000	16,667
E. Sheridan Shamburg	R.S. 47:9004(D)	N/A	Annual Salary	15,000	7,095	15,000	15,000	0
James Taylor**	R.S. 47:9004(D)	N/A	Annual Salary	15,000	7,500			0
Sean E. Wells	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Total Board Members: 9								
<b>Total Compensation</b>					<b>\$143,302</b>	<b>\$145,000</b>	<b>\$145,000</b>	<b>\$0</b>

\* Term Expires February 28, 2019

\*\* Term expired December 31, 2017

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts.

**Louisiana Lottery Corporation  
Detail of Professional Service Contracts  
For the Fiscal Years Ending as Shown**

<u>Contractor - Purpose of Contract</u>	<u>06/30/18</u>	<u>Projected 06/30/19</u>	<u>Budgeted 06/30/20</u>	<u>*Variance Increase (Decrease)</u>
Attorney General or other agreed upon counsel				
- retainer fee (Attorney General)	\$88,874	\$89,000	\$89,000	\$0
- legal fees (Phelps Dunbar, LLP)	9,194	30,000	30,000	0
Delehantey Consulting				
- instant ticket printing audit services	4,000	4,000	4,000	0
Mercer- compensation study	20,000			0
NASPL Standards Institute- certification of standards		12,000		(12,000)
Office of Legislative Auditor - financial and compliance audit/ observations of on-line drawings	176,262	197,000	197,000	0
Trace Security- network security audit	35,284	50,000	50,000	0
To be determined - business consulting services		50,000	50,000	0
<b>Total Professional Service Contracts</b>	<b>\$333,614</b>	<b>\$432,000</b>	<b>\$420,000</b>	<b>(\$12,000)</b>

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts.

**Louisiana Lottery Corporation  
Schedule of Acquisitions  
For the Fiscal Years Ending as Shown**

<u>Description of Capital Expenditures</u>	<u>06/30/18</u>	<u>Projected 06/30/19</u>	<u>Budgeted 06/30/20</u>	<u>*Variance Increase (Decrease)</u>
Land and Buildings	\$63,171	\$300,000	\$300,000	\$0
Leasehold Improvements	25,291	0	0	0
Automotive	103,712	198,000	220,000	22,000
Office (Furniture, Fixtures & Equipment)	12,255	0	0	0
Communications Software & Equipment	0	50,000	0	(50,000)
Data Processing Software & Equipment	74,408	50,000	80,000	30,000
Other	0	150,000	50,000	(100,000)
<b>Total Acquisitions</b>	<b>\$278,837</b>	<b>\$748,000</b>	<b>\$650,000</b>	<b>(\$98,000)</b>

Detail on page 17

\* The variance column represents the difference between budgeted 6/30/20 and projected 6/30/19 amounts.



**Louisiana Lottery Corporation  
Schedule of Acquisitions  
June 30, 2020 Financial Plan**

**Automotive**

Vehicle Replacements for Field Staff

10 Vans @ \$22,000

\$220,000

**Building and Leasehold Costs**

300,000

**Data Processing Software and Equipment**

Computer, Devices, Equipment, and Software Replacements

80,000

**Other**

Contingency

50,000

**Total Budgeted Capital Acquisitions**

\$650,000

**Louisiana Lottery Corporation**  
**Financial Plan for the Fiscal Year Ending June 30, 2020**  
**Personnel Table (LA R.S. 47:9010 A.(7))**

<b>Position/Title</b>	<b>Status</b>	<b>Current Fiscal Year Ending 6/30/2019</b>	<b>Estimated 4% Performance Increase*</b>	<b>Budgeted Fiscal Year Ending 6/30/2020</b>
President	Filled	\$ 269,597	\$ 10,784	\$ 280,381
Senior Vice President and Secretary-Treasurer	Filled	164,249	6,570	170,819
Senior Vice President and General Counsel	Filled	141,127	5,645	146,772
Vice President of Sales	Filled	133,832	5,353	139,185
Vice President of Finance and Controller	Filled	130,956	5,238	136,194
Vice President of Information Systems	Filled	130,198	5,208	135,406
Vice President of Marketing	Filled	119,588	4,784	124,372
Vice President of Internal Audit	Filled	117,964	4,719	122,683
Vice President of Security and Compliance	Filled	116,797	4,672	121,469
Vice President of Human Resources	Filled	112,528	4,501	117,029
Director of Information Systems	Filled	87,738	3,510	91,248
Director of Products	Filled	87,363	3,495	90,858
Director of Information Technology	Filled	87,352	3,494	90,846
Purchasing & Facilities Manager	Open	61,850	2,474	64,324
Art Director	Filled	86,320	3,453	89,773
Director of Accounting	Filled	84,365	3,375	87,740
Broadcast Producer	Filled	81,045	3,242	84,287
Director of Communications	Filled	78,740	3,150	81,890
Regional Sales Manager-Baton Rouge	Filled	73,503	2,940	76,443
Regional Sales Manager-Monroe	Filled	67,695	2,708	70,403
Regional Sales Manager-New Orleans	Filled	67,531	2,701	70,232
Regional Sales Manager-Alexandria	Filled	67,531	2,701	70,232
Regional Sales Manager-Lafayette	Filled	65,876	2,635	68,511
Corporate Accounts Representative	Filled	64,552	2,582	67,134
Billing & A/R Manager	Filled	64,324	2,573	66,897
Computer Operations Supervisor	Filled	64,199	2,568	66,767

**Louisiana Lottery Corporation**  
**Financial Plan for the Fiscal Year Ending June 30, 2020**  
**Personnel Table (LA R.S. 47:9010 A.(7))**

<b>Position/Title</b>	<b>Status</b>	<b>Current Fiscal Year Ending 6/30/2019</b>	<b>Estimated 4% Performance Increase*</b>	<b>Budgeted Fiscal Year Ending 6/30/2020</b>
Network Administrator	Open	53,800	2,152	55,952
Senior Accountant	Filled	61,005	2,440	63,445
Executive Administrative Assistant	Filled	60,836	2,433	63,269
Distribution Center Manager	Filled	57,200	2,288	59,488
Regional Trainer-Shreveport	Open	53,800	2,152	55,952
Corporate Accounts Representative	Open	53,800	2,152	55,952
Internal Auditor	Filled	48,188	1,928	50,116
Accounting & Payroll Associate	Filled	56,001	2,240	58,241
Accounting & Payroll Associate	Filled	53,689	2,148	55,837
Sales Representative-Baton Rouge	Filled	53,683	2,147	55,830
Marketing Coordinator	Filled	52,592	2,104	54,696
Sales Support Manager	Filled	52,211	2,088	54,299
Sr. Internal Auditor	Filled	50,991	2,040	53,031
Quality Assurance Manager	Open	48,150	1,926	50,076
Sales Representative-New Orleans	Filled	50,587	2,023	52,610
Sales Representative-New Orleans	Filled	49,636	1,985	51,621
Senior Communication Specialist	Open	41,850	1,674	43,524
Sales Representative-Monroe	Open	41,850	1,674	43,524
Sales Representative-Lafayette	Open	41,850	1,674	43,524
Sales Representative-Baton Rouge	Open	41,850	1,674	43,524
Sales Representative-Alexandria	Open	41,850	1,674	43,524
Sponsorship Coordinator	Filled	49,375	1,975	51,350
Senior Communication Specialist	Filled	49,375	1,975	51,350
Sales Representative-Alexandria	Filled	49,281	1,971	51,252
Sales Representative-Lafayette	Filled	49,262	1,970	51,232
Prize Payment Manager	Filled	49,092	1,964	51,056

**Louisiana Lottery Corporation**  
**Financial Plan for the Fiscal Year Ending June 30, 2020**  
**Personnel Table (LA R.S. 47:9010 A.(7))**

<b>Position/Title</b>	<b>Status</b>	<b>Current Fiscal Year Ending 6/30/2019</b>	<b>Estimated 4% Performance Increase*</b>	<b>Budgeted Fiscal Year Ending 6/30/2020</b>
Systems Administrator	Filled	50,093	2,004	52,097
Sales Representative-Shreveport	Filled	48,205	1,928	50,133
Sales Representative-Lafayette	Filled	48,205	1,928	50,133
Sales Representative-Baton Rouge	Filled	47,382	1,895	49,277
Sales Representative-Lafayette	Filled	46,715	1,869	48,584
Sales Representative-Lafayette	Filled	46,393	1,856	48,249
Graphic Designer	Filled	46,233	1,849	48,082
Sales Representative-New Orleans	Open	41,850	1,674	43,524
Sales Representative-Shreveport	Filled	46,226	1,849	48,075
Sales Representative-New Orleans	Filled	46,226	1,849	48,075
Sales Representative-New Orleans	Filled	46,226	1,849	48,075
Sales Representative-Monroe	Filled	46,226	1,849	48,075
Sales Representative-Monroe	Filled	46,226	1,849	48,075
Sales Representative-Lafayette	Filled	46,226	1,849	48,075
Special Investigator	Open	36,350	1,454	37,804
Sales Representative-Shreveport	Filled	45,880	1,835	47,715
Sales Representative-Lafayette	Filled	45,680	1,827	47,507
Sales Representative-Baton Rouge	Filled	45,204	1,808	47,012
Sales Representative-New Orleans	Filled	45,052	1,802	46,854
Sales Representative-Baton Rouge	Filled	44,817	1,793	46,610
Executive Administrative Assistant	Filled	46,904	1,876	48,780
Drawing Manager	Filled	37,696	1,508	39,204
Special Investigator	Filled	42,045	1,682	43,727
Graphic Designer	Filled	43,659	1,746	45,405
Sales Representative-New Orleans	Filled	43,465	1,739	45,204
Sales Representative-Monroe	Filled	43,465	1,739	45,204

**Louisiana Lottery Corporation**  
**Financial Plan for the Fiscal Year Ending June 30, 2020**  
**Personnel Table (LA R.S. 47:9010 A.(7))**

<b>Position/Title</b>	<b>Status</b>	<b>Current Fiscal Year Ending 6/30/2019</b>	<b>Estimated 4% Performance Increase*</b>	<b>Budgeted Fiscal Year Ending 6/30/2020</b>
Sales Representative-Baton Rouge	Filled	43,465	1,739	45,204
Sales Representative-Alexandria	Filled	43,465	1,739	45,204
Software Quality Assurance Analyst	Filled	42,725	1,709	44,434
Customer Service Coordinator-Baton Rouge	Filled	41,375	1,655	43,030
HR Representative	Filled	40,170	1,607	41,777
Special Investigator	Filled	40,003	1,600	41,603
Senior Retailer Licensing CSR	Filled	39,955	1,598	41,553
IT Tech Support Assistant	Filled	38,964	1,559	40,523
Tel Sell CSR	Filled	39,239	1,570	40,809
Billing & A/R CSR	Filled	39,144	1,566	40,710
Communications Specialist	Filled	39,000	1,560	40,560
Compliance Coordinator	Filled	37,139	1,486	38,625
Administrative Coordinator	Filled	37,439	1,498	38,937
Distribution Center Asst. Manager	Filled	35,593	1,424	37,017
Administrative Assistant	Filled	35,583	1,423	37,006
Tel Sell CSR	Open	31,600	1,264	32,864
Tel Sell CSR	Open	31,600	1,264	32,864
Tel Sell CSR	Open	31,600	1,264	32,864
Business Analyst	Open	31,600	1,264	32,864
Regional Office Assistant-Shreveport	Filled	32,886	1,315	34,201
Regional Office Assistant-Alexandria	Filled	32,886	1,315	34,201
Regional Office Assistant-Baton Rouge	Filled	32,448	1,298	33,746
Retail Licensing CSR	Filled	32,081	1,283	33,364
Prize Payment CSR	Filled	32,081	1,283	33,364
Prize Payment CSR	Filled	31,561	1,262	32,823
Regional Office Assistant-Monroe	Filled	30,367	1,215	31,582

**Louisiana Lottery Corporation**  
**Financial Plan for the Fiscal Year Ending June 30, 2020**  
**Personnel Table (LA R.S. 47:9010 A.(7))**

<u>Position/Title</u>	<u>Status</u>	<u>Current Fiscal Year Ending 6/30/2019</u>	<u>Estimated 4% Performance Increase*</u>	<u>Budgeted Fiscal Year Ending 6/30/2020</u>
Regional Office Assistant-Monroe	Filled	29,819	1,193	31,012
Equipment Coordinator	Filled	29,687	1,187	30,874
Regional Office Assistant-New Orleans	Filled	29,485	1,179	30,664
Regional Office Assistant-Lafayette	Filled	29,485	1,179	30,664
Regional Office Assistant-Lafayette	Open	27,452	1,098	28,550
Regional Office Assistant-New Orleans	Filled	28,834	1,153	29,987
Computer Operator	Filled	28,811	1,152	29,963
Regional Office Assistant-Shreveport	Filled	28,801	1,152	29,953
Warehouse / Mail Clerk	Open	23,600	944	24,544
Warehouse / Mail Clerk	Open	23,600	944	24,544
Warehouse / Mail Clerk	Filled	27,721	1,109	28,830
Warehouse / Mail Clerk	Filled	25,102	1,004	26,106
Regional Office Assistant-New Orleans	Filled	27,670	1,107	28,777
Regional Office Assistant-Alexandria	Filled	27,886	1,115	29,001
Warehouse / Mail Clerk	Filled	27,725	1,109	28,834
Warehouse / Mail Clerk	Filled	25,958	1,038	26,996
Computer Operator	Open	10,500	420	10,920
Accounting Intern	Open	10,000	400	10,400
<b>Total Salaries</b>		<u>\$ 6,517,378</u>	<u>\$ 260,695</u>	<u>\$ 6,778,073</u>
<b>Total Positions</b>		122		122

\* Performance increases will be awarded in accordance with the Lottery's Salary Administration Program

**Louisiana Lottery Corporation  
Financial Plan  
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For the Fiscal Year Ending June 30, 2020**

**Sales**

Sales are budgeted at \$478.1 million for the fiscal year ending (FYE) June 30, 2020.

Instant ticket sales are projected to slightly decrease in the current fiscal year. This downward trend may continue into the budget year because of prize pool funding limitations discussed in the instant prize expense section below.

The multi-state jackpot-driven games offered in Louisiana are Powerball and Mega Millions. Powerball was first introduced in FYE June 30, 1995 and has consistently been the top seller in the online game menu. Sales for the Mega Millions game began in November 2011 at a cost to players of \$1 per wager. The Powerball game structure was enhanced in January 2012 and the price point was increased from \$1 to \$2 per wager. The game's prize structure was enhanced again in October 2015. The Mega Millions game structure was enhanced in October 2017 and the price point was also increased from \$1 to \$2 per wager. Both games are now very similar in structure and prize offerings.

The long-term forecast for the combined sales for these two games is uncertain. Large jackpot levels have a significant impact on sales but cannot be expected or predicted in any given year.

For example, Powerball sales were over \$126 million in the 2016 fiscal year because of the significant impact of a \$1.6 billion jackpot in January 2016. The largest jackpot in the 2017 fiscal year was \$487 million and Powerball sales declined to \$85 million. Powerball sales increased to \$96.2 million in fiscal year 2018 when four jackpots exceeded \$300 million. In the current 2019 fiscal year, there has been only one large jackpot. It occurred in October 2018 at a \$687 million level. Based on current trends, we are projecting a decrease in sales to \$79.75 million.

Mega Millions sales soared in October 2018 when the jackpot reached a record of \$1.5 billion. Projected sales for the current 2019 fiscal year are almost \$25 million higher than last year because of the effect of this jackpot.

These types of Powerball and Mega Millions jackpot runs and the resulting substantial fluctuation in sales cannot be reasonably predicted for a twelve-month fiscal year. Therefore, the 2020 budget for both games is conservative.

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Lotto sales are projected and budgeted at a lower level than the previous year because of lower jackpots and the impact from the Mega Millions game.

Easy 5 sales are expected to remain fairly constant.

The Pick 3 and Pick 4 daily numbers games have continued to perform well. Consistent sales performance is expected to continue for these fixed-payout games.

**Other Revenue**

Interest income is estimated based on projected investment balances and rate of return. Funds are held by the Lottery in a commercial banking account and short-term U.S. government money market fund to finance daily operations. The current yield for the money market fund is slightly above 2%. The Lottery also holds an intermediate-term portfolio of U.S. government and agency securities. This portfolio's rate of return is in the 2% to 2.5% range. The interest income generated by the combination of these short-term and intermediate-term investment strategies has increased in the current year. The earnings are estimated at a slightly lower level for the budget year because the large temporary cash inflow from the \$1.5 billion Mega Millions jackpot in the current year generated additional investment earnings that can't be anticipated in the future.

The change in the fair value of investments is recorded to comply with governmental accounting standards. Since the Lottery holds most of its investments until maturity, the market fluctuations have minimal impact on revenue received. No attempt is made to predict the market value changes for the budget year.

**Instant Prize Expense**

The instant prize expense budget is based on a goal of offering at least a 63.35% average prize structure to instant game players. Current and long-term projections indicate that the target funding of prizes at this 63.35% level during the budget



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For the Fiscal Year Ending June 30, 2020**

year is approximately 58.11% from the operating budget and 5.24% from the unclaimed prizes pool. These prize structure and funding estimates may be adjusted during or at the end of the fiscal year because of actual financial results and updated forecasts. Any adjustments could change the average prize structure percentage and the allocation of the funding of instant prize expense between the operating budget and the unclaimed prizes pool.

The unclaimed prize pool was significantly depleted in the 2016 fiscal year through legislative action. The long-range plan for instant games included a strategy to continue to increase the average prize structure above the current 63.35%. The reduction of the funding mechanism for this plan caused an adjustment in the strategy. Long-term projections indicate that the current 63.35% average prize structure may be sustainable for the next several years. However, any increase in the average to attempt to increase sales, such as offering more higher price point games with higher prize payouts, would deplete the remaining balance in the unclaimed prize pool too rapidly and would not be affordable.

**Online Prize Expense**

Online prize expense for the Lotto and Powerball games is structured at 50% of sales. Pick 3 and Pick 4 have fixed prizes for the various levels of winnings. Budgeted prize expense for these games is based on historical averages of 49% and 50%, respectively. Actual prize expense for the year will vary depending on the number of drawings with high or low payouts. Prize expense will be adjusted to actual at the end of each fiscal year which may result in prize structure percentages higher or lower than the estimates included in the budget. The prize structure for Easy 5 is at 50% and at a 61% rate for the EZMatch instant win feature included with this game. The Mega Millions game currently has a 51% prize structure. This percentage can increase or decrease if the funding requirement for game prize reserves is changed by the participating state lotteries.

**Retailer Compensation**

Retailer compensation consists of a sales commission for instant and online ticket sales and various sales and prize cashing incentives. The total compensation is expected to remain at about 5.63% of total sales for the budget year.

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**Lottery System Vendor Fees**

The lottery system vendor provides and maintains the retailer terminal network, online gaming computer system, and all related communication networks. The contractual compensation for these services is a commission based on online sales. The rate was reduced from 2.9798% to 2.69% in the current fiscal year. In addition, the vendor provides various optional equipment and services. Total costs for these options are expected to be \$150,000 in 2019 and in the 2020 budget year. Vendor fees are reflected net of a weekly communication fee charged to all retailers.

**Cost of Instant Tickets**

Under the terms of the instant ticket printing and related services contract, the Lottery's ticket printer is compensated at a rate of 1.215% of instant ticket sales through December 31, 2018 and 1.155% thereafter. Licensing fees for specialty games and printing options not included in the base price are provided at additional costs. We have included \$250,000 and \$120,000 of these expenses in the current and budget years, respectively.

**Courier Service**

Courier costs include the fees charged by carriers to deliver instant game ticket packs to retailer locations. These expenses are expected to remain at the same level.

**Advertising**

Advertising expense includes media placement, production, point-of-sale production, publications, promotional merchandise, sports sponsorships, and special events. These costs are estimated at \$7.25 million in the current budget years.

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**Contract Labor**

Contract labor includes board member salaries and the use of temporary staffing agencies. These costs are expected to remain fairly constant.

**Depreciation**

Depreciation expense includes the spreading of the costs of capital expenditures over the estimated useful lives of the assets.

**Equipment Lease**

Copier, mailroom, and security system equipment lease costs are included in this item.

**Insurance**

This expense category includes premiums for business insurance. The policies purchased by the Lottery include coverage for directors and officer's liability, errors and omissions, crimes against the corporation, retirement plan fiduciary liability, cyber risk, standard automobile liability, general liability, worker's compensation claims, and property. The insurance markets are very unpredictable and increases in premiums are usually driven by claims of the insured, losses incurred by the carriers because of catastrophic events, and the carrier's investment returns. Because we cannot predict these events or other factors that can potentially affect our insurance costs, the budget for FYE June 30, 2020 includes an estimated 7% increase in premiums for all policy renewals.

**Postage**

This line item includes all postage meter rates for routine business mailings and bulk mailings to retailers and players. Postage should remain at approximately \$50,000 in the budget year.

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**Professional Fees**

These costs include legal fees, financial and compliance audit fees, and other professional service expenses. Explanations of these contractual costs are as follows:

- Legal fees are expected to remain consistent in the projected and budgeted years.
- Independent audit reviews of the Lottery's instant ticket printer are projected and budgeted at \$4,000.
- The Legislative Auditor's fees for conducting financial and compliance audits and drawings observations should remain stable for both years.
- A two-year renewal of the verification for quality assurance processes from the lottery industry's national association will be obtained in the 2019 fiscal year at a cost of \$12,000. The next renewal is not due until the 2021 fiscal year.
- \$50,000 is budgeted for a network security audit.
- A business consulting contingency of \$50,000 is included to cover costs for any unanticipated needs in both the current and budget years.

**Rent**

The Lottery leases five regional offices throughout the state to accommodate the customer service needs of retailers and players. A slight increase is included in the budget year because of the expiration of one of the office leases.

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**Repairs and Maintenance**

Repairs and maintenance include software maintenance and support contracts, drawing machines maintenance and support, general repairs and maintenance on all equipment, automobiles, and facilities maintained by the Lottery, and janitorial services. These costs remain fairly consistent for the projected and budgeted years.

**Salaries and Benefits**

The variance in salaries and benefits is due to several factors. Three full-time positions were removed in the current year. A 4% performance-based increase is included in the budgeted total for employee salaries. Normal employee turnover, the timing of filling open positions, and pay differences between new employees and incumbents, are reasons for total salary differences between the projected and budgeted years. In addition, health insurance premiums are budgeted to increase by 10%.

**Supplies**

This category includes expenses for instant ticket dispensers, instant ticket delivery bags, retailer play centers, office supplies, printing supplies, computer supplies, and fuel for the Lottery's fleet of vehicles. Costs are expected to be fairly consistent with the current year.

**Communications Network and Telephone**

Communications network is the costs associated with the Lottery's computer network between headquarters, regional offices, and the distribution center. Telephone expense includes local and long-distance phone service for the Lottery's offices, 1-800 numbers, cellular phone fees, and company internet access. Costs for these services decreased over the past two years by approximately \$134,000 because of restructured contracts and the elimination of most 1-800 number services.

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**Information Technology**

The Lottery's gaming system is a closed system with no connection to the internet. The costs for that system are included in lottery system vendor fees discussed above.

Information technology costs are related to the Lottery's administrative system. Software, database management, computer network, and communications system services are included in this category. These services are provided by a third party through a technology infrastructure commonly referred to as the cloud.

Costs for these services have increased by approximately \$127,000 over the past two years because of the planned shift from onsite equipment and software maintenance to this outsourced service subscription. Over time this model eliminates the need for future major capital purchases of network servers and related equipment and substantial annual maintenance fees.

Fees decrease by \$24,000 in the budget year mainly because initial setup charges in the current year won't reoccur next year.

**Multi State Lottery**

The Louisiana Lottery's share of the costs associated with the administration of the Powerball and Mega Millions multi-state lottery games is included in this category. These expenses should remain consistent in the projected and budget years.

**Travel**

This line item includes all in-state mileage reimbursement, hotel costs, meal reimbursements, and other business costs for employee meetings, board meetings, and educational training. In addition, out-of-state flight costs and other travel expenses for educational industry conferences and professional conferences are included in this category. We are

**Louisiana Lottery Corporation  
Financial Plan  
Budget Explanations  
For the Fiscal Year Ending June 30, 2020**

budgeting travel at the same level as the current year projected amount to maintain our training and educational programs for sales, support, and professional staff.

**Uncollectible Accounts**

This expense includes amounts due from Lottery retailers that are delinquent and not expected to be paid. The amount is reported net of recoveries from collection agencies. Average annual uncollectible accounts are about \$30,000. However, the amount and timing of these expenses are very unpredictable. Therefore, we are allocating \$50,000 for these potential costs in the projected and budget years.

**Utilities**

Electrical and other utility expenses are estimated at the five-year average of \$160,000 for both the current and budget years.

**Bank Charges**

These fees include charges for commercial treasury, investment management, and custodial services for the Lottery's bank accounts, electronic transaction processing, purchasing card processing, and investment portfolio holdings. These expenses should remain at approximately the same level for the current and budget years.

**Dues and Subscriptions**

Dues include annual membership fees to national and international lottery associations, trade organizations, and professional associations. Subscriptions are payments for trade and professional periodicals, online research tools, and other educational and research materials. These costs are expected to remain consistent with the current year.

**Louisiana Lottery Corporation  
Financial Plan  
Budget Explanations  
For the Fiscal Year Ending June 30, 2020**

**Recruiting**

This expense includes charges for job placement advertisements for open employment positions at the Lottery throughout the fiscal year. The costs should remain at about the same level in the current and budget years.

**Employee Training and Seminars**

Employee training consists of group meetings conducted by outside instructors for training of sales, administrative, and professional staff. Seminars are fees paid for lottery industry conferences, professional conferences, or other trade or business gatherings for employee educational and training purposes. These costs are expected to remain consistent with the current year.

**Services Purchased**

Expenses for retirement plan administration, payroll and human resources software services, accounting software support, shredding of unsold instant tickets, GPS fleet monitoring, cable television, email marketing, public relations monitoring services, community events setup, and collection agency fees are included in services purchased. The total budgeted cost of most of these services is expected to remain fairly consistent with the current year.



**Louisiana Lottery Corporation  
Financial Plan  
Summary of Capital Expenditure Requests  
For the Fiscal Year Ending June 30, 2020**

**Vehicle Replacements**

The Lottery has a fleet of 45 vehicles used mainly by field personnel in the Sales and Security Departments. The fleet is maintained using a preventive maintenance program and monitored on a regular basis. Once the total mileage on a vehicle reaches approximately 100,000 miles the vehicle is targeted for replacement for safety reasons and to reduce the costs of ongoing maintenance. Vehicles are purchased under state purchasing contracts if the prices offered result in a cost savings for the Lottery.

**Building and Leasehold Costs**

The downtown headquarters in Baton Rouge and our distribution center in south Baton Rouge are both owned locations. We are responsible for all repairs and maintenance for these buildings. In addition, the Lottery is responsible for maintaining the interior walls and related structures for our five leased locations throughout the state. The repairs and maintenance expense line item in our operating budget covers the routine maintenance throughout the year. This capital budget request includes funds for potential major repairs.

**Data Processing Software and Equipment**

This technology budget request includes replacements for obsolete laptops, devices, workstation computers, communications equipment, and software.

**Other**

To accommodate unexpected capital needs, the Lottery has budgeted \$50,000.



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## JOHN M. SCHRODER

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LOUISIANA STATE TREASURER

(225) 342-0010  
www.latreasury.com

P.O. Box 44154  
Baton Rouge, LA 70804

April 22, 2019

Honorable Cameron Henry, Chairman  
Joint Legislative Committee on the Budget  
Post Office Box 44486, Capitol Station  
Baton Rouge, LA 70804

Dear Representative Henry:

Attached is a spreadsheet detailing one request for back pay for Deputy Sheriffs Supplemental pay which has been approved by the Deputy Sheriffs Supplemental Pay Board as per Act 110 of 1982. Please place this item on the agenda for the next meeting.

**Total requested prior year funds: \$1,500.00.**

If we may be of further assistance in this matter, please call me or Stacey Guilbeau at (225) 342-0698.

Sincerely,

Laura Lapeze  
Chairman,  
Deputy Sheriffs Supplemental Pay Board

LL/sg

Enclosures

No.	Parish	Deputy Name	Dates Owed	Amount	Reason
1	Bossier	David Rogers	4/1/18-6/30/18	\$1,500.00	removed from supplemental pay in error
<b>Grand Total</b>				\$1,500.00	

**BUDGET REQUEST**  
Fiscal Year Ending June 30, 2020

BUDGET UNIT: Sabine River Authority  
15091 Texas Highway  
Many, LA 71449  
PHONE: (318)256-4112  
FAX: (318)256-4179

SCHEDULE NUMBER: N813


AGENCY WEB ADDRESS: [www.srala-toledo.com](http://www.srala-toledo.com)

TO THE JOINT LEGISLATIVE COMMITTEE ON BUDGET:

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WE HEREBY CERTIFY THAT THE STATEMENTS AND FIGURES ON THE ACCOMPANYING FORMS ARE TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE.

HEAD OF BUDGET UNIT: 
PRINTED NAME/TITLE: Warren Founds/Executive Director
DATE: April 25, 2019
EMAIL ADDRESS: <a href="mailto:warren.founds@la.gov">warren.founds@la.gov</a>

FINANCIAL CONTACT PERSON: Kellie Ferguson
TITLE: Administrative Program Director 3
TELEPHONE NUMBER: 318-256-4112
EMAIL ADDRESS: <a href="mailto:kellie.ferguson@la.gov">kellie.ferguson@la.gov</a>

## Mission Statement:

The mission of the Sabine River Authority of Louisiana, consistent with Louisiana Revised Statutes 38:2321, et. seq., and with Article 48 of the Federal Power Commission License, Project 2305, is to provide for economic utilization and preservation of the waters of the Sabine River and its tributaries by promoting economic development, irrigation, navigation, improved water supply, drainage, public recreation, and hydroelectric power for the citizens of Louisiana.



SUMMARY STATEMENT OF EXPENDITURES FOR YEARS SHOWN

CATEGORY OF TOTAL EXPENDITURES	PRIOR YEAR ACTUAL 2017-2018	EXISTING OPERATING BUDGET 2018-2019	TOTAL REQUEST 2019-2020	OVER/UNDER EXISTING OPERATING BUDGET	PERCENT CHANGE
<b>SALARIES:</b>					
Regular	\$2,420,267	\$2,643,460	\$2,708,449	\$64,989	2.46%
Other Compensation	\$190,394	\$331,640	\$331,640	\$0	0.00%
Related Benefits	\$1,332,830	\$1,894,280	\$2,023,310	\$129,030	6.81%
<b>TOTAL SALARIES</b>	<b>\$3,943,491</b>	<b>\$4,869,380</b>	<b>\$5,063,399</b>	<b>\$194,019</b>	<b>3.98%</b>
<b>OPERATING EXPENSES:</b>					
Travel	\$8,111	\$19,600	\$19,600	\$0	0.00%
Operating Services	\$870,692	\$977,081	\$993,977	\$16,896	1.73%
Supplies	\$246,754	\$386,468	\$394,197	\$7,729	2.00%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,125,557</b>	<b>\$1,383,149</b>	<b>\$1,407,774</b>	<b>\$24,625</b>	<b>1.78%</b>
<b>PROFESSIONAL SERVICES</b>	<b>\$87,222</b>	<b>\$209,998</b>	<b>\$209,998</b>	<b>\$0</b>	<b>0.00%</b>
<b>OTHER CHARGES:</b>					
Other Charges	\$332,418	\$430,500	\$430,500	\$0	0.00%
Interagency Transfers	\$279,859	\$336,000	\$336,000	\$0	0.00%
<b>TOTAL OTHER CHARGES</b>	<b>\$612,277</b>	<b>\$766,500</b>	<b>\$766,500</b>	<b>\$0</b>	<b>0.00%</b>
<b>ACQUISITIONS &amp; MAJOR REPAIRS:</b>					
Acquisitions	\$62,658	\$643,450	\$388,450	(\$255,000)	-39.63%
Major Repairs	\$59,742	\$870,000	\$1,082,000	\$212,000	24.37%
<b>TOTAL ACQUISITIONS &amp; MAJOR REPAIRS</b>	<b>\$122,400</b>	<b>\$1,513,450</b>	<b>\$1,470,450</b>	<b>(\$43,000)</b>	<b>-2.84%</b>
<b>TOTAL EXPENDITURES &amp; REQUEST</b>	<b>\$5,890,947</b>	<b>\$8,742,477</b>	<b>\$8,918,121</b>	<b>\$175,644</b>	<b>2.01%</b>
<b>POSITIONS (SALARIES REGULAR):</b>					
Classified	65	65	65	0	0.00%
Unclassified	2	2	2	0	0.00%
<b>TOTAL POSITIONS (SALARIES REGULAR)</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>0</b>	<b>0.00%</b>
<b>POSITIONS (OTHER CHARGES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>



SABINE RIVER AUTHORITY OF LOUISIANA

Activity:	PRIOR YEAR OPERATING BUDGET 2017-2018	EXISTING OPERATING BUDGET 2018-2019	TOTAL REQUEST 2019-2020	OVER/UNDER EXISTING OPERATING BUDGET
General Fund	-	0	0	0
Interagency Transfer	-	0	0	0
Self Generated Revenue	5,890,947	8,742,477	8,918,121	175,644
Statutory Dedication Name	-	0	0	0
Federal Funds	-	0	0	0
<b>TOTAL REVENUE</b>	<b>5,890,947</b>	<b>8,742,477</b>	<b>8,918,121</b>	<b>175,644</b>
Classified	65	65	65	0
Unclassified	2	2	2	0
<b>TOTAL POSITION CONTROL</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>0</b>
2100 Salaries-Classified - Regular	2,142,373	2,376,264	2,435,779	59,515
2110 Salaries-Classified - Overtime				0
2120 Salaries-Classified - Termination				0
2130 Salaries-Unclassified - Regular	271,438	267,196	272,670	5,474
2140 Salaries-Unclassified - Overtime	6,456	0	0	0
2150 Salaries-Unclassified - Termination	-			0
<b>TOTAL SALARIES</b>	<b>2,420,267</b>	<b>2,643,460</b>	<b>2,708,449</b>	<b>64,989</b>
2200 Wage Unclassified ~14 - 16 wage workers for aproxiametly 29,000 hours.	116,671	223,600	223,600	0
2210 Student Labor	54,523	45,240	45,240	0
2220 Compensation of SRA Board Members ~SRCA Members	19,000	62,400	62,400	0
Subtotal for Board Members	200	400	400	0
<b>TOTAL OTHER COMPENSATION</b>	<b>190,394</b>	<b>331,640</b>	<b>331,640</b>	<b>0</b>
<b>TOTAL SALARIES &amp; OTHER COMPENSATION</b>	<b>2,610,661</b>	<b>2,975,100</b>	<b>3,040,089</b>	
2300 Retirement - State	917,380	1,001,871	1,102,339	100,468
2350,60,70 F.I.C.A./Medi/Unemployment	34,382	62,608	67,084	4,476
2345, 2380 Group Insurance - State	381,068	829,801	853,887	24,086
<b>TOTAL RELATED BENEFITS</b>	<b>1,332,830</b>	<b>1,894,280</b>	<b>2,023,310</b>	<b>129,030</b>
<b>TOTAL PERSONNEL SERVICES</b>	<b>3,943,491</b>	<b>4,869,380</b>	<b>5,063,399</b>	<b>194,019</b>
2520 In State Travel - Field Travel ~Training, Educational Classes, and Government Meetings necessary in day to day operations, Sabine River Compact Administration semi-annual meeting (R.S. 38:2332.2); routine business for and on behalf	587	6,000	6,000	0



	SRA as it pertains to operations within the scope of an 801.1 agency (SRA is statutorily domiciled in Sabine Parish therefore, frequent trips to Baton Rouge are routine); attend meetings with LA Travel Promotion Association to promote Toledo Bend; and training sessions.				
2530	In State Travel - Board Members ~Reimbursement of expenses for the 13 member Board of Commissioners, R.S. 38:2322.C.	7,042	11,000	11,000	0
2620	Out of State Travel - Field Travel ~FERC meeting for operation of Toledo Bend Dam ~Annual meeting for the American Fisheries Society. ~Annual 5 States El Comino Commission. ~SRCA Meeting. ~Field travel to different fishery projects. ~Meeting with Legislative Delegation.	-	1,600	1,600	0
2630	Out of State Travel - Board Members ~SRA Board Members serving on Toledo Bend Project Joint Operation Board, normally meets semi-annual TBPJO Administrative office.	482	1,000	1,000	0
<b>TOTAL TRAVEL</b>		<b>8,111</b>	<b>19,600</b>	<b>19,600</b>	<b>0</b>
2700	Advertising	14,011	17,210	17,554	344
2710	Printing	1,354	1,275	1,301	26
2770	Maintenance of Prop & Equip - Auto	33,879	12,748	13,003	255
2780	Maintenance of Prop & Equip - Other	14,018	6,375	6,503	128
2790	Maintenance of Buildings	68	1,913	1,951	38
2840	Rentals - Equipment	-	0	0	0
2870	Rentals - Other	5,861	11,474	11,703	229
2890	Dues & Subscriptions	5,447	2,550	2,601	51
2900	Mail, Delivery & Postage	4,314	7,011	7,151	140
2910	Telephone - Services	-	3,825	3,902	77
2920	Telephone - Data Lines & Circuits	72,557	3,825	3,902	77
2930	Telephone - Other Communication Services	756	50,000	50,000	0
2950	Utilities - Electricity - Gas - Water - Other	692,755	774,682	790,176	15,494
2980	Other Operating Services - Laundry	4,575	0	0	0
2990	Lab Fees	1,488	1,908	1,946	38
3000	Miscellaneous	19,609	82,285	82,285	0
<b>TOTAL OPERATING SERVICES</b>		<b>870,692</b>	<b>977,081</b>	<b>993,977</b>	<b>16,896</b>
3100	Office Supplies	5,120	3,446	3,515	69
3120	Operating Supplies - Computer	13,661	11,484	11,714	230
3130	Operating Supplies - Clothing and Uniforms	7,785	2,296	2,342	46
3140	Operating Supplies - Medical	-	1,149	1,172	23



3170	Operating Supplies - Auto	89,741	137,957	140,716	2,759
3190	Operating Supplies - Bldgs, Grounds & Gen Plant	44,139	80,391	81,999	1,608
3200	Operating Supplies - Household	18,553	22,969	23,428	459
3210	Operating Supplies - Farm	-	1,149	1,172	23
3300	Repair & Maintenance Supplies - Auto	21,400	45,939	46,858	919
3310	Repair & Maintenance Supplies - Other	46,355	78,540	80,111	1,571
3320	Software	-	1,148	1,171	23
<b>TOTAL SUPPLIES</b>		<b>246,754</b>	<b>386,468</b>	<b>394,197</b>	<b>7,729</b>
<b>TOTAL OPERATING SERVICES</b>		<b>1,125,557</b>	<b>1,383,149</b>	<b>1,407,774</b>	<b>24,625</b>
3400	Accounting & Auditing	19,500	52,010	52,010	0
3410	Management Consulting		0	0	0
3420	Engineering & Architectural		0	0	0
3430	Legal	67,722	127,988	127,988	0
3460	Other Professional Services	-	30,000	30,000	0
<b>TOTAL PROFESSIONAL SERVICES</b>		<b>87,222</b>	<b>209,998</b>	<b>209,998</b>	<b>0</b>
3650	Miscellaneous Charges				0
	~Water Royalty	247,425	270,500	270,500	0
	~Directional Signs/Marking Boatlanes/Bridge Lighting	11,769	35,000	35,000	0
	~Economic Development	73,224	125,000	125,000	0
<b>TOTAL OTHER CHARGES</b>		<b>332,418</b>	<b>430,500</b>	<b>430,500</b>	<b>0</b>
4940	IAT - Transfer of Funds	-	0	0	0
4980	IAT - Insurance	247,015	260,000	260,000	0
5040	IAT - Telephone	32,844	76,000	76,000	0
<b>TOTAL INTERAGENCY TRANSFER</b>		<b>279,859</b>	<b>336,000</b>	<b>336,000</b>	<b>0</b>
<b>TOTAL Other Charges &amp; IAT</b>		<b>612,277</b>	<b>766,500</b>	<b>766,500</b>	<b>0</b>
4420	Acquisitions-Capitalized Automobile => \$5000	-	90,000	128,000	38,000
4421	Acquisitions-Automobile				0
4440	Equipment \$1000 - \$4999				0
4441	Equipment < \$1000				0
4442	Equipment => \$5000	-	58,450	98,450	40,000
4451	Computer Hardware	10,328	47,000	47,000	0
4453	Software \$1000 - \$4999	10,500			0
4454	Hardware \$1000 - \$4999				0
4456	Software < \$1000				0
4457	Hardware < \$1000				0
4460	Acquisitions - Farm and Heavy Movable Equipment	9,531	413,000	80,000	(333,000)
4520	Boats	14,723	10,000	10,000	0
4530	Communications \$1000 - \$4999				0
4532	Communications < \$1000				0

4540	Other Acquisitions \$1000 - \$4999	17,576	25,000	25,000	0
4542	Other Acquisitions < \$1000				0
<b>TOTAL ACQUISITIONS</b>		<b>62,658</b>	<b>643,450</b>	<b>388,450</b>	<b>(255,000)</b>
4610	Major Repairs - Building				0
4620	Major Repairs - Auto				0
4630	Major Repairs - Buildings and Grounds	59,742	870,000	1,082,000	212,000
4640	Major Repairs - Boats				0
4740	Major Repairs - Other Equipment				0
<b>TOTAL MAJOR REPAIRS</b>		<b>59,742</b>	<b>870,000</b>	<b>1,082,000</b>	<b>212,000</b>
<b>TOTAL ACQUISITION &amp; MAJOR REPAIRS</b>		<b>122,400</b>	<b>1,513,450</b>	<b>1,470,450</b>	<b>(43,000)</b>
<b>TOTAL EXPENDITURES</b>		<b>5,890,947</b>	<b>8,742,477</b>	<b>8,918,121</b>	<b>175,644</b>

	FY 19		FY 20		EE&ER			Total R/B
	Existing	Merit	Requested	Total	FICA/MEDI	LASERS	OGB	Requested
Unclassified	\$264,867.20	\$7,802.91	\$272,670.11		\$3,953.72	\$110,976.74	\$7,247.52	\$122,177.97
Classified	\$2,244,840.00	\$65,618.40	\$2,435,778.40		\$37,759.68	\$991,361.81	\$846,640.48	\$1,875,761.97
8 WAE Laborer 8 Positions	\$10.00 8320 \$83,200.00		\$83,200.00		\$6,364.80	\$0.00	\$0.00	\$6,364.80
15 WAE PGB, 15 Positions	\$9.00 15600 \$140,400.00		\$140,400.00		\$10,740.60	\$0.00	\$0.00	\$10,740.60
10 Students 10 Positions	\$7.25 6240 \$45,240.00		\$45,240.00		\$3,460.86	\$0.00	\$0.00	\$3,460.86
Board	\$62,800.00		\$62,800.00		\$4,804.20	\$0.00	\$0.00	\$4,804.20
	<b>\$2,841,347.20</b>	<b>\$73,421.31</b>	<b>\$3,040,088.51</b>		<b>\$67,083.86</b>	<b>\$1,102,338.54</b>	<b>\$853,888.00</b>	<b>\$2,023,310.41</b>



OBJ CLASS	QUANTITY	ACQUISITIONS DESCRIPTION BY ACTIVITY	AMOUNT
<b>Existing Budget</b>			
4420	1	1/2 Ton 4x4 Regular Cab Truck @ SRD	\$30,000
4442	1	Vibration Monitoring Equipment for Pump Stations (SRD)	\$9,700
4442	1	Canal Level Instrumentation (SRD)	\$30,250
4442	1	Thermal Imaging Camera (SRD)	\$18,500
4460	2	Mowers @ SRA	\$18,000
4460	1	ATV @SRD	\$20,000
4460	1	Track Escavator @SRD	\$250,000
4460	1	Dozer	\$125,000
4520	1	Boat motors @ SRA	\$10,000
4420	2	3/4 Ton 4x4 Crew Cab Truck @ SRA	\$60,000
4451		Computer Hardware @ SRA	\$32,000
4451		Computer Hardware @ SRD	\$15,000
4540		Other	\$25,000
		<b>Total</b>	<b>\$618,450</b>
<b>Requested</b>			
4420	2	3/4 Ton 4x4 Regular Cab Truck @ SRD	\$64,000
4442	1	Vibration Monitoring Equipment for Pump Stations (SRD)	\$9,700
4442	1	Canal Level Instrumentation (SRD)	\$30,250
4460	1	Bobcat with Attachments (SRA)	\$80,000
4442	1	Thermal Imaging Camera (SRD)	\$18,500
4460	2	Mowers @ SRA	\$20,000
4460	1	ATV @SRD	\$20,000
4520	1	Boat motors @ SRA	\$10,000
4420	2	3/4 Ton 4x4 Crew Cab Truck @ SRA	\$64,000
4451		Computer Hardware @ SRA	\$32,000
4451		Computer Hardware @ SRD	\$15,000
4540		Other	\$25,000
			<b>\$388,450</b>

OBJ CLASS	MAJOR REPAIRS DESCRIPTION BY ACTIVITY	AMOUNT
	<b>Existing Budget</b>	
4630	Electrical Upgrades at San Miguel Park	\$200,000
4630	Overlay Roads at Cypress Bend Park	\$225,000
4630	Miscellaneous Seawall Repairs	\$75,000
4630	Pump Station Electrical System	\$60,500
4630	Pulling and Repairing of Pump and Motor @ SRD	\$250,000
4630	Levee Crowns, Access Ramps, Bridge Crossings and Equipment Off-Loading Areas @ SRD	\$19,500
4630	Flooring Bath Houses at all Recreation Facilities	\$40,000
		\$870,000
	<b>Requested Budget</b>	
4630	Electrical Upgrades at Pleasure Point Park	\$400,000
4630	Overlay Roads at Cypress Bend Park (Phase 1)	\$225,000
4630	Miscellaneous Seawall Repairs	\$75,000
4630	Cover & Seal Shop Roof (SRD)	\$12,000
4630	Pump Station Electrical System (SRD)	\$60,500
4630	Pulling and Repairing of Pump and Motor @ SRD	\$250,000
4630	Levee Crowns, Access Ramps, Bridge Crossings and Equipment Off-Loading Areas @ SRD	\$19,500
4630	Flooring Bath Houses at all Recreation Facilities	\$40,000
		\$1,082,000

# Board Approval

I hereby certify that the Sabine River Authority Board of Commissioners at their meeting on the April 25, 2019 did approve the Fiscal Year 2019-20 Budget in the amount of \$8,918,121

---

**Ned Goodeaux, Chairman**

On this \_\_\_ day of \_\_\_\_\_, 2019, the State of Louisiana, Office of Group Benefits, 1201 N. 3<sup>rd</sup> Street, Suite G-159, Baton Rouge, LA 70802, hereinafter sometimes referred to as the “OGB” or “State”, and Access Health, Inc., 1325 Barksdale Boulevard, Suite 300, Bossier City, Louisiana 71111, hereinafter sometimes referred to as the “Contractor,” do hereby enter into a Contract under the following terms and conditions.

## **1 SCOPE OF SERVICES**

### **1.1 CONCISE DESCRIPTION OF SERVICES**

Access Health, Inc., shall provide the primary health care services outlined in Attachment I on a capitated basis in all OGB regions (i.e., statewide). These services shall include, at a minimum, all services specified in Section 1.2 and the attachments referenced therein.

### **1.2 STATEMENT OF WORK**

The Statement of Work consists of the following and/or any subsequent addendum:

Attachment I: Scope of Work/Services

Attachment II: Administrative Fee

Attachment III: Business Associate Addendum

Attachment IV: Records Retention Schedule

Attachment V: Imaging System Survey Compliance and Records Destruction

### **1.3 GOALS AND OBJECTIVES**

1. To provide a quality, cost-effective primary health care network and services to OGB Plan Participants enrolled in OGB self-funded Plans other than the Pelican HSA 775 (the “Plan Participants”), which Plans are as follows: Magnolia Local Plus, Magnolia Local, Magnolia Open Access, and Pelican HRA 1000.
2. To establish a Contract with a primary health care network of providers to provide primary health care services to OGB Plan Participants for a monthly capitation payment.

### **1.4 PERFORMANCE MEASURES**

The performance of the Contract, including but not limited to Attachment I: Scope of Services, and/or any subsequent addendum including performance criteria and corresponding monetary penalties for Contractor’s failure to comply with the identified criteria in Section 3.6, Performance Guarantees, will be measured by the OGB Contract Monitor. The OGB Contract Monitor is authorized to evaluate the Contractor’s performance against these criteria.

### **1.5 MONITORING PLAN**

The Contract Monitor will be the OGB Medical and Pharmacy Group Benefits Administrator, who will monitor the services and performance provided by the Contractor and the expenditure of funds under this Contract. The monitoring plan is as follows:

1. The Contractor will submit various monthly, quarterly, and annual reports to the Contract Monitor as specified in Attachment I: Scope of Services.



2. The Contract Monitor will ensure all deliverables are submitted timely and perform subsequent review and acceptance.
3. The Contract Monitor will provide oversight of the implementation of the Scope of Services to ensure quality, efficiency, and effectiveness in fulfilling the goals and objectives of OGB.

## 1.6 CONTRACTOR PROJECT MANAGEMENT

Contractor Project Management is as follows:

- A. Account Management Team.** Contractor will provide an account management team for the duration of the engagement, including a project manager and any other personnel considered key to the success of the Contract.
- B. Substitution of Key Personnel.** When possible, Contractor will give OGB a minimum of sixty (60) days' advance notice of any changes in OGB's account management team, and a description of the training requirements for new team members. Reasonable exceptions would apply in situations beyond Contractor's control (i.e., resignation/termination with less than 60 days' notice). OGB reserves the right to request changes to any of the assigned personnel based on unsatisfactory performance levels as determined by OGB.
- C. Account Management Team Support.** The account management team will provide support around account strategy, issue resolution, reports and other requested projects and deliverables.
- D. Coordination with other OGB Vendor(s).** Contractor will coordinate and cooperate with selected OGB vendors as needed relative to this Contract.

## 1.7 DELIVERABLES

The Contract will be considered complete when the entire scope of work has been completed and Contractor has delivered and OGB has accepted all deliverables specified in the Contract.

## 1.8 VETERAN-OWNED AND SERVICE-CONNECTED SMALL ENTREPRENEURSHIPS (VETERAN INITIATIVE) AND LOUISIANA INITIATIVE FOR SMALL ENTREPRENEURSHIPS (HUDSON INITIATIVE) PROGRAMS REPORTING REQUIREMENTS

During the term of the Contract and at expiration, the Contractor will be required to report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each.

## 2 DEFINITIONS

**Contractor** – Denotes the successful Proposer who is awarded a Contract and assumes full responsibility and liability for completion of the scope of work and deliverables.

**Capitation** – Denotes the system used to pay Contractor under this Contract, in which the Contractor receives a fixed, predetermined sum of money, in this case on a monthly basis, to provide the contracted services for Plan Participants.



**Claim File** - Denotes a weekly electronic Claim File from Contractor that lists the provider's tax identification number, the ICD-10 code(s) for the service(s)/procedure(s) rendered to the Plan Participant and the CPT code(s) for the diagnosis rendered for the visit.

**HIPAA** – Denotes Health Insurance Portability and Accountability Act.

**Capitated Plan Network Provider** – Denotes a health care provider that participates in the Contractor's established network to provide primary health care services to Plan Participants on a capitated basis.

**OGB CEO**– Denotes the Office of Group Benefit's Chief Executive Officer.

**OSP** – Denotes Office of State Procurement.

**Plan Participant(s)** – Denotes individuals who are entitled to covered benefits through OGB under the self-funded plans offered by OGB, with the exception of the Pelican HSA 775, as identified in the eligibility data file prepared, maintained and as determined by OGB, and delivered to the Contractor monthly.

**Primary Plan Participant(s)** – Denotes the Plan Participant whose relationship with OGB governs the coverage under the Plan.

**Proposal** – Denotes a response to a RFP.

**Proposer** – Denotes an individual or organization submitting a proposal in response to a RFP.

**RFP** – Denotes a Request for Proposals.

**Return on Investment:** Denotes a performance measure used to evaluate the efficiency of an investment. ROI measures the amount of return on investment relative to the investment's cost. Contractor has guaranteed OGB at least a 1.31:1 return on its investment under this Contract.

**Shall, Must, Will** – Denotes a mandatory requirement.

**Should, May, Can** – Denotes an advisable or permissible action.

**State** - The State of Louisiana.

### **3 ADMINISTRATIVE REQUIREMENTS**

#### **3.1 TERM OF CONTRACT**

The term of the Contract shall begin on or about July 1, 2019, and is anticipated to end on June 30, 2022. With all proper approvals authorized by law, including prior approval by the Joint Legislative Committee on the Budget (JLCB), and concurrence with the successful Contractor, OGB may also exercise an option to extend the term of the Contract for up to twenty-four (24) additional months at the same rates, terms and conditions. Written evidence of JLCB and other required approvals shall be submitted, along with the Contract amendment, to the Office of State Procurement (OSP) to extend the Contract term. The total Contract term shall not exceed sixty (60) months. The continuation of this Contract is contingent upon the appropriation of funds by the Legislature to fulfill the requirements of the Contract.

#### **3.2 OGB FURNISHED RESOURCES**

OGB shall appoint a Contract Monitor for this Contract who will provide oversight of the activities conducted hereunder. The assigned Contract Monitor shall be the principal point of

contact on behalf of OGB and will be the principal point of contact for the Contractor concerning Contractor's performance under this Contract.

### **3.3 TAXES AND FEES**

Contractor is responsible for payment of all taxes and fees on Contractor's income, property, and entity status (i.e., permits, licenses, etc.). Contractor's federal tax identification number is 46-1961847. Contractor's seven-digit Louisiana Department of Revenue account number is 1673619001. In accordance with La. R.S. 39:1624(A)(10), the Louisiana Department of Revenue ("LDR") must determine that the 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 Contractor hereby attests to its current and/or prospective compliance, and agrees to provide its seven-digit LDR Account Number to the contracting agency so that the Contractor's tax payment compliance status may be verified. The 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. The OGB reserves the right to withdraw its consent to this Contract without penalty and proceed with alternate arrangements should the Contractor fail to resolve any identified apparent outstanding tax compliance discrepancies with the Louisiana Department of Revenue within seven (7) days of notification of such discrepancies.

### **3.4 PAYMENT TERMS**

In consideration of the services required by this Contract, OGB hereby agrees to pay to Contractor an administrative fee of \$29.21 per Primary Plan Participant per month, up to a maximum fee of One Hundred Twenty-Seven Million Dollars (\$127,000,000.00), for work performed during the initial 36 months of the Contract. This fee is inclusive of travel and all Contract-related expenses. Monthly eligibility counts for invoicing and payment purposes shall be determined based on OGB eligibility counts as of the first of each month. Payments are predicated upon successful completion by Contractor and written approval by OGB of the described scope of services and deliverables as provided in the Contract. Contractor will not be paid more than the maximum amount of the Contract. No payments will be made by OGB on banking or State holidays.

Contractor will invoice OGB monthly for payment within five (5) business days after the end of each month. Upon validation of the invoice, OGB shall render payment of undisputed amounts within thirty (30) days.

### **3.5 PERFORMANCE BOND**

Contractor shall provide a performance (surety) bond in an amount determined by OGB of no more than one hundred percent (100%) of the annual contracted fees to ensure the successful performance under the terms and conditions of the Contract. The performance bond shall be written by a surety or insurance company currently on the U.S. Department of the Treasury Financial Management Services list of approved companies which is published annually in the Federal Register, or by a Louisiana-domiciled insurance company with at least an A-rating to write individual bonds up to ten percent (10%) of policyholders' surplus as shown in the latest A.M. Best's Key Rating Guide. In addition, any performance bond furnished shall be written

by a surety or insurance company that is currently licensed to do business in the State of Louisiana.

The performance bond is to be provided at least thirty (30) working days prior to the effective date of the Contract. Failure to provide within the time specified may cause the Contract to be cancelled.

### **3.6 PERFORMANCE GUARANTEES**

Contractor agrees to provide its operational performance guarantees on an OGB-specific basis. OGB shall have the ability to modify the performance guarantees each Contract year. The Return on Investment guaranteed amount as provided in Section 1.2 of Attachment I: Scope of Services, the Primary Plan Participant satisfaction survey guarantee of two percent of annual contracted cost, and the provider visit wait time guarantee of five (5%) percent of the annual contracted cost will remain at risk, and Contractor will be subject to per day fees for certain performance guarantees. All guarantees must be reconciled annually, and any guarantee amount owed to OGB shall be paid within ninety (90) days after the end of each Contract year. Fifteen percent (15%) of the payment under the resulting Contract for Contract year 3 and Contract year 5 will be withheld until any owed ROI guarantee is provided to OGB.

**Audit:** OGB reserves the right to audit performance guarantee reports on an annual basis. A third party may be utilized to perform this audit.

**Measurement Periods:** The first period to be measured shall be July 1, 2019, through June 30, 2020. The second period will be for Contract year July 1, 2020 through June 30, 2021, and the third period will be for Contract year July 1, 2021 through June 30, 2022. The fourth and fifth periods, subject to the renewal option, will be for Contract years July 1, 2022 through June 30, 2023; and July 1, 2023 through June 30, 2024, respectively.

## **4 TERMINATION**

### **4.1 TERMINATION FOR CAUSE**

State 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 the State shall give the Contractor written notice specifying the Contractor's failure. If within the time period specified in such notice, the Contractor shall not have either corrected such failure or, in the case of failure which cannot be corrected in such time period, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, terminate the Contract on the date specified in such notice. Failure to perform within the time agreed upon in the Contract may result in cancellation of the Contract.

Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms and conditions of this Contract, provided that the Contractor shall give the State written notice specifying the State agency's failure and a reasonable opportunity for the State to cure the defect.

### **4.2 TERMINATION FOR CONVENIENCE**

OGB/State may terminate the Contract at any time by giving at least thirty (30) days' written notice to Contractor of such termination or negotiating with Contractor an effective date.

Contractor shall be entitled to payment for services completed prior to the Contract termination date, to the extent work has been performed satisfactorily.

#### **4.3 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

The continuation of this Contract is contingent upon the appropriation of funds by the Louisiana Legislature to fulfill the requirements of the Contract, as applicable. If the Legislature fails to appropriate sufficient monies to provide for the continuation of the Contract, or if such appropriation is reduced or eliminated by the veto of the Governor or by any means provided in the Appropriations Act of Title 39 of the Louisiana Revised Statutes of 1950 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 have not been appropriated.

### **5 INDEMNIFICATION AND DEFENSE**

- (a) Contractor shall be fully liable for its own actions and the actions of its agents, employees, partners and subcontractors and shall fully protect, defend, and indemnify the State, all State departments, Agencies, Boards, and Commissions, its officers, trustees, employees, servants, subcontractors, agents, and volunteers (collectively the “State”), from and against any and all losses, claims, demands, liabilities, suits, actions, damages, costs, fines, penalties, judgments, forfeitures, assessments, expenses, obligations (including attorneys’ fees), and other liabilities of every name and description (“Claims/Costs”) relating to personal injury or death to any person or damages, loss, or destruction of any real or tangible property which may occur, or in any way arise out of, any act or omission of Contractor, its employees, agents, partners, or subcontractors/vendors. Contractor shall not be required to indemnify for that portion of any Claim/Cost arising due solely to the negligent or intentional act or failure to act of the State.
- (b) Contractor shall further indemnify and defend the State from and against any Claims/Costs resulting from any violation of or failure to comply with any state or federal law, or other legal or Contract requirement to the extent caused by Contractor, its agents, employees, partners or subcontractors. Contractor shall not be required to indemnify for that portion of any Claim/Cost arising due solely to the negligent or intentional act or failure to act of the State.
- (c) Contractor shall further indemnify and defend the State and OGB Plan Participants from and against any Claims/Costs beyond the payment to Contractor of \$29.21 per Primary Plan Participant per month for any scope of services rendered under this Contract by or on behalf of Contractor or any provider within Contractor’s network of providers.
- (d) Contractor shall fully protect, defend, and indemnify, the State from and against all adverse federal and state tax consequences, loss, liability, damage, expense, attorneys’ fees or other obligations resulting from, or arising out of, any act or omission by Contractor in connection with this Contract, including but not limited to other obligations resulting from or arising out of any premium charge, tax, or similar assessment by federal, state, and local governmental authorities, for which Contractor is liable.

- (e) If applicable, Contractor will protect, defend, and indemnify, the State, its officers, trustees, employees, servants, subcontractors, agents, and volunteers, from and against all Claims/Costs which may be assessed against the State in any action for infringement of a United States Letter Patent with respect to the products furnished, or of any copyright, trademark, trade secret or intellectual property right, in relation to the Contract provided that the State shall give Contractor: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit; (ii) the opportunity to take over, settle or defend such Claim/Cost at Contractor's sole expense; and (iii) reasonable assistance in the defense of any such action at the expense of Contractor. Where a Claim/Cost arises relative to a real or anticipated infringement, the State, its officers, trustees, employees, servants, subcontractors, agents, and/or volunteers, may require Contractor, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as to such infringement claim as the State deems necessary.
- (f) In addition to the foregoing remedies for patent infringement Claims/Costs, if the use of the product, material, or service or part(s) thereof shall be enjoined for any reason or if Contractor believes that such use may be enjoined, Contractor shall have the right, at its own expense and sole discretion to take action in the following order of precedence: (i) to procure for the State the right to continue using such product, material, or service or part(s) thereof, as applicable, under the same terms and conditions as provided in the Contract; (ii) to modify the product, material, or service so that it becomes a non-infringing product, material, or service of at least equal quality and performance, in the State's sole opinion; (iii) to replace the product, material, or service or part(s) thereof, as applicable, with non-infringing components of at least equal quality and performance, in the State's sole opinion; or (iv) if none of the foregoing is commercially reasonable, provide monetary compensation to the State.
- (g) Contractor agrees to indemnify and defend the State from all Claims/Costs relating to Contractor's or its subcontractors' fault or negligence, including, but not limited to, any claims relating to the failure of Contractor to provide services or fulfill obligations as specified in the Contract due to financial hardship or insolvency.
- (h) Contractor agrees to investigate, handle, respond to, provide defense for and defend any Claims/Costs at its sole expense and agrees to bear all other costs and expenses related thereto, even if the Claims/Costs are groundless, false or fraudulent.
- (i) The OGB/State may, in addition to other remedies available at law or equity to the OGB/State, and upon notice to Contractor, retain such monies from amounts due or to become due to Contractor, or may proceed against the performance bond, if any, as may be necessary to satisfy any Claims/Costs asserted by or against the OGB/State, for which Contractor owes indemnification and/or defense pursuant to this Section.
- (j) Upon notice of any claim, demand, suit, or cause of action against the OGB/State arising out of or related to this Contract, Contractor agrees to investigate, handle, respond to, provide defense for, and defend at its sole expense, even if the claim, demand, suit, or cause of action is groundless, false, or fraudulent. The OGB/State may, but is not required to,

consult with the Contractor, but this shall not affect the Contractor's responsibility under this Section.

## **6 FORCE MAJEURE**

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. Whether a delay or failure results from a force majeure is ultimately determined by the State based on a review of all facts and circumstances. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under this Contract.

## **7 CONTRACT CONTROVERSIES**

Any claim or controversy arising out of the Contract shall be resolved in accordance with the provisions of La. R.S. 39:1672.2-1672.4.

## **8 FUND USE**

Contractor agrees not to use Contract proceeds 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 Louisiana Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority.

## **9 ASSIGNMENT**

Contractor shall not assign any interest in this Contract by assignment, transfer, novation, or otherwise without prior written consent of the OGB CEO or his/her delegee. This provision shall not be construed to prohibit Contractor from assigning to a bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment, transfer, or novation shall be furnished promptly to the State Contract Monitor and shall not be binding upon the State until actually received by the State.

## **10 RIGHT TO AUDIT**

The State Legislative Auditor, federal auditors, internal auditors of the Division of Administration and its designated agents, the State, OGB, or others so designated by the State/OGB shall be entitled to audit all accounts, procedures, matters, and records of any Contractor or subcontractor under any negotiated Contract or subcontract directly pertaining to the Contract for a period of five (5) years after final payment under the Contract and for the subcontractor/vendor for a period of five (5) years from the date of final payment under the subcontract or such longer period as required by applicable state and federal law. Records, including direct read access to databases and all tables, shall be made available during normal business hours for this purpose.

The State has the right to hire an independent third-party auditor, if the State deems necessary, to review all accounts, procedures, matters, and records, and Contractor and/or

subcontractor/vendor shall provide access to all files, information system access, and space access upon request of the State for the third-party auditor selected to perform the indicated audit.

In the event that an examination of records results in a determination that previously paid invoices included charges which were improper or beyond the scope of the Contract, Contractor agrees that the amounts paid to the Contractor shall be adjusted accordingly, and that the Contractor shall within thirty (30) days of notification of such finding issue a remittance to the State of any payments declared to be improper or beyond the scope of the Contract. In combination therewith, or alternatively, the State may offset the amounts deemed improper or beyond the scope of the Contract against Contractor's outstanding or subsequent invoices, if any, or may exercise its rights under the performance bond.

## **10.1 RECORDS**

All records, reports, documents, or other material related to this Contract, delivered or transmitted to the Contractor by the State or its employees, agents, or authorized vendors, and/or obtained or prepared by Contractor or its subcontractors/vendors in connection with the performance of the services under the Contract, shall become records of the State and are referred to herein as "Records."

Contractor agrees to retain all Records in accordance with all Louisiana and federal laws and regulations. Further, Contractor agrees to retain all Records in accordance with OGB's official retention schedules (the "Schedules"), Attachment IV, until such time as the Records are returned to the State or other disposition is agreed. In the event the applicable law and the Schedules contain different retention periods, the Records shall be kept for the longer period. Records shall be in a format and media as required by applicable law or as agreed upon by the parties in writing if allowed by applicable law. The Schedules in place as of the effective date of this Contract are contained in Attachment IV, Records Retention Schedule, and may be amended from time to time as deemed necessary by the State. To further ensure compliance with the Schedules and Louisiana retention laws, Contractor agrees to abide by the processes outlined in Attachment V, Imaging System Survey Compliance and Records Destruction. Contractor shall return the Records to the State, at Contractor's expense, within seven (7) days of request or in the specific instance of termination or expiration of the Contract, within sixty (60) days after the termination or expiration of this Contract, and shall retain no copies of the Records unless required by applicable law, provided, the confidentiality and security requirements of this Contract shall apply to such Records as long as retained by the Contractor. Additionally, all State data must be sanitized from Contractor's (and its vendors') systems in compliance with the most current revision of NIST SP 800-66.

## **10.2 CONTRACTOR'S COOPERATION**

Contractor has the duty to fully cooperate with the State and provide any and all requested information, documentation, or other such requested support to the State when requested. This applies even if the Contract is terminated and/or litigation ensues. Specifically, Contractor shall not withhold Records or limit or impede OGB's right to audit.

## **11 CONTRACT MODIFICATIONS**

No amendment or variation of the terms of this Contract shall be valid unless made in writing, signed by the parties, and approved as required by applicable law. No oral understanding or agreement not incorporated in the Contract shall be binding on any of the parties.

## **12 CONFIDENTIALITY OF DATA**

All financial, statistical, personal, technical, and other data and information relating to the State's operation or the Contract which are made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective security and procedural requirements as are applicable to OGB and the State. The Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information (other than protected health information) which is or becomes publicly available through no fault of Contractor or its subcontractors, vendors, agents, or employees, is already rightfully in the Contractor's possession, is independently developed by the Contractor outside the scope of the Contract, or is rightfully obtained from third parties without breach of the Contract.

Under no circumstance shall the Contractor discuss and/or release information to the media concerning this Contract or any Plan Participant without prior express written approval of the OGB CEO or his/her delegee.

### **12.1 SECURITY/DUTIES TO MONITOR AND REPORT SECURITY EVENTS**

The Contractor and its subcontractors and/or vendors shall maintain safeguards and take commercially reasonable technical, physical, and organizational/administrative precautions to ensure that the State's data is protected from unauthorized access, use, and disclosure, in accordance with the State's current and published Information Security Policy found at <http://www.doa.la.gov/Pages/ots/InformationSecurity.aspx>, including but not limited to NIST SP 800-111 and NIST SP 800-88. The Contractor shall implement and maintain safeguards and monitoring plans to detect unauthorized access to or use of confidential information and any attempts to gain unauthorized access to confidential information. The Contractor and its subcontractors and/or vendors shall provide the Contract Supervisor with immediate notification (not more than forty-eight (48) hours) of the Contractor's awareness of any Security Event, as defined in the Information Security Policy ("Security Event"), involving confidential information related to the ITB or resulting Contract, and also report such Security Event to Louisiana's Information Security Team at 1.844.692.8019 (open 24 hours a day, 7 days a week) as soon as feasibly possible, not to exceed forty-eight (48) hours following discovery of the Security Event. The reference to Security Event herein may include, but not be limited to, the following: attempts at gaining unauthorized access to confidential information or the unauthorized use of a system for the processing or storage of confidential information, or the unauthorized use or disclosure, whether intentional or otherwise, of confidential information.

Thereafter, Contractor shall (i) make available all applicable records, logs, files, data reporting, and other materials required by the State to determine the actual exposure of Personal Information and facilitate any breach notification obligations; (ii) use commercially reasonable efforts to prevent a recurrence of any Security Event; (iii) assist and cooperate with State in its investigation of the Security Event; and (iv) provide the State with the name and contact information for an employee of Contractor who shall serve as the State's primary security contact and shall be reasonably available to assist the State in resolving its obligations associated with the Security Event. Contractor will provide



commercially reasonable assistance to the State, bear the cost and expense of all notifications and remediation actions, and implement any agreed upon technical remediation.

Nothing in this Contract shall be deemed to affect or limit any rights an individual Plan Participant may have under any applicable state or federal law concerning privacy rights or the unauthorized access, use, or disclosure of protected health information.

## **12.2 THIRD PARTY REQUESTS FOR RELEASE OF INFORMATION**

Should third parties request the Contractor to submit confidential information to them pursuant to an audit or other request not initiated by the Contractor, public records request, subpoena, summons, search warrant or governmental order, the Contractor will notify the State immediately upon receipt of such request. Notice shall be forwarded via e-mail to the Chief Executive Officer of OGB. The Contractor shall cooperate with the State with respect to defending against any such requested release of information or obtaining any necessary judicial protection against such release if, in the opinion of the State, the information contains confidential information which should be protected against such disclosure.

## **13 SUBCONTRACTORS**

The Contractor may enter into subcontracts with third parties for the performance of any part of the Contractor's duties and obligations, with the express prior written approval of the OGB CEO or his/her delegee. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to the State for any breach or deficiency in the performance of the Contractor's duties. The Contractor will be the single point of contact for all subcontractor work. The Contractor shall require subcontractors/vendors who are performing any key internal control to undergo independent assurance project/program review.

## **14 COMPLIANCE WITH LAWS**

The Contractor must comply with all applicable laws while providing services under this Contract. Specifically, Contractor agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and the Americans with Disabilities Act of 1990.

Contractor agrees not to discriminate in its employment practices, and will render services under this Contract without regard to race, color, religion, sex, national origin, age, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Contractor or its subcontractors, or failure to comply with these statutory obligations when applicable, shall be grounds for immediate termination of this Contract.

## **15 INSURANCE**

**Contractor's Insurance:** The Contractor shall not commence work under the resulting Contract until it has obtained all insurance required herein, and Contractor shall maintain the required insurance for the duration of the Contract or as further indicated herein. The date of the inception of the policy must be no later than the first date of anticipated work under the Contract. Certificates of Insurance shall be filed with the State for approval. If so requested,

the Contractor shall also submit copies of insurance policies for inspection and approval of the State before work is commenced.

**Workers' Compensation Insurance:** Workers' Compensation Insurance shall be in compliance with the Workers' Compensation law of the state of the Contractor's headquarters. Employer's Liability Insurance shall be included with a minimum limit of \$1,000,000 per accident/per disease/per person. If work is to be performed over water and involves maritime exposure, applicable LHWCA, Jones Act, or other maritime law coverage shall be included and the Employer's Liability limit increased to a minimum of \$2,000,000 per accident/per disease/per person. A.M. Best's insurance company rating requirement may be waived for workers' compensation coverage only.

**Workers' Compensation Indemnity:** The Contractor is a wholly independent contractor and is exclusively responsible for its employees, owners, and agents. Contractor, its owners, agents and employees shall have no cause of action against, and shall not assert a claim against, the State of Louisiana, its departments, agencies, agents and employees as an employer, whether pursuant to the Louisiana Workers Compensation Act or otherwise, under any circumstance. The State of Louisiana, its departments, agencies, agents and employees shall not be, or be considered as, the employer or statutory employer of Contractor, its owners, agents and employees. Contractor shall protect, defend, indemnify and hold harmless the State of Louisiana, its departments, agencies, agents, and employees from any such assertion or claim that may arise from the performance of this Contract.

**Commercial General Liability Insurance:** Contractor shall maintain during the life of the Contract such Commercial General Liability Insurance, including but not limited to Personal and Advertising Injury Liability, which shall protect it, and the State, its officers, trustees, employees, servants, and/or agents, from losses, claims, demands, liabilities, suits, actions, damages, costs, fines, penalties, judgments, forfeitures, assessments, expenses, obligations (including attorneys' fees), and other liabilities relating to personal injury, general negligence, violation of or failure to comply with any state or federal law, regulation, or other legal mandate, and damage to real or personal tangible property to the extent caused by Contractor, its employees, officers, agents, partners or subcontractors, and which may arise from operations or services under the Contract, whether such operations or services be by Contractor or by a subcontractor, or by anyone directly or indirectly employed or procured by either of them, or in such manner as to impose liability on the State, its officers, trustees, employees, servants, and/or agents. Such insurance shall name the State of Louisiana, its officers, trustees, employees, servants, and agents as additional insureds. The amount of coverage shall be as follows: Commercial General Liability insurance, including Personal and Advertising Injury Liability, with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, and Umbrella Liability insurance, with policy limits of not less than \$5,000,000 per occurrence and \$10,000,000 in the aggregate.

The Insurance Services Office (ISO) Commercial General Liability occurrence coverage form CG 00 01 (or current form approved for use in Louisiana), or equivalent, is to be used in the policy. Claims-made form is unacceptable.

**Professional Liability (Errors & Omissions) Insurance:** Contractor shall maintain professional liability insurance, which covers the professional errors, acts, or omissions of the Contractor, with minimum policy limit of \$3,000,000 per claim for the purpose of providing coverage for claims arising out of the performance of its services under this Contract. Claims-

made coverage is acceptable, subject to the further terms within this section. Coverage shall be provided for the duration of the Contract and shall have an expiration date no earlier than thirty (30) days after the anticipated completion of the Contract. The policy shall provide an extended reporting period of not less than thirty-six (36) months from the expiration date of the policy, if the policy is not renewed.

**Cyber/Data Breach Liability Insurance:** Contractor shall have in place before commencing work under the Contract and maintain during the life of the Contract and for the extended reporting period herein, cyber/data breach liability insurance, including first-party costs, for any data breach that compromises the State's confidential data, with a minimum policy limit of \$25,000,000 or self-insurance limit of \$25,000,000 per claim for the purpose of providing coverage for claims arising out of the performance of its services under the Contract. Claims-made coverage is acceptable, subject to the further terms within this section. Such insurance policy shall name the State of Louisiana, its officers, trustees, employees, servants, and agents as additional insureds. Coverage shall be provided for the duration of the Contract and shall have an expiration date no earlier than thirty (30) days after the anticipated completion of the Contract. The policy shall provide an extended reporting period of not less than thirty-six (36) months from the expiration date of the policy, if the policy is not renewed.

**Owned, Non-Owned and Hired Motor Vehicles/Automobile Liability:** Contractor shall maintain during the life of the Contract, Automobile Liability Insurance in an amount not less than combined single limits of \$1,000,000 per occurrence for bodily injury/property damage. ISO form number CA 00 01 (or current form approved for use in Louisiana), or equivalent, is to be used in the policy. Such insurance shall cover and include third-party bodily injury and property damage liability for any owned, non-owned, and hired motor vehicles engaged in operations within the terms of the Contract, unless such coverage is included in insurance elsewhere specified.

**Subcontractors:** Contractor shall include all subcontractors performing work required by this Contract as insureds under its policies OR shall be responsible for verifying and maintaining the Certificates of Insurance provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. The OGB/State reserves the right to request copies of subcontractor's Certificates of Insurance at any time.

**Deductibles and Self-Insured Retentions:** Any deductibles or self-insured retentions must be declared to and accepted by the OGB/State. The Contractor shall be responsible for all deductibles and self-insured retentions.

**Other Insurance Provisions:** The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability and Automobile Liability Coverages
  - a. The State, OGB, its officers, agents, employees, and volunteers shall be named as an additional insured as regards negligence by the Contractor. ISO Forms CG 20 10 (for ongoing work) AND CG 20 37 (for completed work) ( current form approved for use in Louisiana), or equivalents, are to be used when applicable. The coverage shall not contain any special limitations on the scope of protection afforded to the OGB/State.

- b. The Contractor's insurance shall be primary as respects the State, OGB, its officers, agents, employees, and volunteers for any and all losses that occur under the Contract. Any insurance or self-insurance maintained by the State/OGB shall be excess and non-contributory of the Contractor's insurance.

## 2. Workers' Compensation and Employer's Liability Coverage

To the fullest extent allowed by law, the insurer shall agree to waive all rights of subrogation against the State/OGB, its officers, agents, employees, and volunteers for losses arising from work performed by the Contractor for the State/OGB under the Contract.

## 3. All Coverages

- a. All policies must be endorsed to require 30 days' written notice of cancellation to the OGB. Ten-day written notice of cancellation is acceptable for non-payment of premium. Notifications shall comply with the standard cancellation provisions in the Contractor's policy. In addition, Contractor is required to notify OGB of policy cancellations or reductions in limits.
- b. The acceptance of the completed work, payment, failure of the OGB to require proof of compliance, or OGB's acceptance of a non-compliant certificate of insurance shall not release the Contractor from the obligations of the insurance requirements or indemnification agreement.
- c. The insurance companies issuing the policies shall have no recourse against the OGB for payment of premiums or for assessments under any form of the policies.
- d. Any failure of the Contractor to comply with reporting provisions of the policy shall not affect coverage provided to the OGB, its officers, agents, employees and volunteers.

**Acceptability of Insurers:** All required insurance shall be provided by a company or companies lawfully authorized to do business in the jurisdiction(s) in which the Contract work is performed. Insurance shall be placed with insurers with a A.M. Best's rating of A-:VI or higher. This rating requirement may be waived for worker's compensation coverage only.

If at any time an insurer issuing any such policy does not meet the minimum A.M. Best rating, the Contractor shall obtain a policy with an insurer that meets the A.M. Best rating and shall submit another compliant Certificate of Insurance within 30 days.

### **Verification of Coverage:**

1. Contractor shall furnish the OGB with Certificates of Insurance reflecting proof of required coverage. The Certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The Certificates are to be received and approved by the OGB before work commences, annually during the Contract term, and upon any insurance policy renewal thereafter.
2. The Certificate Holder shall be listed as follows:

State of Louisiana  
Office of Group Benefits, Its Officers, Agents, Employees and Volunteers  
1201 North Third Street,G-159, Baton Rouge, LA 70802  
Project or Contract #:

3. In addition to the Certificates, Contractor shall submit the declarations page and the cancellation provision for each insurance policy. The OGB reserves the right to request complete certified copies of all required insurance policies at any time.

4. Upon failure of the Contractor to furnish, deliver and maintain required insurance, this Contract, at the election of the OGB, may be suspended, discontinued, or terminated. Failure of the Contractor to purchase and/or maintain any required insurance shall not relieve the Contractor from any liability or indemnification and defense under the Contract.

## **16 APPLICABLE LAW**

This Contract shall be governed by and enforced in accordance with the laws of the State of Louisiana, including but not limited to La. R.S. 39:1551-1736 (Louisiana Procurement Code, as applicable) (collectively referred to as the "Law"). After exhaustion of any available administrative remedies, the exclusive venue of any action brought with regard to this Contract shall be in the Nineteenth (19<sup>th</sup>) Judicial District Court, Parish of East Baton Rouge, State of Louisiana.

## **17 CODE OF ETHICS**

Contractor acknowledges that Chapter 15 of Title 42 of the Louisiana Revised Statutes (La. R.S. 42:1101, *et. seq.*, Code of Governmental Ethics) applies to the contracting parties in the performance of services called for in this Contract. Contractor agrees to immediately notify the OGB's CEO if violations or potential violations of the Code of Governmental Ethics by or through Contractor or its subcontractors/vendors under this Contract arise at any time during the term of this Contract.

## **18 SEVERABILITY**

If any term or condition of this Contract or the application thereof is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end, the terms and conditions of this Contract are declared severable.

## **19 INDEPENDENT ASSURANCES**

Contractor shall submit to certain independent audits to ascertain that processes and controls related to the contracted service are operating properly. Independent assurances may be in the form of a quality control plan [such as third party Quality Assurance (QA), an Independent Verification and Validation (IV & V)] or any other independent Contractor project or performance review or audit report.

The cost of such independent assurances will be borne solely by Contractor. Such independent assurances shall be performed at least annually during the term of the Contract. Contractor

may review any audit report before delivery to the State and include with the report a supplementary statement containing facts that Contractor considers pertinent to the audit or engagement. Contractor shall implement recommendations as suggested by the program review and/or audit, within three (3) months of report issuance and at no cost to the State.

## **20 NOTICE**

Any notice required or permitted by this Contract, unless otherwise specifically provided for in this Contract, shall be in writing and shall be deemed given upon receipt following delivery by: (i) an overnight carrier or hand delivery to the State/OGB; or, (ii) registered or certified mail return receipt requested, and addressed as follows:

To Access Health, Inc.: Ms. Mary N. Smith, President  
Access Health, Inc.  
1325 Barksdale Boulevard, Suite 300  
Bossier City, Louisiana 71111

To OGB: Mr. Tommy Teague, CEO  
Office of Group Benefits  
Post Office Box 44036  
Baton Rouge, LA 70804

Or

Mr. Tommy Teague, CEO  
Office of Group Benefits  
1201 N. 3<sup>rd</sup> Street, Suite G-159  
Baton Rouge, LA 70802

The U.S. Postal Service does not make deliveries to OGB's physical location.

At any time, either party may change its addressee and/or address for notification purposes by mailing a notice stating the change and setting forth the new address.

## **21 HEADINGS**

Descriptive headings in this Contract are for convenience only and shall not affect the construction or meaning of Contractual language.

## **22 ENTIRE AGREEMENT**

This Contract, together with the RFP and addenda issued thereto by the State, the Proposal submitted by the Contractor in response to the applicable RFP, and any exhibits incorporated herein by reference, shall constitute the entire agreement between the parties with respect to the subject matter hereof.

## **23 ORDER OF PRECEDENCE**

In the event of any inconsistent or incompatible provisions, this signed Contract (excluding the RFP and the Contractor's Proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's Proposal.

## **24 BUSINESS ASSOCIATE ADDENDUM**

A Business Associate Addendum, Attachment III, shall be executed between the parties to this Contract to protect the privacy and provide security of Protected Health Information (“PHI”) and personally-identifiable information (“PII”) in compliance with the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and regulations promulgated thereunder, as amended from time to time.

OGB is a “Covered Entity” under HIPAA/HITECH. For the purposes of this Contract, Contractor is deemed to be a “Business Associate” of OGB as such term is defined by HIPAA and regulations promulgated thereunder, including in the Privacy Standard of the Federal Register, published on December 28, 2000, and the parties have executed a Business Associate Addendum attached to this Contract as Attachment III, and made a part of this Contract. The parties understand and agree that if additional agreements are required to be compliant as required under HIPAA and applicable law, the parties will execute such agreements in a timely manner. Contractor agrees that its processes, systems, and reporting will be in full compliance with federal and state requirements, including but not limited to HIPAA, throughout the term of the Contract. Any fines or penalties imposed on any party related to Contractor’s or its subcontractors’ non-compliance will be the sole responsibility of Contractor. Contractor shall require its subcontractors’ and any other vendors’ processes, systems, and reporting to be in full compliance with federal and state requirements, including but not limited to HIPAA. Further, Contractor agrees that its organization, and that it requires that its subcontractors/vendors, will comply with all HIPAA regulations throughout the term of the Contract with respect to any issue related to the OGB Contract, plans, or participants involving PHI/PII, including but not limited to participant services, complaints, appeals determinations, notification of rights, and confidentiality. Contractor shall require that all agreements with subcontractors or other vendors providing services for this Contract include the provisions of this Section and any Attachments referenced herein. OGB shall be provided copies of such subcontractor/vendor agreements upon request.

Notwithstanding any provision to the contrary, major delegated functions involving PHI and PII, including but not limited to claims processing, customer service, and any other services as provided by applicable law, shall not be sourced outside of the territorial and jurisdictional limits of the fifty (50) United States of America.

## **25 CONTRACTOR ELIGIBILITY**

At the time of execution, Contractor and each subcontractor or vendor, certifies that it is not on the List of Parties Excluded from Federal Procurement or Non-procurement Programs promulgated in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension" as set forth in 24 CFR Part 24. Contractor has a continuing obligation to disclose any suspensions, debarment, or investigations by any government entity, including but not limited to General Services Administration (GSA). Failure to disclose may constitute grounds for suspension and/or termination of the Contract and debarment from future contracting opportunities.

## **26 CONTINUING OBLIGATIONS**

Notwithstanding any provisions to the contrary herein, upon the termination of this Contract for any reason, the provisions of this Contract which by their nature require some action or

forbearance after such termination, including but not limited to confidentiality, PHI, reporting, indemnity, insurance, records retention, and performance guarantees, shall survive such termination and be binding until any actions, obligations, and/or rights provided therein have been satisfied or released.

**27 TRANSITION OF SERVICES AND DATA**

Contractor shall comply with the provisions of this Contract, and other requests of OGB/State, to accomplish a timely transition of services without interruption of services to participants. During any such transition, Contractor will provide all of the same Records and data in the same format as provided during the term of the Contract, to OGB/State or its designee. Contractor further agrees that no dispute or objection it may have regarding the propriety of any transition of services by OGB/State will relieve Contractor of these obligations.

**28 PROHIBITION OF DISCRIMINATORY BOYCOTTS OF ISRAEL**

In accordance with Executive Order Number JBE 2018-15, effective May 22, 2018, for any contract for \$100,000 or more and for any Contractor with five or more employees, Contractor, or any subcontractor, shall certify it is not engaging in a boycott of Israel, and shall, for the duration of this Contract, refrain from a boycott of Israel.

The State reserves the right to terminate this Contract if the Contractor, or any subcontractor, engages in a boycott of Israel during the term of the Contract.

**THUS DONE AND SIGNED on the date(s) noted below:**

**STATE OF LOUISIANA  
OFFICE OF GROUP BENEFITS**

**ACCESS HEALTH, INC.**

**BY:** \_\_\_\_\_

**BY:** \_\_\_\_\_

**NAME:** Tommy Teague

**NAME:** \_\_\_\_\_

**TITLE:** Chief Executive Officer

**TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_



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## ATTACHMENT I: SCOPE OF WORK/SERVICES

The Contractor must possess the knowledge, capability, and resourcefulness to effectively provide a primary health care network and services thereunder in accordance with all federal, state, and any other applicable laws, regulations, policies, and OGB requirements. The Contractor shall provide competent and qualified staff to provide the scope of services under the Contract.

The Contractor will be responsible for ensuring the accuracy, timeliness, and completion of all tasks assigned under the resulting Contract. OGB reserves the right to modify or delete the tasks and services listed and, if appropriate, and with Contractor's consent, add associated tasks and services prior to and during the term of the Contract, subject to the approval of the OGB CEO, Office of State Procurement, and any other approval required by law.

At a summary level, these tasks include:

1. Implementation Services
2. General Support Services
3. Primary Care Network Services

The Contractor shall perform the following tasks and services:

### Task (1): Implementation Services

- Assign a dedicated implementation team to manage the implementation process.
- Facilitate system programming including, but not limited to, data collection from OGB; file transfer set-up between OGB and Contractor; and data transfer and mapping. If Contractor requires file mapping and/or subsequent updates, this service will be provided by Contractor at no additional cost to OGB. **Files must be sent electronically to the OTS MOVEit DMZ Secure FTP server utilizing a security file transport protocol; the preference is FTPS. All files must be encrypted using Public Key Infrastructure (PKI) with a prior exchange of Public Key(s), commonly referred to as PGP encryption. The encrypted file(s) must have an extension of "pgp". The encryption key must have an expiration of no longer than five (5) years from the creation date and be approved by the OTS InfoSec Team. All files must be encoded as an ASCII text file prior to encryption.**
- Upon OGB request, the Contractor will be required to work with the appointed OGB actuary, other selected OGB contractors, employees from the Division of Administration, and the OGB staff for management of the program.
- Conduct project status implementation meetings with the Contract Monitor on-site, or via teleconference.
- Perform comprehensive systems testing and quality assurance audits, with results reported to OGB prior to the "Go-Live" date, at no additional cost.
- Ensure successful and timely completion of all tasks necessary to begin performance of the Contract on July 1, 2019, 12:00 am CT.
- OGB may make initial on-site visits to network providers included in the Contractor's network. Network providers must make availability to undergo an initial on-site visit from OGB representative(s) to ensure that quality measures are met.

## **Task (2): General Support Services**

- Designate one key person and at least one back-up staff member as the contacts to OGB for all daily operational questions.
- Meet with OGB staff on-site, or via teleconference, on at least a monthly basis to review and evaluate Contract administration. This schedule may be modified by OGB.
- Establish, arrange, and maintain capitated primary care provider network through contractual arrangements with participating providers.
- Assist OGB in meeting its responsibilities with respect to administering individual rights and obligations, such as access, amendment and disclosure accounting rights, as required by all applicable laws, including but not limited to –the Patient Protection and Affordable Care Act (“PPACA”), and HIPAA and its implementing regulations issued by the U.S. Department of Health and Human Services (45 C.F.R. Parts 160-164), as described in Attachment III: Business Associate Addendum.

From time to time, OGB or business associates of OGB may require access to certain protected health information, as defined in HIPAA and its implementing regulations, in order to perform certain Plan administration functions on behalf of the Plan. Contractor must adhere to the administrative requirements as outlined in the Attachment III: Business Associate Addendum.

- Assist OGB in preparation of any return or report pertaining to the capitated primary health care network as required by any federal government agency, and furnish OGB an annual report of information available to Contractor which may be needed by OGB to satisfy ERISA or any other applicable state or federal requirements. Contractor shall not be responsible for determining when or whether government filings are required or completing or filing any report or return.
- Contractor will provide to OGB any information required to be reported related to compensation earned with regard to administration of the network. This information shall include all direct and indirect compensation paid by OGB to either Contractor or a third-party subcontractor for providing network services under this Contract.
- From time to time, health plans are certified as class Plan Participants in class actions that involve payments made by the plans for health care services, medications or medical devices. Contractor must notify OGB within five (5) business days of receipt that it has received any class action notice and/or notice of other lawsuits in which Contractor determines OGB could have an interest. Contractor will file any OGB claims on behalf of OGB upon request of OGB. Contractor will provide data and reporting to use in filing for refunds and judgments at no additional cost.
- Contractor agrees to include the OGB in anti-fraud efforts undertaken by Contractor. If Contractor initiates legal proceedings pursuant to anti-fraud efforts that would include the network’s interests and OGB’s interests, Contractor shall notify OGB within five (5) business days of such litigation and as to any costs that would be incurred by OGB should OGB decide to allow Contractor to pursue OGB’s interest in such litigation. OGB shall notify Contractor if Contractor should pursue OGB’s interests in such litigation within a reasonable time.

### **Task (3): Primary Care Network Services**

- Provide at least 45 days advance written notification to OGB of any change in capitated primary care provider network that will effect a 1% or greater change in the number of providers in the network.
- Submit standardized reports and/or data to OGB for the purpose of evaluating utilization, savings, financial experience, and other aspects of the Contractor's performance, as provided in Section 1.1 Deliverables. Format and layout must be approved by OGB.
- On or before August 1 prior to each Plan year, Contractor shall prepare a document containing a description of the covered benefits provided by the capitated primary care network to be used by OGB to prepare a plan document. OGB shall review and approve the description of covered benefits prior to dissemination to the Primary Plan Participant(s) covered under the capitated primary care network. If any changes to the draft prepared by Contractor are needed, OGB will request such changes in writing. Contractor shall update the draft to include OGB's requested changes and submit the revised draft to OGB within five (5) business days.
- Comply with grievance and appeal procedure as agreed upon by OGB and Contractor.
- Prepare and distribute an explanation of benefits to the Plan Participant following each provision of service, as required by applicable law.
- Provide a network of capitated primary health care providers (herein, referred to as "Providers"). Providers included in the capitated primary health care network must meet or exceed the following criteria:
  - Board certified or board eligible in primary care, internal medicine, emergency medicine, or family medicine.
  - Graduates of accredited medical schools with a degree of MD or DO.
  - Licensed to practice medicine in the State of Louisiana.
  - Maintains medical professional liability insurance and/or medical malpractice insurance.
  - Able to work with diverse populations
  - In possession of a Drug Enforcement Administration (DEA) number.
  - Licensed Nurse Practitioners and/or Physician Assistants working under the supervision of a licensed physician that is a provider in the capitated primary care network (meeting the requirements listed above) are eligible to participate as Providers in the capitated primary care network.

The Providers participating in the capitated primary health care network must provide, at a minimum, the following services:

- Maintain walk-in services: same day services with no appointment needed. Appointments may be made by Plan Participants in advance, but should not be required.
- Maintain an in-house x-ray machine and laboratory capabilities, in compliance with all applicable regulations, at all provider locations, and maintain laboratory and radiology accreditations.
- Newly-enrolled network providers must make availability to undergo an initial on-site visit from OGB representative(s) to ensure that quality measures are met.
- Provide direct patient care including but not limited to taking medical histories, providing treatment and education of Plan Participants, and ordering and interpreting laboratory and radiological tests.

- Provide medical evaluation and treatment for general health conditions, including but not limited to the following:
  - Cold, flu, seasonal allergies
  - Burns and other minor skin conditions
  - Sprains, joint injuries
  - Wound care
  - Gastrointestinal virus
  - Upper respiratory illnesses including, but not limited to, bronchitis, sinusitis, pneumonia, mononucleosis, and strep throat
  - Conjunctivitis and other eye infections
  - Immunizations and influenza vaccines
- Make referrals to other medical providers when treatment by a capitated primary care provider is not possible or appropriate. Referrals shall only be made to medical providers that are in the OGB self-funded plan network, currently administered by Blue Cross and Blue Shield of Louisiana. Specialist referrals should be made only when medically necessary. OGB reserves the right to monitor the specialty referral rate.
- Provide trained personnel in CPR/Automated External Defibrillator
- Provide laboratory services and radiology services
- Provide preventative screening laboratory services and provide a comprehensive and tailored personal health report for each Plan Participant to whom the Providers render such services.
- Provide services to Plan Participants within thirty (30) minutes of arrival at the capitated primary care network provider, whether the capitated network provider visit is on a walk-in or appointment basis.
- Advise patients on diet, exercise, hygiene, and general health to aid in the prevention of illnesses, diseases, and disorders.
- Provide the necessary personnel, equipment, supplies, and services to perform the Scope of Services.
- Maintain all licensures, insurance and permits to provide medical services in the State of Louisiana.
- Maintain and handle medical records and respond to subpoenas for medical records in compliance with all applicable laws.
- Give Plan Participants resources to help them better monitor their health, understand their risk factors and make educated choices as to their health.
- Conduct annual Primary Plan Participant(s) surveys. The survey tools and materials are subject to OGB's approval.

### ***1.1 Deliverables***

The Contractor shall provide the following deliverables:

- An electronic primary care network provider directory to include on the OGB website, updated monthly, in a format acceptable to OGB.
- Description of covered services offered through Contractor for the following Plan year, by August 1 prior to each Plan year.
- Copy of Providers' medical licenses, and documentation demonstrating laboratory and radiology accreditations.

- Provider access mapping on an annual basis for each Contract year.
- Monthly invoices.
- Monthly referral report in a format acceptable to OGB within fifteen (15) calendar days after the first day of each month.
- Quarterly referral report in a format acceptable to OGB within forty-five (45) calendar days after the close of each quarter
- Annual referral report in a format acceptable to OGB within ninety (90) calendar days after the end of each Contract year.
- Monthly encounter data report in a format acceptable to OGB within fifteen (15) calendar days after the first day of each month.
- Quarterly encounter data report in a format acceptable to OGB within forty-five (45) calendar days after the close of each quarter
- Annual encounter data report in a format acceptable to OGB within ninety (90) calendar days after the end of each Contract year.
- Monthly Claim File in a format acceptable to OGB within five (5) calendar days after the first day of each month.
- Monthly provider visit wait time report in a format acceptable to OGB within fifteen (15) calendar days after the first day of each month.
- Quarterly provider visit wait time report in a format acceptable to OGB within forty-five (45) calendar days after the close of each quarter
- Annual provider visit wait time report in a format acceptable to OGB within ninety (90) calendar days after the end of each Contract year.
- Results of annual Primary Plan Participant satisfaction survey in a format acceptable to OGB within thirty (30) calendar days after the end of each Contract year.
- Independent assurance reporting as provided in Section 19 of the Contract, no later than September 30 of each Contract year.
- Providers in the Contractor's capitated primary care network will provide the provider's HIPAA privacy notice to Plan Participants who receive services at the provider's clinic/place of business.
- Prepare and distribute the following materials to each new Primary Plan Participant(s) within thirty (30) days of receipt of eligibility file from OGB adding that Primary Plan Participant:

Contractor will issue identification cards to all eligible Primary Plan Participants within 30 days of the commencement of the Contract. Contractor will also issue identification cards to new eligible Primary Plan Participant(s) within thirty (30) days of receipt of the eligibility file from OGB adding the Primary Plan Participant. The identification cards must contain all elements required by all applicable laws, including but not limited to Louisiana Revised Statutes Title 22 and La. R.S. 40:2201, et seq. Otherwise, new cards will be issued on an individual basis, when eligible Primary Plan Participant(s) make changes to their coverage at OGB's annual or any other special enrollment that requires the issuance of a new card, or whenever a duplicate card is requested, at no additional charge to OGB or the Primary Plan Participant(s). Additional cards for other Plan Participants covered

under the Primary Plan Participant shall also be provided upon request and at no additional charge to OGB or the Plan Participant.

- Provide OGB-specific ad hoc reports within thirty (30) days of OGB request that will include data related to Contractor's performance as to this Contract.
- During the term of the Contract and at expiration, the Contractor will be required to report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each, if applicable.

## 1.2 Performance Guarantees

The table below shows the performance guarantees against which the Contractor's performance will be measured.

Performance Guarantee	Fees at Risk	Measurement
Return on Investment guarantee	The ratio of capitated fees to actual annual cost savings to OGB is 1.31:1.	For each Contract Year, the ROI guarantee will be measured against the Contractor's performance. Contractor will submit the Claim File to OGB or OGB's authorized representative. OGB will compare the service and charge for each claim in the Claim File to the amount that OGB would have paid for that same service. OGB will thereby calculate the value of the capitated services provided under the Contract and calculate whether Contractor has met its Return on Investment guarantee. Any shortfall will be paid to OGB within 90 days of the end of each measurement period. Fifteen percent (15%) of the administrative fee payment under the resulting Contract for Contract year 3 and Contract year 5 will be withheld until any ROI guarantee owed is provided to OGB.
Provider visit wait time	5% of annual fees	Greater than one percent (1%) of Plan Participant visits were seen by the provider in greater than thirty (30) minutes from arrival time, whether the network provider visit is on a walk-in or appointment basis.
Overall Primary Plan Participant Satisfaction Survey	2% of annual fees	Satisfaction rate must be 85% or greater.
Independent Assurance Reporting	\$1,000 per day	Submit annual independent assurance report as provided in Section 19 of the Contract, no later than September 30 of each Contract year.

ROI, provider visit wait time, and overall Primary Plan Participant satisfaction survey performance guarantees must be reconciled on an annual basis for each Contract year. Any ROI, provider visit wait time, and overall Primary Plan Participant satisfaction survey performance guarantee owed to OGB shall be paid within ninety (90) days after the end of each Measurement Period.

**Audit:** OGB reserves the right to audit performance guarantee reports on an annual basis. A third party may be utilized to perform this audit.

**Measurement Periods:** The first period to be measured shall be July 1, 2019, through June 30, 2020. The second period will be for Contract year July 1, 2020 through June 30, 2021, and the third period will be for Contract year July 1, 2021 through June 30, 2022. The fourth and fifth periods, subject to the renewal option, will be for Contract years July 1, 2022 through June 30, 2023; and July 1, 2023 through June 30, 2024, respectively.

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## ATTACHMENT II: ADMINISTRATIVE FEE

All pricing is fully burdened and inclusive of travel and all Contract-related expenses. OGB requires the same Fixed Monthly Primary Plan Participant Capitated Fee for the entire Contract term and any option period; provided, Contractor may decrease but not increase the Fixed Monthly Primary Plan Participant Capitated Fee from year to year by Contract amendment.

<b>Fixed Monthly Primary Plan Participant Capitated Fee (Per OGB Primary Plan Participant Per Month)</b>
<b><u>\$ 29.21</u></b>

The total administrative fee paid to Contractor each month will be based on OGB's count of eligible Primary Plan Participants as of the first of each month.

**Note:** The Transitional Reinsurance Program fees and the Patient Certified Outcome Research Institute (PCORI) fees are the responsibility of OGB and are not included in the monthly administrative fee.



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## ATTACHMENT III: BUSINESS ASSOCIATE ADDENDUM

State of Louisiana, Office of Group Benefits

HIPAA Business Associate Addendum

THIS HIPAA BUSINESS ASSOCIATE ADDENDUM (the “Addendum”) is entered into effective the \_\_\_\_\_ day of \_\_\_\_\_, 2019 (the “Effective Date”), by and between Access Health, Inc. (“Business Associate”) and the State of Louisiana, Office of Group Benefits, on behalf of itself and its affiliates, if any (individually and collectively, the “Covered Entity”), and adds to the Agreement or Contract dated \_\_\_\_\_, 2019, entered into between Covered Entity and Business Associate (the “Agreement”).

WHEREAS, pursuant to the Agreement, Business Associate performs functions or activities or arranges for such on behalf of Covered Entity involving the use and/or disclosure of protected health information that Business Associate accesses, creates, receives, maintains or transmits on behalf of Covered Entity (“PHI”); and

WHEREAS, Covered Entity and Business Associate intend to protect the privacy and provide for the security of PHI in compliance with the Health Insurance Portability and Accountability Act of 1996, and regulations promulgated thereunder by the U.S. Department of Health and Human Services (“HHS”), as amended from time to time including by the Health Information Technology for Economic and Clinical Health Act (“HITECH”) (collectively “HIPAA”).

Business Associate, therefore, agrees to the following terms and conditions set forth in this Addendum.

1. Definitions. Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms are defined under HIPAA.
2. Compliance with Applicable Law. The parties acknowledge and agree that, beginning with the Effective Date, Business Associate shall comply with its obligations under this Addendum and with all obligations of a business associate under HIPAA and other applicable laws, regulations, and record retention policies, as they exist at the time this Addendum is executed and as they are amended, for so long as this Addendum is effective.
3. Uses and Disclosures of PHI. Except as otherwise limited in the Agreement or this Addendum, Business Associate may, and shall ensure that its directors, officers, employees, contractors, subcontractors, vendors, and agents use or disclose PHI only as follows:
  - (a) Business Associate may use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
  - (b) Business Associate may disclose PHI for the proper management and administration, or to carry out the legal responsibilities, of the Business Associate, provided that disclosures are required by HIPAA, or Business Associate obtains reasonable written assurances from the person or entity to whom the PHI is disclosed that it will remain confidential and be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person or entity, and the person or entity notifies the Business Associate of any instances of which it is aware or suspects in which the confidentiality of the PHI has been breached. In such case, Business Associate shall report such known or suspected breaches to Covered Entity as soon as possible and in accordance with timeframes set forth in this Addendum.

- (c) Business Associate, upon written request by Covered Entity, may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 CFR 164.504(e)(2)(i)(B). For purposes of this Section, Data Aggregation means, with respect to PHI, the combining of such PHI by Business Associate with the PHI received by Business Associate in its capacity as a Business Associate of another Covered Entity to permit data analyses that relate to the health care operations of the respective Covered Entities. It is not contemplated that Business Associate will perform Data Aggregation services with PHI received from Covered Entity without express prior written permission of Covered Entity.
- (d) Business Associate may completely de-identify any and all PHI created or received by Business Associate under this Agreement; provided, however, that the de-identification conforms to the requirements of HIPAA and in accordance with any guidance issued by the Secretary. Such resulting de-identified information would not be subject to the terms of this Addendum.
- (e) Business Associate may create a Limited Data Set, as defined in HIPAA, and use such Limited Data Set pursuant to a Data Use Agreement that meets the requirements of HIPAA, provided Covered Entity agrees to such creation and use of a Limited Data Set. It is not anticipated that Business Associate will create any Limited Data Sets using PHI of Covered Entity's Plan Participants without express prior written consent of Covered Entity.
4. Required Safeguards To Protect PHI. Business Associate shall implement appropriate safeguards in accordance with HIPAA to prevent the use or disclosure of PHI other than pursuant to the terms and conditions of the Agreement. To the extent that Business Associate creates, receives, maintains, or transmits electronic PHI ("ePHI") on behalf of Covered Entity, Business Associate shall comply with the HIPAA Security Rule as of the relevant effective date and further, shall implement Administrative, Physical, and Technical Safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the ePHI.
5. Reporting to Covered Entity. Business Associate shall immediately report to Covered Entity any use or disclosure of PHI not provided for by this Addendum, including breaches of unsecured PHI in accordance with the Breach Notification Rule (45 CFR Subpart D), and any security incident of which it becomes aware. Business Associate shall cooperate with Covered Entity's investigation, analysis, notification and mitigation activities, and shall be responsible for all costs incurred by Covered Entity for those activities.
6. Mitigation of Harmful Effects. Business Associate agrees to mitigate, to the extent practicable, any harmful effect of a use or disclosure of PHI by Business Associate in violation of the requirements of this Addendum, including, but not limited to, compliance with any state law or contractual data breach requirements.
7. Agreements with Third Parties. Business Associate understands and agrees that any agent or subcontractor that may create, receive, maintain or transmit PHI on behalf of Business Associate must comply with all applicable laws and regulations as are applicable to Covered Entity in regard to PHI. Business Associate shall enter into a written agreement with any agent or subcontractor of Business Associate that will create, receive, maintain, or transmit PHI on behalf of Business Associate. Pursuant to such agreement, the agent or subcontractor shall agree to be bound by the same restrictions, terms, and conditions that apply to Business Associate under this Addendum with respect to such PHI. Such agreements with Business Associates agents and subcontractors shall be provided to Covered Entity upon request and subject to audit hereunder.
8. Access to Information. Within ten (10) days of a request by Covered Entity for access to PHI about an individual contained in a Designated Record Set, Business Associate shall make available to Covered

Entity such PHI for so long as such information is maintained by Business Associate in the Designated Record Set, as required by 45 CFR 164.524. In the event any individual delivers directly to Business Associate a request for access to PHI, Business Associate shall within five (5) days forward such request to Covered Entity.

9. Availability of PHI for Amendment. Within ten (10) days of receipt of a request from Covered Entity for the amendment of an individual's PHI or a record regarding an individual contained in a Designated Record Set (for so long as the PHI is maintained in the Designated Record Set), Business Associate shall provide such information to Covered Entity for amendment and incorporate any such amendments in the PHI as required by 45 CFR 164.526.

10. Documentation of Disclosures. Business Associate agrees to document disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. At a minimum, Business Associate shall provide Covered Entity with the following information: (i) the date of the disclosure; (ii) the name of the entity or person who received the PHI, and if known, the address of such entity or person; (iii) a brief description of the PHI disclosed; and (iv) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure.

11. Accounting of Disclosures. Within ten (10) days of notice by Covered Entity to Business Associate that it has received a request for an accounting of disclosures of PHI regarding an individual, Business Associate shall make available to Covered Entity information collected in accordance with Section 10 of this Addendum, to permit Covered Entity to respond to the request for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. In the event the request for an accounting is delivered directly to Business Associate, Business Associate shall within five (5) days forward such request to Covered Entity. Business Associate hereby agrees to implement an appropriate record keeping process to enable it to comply with the requirements of this Section.

12. Other Obligations. To the extent that Business Associate is to carry out Covered Entity's obligation under HIPAA, Business Associate shall comply with the requirements of HIPAA that apply to the Covered Entity in the performance of such obligation.

13. Availability of Books and Records. Business Associate hereby agrees to make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, Covered Entity available to Covered Entity and to the Secretary for purposes of determining Covered Entity's compliance with HIPAA for the term of this Agreement and for five years following the final payment under the Agreement.

14. Effect of Termination of Agreement. Upon the termination of the Agreement or this Addendum for any reason, Business Associate shall return to Covered Entity, at its expense and within sixty (60) days of the termination, all PHI owned by or belonging to Covered Entity as provided in the Agreement, and shall retain no copies of the PHI unless required by law. In the event that the law requires Business Associate to retain copies of PHI, Business Associate shall extend the protections of this Addendum to such PHI and limit further uses and disclosures of such PHI to those purposes required by law, for so long as Business Associate maintains such PHI. This provision includes, but is not limited to, PHI: (a) received from Covered Entity; (b) created or received by Business Associate on behalf of Covered Entity; and, (c) in the possession of subcontractors or agents of Business Associate. This provision includes PHI in any form, recorded on any medium, or stored in any storage system. In addition, the Business Associate shall return any books, records, or other documents required by the Agreement.

15. *Breach of Contract by Business Associate.* In addition to any other rights Covered Entity may have in the Agreement, this Addendum or by operation of law or in equity, Covered Entity may (i) immediately terminate the Agreement if Covered Entity determines that Business Associate has violated a material term of this Addendum, or (ii) at Covered Entity's option, permit Business Associate to cure or end any such violation within the time specified by Covered Entity. Covered Entity's exercise of its option to permit Business Associate to cure a breach of this Addendum shall not be construed as a waiver of any other rights Covered Entity has in the Agreement, this Addendum or by operation of law or in equity.
16. *Indemnification.* Business Associate shall defend, indemnify and hold harmless Covered Entity and its officers, trustees, employees, subcontractors and agents from and against any and all claims, penalties, fines, costs, liabilities or damages, including but not limited to reasonable attorney fees, incurred by Covered Entity arising from a violation by Business Associate or its subcontractors of Business Associate's obligations under this Addendum or HIPAA. This Section 16 of the Addendum shall survive the termination of the Agreement or this Addendum.
17. *Exclusion from Limitation of Liability.* To the extent that Business Associate has limited its liability under the terms of the Agreement, whether with a maximum recovery for direct damages or a disclaimer against any consequential, indirect or punitive damages, or other such limitations, all limitations shall exclude any damages to Covered Entity arising from Business Associate's breach of its obligations relating to the use and disclosure of PHI. This Section 17 of the Addendum shall survive the termination of the Agreement and this Addendum.
18. *Injunctive Relief.* Business Associate acknowledges and stipulates that the unauthorized use or disclosure of PHI by Business Associate or its subcontractors while performing services pursuant to the Agreement or this Addendum would cause irreparable harm to Covered Entity, and in such event, Covered Entity shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, either in law or in equity, to obtain damages and injunctive relief, together with the right to recover from Business Associate costs, including reasonable attorneys' fees, for any such breach of the terms and conditions of the Agreement or this Addendum.
19. *Third Party Rights.* The terms of this Addendum are not intended, nor should they be construed, to grant any rights to any parties other than Business Associate and Covered Entity.
20. *Owner of PHI.* Under no circumstances shall Business Associate be deemed in any respect to be the owner of any PHI used or disclosed by or to Business Associate pursuant to the terms of the Agreement.
21. *Changes in the Law.* Covered Entity may amend either the Agreement or this Addendum, as appropriate, to conform to any new or revised federal or state legislation, rules, regulations, and records retention policies to which Covered Entity is subject now or in the future including, without limitation, HIPAA.
22. *Judicial and Administrative Proceedings.* In the event Business Associate receives a subpoena, court, or administrative order, or other discovery request or mandate for release of PHI, other than a standard medical records request/medical records subpoena, Business Associate shall notify Covered Entity of such within five business days by providing a copy of such and any applicable comments. Covered Entity shall have the right to control Business Associate's response to such request.
23. *Conflicts.* If there is any direct conflict between the Agreement and this Addendum, the terms and conditions of this Addendum shall control.

**(Signature page to follow)**

IN WITNESS WHEREOF, the parties have executed this Addendum effective the day and year first above written.

**STATE OF LOUISIANA  
OFFICE OF GROUP BENEFITS**

**ACCESS HEALTH, INC.**

**BY:** \_\_\_\_\_

**BY:** \_\_\_\_\_

**NAME:** Tommy Teague

**NAME:** \_\_\_\_\_

**TITLE:** Chief Executive Officer

**TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

DRAFT

**APPENDIX IV: RECORDS RETENTION SCHEDULE**

**Records Retention Schedule**

Louisiana Secretary of State, Division of Archives, Records Management and History  
 Post Office Box 94125, Baton Rouge, LA 70804

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Agency No	Agency / Division / Section	Item Number	Records Series Title	Retention Period			Security	Archival	State Records Center	Vital	Remarks
				In Office	In Storage	Total Retention					
003 005	Division of Administration / Office of Group Benefits - Administration- HIPAA										
		1	Unit Audit Reports (Information Accuracy Checks)	ACT + 1 CY		ACT + 1 CY	M	S	N	I	ACT = until end of CY in which administrative
		2	Health Insurance Portability and Accountability Act Privacy and Security Policies and Procedures	ACT + 6 CY		ACT + 6 CY	M	S	N	I	ACT = until end of CY in which revised or and agency ceases to operate
		3	Notice of Privacy Practices	ACT + 6 CY		ACT + 6 CY	M	S	N	V	ACT = until the end of the CY created or
		4	HIPAA Compliance Documentation	ACT + 6 CY		ACT + 6 CY	M	S	N	V	ACT = until the end of the CY created or
<b>Permitted Retention Period Abbreviations</b> ACT - Active Period (when used define term in remarks column) FY- Fiscal Year (July 1- June 30) CY - Calendar Year (Jan 1 - Dec 31) AY - Academic Year (Aug 1 - July 31) FFY - Federal Fiscal Year (Oct 1 - Sept 30) MO - Months WK - Week DY - Day(s) PERM - Permanent				<b>Security Status Codes</b> P - Public Record M - May Contain Confidential Information C - Confidential Information			<b>State Records Center Use</b> Y - Yes N - No		<b>Agency Abbreviations</b>		
				<b>Archival Processing Codes</b> A - Transfer to State Archives R - Retain in Agency Archives S - Review by State Archives O - Other (Specify in Remarks)			<b>Vital Record Identification Code</b> V= Vital I = Important U= Useful				

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Agency No	Agency / Division / Section	Retention Period				Security	Archival	State Records Center	Vital	Remarks
	Division of Administration / Office of Group Benefits - Administration- Executive	In Office	In Storage	Total Retention						
1	Internal Audit records (audited documents, reports, work papers, legislative audit reports)	ACT + 2 CY	3 CY	ACT + 5 CY	M	S	Y	V	ACT = until the end of the CY in which report issued/project closed	
2	Board and Committee Minutes	PERM		PERM	M	R	N	V		
3	Strategic Plan	ACT + 5 CY		ACT + 5 CY	P	S	N	I	ACT = until the end of the CY in which agency to operate	
4	Legal Files	ACT + 1 CY	9 CY	ACT + 10 CY	M	S	Y	V	ACT = until end of CY in which file is closed o	
5	Board Election Materials	ACT + 2 CY	3 CY	ACT + 5 CY	M	S	Y	V	ACT = until end of CY in which election result certified	
6	Publications	ACT + 10 CY		ACT + 10 CY	M	S	N	I	ACT = until end of CY in which agency cease	
7	Records Management Files (Retention Schedules, Disposal Requests, Transmittals)	ACT + 10 CY		ACT + 10 CY	M	S	N	V	ACT = until end of CY in which agency cease	
<b>Permitted Retention Period Abbreviations</b> ACT - Active Period (when used define term in remarks column) FY- Fiscal Year (July 1- June 30) CY - Calendar Year (Jan 1 - Dec 31) AY - Academic Year (Aug 1 - July 31) FFY - Federal Fiscal Year (Oct 1 - Sept 30) MO - Months WK - Week DY - Day(s) PERM - Permanent		<b>Security Status Codes</b> P - Public Record M - May Contain Confidential Information C - Confidential Information			<b>State Records Center Use</b> Y - Yes N - No		<b>Agency Abbreviations</b>			
		<b>Archival Processing Codes</b> A - Transfer to State Archives R - Retain in Agency Archives S - Review by State Archives O - Other (Specify in Remarks)			<b>Vital Record Identification Code</b> V= Vital I = Important U= Useful					

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Agency No	Agency / Division / Section	Item Number	Records Series Title	Retention Period			Security	Archival	State Records Center	Vital	Remarks
				In Office	In Storage	Total Retention					
	Division of Administration / Office of Group Benefits - Administration - General										
		1	Special order forms, Personnel Action Requests, Travel Requests/Expense reports, requisitions and related correspondence/memos.	ACT + 2 CY	1 CY	ACT + 3 CY	M	S	Y	I	ACT = until end of the CY in which created
		2	General Correspondence (not related to other record series)	ACT + 2 CY	1 CY	ACT + 3 CY	M	S	Y	I	ACT = until end of the CY in which created
		3	Supervisor Files	ACT + 1 CY	1 CY	ACT + 2 CY	M	S	Y	I	ACT = until end of CY in which supervisor
		4	Visitor sign-in/Sign - Out Sheets	ACT + 2 CY	3CY	ACT + 5 CY	M	S	Y	U	ACT = until end of CY in which created
		5	Time and Attendance Reports/Vendor Reports, PES, PPR, Leave requests, Overtime documentation and related correspondence/memos.	ACT + 2 CY	3 CY	ACT + 5 CY	M	S	Y	V	ACT = until end of CY in which created
		6	Mail, Fax ,Postage & Tracked Logs.	ACT + 1 CY	2 CY	ACT + 3 CY	M	S	Y	I	ACT = until end of CY created or received
		7	Budget records	ACT + 5 CY		ACT + 5 CY	P	S	N	I	ACT = until the end of the CY created or
		8	Contracts and agreements (including contract approval backup material)	ACT + 3 CY	7 CY	ACT + 10 CY	M	S	N	V	ACT = until end of CY in which contract expires or terminates.
		9	Notice of Intent to Contract (NIC), Request for Proposals and Reports	ACT + 3 CY		ACT + 3 CY	M	S	N	V	ACT = until end of CY in which contract
<b>Permitted Retention Period Abbreviations</b> ACT - Active Period (when used define term in remarks column) FY- Fiscal Year (July 1- June 30) CY - Calendar Year (Jan 1 - Dec 31) AY - Academic Year (Aug 1 - July 31) FFY - Federal Fiscal Year (Oct 1 - Sept 30) MO - Months WK - Week DY - Day(s) PERM - Permanent				<b>Security Status Codes</b> P - Public Record M - May Contain Confidential Information C - Confidential Information <b>Archival Processing Codes</b> A - Transfer to State Archives R - Retain in Agency Archives S - Review by State Archives O - Other (Specify in Remarks)			<b>State Records Center Use</b> Y - Yes N - No <b>Vital Record Identification Code</b> V= Vital I = Important U= Useful		<b>Agency Abbreviations</b> PES = Personnel Evaluation System PPR = Personnel Performance Rating		

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Agency No	Agency / Division / Section	Retention Period			Security	Archival	State Records Center	Vital	Remarks
	Division of Administration / Office of Group Benefits/ Customer Service	In Office	In Storage	Total Retention					
1	Automatic Call Distribution Reports/Performance Indicator Reports	ACT + 10 CY		ACT + 10 CY	M	S	N	I	ACT = until end of CY in which agency operate.
2	Filing Deadline Mail Records	ACT + 3 CY		ACT + 3 CY	M	S	N	V	ACT = until end of CY in which created
3	Live and Event Claim records	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
4	Field and Audit Reports	ACT + 1 CY	4 CY	ACT + 5 CY	M	S	Y	I	ACT = until end of CY report is issued.
<b>Permitted Retention Period Abbreviations</b> ACT - Active Period (when used define term in remarks column) FY - Fiscal Year (July 1 - June 30) CY - Calendar Year (Jan 1 - Dec 31) AY - Academic Year (Aug 1 - July 31) FFY - Federal Fiscal Year (Oct 1 - Sept 30) MO - Months WK - Week DY - Day(s) PERM - Permanent		<b>Security Status Codes</b> P - Public Record M - May Contain Confidential Information C - Confidential Information			<b>State Records Center Use</b> Y - Yes N - No		<b>Agency Abbreviations</b>		
		<b>Archival Processing Codes</b> A - Transfer to State Archives R - Retain in Agency Archives S - Review by State Archives O - Other (Specify in Remarks)			<b>Vital Record Identification Code</b> V = Vital I = Important U = Useful				

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Item Number	Records Series Title	Retention Period			Security	Archival	State Records Center	Vital	Remarks
		In Office	In Storage	Total Retention					
	Agency No. Agency / Division / Section								
	Division of Administration / Office of Group Benefits/ Flexible Benefits and Imaging Services								
1	Health Claims (including supplemental claims)	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
2	Explanation of Benefits (EOBs)	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
3	Medical Records	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
4	Pre-determinations	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
5	Case Management	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
6	Medical Necessities	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
7	Paid-In Vouchers	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
8	Flexible Benefit Forms	ACT + 5 CY		ACT + 5 CY	C	S	N	V	ACT = until end of CY in which supersede or revoked.
9	Flexible Benefit Master File	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.

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Agency No	Agency / Division / Section	Item Number	Records Series Title	Retention Period			Security	Archival	State Records Center	Vital	Remarks
				In Office	In Storage	Total Retention					
	Division of Administration / Office of Group Benefits/ Eligibility, Quality Assurance and Compliance										
1			Eligibility Records for Life and Health Insurance	ACT + 3 CY	PERM	PERM	M	R	N	V	ACT = until end of CY created or received after 3 years.
2			Life Insurance Beneficiary Forms (OGB and Outside agencies held by OGB)	PERM		PERM	C	R	N	V	
3			Hospital Audits, Statistical Reports and Work papers	ACT + 10 CY		ACT + 10 CY	M	S	N	I	ACT = until end of CY in which agency operate.
4			Fraud and Abuse Case files and logs	ACT + 10 CY		ACT + 10 CY	C	S	N	V	ACT = until end of CY in which agency operate.
5			Health Claim Audits and work papers (including over \$500 plan member check audits)	ACT + 5 CY		ACT + 5 CY	C	S	N	I	ACT = until end of CY in which audit is
6			Special Reports (Outlier, Check Cycle)	ACT + 5 CY		ACT + 5 CY	M	S	N	I	ACT = until end of CY in which report
7			Reviews (Medical and Chiropractic)	ACT + 10 CY		ACT + 10 CY	C	S	N	I	ACT = until end of CY in which agency exist.
<b>Permitted Retention Period Abbreviations</b> ACT – Active Period (when used define term in remarks column) FY- Fiscal Year (July 1- June 30) CY – Calendar Year (Jan 1 – Dec 31) AY – Academic Year (Aug 1 – July 31) FFY – Federal Fiscal Year (Oct 1 – Sept 30) MO – Months WK – Week DY - Day(s) PERM – Permanent				<b>Security Status Codes</b> P – Public Record M – May Contain Confidential Information C – Confidential Information			<b>State Records Center Use</b> Y – Yes N – No		<b>Agency Abbreviations</b>		
				<b>Archival Processing Codes</b> A – Transfer to State Archives R – Retain in Agency Archives S – Review by State Archives O – Other (Specify in Remarks)			<b>Vital Record Identification Code</b> V= Vital I = Important U= Useful				

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Agency No	Agency / Division / Section	Retention Period			Security	Archival	State Records Center	Vital	Remarks
	Division of Administration / Office of Group Benefits/Plan and Provider Administration	In Office	In Storage	Total Retention					
1	Preferred Provider Option/Exclusive Provider Option Contracts	ACT + 5 CY		ACT + 5 CY	M	S	N	V	ACT = until end of CY in which agency
2	Logic Approvals	ACT + 3 CY	7 CY	ACT + 10 CY	M	S	N	V	ACT = until the end of the CY in which
3	Adjusted Batch Listings	ACT + 7 CY		ACT + 7 CY	M	S	N	I	ACT = until the end of the CY in which

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<p><b>Permitted Retention Period Abbreviations</b></p> <p>ACT – Active Period (when used define term in remarks column)</p> <p>FY- Fiscal Year (July 1- June 30)</p> <p>CY – Calendar Year (Jan 1 – Dec 31)</p> <p>AY – Academic Year (Aug 1 – July 31)</p> <p>FFY – Federal Fiscal Year (Oct 1 – Sept 30)</p> <p>MO – Months WK – Week DY – Day(s)</p> <p>PERM – Permanent</p>	<p><b>Security Status Codes</b></p> <p>P – Public Record</p> <p>M – May Contain Confidential Information</p> <p>C – Confidential Information</p> <p><b>Archival Processing Codes</b></p> <p>A – Transfer to State Archives</p> <p>R – Retain in Agency Archives</p> <p>S – Review by State Archives</p> <p>O – Other (Specify in Remarks)</p>	<p><b>State Records Center Use</b></p> <p>Y – Yes</p> <p>N - No</p> <p><b>Vital Record Identification Code</b></p> <p>V= Vital</p> <p>I = Important</p> <p>U= Useful</p>	<p><b>Agency Abbreviations</b></p>
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Agency No	Agency / Division / Section	Security	Archival	State Records Center	Vital	Indicate Use of Form				
<b>003.</b>	Division of Administration / Office of Group Benefits - Administration- General					<input type="checkbox"/> ORIGINAL SUBMISSION	<input type="checkbox"/> RENEWAL	<input type="checkbox"/> REPLACEMENT PAGE	<input checked="" type="checkbox"/> ADDENDUM PAGE	Remarks
Item Number	Records Series Title					Retention Period				
		In Office	In Storage	Total Retention						
1	Daily work papers (includes copies of printouts and non-essential notes with PHI or contact information used for customer service work).	ACT		ACT	M	S	N	U	ACT = until end of DY in which created or re	
<b>Permitted Retention Period Abbreviations</b> ACT - Active Period (when used define term in remarks column) FY - Fiscal Year (July 1- June 30) CY - Calendar Year (Jan 1 - Dec 31) AY - Academic Year (Aug 1 - July 31) FFY - Federal Fiscal Year (Oct 1 - Sept 30) MO - Months WK - Week DY - Day(s) PERM - Permanent		<b>Security Status Codes</b> P - Public Record M - May Contain Confidential Information C - Confidential Information <b>Archival Processing Codes</b> A - Transfer to State Archives R - Retain in Agency Archives S - Review by State Archives O - Other (Specify in Remarks)		<b>State Records Center Use</b> Y - Yes N - No <b>Vital Record Identification Code</b> V = Vital I = Important U = Useful		<b>Agency Abbreviations</b>				

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## **ATTACHMENT V: IMAGING SYSTEM SURVEY COMPLIANCE AND RECORDS DESTRUCTION**

In connection with OGB's electronic records retention requirements and within thirty (30) days of the Contract's effective date, Contractor shall complete a State Archives Imaging System Survey ("System Survey") and forward to OGB.Records@la.gov<sup>1</sup>, or as otherwise directed by OGB. According to LAC 4:XVII.1305(A), the System Survey must contain the following information:

1. A list of all OGB records series<sup>2</sup> maintained/managed by Contractor's system;
2. The hardware and software used including model number, version number and total storage capacity;
3. The type and density of media used by Contractor's system;
4. The type and resolution of images being produced (TIFF class 3 or 4 and dpi);
5. Contractor's quality control procedures for image production and maintenance;
6. Contractor's system's back up procedures including location of back-up (on or off-site) and number of existing images; and
7. Contractor's migration plan for purging images from the system that have met their retention period.

OGB shall review the System Survey to make an initial determination of conformity with LAC 4:XVII.1305(A). Once OGB determines that Contractor's System Survey contains the requisite information, OGB will forward the System Survey to the Secretary of State. As a continuing requirement, any system changes necessitating a revised System Survey response must be submitted to the Secretary of State within ninety (90) days of the change. To ensure compliance with this rule, Contractor shall notify the Records Officer of these changes within sixty (60) days so that he or she may forward the appropriate information to the Secretary of State.

Further, to ensure compliance with OGB's Schedules (Attachment IV) and applicable laws, Contractor shall not destroy any OGB records unless records are converted to digital images and thereafter approved for destruction or other disposition by the Secretary of State. Contractor shall request expedited authority to destroy or otherwise dispose of converted records by email to [disposals@sos.louisiana.gov](mailto:disposals@sos.louisiana.gov) with "EDR\_I2014-009 OGB [Access Health, Inc.]" in the subject line, carbon copy to the Records Officer and OGB.Records@la.gov, and a description of the subject records per the OGB Schedules (such as "Documents, scanned and inspected, for the week/month of X") in the body. Upon receiving approval of the Secretary of State to destroy or otherwise dispose of the requested records, Contractor shall commence destruction or other approved disposition of said records. Contemporaneously therewith, Contractor shall complete a Certificate of Destruction (SSARC 933) form which shall be forwarded to the Records Officer. All SSARC forms can be found on the Louisiana Secretary of State's website <http://www.sos.la.gov/HistoricalResources/ManagingRecords/GetForms/Pages/default.aspx>.

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<sup>1</sup> If OGB makes a different designation, OGB will notify Contractor of the change and provide updated contact information.

<sup>2</sup> A records series is a group of related or similar records that may be filed together as a unit, used in a similar manner, and typically evaluated as a unit for determining retention periods. LAC 4:XVII.301(A). The records series listed in Contractor's imaging survey should correspond to the records series listed on the OGB official Record Retention Schedule, Attachment IV.

## **SUMMARY OF “DOTD TRAFFIC MANAGEMENT CENTERS (TMCs) OPERATIONS” CONTRACT**

### **Condensed Scope of Services:**

The DOTD currently operates six (6) TMCs including the DOTD Statewide TMC at DOTD Headquarters, the Baton Rouge Regional TMC, the New Orleans Regional TMC, the Houma TMC, the Shreveport TMC, and the Lake Charles TMC. Traffic Operations Management services are performed statewide in those designated areas of the state and additional locations may be added throughout the duration of the contract. The TMC staff monitors traffic flow, identifies incidents, dispatches Motorist Assistance Patrol, informs motorists on lane/roads closures and congestion, updates ITS maintenance and other transportation resources, coordinates with other organizations such as Louisiana State Police or local law enforcement, and operates systems such as, but not limited to the ATMS, 511 systems, social media, mobile applications, and other related systems. They also focus on identifying and managing traffic congestion that develops resulting from recurring and non-recurring events through interaction with DOTD, emergency responders, updating 511 systems, posting messages on the Dynamic Message Boards, monitoring CCTV cameras, etc. The TMC staff monitors, and when necessary, may redirect traffic onto detour routes and/or available parallel routes using the appropriate medium to ensure optimal system performance.

All tasks and services are detailed in Attachment A (TMC Operations Statewide Contract-Scope of Work/Services).

### **Request and Justification:**

DOTD is requesting approval for a 24-month contract extension as amended in Amendment No. 1 (See Attachment B) which includes the same terms and conditions as the original contract. DOTD feels that is in the State’s best interest to extend the additional 24 months based on documented satisfactory performance of the contractor, the length of time it takes to procure a new contract through the Request for Proposal (RFP) process, and the time required for a new contract implementation.

### **Contractor:**

Kapsch TrafficCom USA, Inc. has agreed to the additional time with the same terms and conditions as outlined on Amendment No. 1 – Contract between DOTD and Kapsch TrafficCom USA, Inc. (See Attachment B).

### **RFP Activities:**

In compliance with La. R.S. 39:1623, these services were solicited by Request for Proposals No. 30000006650. Proposals were evaluated and scored by a five member evaluation team at DOTD. The recommendation of award was for the best value and highest overall score.

### **Contract Activities:**

Contract dated May 19, 2017 and approved by Office of State Procurement on May 30, 2017. LaGov Purchase Order No. 2000263750.



**Term of Contract:**

Contract Term: July 1, 2017 through June 30, 2020 (See Attachment A-Section 2.1). Per RS 39:1615(J), the state shall have the right to contract for an additional 24 months with the concurrence of the successful Contractor and prior approval by the Joint Legislative Committee on the Budget. Amendment No. 1 will extend the contract term the additional 24 months to end on June 30, 2022. (See Amendment No. 1).

**Payment Terms:**

Maximum limitation of \$8,000,000.00 for the 3 year contract term. Amendment No. 1 increases the maximum limitation to \$14,000,000.00 by adding an additional \$6M for the 24-month extension, if approved (see Attachment B).

Payment is based on hourly billable rates from the contractor’s proposal and shall stay the same for the duration of the full contract term including the 24-month, if approved.

**Amendment No. 1:**

Amendment No. 1 has been signed by contractor, Kapsch TrafficCom USA, Inc. (See Attachment B)

In addition to the 24-month extension, this amendment will also increase the compensation for the new 24-month period, amend the address of the contractor, and add the provision for the Prohibition of Discriminatory Boycotts of Israel in accordance with the Executive Order No. JBE 2018-15.

**Current Payment Terms:**

Fiscal Year 2018: \$2,600,000—Amount Paid - \$2,088,930.34

Fiscal Year 2019: \$2,700,000—Amount Paid as of April 2019 - \$1,444,701.00

Fiscal Year 2020: \$2,700,000—Starts July 1, 2020

**Current Amount: \$8,000,000**

**Proposed Extension Payment Terms:**

Fiscal Year 2021: \$3,000,000

Fiscal Year 2022: \$3,000,000

**Extension Amount: \$6,000,000**

**Five Year Contract Amount: \$14,000,000**



AMENDMENT NO. 1 TO CONTRACT BETWEEN

STATE OF LOUISIANA  
DEPARTMENT OF TRANSPORTATION  
AND DEVELOPMENT

AND

KAPSCH TRAFFICCOM USA, INC.

FOR

CONSULTING SERVICES  
TRAFFIC MANAGEMENT CENTER (TMC) OPERATIONS  
STATEWIDE

**BACKGROUND**

This amendment (Amendment No. 1) to a certain Contract between Kapsch TrafficCom USA, Inc., (formerly Kapsch TrafficCom Transportation NA, Inc.) 8201 Greensboro Drive, Suite #1002, McLean, VA 22102 (Contractor) and the State of Louisiana Department of Transportation and Development (DOTD), dated May 19, 2017 (Contract), is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**AMENDMENT PROVISIONS**

By this Amendment No. 1 the parties hereby agree to amend the Contract as follows:

**1. Contractor Name and Address change to be as follows:**

Previously read: Kapsch TrafficCom Transportation NA, Inc., 1390 Piccard Drive, Suite 200, Rockville, MD

Now reads: Kapsch TrafficCom Transportation USA, Inc., 8201 Greensboro Drive, Suite # 1002, McLean, VA 22102

**2. Contract Extension:**

The term of the Contract, shall be extended to include the period of **July 1, 2020**, through **June 30, 2022**.

**3. Increase Compensation:**

The Maximum Compensation shall be **increased** from **\$8,000,000** to **\$14,000,000**. This additional \$6,000,000 will be used as needed throughout the term of the

Amendment Agreement No. 1  
DOTD TMC Operations  
PO# 2000263750  
Page 2 of 3

contract. The approved billable rates for each classification are to remain the same and are listed below:

<b>Item</b>	<b>Description</b>	<b>Unit</b>	<b>Unit Cost per hour</b>
1	TMC Contract Program Manager	Hour	\$ 173.62
2	TMC Operations Manager	Hour	\$ 108.72
3	TMC Area Supervisor	Hour	\$ 56.73
4	TMCC Senior Operator	Hour	\$ 40.48
5	TMC Operator	Hour	\$ 31.53

**4. The following provision shall be added:**

**23 Prohibition of Discriminatory Boycotts of Israel**

In accordance with Executive Order Number JBE 2018-15, effective May 22, 2018, for any contract for \$100,000 or more and for any contractor with five or more employees, Contractor, or any Subcontractor, shall certify it is not engaging in a boycott of Israel, and shall, for the duration of this contract, refrain from a boycott of Israel.


The State reserves the right to terminate this contract if the Contractor, or any Subcontractor, engages in a boycott of Israel during the term of the contract.

Amendment Agreement No. 1  
DOTD TMC Operations  
PO# 2000263750  
Page 3 of 3

The DOTD and Kapsch TrafficCom USA, Inc. agree that all provisions of the original contract between the parties, dated May 19, 2017 to the extent not inconsistent with this Amendment Agreement No. 1 to the Original Contract, shall remain in full force and effect.

**IN WITNESS THEREOF, the parties hereto have caused these presents to be executed by their officers thereunto duly authorized as of the day and year first above written.**

WITNESSES:

  
\_\_\_\_\_  
1<sup>st</sup> Witness for First Party

  
\_\_\_\_\_  
2<sup>nd</sup> Witness for First Party

Kapsch TrafficCom USA, Inc.

BY: \_\_\_\_\_

  
\_\_\_\_\_  
JB Kendrick

Typed or Printed Name

STATE OF LOUISIANA  
DEPARTMENT OF TRANSPORTATION  
AND DEVELOPMENT

\_\_\_\_\_  
1<sup>st</sup> Witness for Second Party

\_\_\_\_\_  
2<sup>nd</sup> Witness for Second Party

BY: \_\_\_\_\_

Secretary

RECOMMENDED FOR APPROVAL:

BY: \_\_\_\_\_

Division Head

LAGOV PO# 2000263750

STATE OF LOUISIANA  
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

CONTRACT FOR CONSULTING SERVICES

TRAFFIC MANAGEMENT CENTER (TMC) OPERATIONS  
STATEWIDE

On this 19<sup>th</sup> day of May, 2017, the State of Louisiana, Louisiana Department of Transportation and Development, hereinafter sometimes referred to as the "DOTD" or "State", and Kapsch TrafficCom Transportation NA, Inc., 1390 Piccard Drive, Suite 200, Rockville, MD, hereinafter sometimes referred to as the "Contractor", do hereby enter into a contract under the following terms and conditions.

**1 SCOPE OF WORK/SERVICES**

**1.1.1. OVERVIEW/CONCISE DESCRIPTION OF SERVICES**

See attached, Attachment A, Scope of Work/Services.

**1.1.2. GOALS AND OBJECTIVES**

- To deliver traveler-focused and performance-driven TMC operations services which facilitate reliable and safe movement of people and goods within the State of Louisiana.
- Maximize roadway throughput and efficiency.
- To support and promote the "Open Roads Agreement"; LA Rev Stat 32:151 (<https://legis.la.gov/Legis/Law.aspx?d=630868>)
- Minimize the impacts of roadway incidents.
- Assist incident and emergency response agencies and personnel.
- Manage recurring and non-recurring traffic congestion on the highways as a combined effort between TMC personnel, Motorist Assistance Patrol, ITS section, the districts, Emergency Responders, etc. as specified in the scope of work.
- Create and disseminate information to travelers.
- Maintain information databases and create reports using databases.
- Develop an integration plan memorandum of understanding (MOU) by participating in meetings/sessions (between TMC Operations Contractor, MAP Contractor and DOTD), to insure that the intent of the Integration Plan is met. The intent of the Integration Plan is to provide a seamless interaction between TMC Operations and MAP Operations.

**1.1.3. PERFORMANCE MEASURES**

The performance of the contract will be measured by the DOTD Project Manager, authorized on behalf of DOTD, to evaluate the contractor’s performance against the criteria in Attachment A, the Statement of Work/Services.

The performance measure metrics will be based on how effective the operators are continuously monitoring the roadways, locating incidents, communicating with other first responders to safely clear incidents, and disseminating accurate information to the motoring public.

The metric will include but not be limited to:

- Detects incidents by continuously monitoring the roadways
- Accurately communicate incident details and traffic conditions to MAP and other first responders
- Checks and reports the operational status of ITS equipment for maintenance and repairs
- ITS equipment usage
- Number of incidents responded to per day/week/year
- Number of lane blocking/road closure incidents
- Number of planned events/weather events/etc
- TMC operator error rate
- Time to dispatch MAP (< 2 minutes)
- Time to confirm event detected by TMC (< 2 minutes)
- Time to post message on DMS (< 5 minutes)
- Time to notify other agencies (< 7 minutes)
- Staff retention and turnover rates (< 5%)
- Establish and maintain a close working relationship with MAP and other first responding agencies – for example no more than one (1) complaint from MAP staff or other first responders per month
- Ensure TMC area coverage at all times as per contract – maintain at least 99.5% coverage hours per month.
- Ensure that the TMCs are fully functional at all times.

**1.1.4. MONITORING PLAN**

The DOTD Project Manager, Elizabeth Delaney or her designee, will monitor the services provided by the Contractor and the expedition of funds under this contract. The DOTD will be primarily responsible for the day to day monitoring of the Contractor’s performance.

DOTD will monitor the performance of the contractor by:

- Assessing Contractor’s performance in providing TMC operations services.
- Comparing deliverables to the established performance measures.
- Reviewing for accuracy, all data entry and reports.
- Feedback from other agencies regarding incident detection and communication.

Evaluation Plan:

Contractor evaluation shall be continuous during the contracting period. Evaluations shall include meeting the required levels of staffing for TMC Operations for normal operations, plus additional staffing requirements during special events and emergencies. The levels of staffing include hours of coverage, classification/position requirements, training requirements and feedback from other responding agencies and the motoring public.

**1.1.5. DELIVERABLES**

The Contract will be considered complete when Contractor has delivered and State has accepted all deliverables specified in the Statement of Work.

**1.1.6. Veteran-Owned and Service-Connected Small Entrepreneurships (Veteran Initiative) and Louisiana Initiative for Small Entrepreneurships (Hudson Initiative) Programs Reporting Requirements**

During the term of the contract and at expiration, the Contractor will be required to report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each.

**1.1.7. SUBSTITUTION OF KEY PERSONNEL**

The Contractor's personnel assigned to this Contract shall not be replaced without the written consent of the State. Such consent shall not be unreasonably withheld or delayed provided an equally qualified replacement is offered. In the event that any State or Contractor personnel become unavailable due to resignation, illness, or other factors, excluding assignment to project outside this contract, outside of the State's or Contractor's reasonable control, as the case may be, the State or the Contractor, shall be responsible for providing an equally qualified replacement in time to avoid delays in completing tasks. The contractor will make every reasonable attempt to assign the personnel listed in his proposal.

**2 ADMINISTRATIVE REQUIREMENTS**

**2.1 TERM OF CONTRACT**

The term of this contract shall begin **July 1, 2017** and is anticipated to end on **June 30, 2020**. The State shall have the right to contract for up to thirty-six (36) months with the concurrence of the Contractor and all appropriate approvals. With all proper approvals and concurrence with the successful Contractor, agency may also exercise an option to extend for up to twenty-four (24) additional months at the same rates, terms and conditions of the initial contract term. Prior to the extension of the contract beyond the initial thirty-six (36) month term, prior approval by the Joint Legislative Committee on the Budget (JLCB) or other approval authorized by law shall be obtained. Such written evidence of JLCB approval shall be submitted, along with the contract amendment to the Office of State Procurement (OSP) to extend contract terms beyond the initial 3 year term. The total contract term, with extensions, shall not exceed five (5) years. The continuation of this contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the contract.

**The State reserves the right to cancel Contract for causes detailed in 4.0 Termination.**

**2.2 STATE FURNISHED RESOURCES**

State shall appoint a Project Coordinator for this Contract identified in Section 1.2.3 who will provide oversight of the activities conducted hereunder. Notwithstanding the Contractor's responsibility for management during the performance of this Contract, the assigned Project Coordinator shall be the principal point of contact on behalf of the State and will be the principal point of contact for Contractor concerning Contractor's performance under this Contract.

**2.3 TAXES**

Contractor is responsible for payment of all applicable taxes from the funds to be received under this contract. Contractor's federal tax identification number is 20-5601437.

### **3 COMPENSATION AND MAXIMUM AMOUNT OF CONTRACT**

#### **3.1 PAYMENT TERMS**

In consideration of the services required by this contract, State hereby agrees to pay to Contractor compensation based on the below hourly billable rates, for a maximum limitation of \$8,000,000.00.

<b>Item</b>	<b>Description</b>	<b>Unit</b>	<b>Unit Cost per hour</b>
1	TMC Contract Program Manager	Hour	\$ 173.62
2	TMC Operations Manager	Hour	\$ 108.72
3	TMC Area Supervisor	Hour	\$ 56.73
4	TMCC Senior Operator	Hour	\$ 40.48
5	TMC Operator	Hour	\$ 31.53

Payments are predicated upon successful completion and written approval by the DOTD Project Manager of the described tasks and deliverables as provided in Part II, Scope of Services. Payments will be made to the Contractor after written acceptance by the State of the payment task and approval of an invoice. State will make every reasonable effort to make payments within 30 days of the approval of invoice and under a valid contract.

Labor charges for approved services shall include the names of the employees, their classification, and the time worked. These shall be reimbursed at the approved billable rate for that classification. Billable rates apply only when on duty and performing the services of the TMC operations. The invoice shall show the total amount earned to the date of submission, and the amount due and payable as of the invoice including direct expenses, if applicable.

Travel expenses shall be billed as direct expenses with supporting documentation during the period they are incurred. **Prior to incurring any travel direct expense, Contractor must have written approval from DOTD's Project Manager.**

The original and one copy of the invoice shall be submitted to the Project Manager not more than monthly. The invoice must be signed and dated by the Contractor.

### **4 TERMINATION**

#### **4.1 TERMINATION FOR CAUSE**

State may terminate this Contract for cause based upon the failure of Contractor to comply with the terms and/or conditions of the Contract; provided that the State shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) calendar 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) calendar days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. Failure to perform within the time agreed upon in the contract may constitute default and may cause cancellation of the contract.

Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms and conditions of this contract provided that the Contractor shall give the State written notice specifying the State agency's failure and a reasonable opportunity for the state to cure the defect.

**4.2 TERMINATION FOR CONVENIENCE**

State may terminate the Contract at any time without penalty by giving thirty (30) calendar days' written notice to the Contractor of such termination or negotiating with the Contractor an effective date. Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.

**4.3 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

The continuation of this contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the contract by the legislature. 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 of Title 39 of the Louisiana Revised Statutes of 1950 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 have not been appropriated.

**5 INDEMNIFICATION AND LIMITATION OF LIABILITY**

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under Contract.

Contractor shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the State and its Authorized Users from suits, actions, damages and costs of every name and description relating to personal injury and damage to real or personal tangible property caused by Contractor, its agents, employees, partners or subcontractors, without limitation; provided, however, that the Contractor shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of the State.

If applicable, Contractor will indemnify, defend and hold the State and its Authorized Users harmless, without limitation, from and against any and all damages, expenses (including reasonable attorneys' fees), claims, judgments, liabilities and costs which may be finally assessed against the State in any action for infringement of a United States Letter Patent with respect to the Products furnished, or of any copyright, trademark, trade secret or intellectual property right, provided that the State shall give the Contractor: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit, (ii) the opportunity to take over, settle or defend such action, claim or suit at Contractor's sole expense, and (iii) assistance in the defense of any such action at the expense of Contractor. Where a dispute or claim arises relative to a real or anticipated infringement, the State or its Authorized Users may require Contractor, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as the Commissioner of Administration shall require.

The Contractor shall not be obligated to indemnify that portion of a claim or dispute based upon: i) Authorized User's unauthorized modification or alteration of a Product, Material or Service; ii)



Authorized User's use of the Product in combination with other products not furnished by Contractor; iii) Authorized User's use in other than the specified operating conditions and environment.

In addition to the foregoing, if the use of any item(s) or part(s) thereof shall be enjoined for any reason or if Contractor believes that it may be enjoined, Contractor shall have the right, at its own expense and sole discretion as the Authorized User's exclusive remedy to take action in the following order of precedence: (i) to procure for the State the right to continue using such item(s) or part (s) thereof, as applicable; (ii) to modify the component so that it becomes non-infringing equipment of at least equal quality and performance; or (iii) to replace said item(s) or part(s) thereof, as applicable, with non-infringing components of at least equal quality and performance, or (iv) if none of the foregoing is commercially reasonable, then provide monetary compensation to the State up to the dollar amount of the Contract.

For all other claims against the Contractor where liability is not otherwise set forth in the Contract as being "without limitation", and regardless of the basis on which the claim is made, Contractor's liability for direct damages, shall be the greater of \$100,000, the dollar amount of the Contract, or two (2) times the charges rendered by the Contractor under the Contract. Unless otherwise specifically enumerated herein or in the work order mutually agreed between the parties, neither party shall be liable to the other for special, indirect or consequential damages, including lost data or records (unless the Contractor is required to back-up the data or records as part of the work plan), even if the party has been advised of the possibility of such damages. Neither party shall be liable for lost profits, lost revenue or lost institutional operating savings.

The State and Authorized User may, in addition to other remedies available to them at law or equity and upon notice to the Contractor, retain such monies from amounts due Contractor, or may proceed against the performance and payment bond, if any, as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against them.

**6 CONTRACT CONTROVERSIES**

Any claim or controversy arising out of the contract shall be resolved by the provisions of Louisiana Revised Statutes 39: 1672.1-1672.4.


**7 FUND USE**

Contractor agrees not to use contract proceeds 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 Louisiana Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority.

**8 ASSIGNMENT**

No contractor shall assign any interest in this contract by assignment, transfer, or novation, without prior written consent of the State. This provision shall not be construed to prohibit the contractor from assigning to a bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the State.

**9 RIGHT TO AUDIT**

RKG  
 The State Legislative Auditor, agency, and/or federal auditors and internal auditors of the Division of Administration shall have the option to audit all accounts directly pertaining to the contract for a period of ~~three (3)~~ <sup>five (5)</sup> years from the date of the last payment made under this contract. Records shall be made available during normal working hours for this purpose. 

#### 10 CONTRACT MODIFICATION

No amendment or variation of the terms of this contract shall be valid unless made in writing, signed by the parties and approved as required by law. No oral understanding or agreement not incorporated in the contract is binding on any of the parties.

#### 11 CONFIDENTIALITY OF DATA

All financial, statistical, personal, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the contractor in order to carry out this contract, or which become available to the contractor in carrying out this contract, shall be protected by the contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the contractor. If the methods and procedures employed by the contractor for the protection of the contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this paragraph. The contractor shall not be required under the provisions of the paragraph to keep confidential any data or information which is or becomes publicly available, is already rightfully in the contractor's possession, is independently developed by the contractor outside the scope of the contract, or is rightfully obtained from third parties.

#### 12 SUBCONTRACTORS

The State shall have a single prime contractor as the result of any contract negotiation, and that prime contractor shall be responsible for all deliverables specified in the RFP and proposal.

Unless provided for in the contract with the State, the prime contractor shall not contract with any other party for any of the staffing services herein contracted.

#### 13 COMPLIANCE WITH CIVIL RIGHTS LAWS

The contractor agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended; the Equal Employment Opportunity Act of 1972, as amended; Federal Executive Order 11246, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Vietnam Era Veteran's Readjustment Assistance Act of 1974, as amended; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; the Fair Housing Act of 1968 as amended; the Americans with Disabilities Act of 1990, as amended; and Title II of the Genetic Information Nondiscrimination Act of 2008.

Contractor agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, age, religion, sex, sexual orientation, national origin, veteran status, genetic information, political affiliation, or disabilities.

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.

**14 INSURANCE**

The Contractor shall purchase and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

**A. MINIMUM SCOPE AND LIMITS OF INSURANCE**

1. Workers Compensation

Workers Compensation insurance shall be in compliance with the Workers Compensation law of the State of the Contractor's headquarters. Employers Liability is included with a minimum limit of \$1,000,000 per accident/per disease/per employee. If work is to be performed over water and involves maritime exposure, applicable LHWCA, Jones Act, or other maritime law coverage shall be included. A.M. Best's insurance company rating requirement may be waived for worker's compensation coverage only.

2. Commercial General Liability

Commercial General Liability insurance, including Personal and Advertising Injury Liability and Products and Completed Operations, shall have a minimum limit per occurrence of \$1,000,000 and a minimum general annual aggregate of \$2,000,000. The Insurance Services Office (ISO) Commercial General Liability occurrence coverage form CG 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. Claims-made form is unacceptable.

3. Automobile Liability

Automobile Liability Insurance shall have a minimum combined single limit per accident of \$1,000,000. ISO form number CA 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. This insurance shall include third-party bodily injury and property damage liability for owned, hired and non-owned automobiles. Automobile Liability requirements may be waived or altered at the Agency's discretion depending on the nature of the contract.

**B. DEDUCTIBLES AND SELF-INSURED RETENTIONS**

Any deductibles or self-insured retentions must be declared to and accepted by the Agency. The Contractor shall be responsible for all deductibles and self-insured retentions.

**C. OTHER INSURANCE PROVISIONS**

The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability and Automobile Liability Coverages

- a. The Agency, its officers, agents, employees and volunteers shall be named as an additional insured as regards negligence by the contractor. ISO Forms CG 20 10 (for ongoing work) AND CG 20 37 (for completed work) (current forms approved for use

in Louisiana), or equivalents, are to be used when applicable. The coverage shall contain no special limitations on the scope of protection afforded to the Agency.

- b. The Contractor's insurance shall be primary as respects the Agency, its officers, agents, employees and volunteers for any and all losses that occur under the contract. Any insurance or self-insurance maintained by the Agency shall be excess and non-contributory of the Contractor's insurance.

2. Workers Compensation and Employers Liability Coverage

To the fullest extent allowed by law, the insurer shall agree to waive all rights of subrogation against the Agency, its officers, agents, employees and volunteers for losses arising from work performed by the Contractor for the Agency.

3. All Coverages

- a. All policies must be endorsed to require 30 days' written notice of cancellation to the Agency. Ten-day written notice of cancellation is acceptable for non-payment of premium. Notifications shall comply with the standard cancellation provisions in the Contractor's policy. In addition, Contractor is required to notify Agency of policy cancellations or reductions in limits.
- b. The acceptance of the completed work, payment, failure of the Agency to require proof of compliance, or Agency's acceptance of a non-compliant certificate of insurance shall not release the Contractor from the obligations of the insurance requirements or indemnification agreement.
- c. The insurance companies issuing the policies shall have no recourse against the Agency for payment of premiums or for assessments under any form of the policies.
- d. Any failure of the Contractor to comply with reporting provisions of the policy shall not affect coverage provided to the Agency, its officers, agents, employees and volunteers.

D. ACCEPTABILITY OF INSURERS

- a. All required insurance shall be provided by a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located. Insurance shall be placed with insurers with an A.M. Best's rating of **A-:VI or higher**. This rating requirement may be waived for worker's compensation coverage only.
- b. If at any time an insurer issuing any such policy does not meet the minimum A.M. Best rating, the Contractor shall obtain a policy with an insurer that meets the A.M. Best rating and shall submit another Certificate of Insurance within 30 days.

E. VERIFICATION OF COVERAGE

- Contractor shall furnish the Agency with Certificates of Insurance reflecting proof of required coverage. The Certificates for each insurance policy are to be signed by a

person authorized by that insurer to bind coverage on its behalf. The Certificates are to be received and approved by the Agency before work commences and upon any contract renewal or insurance policy renewal thereafter.

- The Certificate Holder Shall be listed as follows:

State of Louisiana  
Agency Name, Its Officers, Agents, Employees and Volunteers  
Address, City, State, Zip  
Project or Contract #:

- In addition to the Certificates, Contractor shall submit the declarations page and the cancellation provision for each insurance policy. The Agency reserves the right to request complete certified copies of all required insurance policies at any time.
- Upon failure of the Contractor to furnish, deliver and maintain required insurance, this contract, at the election of the Agency, may be suspended, discontinued or terminated. Failure of the Contractor to purchase and/or maintain any required insurance shall not relieve the Contractor from any liability or indemnification under the contract.

#### F. SUBCONTRACTORS

Contractor shall include all subcontractors as insureds under its policies OR shall be responsible for verifying and maintaining the Certificates provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. The Agency reserves the right to request copies of subcontractor's Certificates at any time.

#### G. WORKERS COMPENSATION INDEMNITY

In the event Contractor is not required to provide or elects not to provide workers compensation coverage, the parties hereby agree that Contractor, its owners, agents and employees will have no cause of action against, and will not assert a claim against, the State of Louisiana, its departments, agencies, agents and employees as an employer, whether pursuant to the Louisiana Workers Compensation Act or otherwise, under any circumstance. The parties also hereby agree that the State of Louisiana, its departments, agencies, agents and employees shall in no circumstance be, or considered as, the employer or statutory employer of Contractor, its owners, agents and employees. The parties further agree that Contractor is a wholly independent contractor and is exclusively responsible for its employees, owners, and agents. Contractor hereby agrees to protect, defend, indemnify and hold the State of Louisiana, its departments, agencies, agents and employees harmless from any such assertion or claim that may arise from the performance of this contract.

#### H. INDEMNIFICATION/HOLD HARMLESS AGREEMENT

- Contractor agrees to protect, defend, indemnify, save, and hold harmless, the State of Louisiana, all State Departments, Agencies, Boards and Commissions, its officers, agents, servants, employees, and volunteers, from and against any and all claims, damages, expenses, and liability arising out of injury or death to any person or the

damage, loss or destruction of any property which may occur, or in any way grow out of, any act or omission of Contractor, its agents, servants, and employees, or any and all costs, expenses and/or attorney fees incurred by Contractor as a result of any claims, demands, suits or causes of action, except those claims, demands, suits, or causes of action arising out of the negligence of the State of Louisiana, all State Departments, Agencies, Boards, Commissions, its officers, agents, servants, employees and volunteers.

- Contractor agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, suits, or causes of action at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claims, demands, suits, or causes of action are groundless, false or fraudulent. The State of Louisiana may, but is not required to, consult with the Contractor in the defense of claims, but this shall not affect the Contractor's responsibility for the handling of and expenses for all claims.

**15 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 La. R.S. 39:1551-1736; rules and regulations; executive orders; standard terms and conditions, special terms and conditions, and specifications listed in the RFP (if applicable); and this Contract. Venue of any action brought, after exhaustion of administrative remedies, with regard to this Contract shall be in the Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana.

**16 CODE OF ETHICS**

The contractor acknowledges that Chapter 15 of Title 42 of the Louisiana Revised Statutes (R.S. 42:1101 et. seq., Code of Governmental Ethics) applies to the Contracting Party in the performance of services called for in this contract. The contractor agrees to immediately notify the state if potential violations of the Code of Governmental Ethics arise at any time during the term of this contract.

**17 SEVERABILITY**

If any term or condition of this Contract or the application thereof is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this contract are declared severable.

**18 INDEPENDENT ASSURANCES**

NOT APPLICABLE

**19 OWNERSHIP**

All records, reports, documents and other material delivered or transmitted to Contractor by State Agency shall remain the property of State Agency, and shall be returned by Contractor to State agency, 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 State, and shall, upon request, be returned by Contractor to State Agency, at Contractor's expense, at termination or expiration of this contract.

**20 COST RECORDS**

The Contractor and its sub-Contractors shall maintain all books, documents, papers, accounting records and other evidence pertaining to cost incurred relative to this project. Costs shall be accordance with 48 CFR 31 of the (FARS), as modified by DOTD audit guidelines, and which are incorporated herein by reference as if copied in extensor. The FARS is available for inspection through [www.transportation.org](http://www.transportation.org). Records shall be retained until such as an audit is made by DOTD or the Contractor is released in writing by the DOTD Audit Director, at which time the Contractor may dispose of such records. The Contractor shall, however, retain such records for a minimum of five years from the date of payment of the last estimate under this Contract or the release of all retainage for this Contract, whichever occurs later, for inspection by DOTD and/or Legislative Auditor and the FHWA or General Accounting (GAO) under State and Federal Regulations effective as of the date of this Contract.

**21 COMPLETE CONTRACT**

This is the complete Contract between the parties with respect to the subject matter and all prior discussions and negotiations are merged into this contract. This Contract is entered into with neither party relying on any statement or representation made by the other party not embodied in this Contract and there are no other agreements or understanding changing or modifying the terms. This Contract shall become effective upon final statutory approval.

**22 ENTIRE AGREEMENT & ORDER OF PRECEDENCE**

This contract together with the RFP and contractor's proposal which are incorporated herein; shall, to the extent possible, be construed to give effect to all of its provisions; however, where provisions are in conflict, first priority shall be given to the provisions of the contract, excluding the Request for Proposals, its amendments and the Proposal; second priority shall be given to the provisions of the Request for Proposals and its amendments; and third priority shall be given to the provisions of the Contractor's Proposal.

IN WITNESS THEREOF, the parties have caused these presents to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

WITNESSES:

*Pamela S. Hauke*  
1<sup>st</sup> Witness for First Party

*Jaqueline Bether*  
2<sup>nd</sup> Witness for First Party

CONTRACTOR

BY: *Ch F Murray Michael Hofer*

Christopher F. Murray Michael Hofer  
Typed or Printed Name

20-560-1437  
Federal Identification Number

STATE OF LOUISIANA  
DEPARTMENT OF TRANSPORTATION  
AND DEVELOPMENT

*[Signature]*  
1<sup>st</sup> Witness for Second Party

*Cindy Sprung*  
2<sup>nd</sup> Witness for Second Party

BY: *Eric Kl...*  
For Secretary Shaun D. Wilson

RECOMMENDED FOR APPROVAL:

BY: *[Signature]*  
Division Head



## **ATTACHMENT A: SCOPE OF WORK/SERVICES**

The DOTD currently operates five (5) TMCs and provides daily Motorist Assistance Patrol Services in New Orleans, Baton Rouge, Shreveport, and Lake Charles areas, as well as MAP services for various construction projects statewide. **In the event additional TMC services are implemented for other areas, the Contractor shall provide staffing at the same hourly billable rate, terms and conditions which may increase the total compensation.**

The TMCs will coordinate with and monitor the activities of the MAP at the local and statewide level. Partnering with the State and local law enforcement agencies, the TMC and MAP provide a quick service to motorists with disabled vehicles, keeping the major routes clear of incidents.

The TMCs will work closely with DOTD District offices as well as Local and State Law Enforcement Agencies to identify issues/incidents on the transportation system. The TMC quickly assesses and responds by drawing on DOTD resources to correct issues, while concurrently alerting the public to the information they need to make traveling decisions. All action taken by the TMC is documented accordingly.

### **1 Tasks and Services**

Contractor shall be responsible for providing trained and qualified staff, including additional staffing beyond normal day-to-day requirements during times of inclement weather, traffic conditions, special, planned and unplanned emergency events and other times at the discretion of the DOTD.

Contractor shall be responsible for proactively supporting traffic management, incident response, special events, and emergencies during expected (e.g. routine traffic conditions and rush hour), planned, (e.g. large events, construction) and unplanned (e.g. major traffic incidents, weather events and natural disasters) events.

Contractor will be expected to utilize the DOTD's existing Intelligent Transportation System network (ITS Network) along with the established applications and practices in the day-to-day TMC activities.

Contractor will provide mission critical services as specified in 2.5.1 Functional Requirements to DOTD that must be fully functional during hours of operation for each TMC without fail. The contractor shall thoroughly document all work accomplished and provide requested reports and perform administrative duties.

### **2 Deliverables**

Project deliverables will include:

- Program Management Plan, within 15 days of contract execution
- Staffing
- TMC Staff Training by contractor
- Data Analytics and Information on incidents monthly, quarterly, and as requested

- TMC Standard Operating Procedures and Operating Manuals
- Monthly Invoices and Reports
- Additional Reports, as described in 2.5.1

During the term of the contract and at expiration, the Contractor shall report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each, if applicable.

### **3 Scope of Work Elements**

Traffic Operations Management services are performed statewide in designated areas of the state. The TMC staff monitors traffic flow, identifies incidents, dispatches Motorist Assistance Patrol, informs motorists on lane/roads closures and congestion, updates ITS maintenance and other transportation resources, coordinates with other organizations such as Louisiana State Police or local law enforcement, and operates systems such as, but not limited to the ATMS, 511 systems, social media, mobile applications, and other related systems. They focus on identifying and managing traffic congestion that develops resulting from recurring and non-recurring events through interaction with DOTD, emergency responders, updating 511 systems, posting messages on the Dynamic Message Boards, monitoring CCTV cameras, etc. The TMC staff monitors, and where possible, may redirect traffic onto detour routes or available parallel routes using the appropriate medium to ensure optimal system performance.

The TMC staff use a variety of ITS measures to monitor the highways and to respond to the cause of a potential incident before it occurs, as well as to manage the incident once it begins. Elements of ITS the TMC employs include the use of PTZ cameras to monitor highways, traffic sensor information to monitor traffic speed and congestion, monitors the local law enforcement CAD systems for automated updates on incidents on the highway system, and dynamic message signs, social media, and mobile applications to provide instant communication to motorists in affected areas.

DOTD's ATMS software is the Delcan i-NET ATMS software. The software provides for the configuration and control of the ITS devices, and integrates the various ITS devices into a traffic management system.

The traveler information systems make traveler information available to the public. These systems include the 511 website ([www.511la.org](http://www.511la.org)), telephone (dial "511"), Twitter, 511 mobile applications, and e-mail. These applications alert the public of potential traveling delays or hazards due to incidents arising on the highways. These could include crashes, maintenance and construction work, along with weather related road conditions.

The TMC staff creates and executes traffic management plans associated with special events, work zones, and major emergencies. The TMC staff checks for potential conflicts in planned events and planned lane closures. The TMC staff is not expected to resolve these conflicts and does not decide which of the competing activities will have precedence over the other. Rather, the TMC Staff advises the DOTD that a conflict exists which must be resolved before execution of the planned event or work zone.

The TMC staff provides support to DOTD field maintenance and construction operations by communicating and coordinating information regarding activities of other law enforcement, public safety and emergency response agencies, traffic movement, weather occurrences, weather related road conditions, and public communication of transportation-related information.

The TMC staff maintains awareness of weather events, communicates weather alerts and impacts, adjusts staffing according to weather events, monitors road conditions, and communicates operational impacts.

The TMC receives communications from DOTD District offices, law enforcement agencies, News media, and internet on all issues, ranging from operating status to closures of major routes. Automated sensors on water-crossing bridges statewide monitor sudden increases in rainfall or water level. DOTD uses the Zetron system to monitor the bridge water levels. High water levels trigger the Zetron to place a phone call to the Statewide TMC operators.

In the event there is a major incident, an FHWA (Federal Highway Administration) report must be prepared and distributed. These incidents can include, but are not limited to damage or closure of the highway infrastructure due to:

- Natural disaster
- Terrorist or criminal activity
- Hazmat incidents
- Crash involving 6 or more fatalities
- School bus crash resulting in injuries, death, or statewide attention
- Truck or charter bus crash resulting in injuries, or statewide media attention
- Chain reaction crashed involving 10 or more vehicles
- Closure due to evacuation conducted for any reason.

Louisiana State Police (LSP), Troop F (Monroe) officially determines and issues AMBER Alerts, and forwards this information to the State DOTD ITS Management and Operations Supervisor by e-mail or telephone. The LSP will determine if the alert is regional or statewide.

### **3.1 Functional Requirements**

#### **Contractors TMC Staff shall:**

- Receive information from the ITS system, field operations or a law enforcement agency advising of an incident in their coverage area.
- Monitor the effect the incident is causing on traffic in the area via maneuverable camera.
- Activate appropriate DMS in the affected area to warn motorists of the incident, allowing them the opportunity to use an alternate route to avoid delays due to the incident, and to reduce traffic congestion in the area.
- In non-emergent situations, use cameras to routinely monitor traffic flow.
- Create DMS message plans for planned incidents.
- Identify and/or receive information from law enforcement agency or DOTD field operations advising of an unplanned or planned incident on the transportation system.
- Create a 511 event based upon that information.
- Monitor the [www.511la.org](http://www.511la.org) web page for accuracy and timeliness of reports.
- Disseminate information to the public using social media outlets.

- Update social media outlets and provide as much detail as necessary to alert motorists to avoid congested areas and in some cases provide an alternate route to alleviate traffic congestion.
- Disseminate information on traffic incidents and updates to selected DOTD distribution groups using e-mails.
- Identify and/or receive information from a law enforcement agency or field operations advising of an incident in an area serviced by the DMS system.
- Receive information from the District Offices of a planned construction or maintenance activity.
- React quickly to assess the impact of the incident, and activate appropriate DMS in the affected area.
- For scheduled events, create DMS message plans to activate appropriate signs at the appropriate time.
- Identify a disabled vehicle or an incident in the roadway.
- Receive information from the MAP operators on the roadways.
- Receive information from a law enforcement agency contact advising of a motorist assist call they have received in the MAP service area.
- Receive information from an ATMS notice of a potential traffic incident.
- Dispatch MAP operators to the disabled vehicle or incident via radio or other means of communications.
- Use GPS-enabled software to monitor the location of MAP vehicles, directing resources where they are needed.
- Monitor hurricane/ storm events.
- Receive notification of operating status, closures, evacuation orders, etc.
- Serve as conduit between law enforcement, District staff and other agencies during adverse weather events.
- Receive information (phone call) from Zetron indicating high water levels.
- Communicate this information to appropriate DOTD District staff.
- Prepare FHWA Reports as required.
  
- All FHWA highway incident reports shall include the following information at a minimum:
  - Source of the information (i.e., from whom did TMC receive the information, date of report, and telephone number of the person who prepared the report).
  - Description of the incident (what, where, when, and how).
  - Casualties (number of persons injured or killed).
  - Description of road damage, including planned repair work and estimated completion date.
  - Description of road closures, including detours and estimated re-opening date.
  - Description of impact on transportation operations.
  - Description of what the State organizations are doing in the response effort.
  
- Receive information from law enforcement agency reporting damage to the transportation system.
- Communicate damage information to the appropriate DOTD-TMC Group/ DOTD District.
- Receive communication from DOTD/LSP/ State Radio authorizing Amber Alerts.

- Activate Amber Alert messages for DMS statewide or specified region as determined by LSP.
- Communicate DMS activation within DOTD and LSP.
- Upon cancellation of the alert, shall clear messages from all activated DMSs.
- E-mail report to the Special Alert Group.
- Enter incident data into the ATMS. Incident data may consist of/include roadway conditions.
- Generate weekly, monthly incident statistical reports.
- Support recurring or ad-hoc requests for operational, performance, maintenance or archived data reporting.
- Enter data into archived data systems as directed.
- Monitor various operational, maintenance and other alerts from ITS field systems and report as directed.
- Monitor the overall status and data accuracy of the various systems (ATMS, Traveler Information System, ITS field devices) and report exceptions or inoperable conditions to the appropriate personnel.

### **3.2 Technical Requirements**

NOT APPLICABLE TO THIS CONTRACT

### **3.3 Project Requirements**

The Contractor shall provide day to day program management and ensure adequate quality throughout all areas of the project including performance, training and program development. A program management plan shall be submitted by the Contractor within 15 days of contract execution for DOTD review. This plan shall describe how the Contractor will implement and manage the program including staffing, scheduling, communication procedures for all correspondence, document deliverables, submittals and other communications between the Contractor and the State. This plan shall also describe the Contractor's quality assurance and control plans for the program. The Contractor shall provide fully trained TMC Operators according to the current level of coverage as well as future needs as they arise.

The Contractor shall be responsible for the provision of fully functional TMC operations with a staff of trained supervisors and operators that will ensure continuous coverage for all areas during the required times of service statewide and during emergencies. The Contractor shall maintain detailed service records for each operator and provide this information with the monthly reports.

Monthly reports to be included with the invoices shall contain the staffing hours required and the hours provided with the names and classifications of the staff members and documentation for any changes.

#### **Required Staffing Requirements:**

All staff assigned shall pass the criminal background check. Contractor shall perform the background check, ensure that all assigned personnel had passed the background check, and provide DOTD with written confirmation for each staff member upon hiring. Contractor shall provide the following staff:

## **TMC Contract Program Manager**

Contract Program Management shall be provided throughout the duration of the project. The Contract Program Manager shall have a minimum of a four-year degree in a management or transportation related field. Education requirement may be substituted with eight (8) years of experience with management operations. Preference will be given to transportation management center operations. Combination of education less than four (4) years and experience that total six (6) years may be substituted. The Contract Program Manager shall:

- Program Management Plan
- Provide program development
- Outreach to other state TMC regarding operations
- Training to accomplish goals and objectives outlined in 1.1.2
- Execution of above training
- Continual improvements
- TMC Staff Career development

## **TMC Operations Manager (Statewide Operations and Traffic Incident Management)**

Operations Management shall be provided throughout the duration of the project for all services. The Operations Manager at a minimum shall have four (4) years of experience with statewide Operations and Traffic Incident Management and experience with management of multiple TMCs. The Operations Manager shall:

- Ensure that the requirements of the contract are met.
- Manage team operations by directing and coordinating activities consistent with established goals, objectives, and policies (Statewide operations and Traffic Incident Management activities)
- Perform administrative functions, such as preparing reports, prepare and produce all invoices, and completing special requirements.
- Develop ideas on how to implement system and operational improvements.
- Coordinate with key DOTD staff, including ITS Engineers and Director of Statewide Emergency Operations as needed.

## **TMC Area Supervisors**

The TMC Area Supervisors at a minimum shall be trained in TMC Operations and have experience with managing TMC Operations staff. The TMC Supervisor is responsible for the following:

- Managing and scheduling TMC operators
- Training and guiding TMC operators as needed
- Maintaining operator certifications/training records and providing certifications/training records to the DOTD Project Manager. Training by the Contractor will be listed in the Program Management Plan.
- Ensuring the TMC is fully functional on a daily basis
- Maintaining records

- Participate with regional TIM efforts
- Reporting to the Project Manager
- Coordinating directly with MAP operators and MAP supervisors

### **TMC Operators (including Seniors)**

The operators at a minimum shall be responsible for delivering the services as described in the Functional Requirements in Section 2.5.1. The TMC Operators and Senior Operators shall have the ability to read, write, speak and comprehend English Language. The TMC Operators and Senior Operators should have experience with Parsons iNet ATMS software and should have experience with safety service patrol dispatching.