North Carolina Department of Health and Human Services
Office of Procurement and Contract Services
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Michael F. Easley, Governor Dempsey Benton, Secretary

September 2, 2008

Electronic Data Systems Corporation
Attention: Barbara Anderson, Vice President
5400 Legacy Drive
Plano, Texas 75024
Sent via email: **barbara.anderson@eds.com**

Subject: North Carolina Replacement MMIS Updated Terms and Conditions – Addendum 9

Dear Ms. Anderson:

The purpose of this letter is to provide you with changes to terms and conditions regarding payment methodologies under the Replacement MMIS Contract, as set forth in RFP 30-DHHS-1228-08-R. These changes have important impacts related to the Revised Request for Cost Proposals.

To reflect updated pricing and payment methodologies, the following changes are made to Section 30 of the RFP:

Exhibit 1: Summary of Payment Methodologies has the following changes:

For Phase/Task, "Recipient Management," (added in Addendum 7), the Payment Methodology is replaced in its entirety by the following text:

> Payment shall be invoiced monthly in the sum of a fixed fee and per capita, per day fees set forth in the Vendor's Cost Proposal, as separately determined for recipients paying premiums for certain Title XIX and Title XXI benefit plans and for recipients in the same benefit plans who do not pay premiums.

Section 30.40.2.2.4 (added in Addendum 7) is replaced in its entirety by the following text:

> **30.40.2.2.4 Payment for Recipient Management for Certain Benefit Plans**
> The Vendor shall perform recipient management services for certain benefit plans, as set forth in this Contract. For those benefit plans, charges shall be invoiced monthly in the sum of a fixed fee and per capita, per day fees as set forth in the Vendor's Cost Proposal. As stated in the Vendor's Cost Proposal, these fees each may either remain constant regardless of the number of recipients being managed or may decrease as the number of recipients being managed increases.
>
> The payment shall be calculated as the sum of the following:
>
> - The daily price due to fixed costs for recipient management (for the applicable State Fiscal Year) multiplied by the number of days of operations being invoiced.
> - The variable price per capita, per day fee for recipients paying premiums (expressed in dollars to six significant digits and corresponding to the average daily volume of premium paying recipients during the invoice period) multiplied by (a) the average number of such recipients being managed during the invoice period, and (b) the number of days in the period.
> - The variable price per capita, per day fee for recipients not paying premiums (expressed in dollars to six significant digits and corresponding to the average daily volume of non-premium paying recipients during the invoice period)

multiplied by (a) the average number of such recipients being managed during the invoice period, and (b) the number of days in the period.

Section 30.40.2.3 is replaced in its entirety by the following text:

30.40.2.3 Volume Adjustments

When the State solicits Cost Proposals in relation to this RFP, the Offeror's Cost Proposal shall specify certain thresholds for change in a given year's actual CBU or managed recipient volume which, if exceeded, shall give either Party the right to initiate a discussion regarding the possible re-negotiation of the operations and maintenance total fixed price. When asserting the need for a price change, the Vendor must demonstrate financial necessity and make any appropriate financial records available to the State. Any price change to which the State may agree must be in writing.

Thank you for your interest in the State of North Carolina.

Sincerely,

Susan W. Lewis
Assistant Director

Copy: David A. Womble, Jr., Director