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CONTRACT NUMBER:

4100061881

**PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE**

**Grant Agreement  
Amendment**

**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**

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

**AMENDMENT # 1**  
**GRANT AGREEMENT**  
**FOR**  
**FINANCIAL MANAGEMENT SERVICES**

This Amendment #1 is made 15<sup>th</sup> this day of July, 2013, 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, in accordance with the Commonwealth's established grant policy and procedure, the Commonwealth used a competitive process to select the Grantee to provide FMS statewide; and

WHEREAS, the parties entered into that certain Grant Agreement for Financial Management Services dated October 23, 2012 (the "Agreement"); and

WHEREAS, the parties have agreed to amend the Agreement to modify the process by which the claims are funded to pay the payroll for MA service providers and to amend

the rates that DPW pays Grantee for the services provided commensurate with changes in Grantee's program funding requirements;

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

1. Rider 1 of the Grant Agreement, "Payment Provisions", is hereby DELETED in its entirety and REPLACED by the new "Rider 1, Payment Provisions" that is attached to this Amendment #1.
2. Attachment C of the Grant Agreement, "Grantee's Final Cost Submittal", is hereby DELETED in its entirety and REPLACED by the new "Attachment C Grantee's Final Cost Submittal" that is attached to this Amendment #1.
3. Interim Payroll Process. Beginning with the payroll period ending on July 6, 2013, DPW shall utilize an interim payment process for advance payment to Grantee for MA Direct Care Worker (DCW) claims submitted by Grantee under the Agreement (the "Interim Payment") in order to fund each split bi-weekly payroll (Schedule A/ODP and payroll Schedule B, hereinafter individually referred to as "Payroll Cycle") payment to DCW's in accordance with the Interim Payment process attached hereto as Appendix 1 (the "Interim Payment Process"). DPW will forecast the Interim Payment amount based on Grantee's previous paid claims history. DPW will update the forecasted Interim Payment amounts every six (6) months. Each Interim Payment will be adjusted upwards or downwards to reconcile with Grantee's actual paid claims from the previous Payroll Cycle. In accordance with the Appendix 1 Interim Payment Process, the transmission of the Interim Payment for each Payroll Cycle will have been processed or initiated for deposit into the Grantee account by the Wednesday prior to the date in which Grantee is scheduled to issue payments to DCWs.
  - a. So long as the Interim Payment Process is in effect, the Grantee will continue to submit 837 claim files through PROMISE™. Grantee will continue to process timely and correctly submitted DCW timesheets received by the Attendant Timesheets Due Date in the Interim Payment Process Appendix 1 for the week in which the timesheets are due.
  - b. If the Interim Payroll Process is still in effect at the end of Grant Agreement, DPW will provide a final reconciliation to Grantee for all MA DCW claims paid by Grantee in excess of the final Interim Payment made by DPW. Grantee shall refund any excess payments identified by DPW within thirty (30) days from the date in which DPW provides the final reconciliation amounts to Grantee.
  - c. DPW may discontinue the Interim Payment Process with notice to Grantee in the event of one or more of the following events: 1) Grantee's material non-compliance with the Interim Payment Process, 2) Grantee's material

non-compliance with DCW payroll responsibilities, 3) an audit with material negative finding(s) related to the Interim Payment Process that cannot be corrected within a reasonable period of time, or 4) direction from a state or federal regulatory agency. DPW shall provide Grantee with ninety (90) days' notice of the intent to discontinue or such longer period as may be permitted by the auditing or regulatory agency or agreed to by the parties to discontinue the Interim Payment Process (the "Notice Period"). In the event DPW exercises this right, the parties will use the Notice Period to transition to the default payment process described in Rider 1 (the "Default Payment") in a manner that does not adversely impact the DCWs. Upon the expiration of the Notice Period, DPW will reimburse Grantee for MA DCW claims in accordance with Rider 1 at the default rate provided in Attachment C (the "Default PMPM Rate").

4. Any planned deviations from the current payroll schedule must be approved by DPW unless caused by DPW.

5. Throughout the remainder of the Grant Agreement, Grantee will submit to DPW the consolidated balance sheet of Grantee, compiled on a monthly basis and delivered 45 days after the month end. The balance sheet will demonstrate the company's financial strength and stability. In addition Grantee will provide to DPW the annual consolidated audited financial statements of Grantee including the balance sheet, income statement and statement of cash flows 90 days after the close of Grantee's fiscal year, which is June 30. Grantee will also provide DPW with its bank statements and reconciliations of DPW program accounts on a monthly basis. At DPW's request, information on applicable lines of credit will be provided. All records provided herein shall be deemed the confidential and proprietary information of Grantee for limited access, use and review by Commonwealth financial personnel and shall not be disclosed by DPW except as pursuant to Section 30 of the Standard Grant Terms and Conditions (Attachment A, Appendix A).

6. This Amendment #1 will be effective on July 1, 2013. This Amendment #1 shall continue in effect for the entire Grant Agreement term.

7. Except as expressly modified herein, all other terms and conditions of the Grant Agreement remain in effect.

## ATTACHMENT A

### 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 \$83,630,611.

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.

- 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 paid in accordance with the Interim Payment Process as outlined in Appendix 1 or reimbursed on a bi-weekly basis for Payroll Schedule A/ODP and Payroll Schedule B as exemplified in Appendix 2 (the "Default Payment") 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 Schedule A/ODP or Schedule B prior to the date in which the Grantee is scheduled to make its next payment for that respective Payroll Cycle, DPW shall expedite payment to Grantee for all clean and valid claims adjudicated as paid in PROMISE™ at that time. Grantee is not required to make a payment for Payroll Schedule A/OPD or for Payroll Schedule B until it has been reimbursed for all clean and valid claims timely billed for the previous respective Payroll Schedule A/OPD or Payroll Schedule B.

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.



### Appendix 1

**Interim Payment Process Schedule:** During the period the Interim Payment Process is in effect, the department proposes a process that would project the amount of cash outlay and provide Grantee funding in advance of attendant payroll disbursement. The department will project the payroll amount using PROMISe paid claims. The timelines for each event during the payroll process is described in the following table, with a sample schedule for illustrative purposes showing the schedule for Payroll Schedule A and B for each pay period starting with the first payroll period end date on or after July 6, 2013 for each payroll schedule. Note Payroll Schedule A is inclusive of OLTL & ODP.

Event	Timeline	Payroll Schedule A Period 1	Payroll Schedule B Period 1	Payroll Schedule A Period 2	Payroll Schedule B Period 2
Pay Period Begin	Sunday - 2 weeks following the previous start date	6/30/2013	6/23/2013	7/14/2013	7/7/2013
Pay Period End	2 <sup>nd</sup> Saturday following the Sunday start date	7/13/2013	7/6/2013	7/27/2013	7/20/2013
Interim Payment Calculation	Note -used DPW's dates which was a range of 5 days ending on the Friday before pay period end date	7/8/2013 – 7/12/2013	7/1/2013 – 7/5/2013	7/22/2013 – 7/26/2013	7/15/2013 – 7/19/2013
Debit Gross Adjustment Entered Into PROMISe	Note- used DPW's date which was the Friday before pay period end date	7/12/2013	7/5/2013	7/26/2013	7/19/2013
Attendant Timesheets Due To PPL	Tuesday following pay period end date	7/16/2013	7/9/2013	7/30/2013	7/23/2013
Credit Gross Adjustment Entered Into PROMISe	Used DPW date which was same as 837 to PROMISe	7/18/2013	7/11/2013	8/1/2013	7/25/2013
837 to PROMISe	Thursday following the timesheet due to PPL date	7/18/2013	7/11/2013	8/1/2013	7/25/2013
Gross Adjustment/Interim Payment Date	2 days (Wed) before payroll disbursement date (Note - Payment Date = payment received by PPL)	7/24/2013	7/17/2013	8/7/2013	7/31/2013
Payroll Disbursement Date	The 2 <sup>nd</sup> Friday following the timesheet due date	7/26/2013	7/19/2013	8/9/2013	8/2/2013
835 Remittance Advice Date	The Monday following the 837 to PROMISe date	7/22/2013	7/15/2013	8/5/2013	7/29/2013
835 Payment Date	The 2 <sup>nd</sup> Wednesday following the 835 Remittance Advice Date	7/31/2013	7/24/2013	8/14/2013	8/7/2013

APPENDIX 2

EXEMPLAR DEFAULT PAYMENT SCHEDULE

Event	Timeline	Sample Payroll A	Sample Payroll A
Pay Period Begin	Sunday - 2 weeks following the previous start date	6/30/2013	7/14/2013
Pay Period End	2 <sup>nd</sup> Saturday following the Sunday start date	7/13/2013	7/27/2013
Attendant Timesheets Due To PPL	Tuesday following pay period end date	7/16/2013	7/30/2013
837 to PROMISE	Thursday following the timesheet due to PPL date	7/18/2013	8/1/2013
Payroll Disbursement Date	The 2 <sup>nd</sup> Friday following the timesheet due date	7/26/2013	8/9/2013
835 Remittance Advice Date	The Monday following the 837 to PROMISE date	7/22/2013	8/5/2013
835 Payment Date	The 2 <sup>nd</sup> Wednesday following the 835 Remittance Advice Date	7/31/2013	8/14/2013

ATTACHMENT C GRANTEE'S FINAL COST SUBMITTAL

RFA 221 - FMS		Attachment C Grantees Final Cost Submittal Amendment 1										Total Contract Cost							
Transition 09/01/2012-12/31/2012		Year 1 01/01/2013-12/31/2013		Year 2 01/01/2014-12/31/2014		Year 3 01/01/2015-12/31/2015		Year 4 01/01/2016-12/31/2016		Year 5 01/01/2017-12/31/2017		Total Contract Cost							
Lot	Transition	Estimated Number of Current Consumers	Administrative Fee	Annual Total	Estimated Number of Consumers	Administrative Fee	Annual Total	Estimated Number of Current Consumers	Administrative Fee	Annual Total	Estimated Number of Current Consumers	Administrative Fee	Annual Total	Estimated Number of Current Consumers	Administrative Fee	Annual Total	Estimated Number of Current Consumers	Administrative Fee	Annual Total
Lot 1,3	Jan 1 - June 30	17,492	\$77.00	\$8,081,304	17,492	\$76.00	\$15,952,704	17,492	\$79.04	16,590,812	17,492	\$79.04	16,590,812	17,492	\$79.04	16,590,812	17,492	\$79.04	16,590,812
Lot 2	Jul 1 - Dec 31	4,782	\$77.00	\$2,209,284	4,782	\$76.00	\$4,553,336	4,782	\$79.00	4,714,669	4,782	\$79.00	4,714,669	4,782	\$79.00	4,714,669	4,782	\$79.00	4,714,669
Lot 1,3	Jan 1 - Dec 31	17,492	\$76.00	\$2,266,668	17,492	\$79.00	\$2,266,668	17,492	\$79.00	\$2,266,668	17,492	\$79.00	\$2,266,668	17,492	\$79.00	\$2,266,668	17,492	\$79.00	\$2,266,668
Lot 2	II Exercised	East and West	\$77.50		East and West	\$77.50		East and West	\$77.50		East and West	\$77.50		East and West	\$77.50		East and West	\$77.50	
Lot 1,3	II Exercised	Central/ODP	\$100.00		Central/ODP	\$100.00		Central/ODP	\$100.00		Central/ODP	\$100.00		Central/ODP	\$100.00		Central/ODP	\$100.00	
Lot 2																			
Monthly VF/EA FMS Service Fee																			
Monthly VF/EA FMS Service Fee																			
Default Rate																			
TOTAL COST				\$20,533,808			\$20,486,040			\$21,305,482			\$21,305,482			\$21,305,482			\$21,305,482