

**COPY - I.D.**

**CONTRACT NUMBER:**

**4100061881**

**PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE**

**Grant Agreement**

**Financial Management Services**

**NAME AND ADDRESS**

**PCG Public Partnerships LLC  
148 State St. Floor 10  
Boston, MA 02109-2510**

**FEDERAL I.D. NUMBER: 04-3468852  
SAP VENDOR NUMBER: 215082**

**Marc Fenton [mfenton@pcgus.com](mailto:mfenton@pcgus.com)**

**GRANT AGREEMENT**  
**FOR**  
**FINANCIAL MANAGEMENT SERVICES**

This GRANT AGREEMENT is made 23<sup>rd</sup> this day of Oct, 2012, between the COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF PUBLIC WELFARE ("DPW" or "Department"), and Public Partnerships, LLC ("Public Partnerships" or "Grantee"), operating at 148 State Street, Tenth Floor, Boston, MA 02109.

WITNESSETH:

WHEREAS, DPW is the single state agency designated to administer the Medicaid Program in Pennsylvania known as the Pennsylvania Medical Assistance (MA) Program; and

WHEREAS, DPW's Office of Long-Term Living (OLTL) and Office of Developmental Programs (ODP), and the Pennsylvania Department of Aging (PDA), administer certain home and community based waiver and state-funded programs for eligible individuals; and

WHEREAS, certain eligible individuals enrolled in Commonwealth-administered waiver programs may choose to receive Participant Directed Services ("PDS") to exercise more control over the services they receive; and

WHEREAS, the PDS model of service delivery is also known as the Consumer Directed Model; and

WHEREAS, Federal law requires individuals receiving PDS through the Consumer Directed Model to utilize the services of a Vendor Fiscal/Employer Agent ("VF/EA") which serves as a fiscal intermediary and provides Financial Management Services (FMS) to individuals or their representatives; and

WHEREAS, DPW issued Request for Applications (RFA) No. 22-11 to select the services of a Vendor Fiscal/Employer Agent ("VF/EA") to provide FMS on a state-wide or regional basis; and

WHEREAS, the RFA permitted interested parties to submit applications in up to three (3) different regions of the Commonwealth; and

WHEREAS, in accordance with the Commonwealth's established grant policy and procedure, the Commonwealth selected the Grantee to provide FMS in each of the 3 regions included in RFA No. 22-11; and

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. The term of this Agreement shall be from October 1, 2012 through December 31, 2014. At its option, the DPW may extend the term of this Agreement upon the same terms and conditions for two (2) additional one-year periods. DPW will notify Grantee of its election to exercise each renewal option in writing at least thirty (30) days prior to the expiration of the then current term, provided however, that DPW's right to exercise any such renewal option shall not expire unless and until Grantee has given DPW written notice of DPW's failure to timely exercise its renewal option and has provided DPW ten (10) days opportunity from DPW's receipt of the notice to cure the failure.
2. The services required by this Agreement shall be provided in conformity with:

Rider 1	Payment Provisions
Rider 2	Work Statement
Attachment A	RFA No. 22-11, including all Appendices and Addenda
Attachment B	Grantee's Technical Submittals for RFA No. 22-11, Lots #1, #2 and #3 dated March 30, 2012, as supplemented and amended by Grantee's Best and Final Offer Technical Submittal for Lots #1, #2 and #3 dated June 14, 2012, and Grantee's Integrated Technical Submittal dated July 13, 2012.
Attachment C	Grantee's Final Cost submittal
Attachment D	Lobbying Certification and Disclosure of Lobbying Activities

The Riders and Attachments listed above are hereby attached and made a part of this Grant Agreement.

3. Compensation.

Subject to the availability of state and federal funds and the terms and conditions of this Agreement, DPW will make payment to the Grantee in accordance with Rider 1.

4. Grant Administrator/Project Officer.

DPW's Grant Administrator for this Agreement is:

Patricia Clark  
Office of Long-Term Living  
555 Walnut Street, 6th Floor  
Harrisburg PA 17101

The Grantee's Project Manager for this Agreement is:

Regina Stewart  
Public Partnerships, LLC  
2040 Linglestown Road, Suite 201  
Harrisburg, PA 17110

DPW or the Grantee may change its designated Grant Administrator/Project Officers by providing written notice to the other party in the manner specified in Section 5 below.

5. Notice.

Any written notice to any party under this Agreement shall be deemed sufficient if delivered personally, or by facsimile, telecopy, electronic or digital transmission (provided such delivery is confirmed), or by a recognized overnight courier service (e.g., DHL, Federal Express, etc.), with confirmed receipt, or by certified or registered United States mail, postage prepaid, return receipt requested, sent to the address set forth below or to such other address as such party may designate by notice given pursuant to this section:

For DPW: To the Grant Administrator identified in Section 4.

For Grantee: To the Project Officer identified in Section 4.

6. Accuracy of Proposal.

The Grantee covenants that the representations made in its Proposal, Application, and subsequent submissions, if any, are true and correct. The Grantee further covenants that to the best of its knowledge and belief all of the information submitted to the Commonwealth is accurate and complete in all material respects. Such representations are continuing ones and the Grantee will notify DPW within ten (10) business days of any material fact, event or condition which arises or is discovered, which affects the representations previously made.

7. Order of Precedence.


If any conflicts or discrepancies should arise in the terms and conditions of this Agreement, or the interpretation thereof, the order of precedence shall be:

- a. This Agreement, including Riders 1 and 2;
- b. Attachment A
- c. Attachments B-C.

8. This Agreement contains all the terms and conditions agreed on by the parties. Any modifications or waivers of this agreement shall only be valid

when they have been reduced to writing and executed in accordance with commonwealth contracting principles. No other agreements, oral or otherwise, regarding the subject matter of this agreement, shall be deemed to exist or to bind any of the parties hereto.

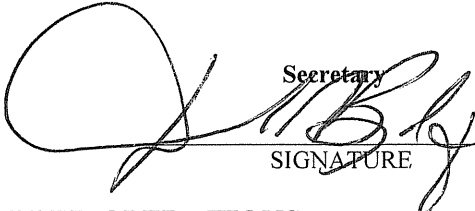
IN WITNESS WHEREOF, the parties hereto have caused this Grant Agreement to be executed by its duly authorized officials.

  
 \_\_\_\_\_  
 SIGNATURE  
 PRINT OR TYPE NAME AND TITLE

**GRANTEE**  
 MARC H. Fenton, President, PPL  
 \_\_\_\_\_  
 SIGNATURE  
 PRINT OR TYPE NAME AND TITLE

**COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF PUBLIC WELFARE**

**Program Deputy Secretary**  
  
 \_\_\_\_\_  
 SIGNATURE

**Secretary**  
  
 \_\_\_\_\_  
 SIGNATURE 10/22/12


**COMPTROLLER OPERATIONS**

I hereby certify that funds in the amount shown are available under the Appropriation Symbols shown *Paid through PROMISE*

AMOUNT	SOURCE	APPROPRIATION SYMBOL	PROGRAM

  
 \_\_\_\_\_  
 SIGNATURE COMPTROLLER OPERATIONS 10-23-12

**Approved as to Legality and Form:**

  
 \_\_\_\_\_  
 OFFICE OF LEGAL COUNSEL  
 DEPARTMENT OF PUBLIC WELFARE

Form 14-K-370  
 Form 14-FA-1.0  
 DEPUTY ATTORNEY GENERAL  
 OFFICE OF ATTORNEY GENERAL  
 (when required)

Form 14-K-370  
 Form 14-FA-1.0  
 DEPUTY GENERAL COUNSEL  
 OFFICE OF GENERAL COUNSEL  
 (when required)

## RIDER 1

### PAYMENT PROVISIONS

#### 1. Compensation

Subject to the availability of State and Federal funds, DPW will compensate the Grantee for services performed under this Agreement, which includes Lot #1, #2 and #3 services, in accordance with this Rider 1, Payment Provisions, in the estimated amount of \$46,431,172.00.

Grantee shall perform all services at the prices quoted in the Agreement, including Attachment C. The Grantee will only be paid for services in the manner provided below. The Grantee will not be allowed or paid travel or per diem expenses. If either party materially breaches the terms of this Agreement, the other party shall be excused from performance until such time as the material breach is remedied.

- a. Payroll Payment. Prior to January 1, 2013, DPW will make payment to the Grantee in the amount of eighteen million dollars (\$18,000,000.00). Grantee shall use these funds to cover the payroll payments to Direct Care Worker (DCW) for the bi-weekly payroll period that begins on January 1, 2013.

(1) DPW will recoup the entire payroll payment by placing weekly credits of \$900,000.00 on all payments scheduled to be made to the Grantee between February 13, 2013 and June 26, 2013.

- b. Transition fee. The Commonwealth will pay the Grantee a forty-five dollar (\$45.00) transition fee for each recipient receiving FMS as of the effective date of this Agreement that is transitioned to Grantee during the transition period, (10/01/2012 – 12/31/2012). For all transferred recipients, the Commonwealth will issue a one-time payment to the Grantee following the transition period.
- c. Start-up fee for new FMS recipients. Beginning on the effective date of this Agreement and continuing for the entire term of the Agreement, the Commonwealth will pay the Grantee a one-time start-up fee in the amount of two-hundred and seventy-seven dollars (\$277) for all newly eligible FMS recipients that enroll to receive FMS from the Grantee. Start-up fees will be paid on a one-time basis for each eligible FMS recipient that completed the enrollment process with the Grantee. The start-up fee will only be paid for newly enrolled FMS recipients and not for those recipients receiving FMS from another provider that are transitioned to the Grantee during the transition period.

- d. Monthly Administrative fee. Beginning in October 2012 and continuing for the entire term of this Agreement, the Commonwealth will pay the Grantee a Monthly Administrative fee for each enrolled FMS recipient at the rates listed in Attachment C to this Agreement. The Grantee may only charge a Monthly Administrative fee for a recipient if there is a paid service claim on record on behalf of the recipient during the particular month. The Grantee may not charge the Commonwealth an Administrative fee and a Start-up fee for the same recipient in the same month.
  - e. Medical Assistance (MA) Reimbursements. The Grantee shall submit all Medical Assistance (MA) reimbursement claims for all authorized direct services provided to common law employers through the Provider Reimbursement and Operations Management Information System (PROMISE™), the Commonwealth's claims processing and management information system. DPW will expend reasonable efforts to timely resolve any incorrectly denied claims. Claims must be submitted in the required format and include all necessary and required information, including any additional information required by DPW. Grantee will be reimbursed for all payments issued per a valid authorization so long as Grantee's claim for payment otherwise conforms to the requirements of this Agreement.
2. For all payments made under this Agreement, DPW shall exempt the Grantee from relevant internal cash management procedures to ensure prompt payment. If, through no fault of the Grantee, DPW does not reimburse Grantee for a previous payroll cycle prior to the date in which the Grantee is scheduled to make its next payroll cycle payments, DPW shall expedite payment to Grantee for all clean and valid claims adjudicated as paid in PROMISE™ at that time.
  3. Electronic Payment. The Commonwealth will make payments through the Automated Clearing House (ACH) Network. Within ten (10) days of contract award, the Grantee must submit or have already submitted its ACH information within its user profile in the Commonwealth's procurement system (SRM). At the time of submitting ACH information, the Grantee will also be able to enroll to receive remittance via electronic addenda.

It is the responsibility of the Grantee to ensure that the ACH information contained in SRM is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.



## RIDER 2

### WORK STATEMENT

#### 1. Scope of Work.

The Grantee will provide the services required by this Agreement as set forth in RFA No. 22-11 (Attachment A) and the Grantee's Technical Submittals (Attachment B) unless otherwise specified in this Rider 2.

##### a. Transition Period- October 1, 2012-December 31, 2012.

Beginning on October 1, 2012, the Grantee will begin enrolling new newly enrolled recipients that are eligible to receive FMS and who elect to participate in the participant directed service (PDS) delivery model, also referred to as the Consumer-Directed Model. PPL will start payroll and claiming for these new recipients in November 2012.

During the transition period, the Grantee will also transition eligible recipients that were receiving FMS from other Commonwealth providers prior to October 1, 2012. Beginning on January 1, 2013, the Grantee will be responsible for providing FMS to all eligible recipients who select the PDS delivery model.

For transferred participants, the Grantee will make payments for work days in December 2012 where the payroll payment date is in January in order to ensure only one VF/EA makes payments in the new calendar year (2013). The specific work dates will vary based on the transitioned payroll schedule. DPW will ensure the Grantee has a valid authorization for these work days. The Grantee will not make payroll payments for these work days without an authorization. The Grantee agrees to make incidental payments for late timesheets submitted for prior payroll periods in 2012, provided the Grantee receives a valid authorization for the workdays and is fully reimbursed for payment. In order to minimize the number of late timesheets, DPW will communicate to necessary parties that all 2012 timesheets, with the exception of the last payroll period in December that has a payment date in January, must be submitted to the existing VF/EA or risk not being paid.

##### b. Health Insurance Requirements.

The adoption of any federal or state statute, regulation, rule or policy subsequent to the execution of this Agreement requiring the provision of health insurance to Direct Care Workers (DCW) will require an

amendment to the Agreement. The parties agree that the costs for providing such coverage, if any, will not be borne by the Grantee.

c. Performance/Surety Bond Requirements.

Beginning on the effective date and continuing for the entire term of this Agreement, the Grantee shall maintain a Performance Bond, payable to the Commonwealth, in an amount equal to one-fourth (1/4th) of the anticipated annual payment amount for this Agreement, and a Surety Bond, payable to the Commonwealth, in an amount equal to one-twelfth (1/12th) of the anticipated annual payment amount for this Agreement.

d. Allowance for Doubtful Accounts.

The Grantee will use a portion of the administrative fee it receives from the Commonwealth to establish an allowance for doubtful accounts to cover unreimbursed claims. The allowance shall be in the amount of \$750,000.00 in Year 1 and \$500,000.00 in all subsequent years. Beginning in year two of this Agreement, this account will be reconciled at the end of each subsequent Agreement year and the unused portion of this account will be returned to the Commonwealth.

e. Monthly Progress Notes Requirements.

The Grantee will prepare a Common Law Employer Packet with the following exception: OLTL/PDA/ODP Common Law Employer Monthly Progress Notes Form and Instructions are not required. Progress Notes submitted to the Grantee will be maintained in the Common Law Employer File only if the participant is enrolled in the Consolidated Waiver or Person/Family Directed Support Waiver.

f. Common Law Employer Orientation and Skills Training.

The Grantee will provide common law employer orientation and skills training with the following exception: the Participant Bill of Rights is not a required document.

g. Common Law Employer Satisfaction Survey.

DPW will provide a sample satisfaction survey to the Grantee. Any revisions to the sample survey must be submitted to DPW for approval 30 days prior to being implemented.

h. VF/EA FMS Organization Performance Review.

Once the Performance Review is completed and the findings presented to the Grantee by DPW, the Grantee will prepare a Corrective Action Plan (CAP) and address all outstanding issues identified during the Performance Review. The Grantee will implement and comply with the CAP according to CAP timeframes. During the implementation of the CAP, the Grantee will have regular status meetings with DPW.

i. Additional Customer Service Requirement.

The Grantee will respond to all waiver participant and representative communications of any source within two (2) business days from receipt of call.

j. Workers' Compensation Insurance.

All workers' compensation policies must be issued in the name of each respective common law employer

k. Direct Care Worker File Requirements.

The Grantee will initially make payments to direct care workers of transitioning participants under the assumption that transferring agencies have obtained all required documentation to qualify workers per program requirements. Grantee will ensure that all transitioned Direct Care Worker files are completed and updated by June 30, 2013 to include all required information. This requirement shall include, but not be limited to, the completion of required background checks and the I-9 form. If the Grantee is unable to obtain a signed I-9 form for a direct care worker, Grantee will report this fact to DPW and DPW will follow up with the consumer-employer regarding the direct care worker's ineligibility to provide services. Notwithstanding the foregoing I-9 irregularities, Grantee will continue to compensate the direct care worker until Grantee receives notice from DPW that such direct care worker is ineligible to provide services under the program.

l. The United States Department of Labor Homecare Companionship Exemption.

In the event that the United States Department of Labor applies the overtime provisions of the Fair Labor Standards Act to direct care workers that are employed by FMS recipients, the Grantee, as directed by DPW, will implement any and all reasonable changes as may be necessary or that are required as a result of this change. Such reasonable changes may include, but not be limited to, capping the number of hours that can be worked by a direct care worker to a maximum of 40 hours per week or paying hours worked in excess of 40 hours at a premium overtime rate.

For the avoidance of doubt, PPL will follow payment policies as directed by DPW. DPW will reimburse the Grantee for any penalties or fines actually incurred by Grantee in association with such payments, provided that the payments are made according to DPW's instruction.