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**DEPARTMENT OF VETERANS AFFAIRS
DEPUTY ASSISTANT SECRETARY FOR ACQUISITION AND MATERIEL MANAGEMENT
WASHINGTON DC 20420**

December 19, 2000

James L. Davis
Chief A&MM
Health Administration Center Denver
300 South Jackson Street
Denver, CO 80209

Subject: Delegation of Administration Functions to the Administration Contracting Officer (ACO) for Task Order VA-101-GSATO-01 on GSA contract GS-23F-0188K

In accordance with FAR 42.202 Mr. James L. Davis (Chief of Denver HAC A&MM office) is hereby, delegated as the ACO for the subject Task Order and is assigned all the contract administrative duties as listed in FAR 42.302(a). In addition, Mr. Davis is assigned the following duty in accordance with FAR 42.302(b)(1).

"Negotiate and execute supplemental agreements incorporating contractor proposals resulting from change orders issued under the Changes clause. Prior to starting negotiations the ACO must coordinate any proposed changes with the Primary Contracting Office (PCO) Mr. Domenico M. Ventura through the use of a Pre-Negotiation Memorandum and must coordinate the results of all negotiations with the PCO via the use of a Price (or Post)-Negotiations Memorandum."

Section G paragraph G.1 is hereby unilaterally modified to incorporate this ACO Delegation. The PCO Mr. Ventura will retain primary responsibility for the subject Task Order. If you have any questions please contact me at (202) 273-8764.

Sincerely,

Domenico M. Ventura, C.P.C.M.
Contracting Officer

Enclosure:
Modification C/O # 0001 (SF30) to Task Order VA-101-GSATO-01

CC:
William R. Magro (Abacus Tech. Corp.)

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. Contract ID Code GS-23F-0188K	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO. 001	3. EFFECTIVE DATE December 19,2000	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)	
6. ISSUED BY CODE _____		7. ADMINISTERED BY (If other than Item 6) CODE _____		
DEPARTMENT OF VETERANS AFFAIRS ACQUISITION OPERATION & ANALYSIS SERVICE 810 VERMONT AVENUE, NW WASHINGTON, DC 20420				
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State, and ZIP Code)		(√)	9A. AMENDMENT OF SOLICITATION NO.	
Mr. William R. Magro Senior Vice President Abacus Technology Center 5454 Wisconsin Ave. Suite 1100 Chevy Chase, MD 20815			9B. DATED (SEE ITEM 11)	
			10A. MODIFICATION OF CONTRACT/ORDER NO.	
			Task Order VA-101-GSATO-01	
			GSA Kt # GS-23F-0188K	
			10B. DATED (SEE ITEM 13)	
CODE	FACILITY CODE			
11. THIS ITEM APPLIES TO AMENDMENTS OF SOLICITATIONS				
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended.				
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:				
(a) by completing Items 8 and 15, and returning ___copies of the amendment; (b) by acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.				
12. ACCOUNTING AND APPROPRIATION DATA (If required)				
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.				
(√)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO:(Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.			
X	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, Appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).			
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
	D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input checked="" type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____1_____ copies to the issuing office.				
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)				
This modification adds in accordance with FAR 42.202 Mr. James L. Davis (Chief of Denver HAC A&MM office) as the ACO				
All other terms and conditions remain unchanged and in full force and effect.				
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect				
15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)		
		Domenico M. Ventura Contracting Officer		
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED	
(Signature of person authorized to sign)		BY _____	19DEC00	
		(Signature of Contracting Officer)		

SECTION G

TASK ORDER ADMINISTRATION DATA

G.1 AUTHORITIES OF GOVERNMENT PERSONNEL

Notwithstanding the Contractor's responsibility for total management during the performance of this task order, the administration of the task order will require maximum coordination between the Government and the Contractor. The following individuals will be the Government's points of contact during the performance of this task order:

a. Contracting Officer (CO): All task order administration will be by Domenico M. Ventura. The Contracting Officer is the only person authorized to approve changes or modify any of the requirements under this contract/agreement. The contractor shall communicate with the Contracting Officer on all matters pertaining to contract administration. Only the Contracting Officer is authorized to make commitments or issue change orders that would effect price, quantity, or quality of performance of this contract. If the contractor effects any such change at the direction of any person other than the Contracting Officer, the change shall be considered to have been made without authority and no adjustment will be made to the contract price to cover any increase in costs incurred as a result thereof.

All communications pertaining to contractual and/or administrative matters under this task order should be addressed to:

Department of Veterans Affairs
Acquisition Operations Service (93A)
ATTN: Domenico M. Ventura
810 Vermont Avenue, NW
Washington, D.C. 20420.

b. Contracting Officer's Technical Representative (COTR): The COTR will be designated on the authority of the Contracting Officer, at the time of task order award, to monitor all technical aspects of the task order. The type of actions within the purview of the COTR authority are to assure that the Contractor performs the technical requirements of the contract, and to notify both the Contractor and the Contracting Officer (CO) of any deficiencies observed. A letter of designation will be issued to both the COTR and the Contractor at the time of contract award setting forth in full the responsibilities and limitations of the COTR.

c. Administration Contracting Officer (ACO): In accordance with FAR 42.202 Mr. James L. Davis (Chief of Denver HAC A&MM office) is hereby, delegated as the ACO for the subject task order and is assigned all the contract administrative duties as listed in FAR 42.302(a). In addition, Mr. Davis is assigned the following duty in accordance with FAR 42.302(b)(1):

"Negotiate and execute supplemental agreements incorporating contractor proposals resulting from change orders issued under the Changes clause. Prior to starting negotiations the ACO must coordinate any proposed changes with the Primary Contracting Office (PCO) Mr. Domenico M. Ventura through the use of a Pre-Negotiation Memorandum and must coordinate the results of all negotiations with the PCO via the use of a Price (or Post)-Negotiations Memorandum."

G.2 INVOICE REQUIREMENTS

a. Invoices shall be submitted in an original and 3 copies to the Government office designated in this contract to receive invoices. To constitute a proper invoice, **the invoice must include the following information and/or** attached documentation:

1. Name of the business concern and invoice date.
2. GSA Contract number and VA task order number and purchase order number.
3. Description, price, and quantity of services (by labor category) and ODCs (trip/item) actually delivered or rendered.
4. Payment terms.
5. Name, title, phone number, and complete mailing address, of responsible official to whom payment is to be sent. The "remit to" address must correspond to the remittance address in the task order.
6. On the final invoice, the words "FINAL INVOICE" printed prominently on the face of the invoice.

Other substantiating documentation or information as required by the contract.

b. Invoices not complying with the above requirements will be returned with no accrual of interest under the Prompt Payment Act. Prompt payment act will not go into effect until a correct and accurate invoice is received.

G.3 METHOD OF PAYMENT

a. Payment options. Payments under this contract will be made by wire transfer through the Treasury Financial Communications System at the option of the Government.

b. Information requirements to accomplish payment by wire transfer. The Contractor shall forward the following information on, or as an attachment to, each invoice showing an amount due of \$25,000 or more (exclusive of discounts for early payment), except as provided in paragraph (c) of this clause.

1. Name, address, and telegraphic abbreviation of the receiving financial institution.
2. Receiving financial institution's 9-digit American Bankers Association (ABA) identifying number for routing transfer of funds (Provide this number only if the receiving financial institution has access to the Federal Reserve Communications System).

G.4 PAYMENT DUE DATE

- a. Payments under this contract will be due on the 30th calendar day after the later of -
 1. The date of actual receipt of a proper invoice in the office designated to receive the invoice, or
 2. The date the equipment/services are accepted by the Government
- b. For the purpose of determining the due date for payment only and for no other purpose, acceptance will be deemed to occur on the 30th calendar day after the date of delivery of the equipment/services in accordance with the terms of the contract.
- c. If the equipment is rejected or services deficient, the provisions in paragraph (b) of this clause will apply to the date the Government receives replacement equipment or the date the contractor corrects the deficiencies in services.
- d. The date of the check issued in payment or the date of payment by wire transfer through the Treasury Financial Communication System shall be considered to be the date payment is made.

G.5 SUBSTITUTION OF KEY PERSONNEL

- a. The Offeror agrees to assign to the task order those persons whose resumes were submitted with his proposal and were identified in the proposal as key personnel (as agreed to by the Government in negotiations) who are necessary to fill the requirements of the contract. No substitutions shall be made except in accordance with this clause.
- b. The Offeror agrees that during the first ninety (90) days of the task order period of performance no personnel substitutions shall be permitted unless such substitutions are necessitated by an individual's sudden illness, death, or termination of employment. In any of these events, the Contractor shall promptly notify the Contracting Officer and provide the information required by paragraph (c) below. After the initial ninety (90) day period, all proposed substitutions must be submitted, in writing, at least fifteen (15) days in advance of the proposed substitutions to the Contracting Officer, and provide the information required by paragraph (c) below.

c. All requests for substitutions must provide a detailed explanation of the circumstances necessitating the proposed substitutions, a complete resume for the proposed substitute, and any other information requested by the Contracting Officer needed to approve or disapprove the proposed substitution. All proposed substitutes must have qualifications that are equal to or higher than the qualifications of the person to be replaced. The Contracting Officer or his/her representative will evaluate such requests and promptly notify the Contractor of approval or disapproval thereof.

d. Key personnel are understood to be those individuals for whom resumes were submitted as required by the solicitation.

TASK ORDER AWARD

Contractor: Abacus Technology Corporation

GSA Contract Number: GS-23F-0188K

VA Task Order # VA-101-GSATO-01

Project: VA Recovery Audit

TASK ORDER AUTHORIZATION. The contractor's technical proposal dated September 8, 2000 and oral presentation dated October 18, 2000, Abacus's letter dated November 29, 2000 are hereby incorporated by reference.

Effective Award Date: December 1, 2000

Base Year Completion Date: November 30, 2001

Appropriation No: Will be issued prior to contract submitting Invoice.

Obligation Numbers: Will be issued prior to contract submitting Invoice.

Total Price: see section B.

Point of Contact: COTR has been designated as follows: Glenn Corn, PH: (303) 331-7507
Fax: (303) 331-7800. The Contracting Officer:

Department of Veterans Affairs
Acquisition Operations Service (93A2)
ATTN: Domenico M. Ventura
810 Vermont Avenue, NW
Washington, D.C. 20420

Phone (202) 273-8764

FAX (202) 273-7448

Invoices will be sent to: Will be issued prior to contract submitting Invoice

Approved by: /s/ _____
Domenico M. Ventura, CPCM
VA Senior Contracting Officer

Date: 12/1/2000

Accepted by: /s/ _____
Dennis J. Yee
Contractor's VA Contracting Officer

Date: 12/4/00

SECTION B

Schedule of Supplies and Services Price and Cost

B.I PRICING SCHEDULE

To offer incentive efficiencies, pricing shall be based on a percentage split of actual recoveries. The contract requires a six-year retrospective review of inpatient payments. It is recognized that some claims may require more intensive research and, therefore, the contractor bid may be based on various percentages based on the type of claim and projected research required. The contractor must clearly explain their pricing schedule and any variances in that schedule for each year of the contract (base and two option years).

Payment to the contractor for Accounts that the VA Decides not to Pursue. "For accounts that the VA decides not to pursue, but which are pursuable, payment shall be due to Abacus Technology/Foundation." "An account is 'pursuable' and therefore considered payable if it is clearly identified and documented and such documentation cites a bona fide basis of recovery, and if there is some entity that has the obligation to execute the entity's financial responsibilities."

Audit Services Percentage Split

Base Year

VA Split Percentile	Contractor Split Percentile
66.5%	33.5%

Option Year I

VA Split Percentile	Contractor Split Percentile
66.5%	33.5%

Option Year II

VA Split Percentile	Contractor Split Percentile
66.5%	33.5%

SECTION C

STATEMENT OF WORK

C.1 PURPOSE AND OBJECTIVES

The purpose of this Statement of Work is to take appropriate administrative action in accordance with Department of Veterans Affairs (VA) laws, regulations, etc., to ensure that appropriate and accurate payments for non-VA services are made consistent with VA coding and coverage policy.

C.2 BACKGROUND

1. Department of Veterans Affairs (VA), Veterans Health Administration (VHA), health care system is currently structured into 22 geographically defined Veterans Integrated Service Networks (VISNs). These 22 VISNs are composed of approximately 172 Medical Centers (VAMCs) and in excess of 600 community-based outpatient clinics. Veterans who are eligible for VA health care benefits may, in some circumstances, receive health care services from non-VA providers. In these cases, VA reimburses the health care providers their fees for services rendered on behalf of the eligible veterans. Care provided by non-VA medical providers is referred to as fee basis care. Fee basis care is approved and monitored by VHA and the extent of the services rendered is governed by VA regulations 38 CFR 17.52 through 38 CFR 17.56, 38 CFR 17.120, and 38 CFR 17.128. Additionally, VHA reimburses non-VA providers for health care services provided to certain dependents of veterans under the CHAMPVA Program and Spina Bifida Healthcare Program. These programs are administered by VHA's Health Administration Center (HAC) under the authority of 38 CFR 17.270 - 17.278 and 38 CFR 17.900 - 17.905. (See attachment 1 for relevant Code of Federal Regulation citations.)
2. The Office of Inspector General (OIG) conducted an audit of fee basis payments for inpatient medical care and their findings are reported in 5R3-AO5-108, September 29, 1995 (attachment 2). Recommendations were made to reduce fee basis costs through implementation of the Medicare fee schedule for professional and ancillary services and to improve controls over the prospective payment system for inpatient services to include appropriate application of per diem determinations. Inpatient per diem calculations continue to be calculated manually and, therefore, subject to error.
3. The Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 2000, Public Law 106-74, (see attachment 3) included language that:

The department shall conduct by contract a program of recovery audits for the fee basis and other medical services contracts with respect to payment for hospital care; and, notwithstanding 31 U.S.C. 3302(b), amounts collected, by setoff or otherwise, as the result of such audits shall be available, without fiscal year

limitation, for the purposes for which funds are appropriated under this heading and the purposes of paying a contractor a percent of the amount collected as a result of an audit carried out by the contractor.

C.3 SCOPE OF CONTRACT

1. The scope of this contract is to perform a post-payment review to detect inappropriate provider coding for the services rendered and verify appropriate payment methodologies had been utilized for inpatient services paid by VHA in excess of \$1.2 billion. Excluded from this contract are payments related to outpatient professional services, domiciliary, State Home, and contract nursing homes. Included in the scope of the contract is inpatient billing for care provided under the CHAMPVA and Spina Bifida Healthcare Programs. To appropriately assess the right payment amount, medical documentation must be obtained from the provider and reviewed to determine whether (1) the correct codes were billed to the VA, (2) the correct codes were input by the VA for payment, and (3) the correct payment methodologies were applied.

a. Correct codes billed. The medical industry uses a standard coding system to bill VA for services provided. However, to determine if the provider correctly coded the bill, medical documentation must be reviewed to determine whether the description of the services provided supports the level of coding billed. Medical documentation shall be requested from the provider. Sufficiency of medical documentation is key to an appropriate determination. The documentation must justify the diagnoses, admissions, treatments performed, continued care, and level of care.

b. Correct codes input. Provider billing and VA data input must be compared to ensure the appropriate codes were input for payment from the billing data received.

c. Correct payment methodologies applied.

1. Payment methodologies for fee basis care are detailed in 38 CFR 17.55 and 17.56 (attachment 1) and in the Policy Manual and Fee Basis Guidebook (available upon award of the contract). The following provides the payment methodologies in general.

a. Inpatient claims are paid using the Medicare Prospective Payment System (also known as Diagnosis Related Groups or DRG). The Medicare DRG Pricer and Grouper will be made available by the VA upon award of the contract.

b. In cases where payment is for a full course of treatment, i.e. the patient is discharged home from a non-VA hospital, the hospital is due the full DRG amount. The DRG is priced based on the diagnosis(es) and procedures performed, and the correct input of the

diagnosis(es) and procedures is essential to ensure correct payment.

c. In cases where the patient is transferred to another facility to complete the course of medical treatment once the emergent condition has stabilized, VA pays the transferring hospital an amount calculated by the HCFA Pricer for each patient day of care, not to exceed the full DRG rate.

d. Distinct hospital units excluded from the Medicare DRG and hospitals that do not participate in Medicare are paid at the national cost-to-charge ratio times the billed charges.

2. The CHAMPVA and Spina Bifida Healthcare Programs use the Department of Defense TRICARE Standard program inpatient payment methodologies.

3. The contractor shall review claims with a date of admission occurring no more than six years prior to the date the audit begins.

4. The contractor shall consider the terms of contracts and Memoranda of Understanding that may have existed at the time of service between a VA Medical Center or VISN when determining whether the fee basis payment was appropriately made.

5. All work performed by the contractor must be done in accordance with VA Regulations and Directives.

6. The contractor shall be provided a point of contact for each VISN, the HAC, and the Austin Financial Service Center. That point of contact will assist the contractor with arrangements for site visits to review and obtain data necessary for determinations related to this contract.

C.4 ADMINISTRATIVE REQUIREMENTS

1. The contractor shall furnish the necessary services and qualified personnel, facilities, equipment, materials, and supplies needed to perform the requirements set forth in this statement of work.

2. The contractor shall have all the necessary resources required for performance within 90 days of the award of the contract.

3. The contractor shall work jointly with the VA Contracting Representative and Recovery Audit Steering Committee (RASC) to perform the tasks and activities described in this statement of work.

4. The contractor shall maintain files, reports, and records and provide VA with complete and accurate information of all actions upon request.

5. The contractor shall continuously evaluate the effectiveness of all administrative actions and report the results of the evaluations to the RASC.

6. The contractor shall thoroughly train its staff.

7. The contractor shall maintain a sufficient number of staff dedicated to operations, administration, and support of services under this contract to include, at a minimum, the following staff. The contractor may propose additional staff beyond those listed below, with specific expertise to fully meet the requirements outlined in this statement of work.

a. Program Director. A Program Director will be assigned who has documented skills and experience in directing the accomplishment of work equal or comparable to the requirements under this contract.

b. Medical Director. A Medical Director's service will be required, as necessary, to review complex cases and appeals and provide opinions regarding the complexity of the service and sufficiency of related medical documentation.

c. Registered Health Information Administrator (RHIA, formerly Registered Record Administrator, RRA). The RHIA may also be the Program Director. The RHIA will oversee the collection, interpretation, and analysis of data to ensure billing was appropriately coded and payment made according to VA regulations.

d. Registered Health Information Technician (RHIT, formerly Accredited Record Technician, ART). The RHIT will verify the completeness and accuracy of the billing and appropriate entry for payment. The RHIT will be a specialist in coding diagnoses and procedures for reimbursement and research.

e. Certified Coding Specialist (CCS). The CCS will be skilled in classifying medical data from patient records and providing findings regarding inappropriate coding and reimbursement for action. The CCS shall have ICD-9-CM and CPT coding experience, working knowledge of DRG's, VA coverage guidelines, and payment methodologies.

8. The contractor shall develop a specifically tailored audit program for the VA and procedures for the areas targeted for review. The focused review strategy, to include reporting, must be presented to and approved by the RASC. Detailed quarterly updates, by facility, must be submitted to the RASC.

9. If the contractor has a potential "conflict of interest" involving one of the identified facilities to be audited (audited facility is part of the contractor's other business entities), they must immediately notify the COTR as to the possible conflict. The COTR in

coordination with the RASC will make the determination if the audit will be performed by the contractor or if the identified facility will be waived from this contract.

10. Audits performed by the contractor are subject to review by VA.

11. The contractor will refer any potentially abusive or fraudulent pattern of billing identified through the audit process to the RASC (or their designee) for determination of appropriate action.

12. Notifying the provider of audit results:

a. Prior to initiation of collection procedures for overcharges, the contractor shall work with the relevant facility's point of contact and provide an analysis summary to include as a minimum vendors contacted, report of the contact, and statement of intent to collect overcharges. Collection procedures shall not be accomplished until the contractor has approval from the VA representative. Reports are to be compiled of all overcharges identified, those pursued, and those that the VA medical facilities did not approve for collection along with the reasons for non-collection. Approval may be given verbally but must be followed up with written confirmation. Reports must also provide information on "underpayments" where the government underpaid the claim.

b. The contractor shall issue initial overpayment determinations within 15 days of he approval from the VA representative. The notification shall include:

1. Rationale for overpayment determination,
2. Citations of laws and regulations that support the determination,
3. Amount of overpayment, including calculations,
4. Name and address of the VHA entity (VA Medical Center or the HAC) responsible for the original payment) where the payment will be sent,
5. Explanation of appeal rights,
6. Any further actions that may be required, and
7. A 30-day allowance for response to the initial contractor's finding of overpayment.
 - a. If no response is received within 30 days from the date of the initial letter of overpayment determination, a follow up letter will be sent.

- b. If no response is received within 60 days from the date of the initial letter of overpayment determination, a follow up letter will be sent.
 - c. If no response is received within 90 days from the date of the initial letter of overpayment determination, a final follow up letter will be sent.
 - d. If no response is received within 120 days from the date of the initial letter of overpayment determination, the overpayment will be either offset from future payments or the case will be referred to the Department of Justice (DOJ) by the VA, as appropriate.
- c. If the audit revealed a situation of potential fraud, the contractor shall discuss the findings with the RASC (or designee) prior to notifying the provider of an overpayment.
 - d. Overpayments in excess of \$100,000 shall be brought to the attention of the RASC prior to initiation of collection.

13. The contractor shall maintain a case summary for each instance of overpayment identified for action. At a minimum the case file shall include:

- a. Information reviewed, date, source, actions taken to substantiate an overpayment,
- b. Amount of overpayment and the method used for calculation
- c. Summary of VA's applicable payment guidelines,
- d. Copies of related correspondence,
- e. Any interviews to substantiate overpayment, and
- f. Detailed information regarding the provider such as name, address, tax identification number, etc.

C.5 FINANCIAL MANAGEMENT

1. Collections from providers will be sent directly to the VHA entity (VA Medical Center or the HAC) responsible for the original payment. Upon receipt of the collections, the VHA entity shall make copies of these payments and provide to the contractor. The VHA entity will follow deposit procedures and format in accordance with VHA directives.
2. Offsets will be documented and submitted monthly by the contractor to the VHA entity (VA Medical Center or the HAC) responsible for the payment.

3. Through coordination with the Financial Service Center (FSC), the FSC will establish a standard obligation number and collect from each Medical Center and the HAC for centralized distribution of the monies (collection fee) owed to the contractor.
4. Invoices for the contractor's collection fee shall be submitted for payment to the Financial Service Center for collected or offset overcharges on a quarterly basis. A quarterly activity report, with sufficient detail to validate the invoiced amount, must be submitted to each VHA entity from which the contractor collection fee is due.
5. One invoice per VISN is submitted to the Finance Service Center (FSC). Quarterly activity report will also be submitted to the VHA entity (VISN or VA Medical Facility) in order to validate the invoice to FSC.

C.6 REPORTING REQUIREMENTS

1. The contractor's work will require the efficient handling of a large volume of documents. Each will pass through several steps of processing and review. Effective management of such an operation requires a high level of process control. VA requires that the contractor emphasizes process management and use appropriate process management software designed for good process management, quality controls, and systematic collection of data.
2. VA reserves the right to review and evaluate the contractor's operation at any time. VA will provide the contractor with general information about the review process, but is not obligated to provide the contractor with specific details relating to how the reviews will be conducted. The contractor is expected to perform effectively and efficiently in all areas of its operations and the VA may elect to evaluate performance for any or all activities performed by the contractor.
3. Upon contract award, the contractor shall develop a monthly report of key performance and financial indicators. The content of the report will be defined in collaboration with the RASC. The contractor will report data that reflect the most important aspects of the contractor's work (as determined by the RASC) and track the data systematically through the life of the contract. The report will be sufficiently detailed to sort the data by medical facility and/or VISN. The contractor and the RASC (Or designee) will review and discuss the reports on a regular basis.
 - a. The contractor and RASC shall conduct, at a minimum, a quarterly review of performance indicators. This quarterly review is an opportunity to discuss the contractor's performance and track results.
 - b. The RASC will assess the progress of the contractor after twelve months to determine whether the contract is cost effective and will continue beyond that period.

4. VA requires that the monthly reports be compiled to produce quarterly, biannual, and annual summaries that track and analyze this same information. Reports are to be provided to the RASC and any facilities that were reviewed during the reporting period.

a. Monthly reports are required within five business days of the beginning of each month.

b. Quarterly reports are required within fifteen calendar days following the end of each contract quarter summarizing the quarter's activities and must include:

1. Summary and explanation of the quarter's activities and data,
2. Problems encountered and solutions implemented or proposed,
3. Personnel changes,
4. Issues requiring RASC decisions or attention,
5. Training activities and accomplishments,
6. Number of claims reviewed and outcomes.

c. Within 30 calendar days following the end of the contract year, the contractor will provide an annual report summarizing the year's activities and accomplishments.

5. The contractor will notify the Contracting Officer Technical Representative (COTR) immediately of any changes to key personnel assigned to this project. Advance notification of 30 days is required when possible. Appropriately qualified replacement staff must be available to ensure there are no interruptions or unnecessary delays in meeting the requirements of this contract.

C-7 TECHNICAL REQUIREMENTS

1. The contractor shall designate a technical point of contact (POC) to initiate, focus, and facilitate ongoing communications and information exchange with regard to telecommunications.

2. The POC shall have the authority to represent/bind the contractor within the scope of telecommunications operations and supporting environments.

3. The contractor will access payment data from a central data source in VA. A RASC designee will work with the contractor regarding access. The POC will develop/program an extract of data from the VA data source for use in identifying payments made. The contractor will determine the data points needed and work with the VA to determine the

best way to obtain the data. The proposal for this data extract must be approved by the RASC.

C-8 SECURITY

1. The Privacy Act of 1974, Public Law 93-579, and the regulations and general instructions issued by the VA pursuant thereto are applicable to this contract.
2. The contractor shall ensure that the highest level of security is maintained for all telecommunications and its physical and operational processes. All staff shall be trained on security procedures, as well as relevant aspects of the Privacy Act and the Freedom of Information Act. The contractor shall ensure at a minimum:
 - a. Veteran and dependent privacy and confidentiality is protected to include information transmitted electronically, by e-mail or facsimile.
 - b. Potential fraud-related activities are not accessible to the general public and all evidence and documents relating to fraud allegations are secured in "lockable" cabinets.
 - c. Only the contractor's employees have access to files, computers, and other materials related to the contract activities.
 - d. Safeguard mechanisms are provided to ensure that all paper electronic data are protected from unauthorized access and disaster such as fire or water damage,
 - e. Environmental security measures are taken (e.g. computers should be protected from electronic surges).

SECTION E

INSPECTION AND ACCEPTANCE

E.1 52.246-4--Inspection of Services -- Fixed-Price (Aug 1996)

Inspection of Services -- Fixed-Price (Aug 1996)

- a. Definition: "Services," as used in this clause, includes services performed, workmanship, and material furnished or utilized in the performance of services.
- b. The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.
- c. The Government has the right to inspect and test all services called for by the contract, to the extent practicable at all times and places during the term of the contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- d. If the Government performs inspections or tests on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, at no increase in contract price, all reasonable facilities and assistance for the safe and convenient performance of these duties.
- e. If any of the services do not conform to contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in services cannot be corrected by re-performance, the Government may -
 1. Require the Contractor to take necessary action to ensure that future performance conforms to contract requirements; and
 2. Reduce the contract price to reflect the reduced value of the services performed.
- f. If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may -
 1. By contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service; or

2. Terminate the contract for default.

SECTION F

DELIVERIES AND PERFORMANCE

F.1 PERIOD OF PERFORMANCE

It is expected that the contract will contain one (1) base year and two renewable option years. However, if after a six-month period the cost-effectiveness of this initiative has not been demonstrated, VA maintains the right to terminate the contract at that time.