HEALTH INSURANCE BENEFITS FOR THE AGED AND DISABLED
(Contract with Eligible Organization Pursuant to
Section 1876 of the Social Security Act)

CONTRACT (<<CONTRACT_ID>>)

Between
The Secretary of the Department of Health and Human Services, who has delegated authority to the Administrator of the Centers for Medicare and Medicaid Services, hereinafter referred to as CMS
and

<<CONTRACT_NAME>>
(hereinafter referred to as the Health Care Prepayment Plan or HCPP)

CMS and the HCPP, an organization which provides medical and other health services (or arranges for their availability) on a prepayment basis, agree to the following as called for under 42 CFR §417.801, and for the purposes of §1833(a)(1)(A) of the Social Security Act:

Article I
Term of Contract

The contract shall begin on the date of signature by CMS' authorized representative through December 31, 2014. The contract will be automatically renewed for successive periods of one year unless the Organization or CMS gives written notice of intention not to renew the contract at least 90 days before the end of the current period. (Additional requirements concerning nonrenewal of contracts, binding on both CMS and the Organization, may be found at 42 CFR §417.492.) If the HCPP had a contract with CMS for Contract Year 2013 under the contract ID number designated above, this document is considered a renewal of the existing contract. While the terms of this document supersede the terms of the 2013 contract, the parties' execution of this contract does not extinguish or interrupt any pending obligations or actions that may have arisen under the 2013 or prior year contracts.

Organizations offering Part D benefits also must execute a contract addendum Pursuant to §§ 1860D-1 through 1860D-42 of the Social Security Act for the Operation of a Voluntary Medicare Prescription Drug Plan (hereafter the "Part D Addendum"). For Organizations offering Cost-PD plans, the Part D Addendum governs the rights and obligations of the parties relating to the provision of Part D benefits, in accordance with its terms, as of its effective date.

Article II
Payment Method

The Organization will receive payment under this contract on a reasonable cost basis under §1876(h) of the Act and its implementing regulations at 42 CFR §§417.530-417.576, and subject to the provisions of Article VI. The method of payment for hospitals and skilled nursing facilities (SNF) in 2013 will be the payment method used in 2014 unless CMS is otherwise notified.

Article III
Geographic Area

The Organization agrees that the contract shall be effective for the geographic area described in the attachment to this contract. (Modifications to the geographic area during the period of the contract are governed by Article VII.)

Article IV
General Conditions

A. The Organization agrees to comply with the law, regulations, and general instructions of the Centers for Medicare and Medicaid Services (CMS) concerning the participation in Medicare of health maintenance organizations (HMOs) and competitive medical plans (CMPs) reimbursed on a cost basis.

B. As part of its ongoing quality improvement program:

1. The Organization agrees to comply with the requirements for Quality Improvement Organization (QIO) review of services furnished to Medicare enrollees as set forth in 42 CFR Part 417 Subpart D and required by 42 CFR §417.478(a).

2. For purposes of this section, QIO is also deemed reference to other appropriate entitles with which CMS has contracted pursuant to §1154(a)(4)(C) of the Act.

3. The Organization shall furnish to the QIO requested on-site access to or copies of patient care records and other pertinent data, and permit the QIO or its subcontractor to examine its operations and records as necessary for the QIO to carry out its functions under the Act.

C. The Organization agrees to comply with:

1. Sections 1318(a) and (c) of the Public Health Service Act which pertain to disclosure of certain financial information;

2. Sections 1301(c)(1) and (c)(8) of the Public Health Service Act, which relate to fiscal, administrative, and management requirements and liability arrangements to protect all members of the organization; and to notify CMS 60 days prior to any changes in its insolvency arrangements; and

3. The reporting requirements in 42 CFR §417.126(a) which pertain to the monitoring of an organization's continued compliance. For purposes of this paragraph, references in that section to an "HMO" are also deemed references to a "CMP."

D. The Organization agrees to comply with Title VI of the Civil Rights Act of 1964 (and pertinent regulations at 45 CFR Part 80), §504 of the Rehabilitation Act of 1973 (and pertinent regulations at 45 CFR Part 84), and the Age Discrimination Act of 1975 (and pertinent regulations at 45 CFR Part 91).

E. The Organization agrees to the following:

1. CMS may evaluate, through inspection or other means, the quality, appropriateness, and timeliness of services furnished under the contract to the Organization's Medicare enrollees;

2. CMS may evaluate, through inspection or other means, the facilities of the organization when there is reasonable evidence of some need for that inspection;

3. CMS, the Comptroller General, or their designees may audit or inspect any books and records of the organization or its transferee that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under the contract;

4. CMS may evaluate, through inspection or other means, the enrollment and disenrollment records for the current contract period and three prior periods, when there is reasonable evidence of some need for that inspection;

5. The right to inspect, evaluate, and audit, will extend through three years from the date of the final settlement for any contract period unless -

   (a) CMS determines there is a special need to retain a particular record or group of records for a longer period and notifies the Organization at least 30 days before the normal disposition date;

   (b) There has been a termination, dispute, fraud, or similar fault by the Organization, in which case the retention may be extended to three years from the date of any resulting final settlement; or

   (c) CMS determines that there is a reasonable possibility of fraud, in which case it may reopen a final settlement at any time.

F. The Organization shall submit to CMS (in such form and detail as the CMS shall prescribe in regulations and general instructions), the following reports:

   1. Data pertaining to health insurance claim numbers from beneficiaries, which shall be transmitted initially and on a continuing basis, as required to annotate the relevant CMS data files;

   2. Statistical data on provider services and on medical and other services;

   3. Enrollment and actuarial data; and

   4. Any other reports or data that CMS may require.

G. The Organization agrees to report all enrollments, disenrollment, and other beneficiary characteristic records according to CMS program instructions. All records must be transmitted: 1) through an approved CMS systems contractor; or 2) over data transmission lines directly to CMS. All electronic transmissions must be totally compatible and consistent with the relevant CMS computer record systems.

H. The Organization shall furnish to organizations serving as carriers and intermediaries under Title XVIII, information necessary to allow the carriers or intermediaries to make proper payment under Title XVIII for Medicare beneficiaries enrolled in the Organization.

I. The Organization agrees to require all entities related to the Organization, as determined under 42 CFR §417.484(a), to agree that -

   1. CMS, the Comptroller General, or their designees have the right to inspect, evaluate, and audit any pertinent books, documents, papers, and records of the subcontractor involving transactions related to the subcontractor; and

2. The right under this section to information for any particular contract period will exist for a period equivalent to that specified in section E(5) of this Article.

J. The Organization agrees -

1. To submit to CMS -

(a) All financial information required under 42 CFR §§417.530 through 417.576 and for final settlement; and

(b) Any other information necessary for the administration or evaluation of the Medicare program.

2. To comply with the requirements set forth in 42 CFR Part 420 Subpart C, pertaining to the disclosure of ownership and control information;

3. To comply with the requirements of the Privacy Act, as implemented by 45 CFR Part 5b and 42 CFR Part 401 Subpart B, with respect to any system of records developed in performing carrier or intermediary functions under 42 CFR §§417.532 and 417.533; and

4. To meet the confidentiality requirement of 42 CFR §482.24 for medical records and for all other information on enrollees, not covered under item 3 above, that is contained in its records or obtained from CMS or others. **[417.486(d)]**

5. To provide prompt payment (consistent with the provisions of §§1816(c)(2) and 1842(c)(2)) of claims submitted for services and items furnished to individuals pursuant to this contract, if the services or items are not furnished under a contract between the Organization and the provider or supplier.

K. Pursuant to 42 CFR §417.476 conditions of qualification set forth at 42 CFR §§417.410 through section 417.418 may be waived by CMS. However, for each of such qualifying conditions waived, this contract must contain -

1. The specific terms of the waiver;

2. The expiration date of the waiver;

3. Any other information required by CMS.

L. The Organization shall provide and supply (1) full and complete information as to ownership of a subcontractor with whom such organization has had during the previous twelve months, business transactions in an aggregate amount in excess of $25,000, and (2) full and complete information as to any significant business transactions during the five year period ending on the date of CMS's request, between the Organization and any wholly-owned supplier or between the Organization and any subcontractor.

M. The Organization shall notify CMS of loans and other special financial arrangements which are made between the Organization and subcontractors, affiliates and related parties. **[417.486(a)(1), (b); Part 417 Subpart O; Part 420 Subpart C]**

N. The Organization agrees to submit quarterly reports of its commercial enrollment, Medicaid enrollment and Medicare enrollment in the geographic area defined by Article III of this contract.

O. The Organization agrees that no marketing material may be distributed by an organization to (or for the use of) individuals eligible to enroll or enrolled in the organization under this contract unless at least 45 days before the distribution, the Organization has submitted the material to CMS for review, and CMS has not disapproved the distribution of the material. Where applicable, the Organization may use the file and use process described at Part 422 Subpart V.

P. The Organization agrees to allow eligible beneficiaries to enroll under this contract during any open enrollment period required by CMS through regulations. The Organization agrees to accept beneficiaries up to the limit of its capacity as approved by CMS.

Q. Upon termination of this contract, the Organization agrees:

1. To give its Medicare enrollees a written notice of the termination at least 60 days before the termination date;

2. To be responsible for the cost of the notice;

3. To submit a copy of the notice to CMS for review.

R. The Organization hereby provides assurances to CMS that in the event the Organization ceases to provide items and services under this contract, the Organization shall provide or arrange for supplemental coverage of benefits under Title XVIII of the Act related to a pre-existing condition with respect to any exclusion period, to all individuals enrolled with the entity who receive benefits under Title XVIII, for the lesser of six months or the duration of such period.

S. The Organization shall comply with the requirements of Subpart M of 42 CFR Part 422, which govern organization determinations, grievances and appeals, with the exception of Part A services paid for directly by CMS.

T. Effective for contract year 2014, where two or more Medicare Advantage local coordinated care plans or two or more Medicare Advantage regional plans enter the organization's service area and the conditions of §417.402(c) are met, the Organization understands that this contract will not be renewed for the overlapping portion of the service area (nonrenewal will occur at the close of the 2014 contract year). Thereafter, if the Organization wishes to continue to offer Medicare benefits to enrollees in that area, it will be required to comply with all requirements applicable to Medicare Advantage plans under 42 CFR Part 422 and

enter into a Medicare Advantage contract with CMS. This contract will continue in effect for any portion of the service area not meeting the conditions of §417.402(c). **[417.600(a)(2)].**

U. As part of advance directives requirements, the Organization agrees:

1. To inform all Medicare enrollees at the time of enrollment of their right (under State law whether statutory or recognized by the courts of the State) to accept or refuse treatment and to execute an advance directive, such as living wills or durable powers of attorney, and of the Organization's written policies on implementation of that right;

2. To document in the individual's medical records whether or not an individual has executed an advance directive;

3. To not condition treatment or otherwise discriminate on the basis of whether an individual has executed an advance directive;

4. To comply with State law (whether statutory or recognized by the courts of the State) on advance directives; and

5. To provide (individually or with others) for education for staff and the community on advance directives.

V. The Organization agrees not to employ or contract with, directly or indirectly, entities or individuals excluded from participation in Medicare or Medicaid under §1128 or §1128A of the Act, for the provision of health care, utilization review, medical social work, or administrative services.

Article V
Conditions of the Reasonable Cost Method of Payment

A. CMS shall make payment under this contract for services rendered to Medicare enrollees on a reasonable cost basis as provided in regulations. Notwithstanding the foregoing, to the extent that the Organization provides qualified prescription drug coverage to enrollees under Part D, costs related to the offering of Part D benefits are reimbursed solely under the applicable provisions of 42 CFR Part 423.

B. The Organization agrees to maintain books, records, documents, and other evidence of accounting procedures and practices that -

1. Are sufficient to -

(a) Ensure an audit trail; and

(b) Properly reflect all direct and indirect costs claimed to have been incurred under the contract; and

2. Include at least records of the following:

(a) Ownership, organization, and operation of the Organization's financial, medical and other recordkeeping systems;

(b) Financial statements for the current contract period and three prior periods;

(c) Federal income tax or information returns for the current contract period and three prior periods;

(d) Assets acquisition, lease, sale, or other action;

(e) Agreements, contracts, and subcontracts;

(f) Franchise, marketing, and management agreements;

(g) Schedules of charges for the Organization's fee-for-service patients;

(h) Matters pertaining to costs of operations;

(i) Amounts of income received, by source and payment;

(j) Cash flow statements;

(k) Any financial reports filed with other Federal programs or State authorities.

C. The Organization has the right to appeal any final determination of costs pursuant to the reimbursement appeals procedures contained in the regulations at 42 CFR Part 405, Subpart R.

D. The Organization shall make available for the purposes specified in paragraphs 1-4 of section E of Article IV, its premises, physical facilities, and equipment, its records relating to its Medicare enrollees, the records specified in 42 CFR §417.480, and any additional relevant information that CMS may require.

E. The Organization agrees that -

1. Consistent with 42 CFR §417.576, it will provide, subsequent to an accounting period, an independently certified financial statement of its per capita incurred cost, based on the types of components of expenses otherwise reimbursable under Title XVIII, for providing services described in §1876(a)(1), including its method of allocating costs between individuals enrolled under this section and other individuals enrolled with the Organization, such statements to be provided in accordance with accounting procedures prescribed by CMS;

2. Failure to report such information may be deemed evidence of likely overpayment upon which basis collection action may be taken;

3. The required financial statements will be consolidated to include an accounting for the costs of entities related to the Organization by common ownership or control;

4. Allowable costs for a related organization may not include costs for the types of expense otherwise reimbursable under Title XVIII, in excess of an amount which would be determined to be reasonable in accordance with regulations;

5. In any case in which compensation is paid substantially in excess of what is normally paid for similar services by similar practitioners, such compensation may, as appropriate, be considered a distribution of profits.

Article VI
Modification, Termination or Non-renewal

This contract may be modified at any time by written consent of both parties (the Organization and CMS). If the contract is modified, the Organization must notify its Medicare enrollees of any changes that CMS determines are appropriate for notification. It may be terminated by either party in accordance with the provisions of 42 CFR §417.494 or a decision by either party not to renew the contract may be made in accordance with the provisions of 42 CFR §417.492.

Article VII

Any revisions to applicable provisions of Title XI or Title XVIII of the Act, Title XIII of the Public Health Service Act, implementing regulations, policy issuances and instructions apply as of their effective date.

Article VIII
General Contracting Requirements

A. FACILITIES NONDISCRIMINATION CLAUSE

The following provisions are applicable to and shall be included in all leases of real estate entered into for the administration of this agreement:

"As used in this clause, the term 'Facility' means stores, shops, restaurants, cafeterias, restrooms, and any other facility of a public nature in the building in which the space covered by this lease is located.

"The lessor agrees that he will not discriminate by segregation or otherwise against any person or persons because of race, color, religion, sex, or national origin in furnishing or by refusing to furnish, to such person or persons, the use of any facility including any or all services, privileges, accommodations, and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any facility customarily furnished by the lessor solely to tenants, their employees, customers, patients, clients, guests and invitees.

"It is agreed that the lessor's noncompliance with the provisions of this clause shall constitute a material breach of this lease. In the event of such noncompliance, the lessee may take

appropriate action to enforce compliance, may terminate this lease or may pursue such other remedies as may be provided by law. In the event of termination, the lessor shall be liable for all excess costs of the lessee in acquiring substitute space. Substitute space will be obtained in as close proximity to the lessor's building as is feasible and moving costs will be limited to the actual expenses thereof as incurred.

"The lessor agrees to include, or to require the inclusion of the foregoing provisions of this clause (with the terms "lessor" and "lessee" appropriately modified) in every agreement or concession pursuant to which any person other than the lessor operates or has the right to operate any facility. Nothing herein contained, however, shall be deemed to require the lessor to include or require the inclusion of the foregoing provisions of this clause in any existing agreement or concession arrangement or one in which the contracting party other than the lessor has the unilateral right to renew or extend the agreement or arrangement, until the expiration of the existing agreement or arrangement and the unilateral right to renew or extend. The lessor also agrees that it will take any and all lawful actions as expeditiously as possible with respect to any such agreement as the contracting agency may direct to enforce this clause, including but not limited to termination of the agreement or concessions and institution of court action."

B. DISCLOSURE OF INFORMATION

The following clause shall be included in all subcontracts entered into either for the performance of functions required for the administration of this agreement or where a sub-contractor, his agents, officers or employees might reasonably be expected to have access to information within the purview of §1106 of the Social Security Act and regulations prescribed pursuant thereto:

"The contractor agrees to establish and maintain procedures and controls so that no information contained in its records or obtained from CMS or from others in carrying out the terms of this subcontract shall be used by or disclosed by it, its agents, officers, or employees except as provided in said §1106 of the Social Security Act and regulations prescribed thereunder."

C. AUTOMATIC TERMINATION OF SUBCONTRACT CLAUSE

The following provision are applicable to and shall be included in all subcontracts entered into hereafter (except for the purchase of items and equipment), including leases of real property which exceed the term of this agreement except where CMS agrees to its omission. Failure of the Contractor to include the clause in such subcontract without the written agreement of CMS to its omission shall make the related costs incurred after the effective date of the nonrenewal or termination, unallowable.

Notwithstanding the following, if the Contractor wishes to continue the subcontract relative to its own business after the contract between CMS and the Contractor has been terminated or nonrenewed, it may do so provided it assures CMS in writing that CMS's obligations will terminate at the time the Medicare contract terminates or is nonrenewed subject to the termination cost provisions provided for in the contract.

The clause is as follows: "In the event the Medicare contract between CMS and (Name of Contractor) is terminated or nonrenewed, the contract between (Name of Contractor) and (Name of Firm) will be terminated unless CMS and (Name of Contractor) agree to the contrary. Such termination shall be accomplished by delivery of written notice to (Name of Firm) of the date upon which said termination will become effective."

D. PROHIBITION AGAINST USE OF CMS FUNDS TO INFLUENCE LEGISLATION OR APPROPRIATIONS

The following provision is applicable to this agreement:

No part of any funds under this agreement shall be used to pay the salaries or expenses of any Contractor, or any agent acting for the Contractor, to engage in any activity designed to influence legislation or appropriations pending before the Congress.

Lobbying costs are defined in and are unallowable in accordance with Federal Acquisition Regulation 31-205-22.

E. LIQUIDATED DAMAGES IN SUBCONTRACTS

The following provisions are applicable to and shall be included in any subcontract entered into or renewed under this agreement containing a liquidated damages provision which related solely to Medicare:

The Centers for Medicare and Medicaid Services (CMS), after consultation with the Contractor, shall have the right to determine that the specified levels of performance have not been attained by the subcontractor. In such event, CMS may direct the Contractor to notify the subcontractor of CMS's determination that liquidated damages apply and to set-off the liquidated damages against the subcontractor. CMS shall reimburse the Contractor for all reasonable costs relating to this activity and shall honor any judgment or award rendered against the Contractor directly resulting from the enforcement of such provision as directed by CMS. Failure of the Contractor to timely comply with such direction, shall constitute cause for the application of any and all administrative, statutory, and judicial remedies which may be available to CMS pursuant to this agreement, including but not limited to, offsetting an amount equivalent to the amount of such unenforced liquidated damages. In the event that such offset is made, the Contractor shall be obligated to continue to perform all terms and conditions of this agreement without additional payment from CMS attributable to such offset amounts.

F. FEDERAL ACQUISITION REGULATIONS INCORPORATED BY REFERENCE

This agreement incorporates the following clauses by reference with the same force and effect as if they were given in full text. Upon request, CMS will make their full text available:

(48 CFR CHAPTER 1) CLAUSES

52.222-26	Equal Opportunity (March 2007)
52.203-5	Covenant Against Contingent Fees (April 1984)
52.219-8	Utilization of Small Business Concerns (May 2004)
52.219-9	Small Business Subcontracting Plan (April 2008)
52.222-3	Convict Labor (June 2003)
52.222-21	Prohibition of Segregated Facilities (Feb. 1999)
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sep. 2006)
52.222-36	Affirmative Action for Workers with Disabilities (June 1998)
52.203-7	Anti-Kickback Procedures (July 1995)
52.245-1	Government Property (June 2007)

Article IX
Miscellaneous

A. DEFINITIONS

Terms not otherwise defined in this contract shall have the meaning given to such terms in 42 CFR Part 417.

B. ALTERATION TO ORIGINAL CONTRACT TERMS

The Organization agrees that it has not altered in any way the terms of this contract presented for signature by CMS. The Organization agrees that any alterations to the original text the Organization may make to this contract shall not be binding on the parties.

C. PLAN DISCLOSURE REQUIREMENTS

The procedures and requirements relating to disclosure in 42 CFR §422.111 apply to this contract in accordance with 42 CFR §417.427.

D. APPROVAL TO BEGIN MARKETING AND ENROLLMENT

The Organization agrees that it must complete CMS operational requirements prior to receiving CMS approval to begin marketing and enrollment activities. Such activities include, but are not limited to, establishing and successfully testing connectivity with CMS systems to process enrollment applications (or contracting with an entity qualified to perform such functions on the Organization's behalf), and receiving CMS approval of all contract-related marketing materials.

<<CONTRACT_ID>>

In witness whereof, the parties hereby execute this contract.

This document has been electronically signed by:

FOR THE ORGANIZATION

<<CONTRACTING_OFFICIAL_NAME >>
Contracting Official Name

<<DATE_STAMP>>
Date

<<CONTRACT_NAME>>
Organization

<<ADDRESS>>
Address

FOR THE CENTERS FOR MEDICARE & MEDICAID SERVICES

<<DANIELLE_MOON_ESIG>>
Danielle R. Moon, J.D., M.P.A.
Director
Medicare Drug and Health
Plan Contract Administration Group,
Center for Medicare

<<DATE_STAMP>>
Date