MAXIMUS

Proposal to

Secure Title II SSA and Title XVI SSI Funding for Wards of DHHS

Prepared For

Nebraska Department of Health and Human Services

ORIGINAL

Technical Proposal

RFP No. 6262 Z1

April 29, 2020

TABLE OF CONTENTS

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Cover Letter

April 27, 2020

Ms. Annette Walton and Ms. Nancy Storant
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508

RE: Request for Proposal to Secure Title II Social Security Act (SSA) and Title XVI Supplemental Security Income (SSI) Funding for Wards of Nebraska Department of Health and Human Services (DHHS), RFP# 6262 Z1

Dear Ms. Walton and Ms. Storant,

MAXIMUS Human Services, Inc. (MAXIMUS) appreciates the opportunity to bid on the State of Nebraska's Request for Proposals (RFP) to Secure Title II SSA and Title XVI SSI funding for eligible wards in the DHHS care.

We have been your vendor since 2008 and share in DHHS' goal of protecting and promoting the welfare of all children. To that end, we believe that all children in foster care and out-of-home placements deserve the right to be safe, heal and grow. Securing critical, life changing SSA and SSI benefits for those who are eligible is a crucial step towards supporting that healing and growth. With 27 years of experience working with the Social Security Administration and 45 years' experience operating federally-funded programs[1], we are in position to operate this SSA/SSI Advocacy Project at the level and scale DHHS requires.

We are the industry leader providing SSA and SSI benefits, screening and application processing, and appeals and hearing services to children in care and other out-of-home settings. We remain devoted to our mission of "Helping Government Serve the People" through our commitment to providing quality services to individuals in need of life-changing benefits and assistance. We are excited to offer our proposal which covers the additional scope of work under this procurement.

We acknowledge all addenda to the original RFP including Addendum One: Change in Procurement Procedure and Addendum One: Change in Procurement Procedure Revised; Addendum Two: Revised Link to Submit Electronically; Addendum Three: Revised Schedule of Events; Addendum Four: Questions and Answers; Addendum Five: Additional Questions and Answers; and Addendum Six: Revised Sharefile Link.

1 MAXIMUS Human Services, Inc. is the Bidder/Contractor for this opportunity and a wholly owned subsidiary of MAXIMUS, Inc. MAXIMUS, Inc. and its subsidiaries have been providing government health and human services for 45 years, and specifically child support services for the past 27 years. Over that time, child support contracts have been held by MAXIMUS, Inc. and its wholly owned subsidiaries, including MAXIMUS Human Services, Inc. References to MAXIMUS, as it relates to child support services, includes contracts under MAXIMUS, Inc. and MAXIMUS Human Services, Inc.

The following individuals are authorized to negotiate with DHHS on behalf of MAXIMUS:

Kaila Iglehart, Manager – Contracts and Legal Counsel
1891 Metro Center Drive
Reston, VA 20190
Telephone: (706) 888-0699

Andrea Johnson-Fee, Project Manager
309 Court Avenue
Des Moines, IA 50309
Telephone: (217) 493-4440

We certify that the undersigned, under penalty of perjury, is an agent authorized to submit proposals on behalf of MAXIMUS Human Services, Inc.

We look forward to continuing our work with you to improve the quality and delivery of SSA/SSI Advocacy Services to wards in care and other out-of-home placements.

Sincerely,

DocuSigned by:
Kaila Iglehart
03989DF7DF4E420...

Kaila Iglehart
Manager – Contracts and Legal Counsel
MAXIMUS, Inc.

MAXIMUS

CERTIFICATE OF CORPORATE SECRETARY

The undersigned Secretary of MAXIMUS Human Services, Inc. ("Corporation") hereby certifies that Kaila Iglehart, Manager, Contracts and Legal Counsel, Contracts and Legal Counsel, has been authorized by the Board of Directors of the Corporation to sign all contractual documents pertaining to State of Nebraska Department of Administrative Services (DAS), Materiel Division, State Purchasing Bureau (SPB) Social Security income (SSA) and Supplemental Security Income (SSI) Funding for Wards of DHHS. This authorization is provided on behalf of the Corporation in accordance with internal procedures adopted by the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation.

SEAL

David Francis

David R. Francis

Secretary

Date: 4/16/20

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Form A – Bidder Proposal Point of Contact

Form A
Bidder Proposal Point of Contact
Request for Proposal Number 6262 Z1

Form A should be completed and submitted with each response to this solicitation. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	MAXIMUS Human Services, Inc.
Bidder Address:	1891 Metro Center Drive, Reston, VA 20190
Contact Person & Title:	Andrea Johnson-Fee
E-mail Address:	AndreaJohnson@maximus.com
Telephone Number (Office):	(800) 778-1406
Telephone Number (Cellular):	(217) 493-4440
Fax Number:	(703) 251-8240

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	MAXIMUS Human Services, Inc.
Bidder Address:	1891 Metro Center Drive, Reston, VA 20190
Contact Person & Title:	Kaila Iglehart, Manager, Contracts and Legal Counsel
E-mail Address:	KailaIglehart@maximus.com
Telephone Number (Office):	(706) 888-0699
Telephone Number (Cellular):	(706) 888-0699
Fax Number:	(703) 251-8240

1. Signed Original Request for Proposal for Contractual Services Form

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

CONTRACTOR MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the procedures stated in this Solicitation, and agrees to the terms and conditions unless otherwise indicated in writing and certifies that bidder maintains a drug free work place.

Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

__✓__ NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this Solicitation.

_____ I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

_____ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. §71-8611 and wish to have preference considered in the award of this contract.

FORM MUST BE SIGNED USING AN INDELIBLE METHOD (NOT ELECTRONICALLY)

FIRM:	MAXIMUS Human Services, Inc.
COMPLETE ADDRESS:	1891 Metro Center Drive, Reston, VA 20190
TELEPHONE NUMBER:	(706) 888-0699
FAX NUMBER:	(703) 251-8240
DATE:	April 27, 2020
SIGNATURE:	DocuSigned by: Kaila Iglehart 03989DF7DF4E420...
TYPED NAME & TITLE OF SIGNER:	Kaila Iglehart, Manager, Contracts and Legal Counsel

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2. Completed Sections II through IV

II. TERMS AND CONDITIONS

Bidders should complete Sections II through VI as part of their proposal. Bidder should read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the solicitation, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this solicitation. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this solicitation.

Bidders should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control;
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together;
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

A. GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The contract resulting from this solicitation shall incorporate the following documents:

1. Request for Proposal and Addenda;
2. Amendments to the solicitation;
3. Questions and Answers;
4. Bidder's proposal (Solicitation and properly submitted documents);
5. The executed Contract and Addendum One to Contract, if applicable; and,
6. Amendments/Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to the executed Contract with the most recent dated amendment having the highest priority, 2) executed Contract and any attached Addenda, 3) Amendments to solicitation and any Questions and Answers, 4) the original solicitation document and any Addenda, and 5) the bidder's submitted Proposal.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

B. NOTIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Contractor and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth below, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or five (5) calendar days following deposit in the mail.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

C. BUYER’S REPRESENTATIVE

The State reserves the right to appoint a Buyer's Representative to manage [or assist the Buyer in managing] the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the Contractor will be provided a copy of the appointment document, and is required to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

D. GOVERNING LAW (Statutory)

Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State’s Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state and federal laws, ordinances, rules, orders, and regulations.

E. BEGINNING OF WORK

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the awarded bidder. The awarded bidder will be notified in writing when work may begin.

F. AMENDMENT

This Contract may be amended in writing, within scope, upon the agreement of both parties.

G. CHANGE ORDERS OR SUBSTITUTIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the solicitation. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

In the event any product is discontinued or replaced upon mutual consent during the contract period or prior to delivery, the State reserves the right to amend the contract or purchase order to include the alternate product at the same price.

*****Contractor will not substitute any item that has been awarded without prior written approval of SPB*****

H. VENDOR PERFORMANCE REPORT(S)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The State may document any instance(s) of products or services delivered or performed which exceed or fail to meet the terms of the purchase order, contract, and/or solicitation specifications. The State Purchasing Bureau may contact the Vendor regarding any such report. Vendor performance report(s) will become a part of the permanent record of the Vendor.

I. NOTICE OF POTENTIAL CONTRACTOR BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the

State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

J. BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. Allowing time to cure a failure or breach of contract does not waive the right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby. OR In case of breach by the Contractor, the State may, without unreasonable delay, make a good faith effort to make a reasonable purchase or contract to purchase goods in substitution of those due from the contractor. The State may recover from the Contractor as damages the difference between the costs of covering the breach. Notwithstanding any clause to the contrary, the State may also recover the contract price together with any incidental or consequential damages defined in UCC Section 2-715, but less expenses saved in consequence of Contractor's breach.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

K. NON-WAIVER OF BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

L. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

M. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
		KI	We will limit our obligation to third party claims. Any damages arising from the State's negligence or willful misconduct should be excluded from MAXIMUS' indemnification obligations. See Appendix C for additional language in Section 1: General.

1. GENERAL

The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this solicitation.

3. PERSONNEL

The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and their employees, provided by the Contractor.

4. SELF-INSURANCE

The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (§81-8,294), Tort (§81-8,209), and Contract Claim Acts (§81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 et seq. and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

5. The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

N. ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
		KI	MAXIMUS has been previously requested by clients to assist in various stages of litigation without any guarantee of payment for those services. This provision is designed to ensure MAXIMUS receives payment from the State in the event that MAXIMUS provides assistance in unrelated third party litigation brought against the State. [The foregoing does not diminish or negate MAXIMUS' obligation to negotiate and defend all cost allocation plans and State mandated cost claims as specifically provided for under the Description of Services contained in this contract.] See Appendix C for additional clause on Litigation Reimbursement.

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

O. LIQUIDATED DAMAGES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
		KI	We understand that Limitation of Liability should be an independent section in the contract. Placing a reasonable cap on our liability is a prudent business practice that we work with all of our clients to achieve in our contracts. It does not speak to our ability to, or confidence in, completing the services successfully. Further, bidding firms with a higher net worth are at a disadvantage and undertake higher risk than those firms of lower net worth. Limiting liability proportionally to the contract value does not create unreasonable risk for the State given MAXIMUS' extensive experience and success in providing similar services and its solid financial standing. Therefore, MAXIMUS proposes to include a Limitation of Liability clause in any resulting contract. See Appendix C for additional language.

Failure to initiate an application for SSI funding upon recommendation from DHHS within thirty (30) days may result in an assessment of liquidated damages due the State of $1,000.00 dollars per week or any portion thereof, until the application is initiated. Failure to initiate an application for SSA funding upon recommendation from DHHS within thirty (30) days may result in an assessment of liquidated damages due the State of $500.00 dollars per week or any portion thereof, until the application is initiated. Contractor will be notified in writing when liquidated damages will commence.

P. ASSIGNMENT, SALE, OR MERGER

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

Q. CONTRACTING WITH OTHER NEBRASKA POLITICAL SUB-DIVISIONS OF THE STATE OR ANOTHER STATE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor may, but shall not be required to, allow agencies, as defined in Neb. Rev. Stat. § 81-145, to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

The Contractor may, but shall not be required to, allow other states, agencies or divisions of other states, or political subdivisions of other states to use this contract. The terms and conditions, including price, of this contract shall apply to any such contract, but may be amended upon mutual consent of the Parties. The State of Nebraska shall not be contractually or otherwise obligated or liable under any contract entered into pursuant to this clause. The State shall be notified if a contract is executed based upon this contract.

R. FORCE MAJEURE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event"). The Party so affected shall immediately make a written request for relief to the other Party, and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

S. CONFIDENTIALITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

T. OFFICE OF PUBLIC COUNSEL (Statutory)

If it provides, under the terms of this contract and on behalf of the State of Nebraska, health and human services to individuals; service delivery; service coordination; or case management, Contractor shall submit to the jurisdiction of the Office of Public Counsel, pursuant to Neb. Rev. Stat. §§ 81-8,240 et seq. This section shall survive the termination of this contract.

U. LONG-TERM CARE OMBUDSMAN (Statutory)

Contractor must comply with the Long-Term Care Ombudsman Act, per Neb. Rev. Stat. §§ 81-2237 et seq. This section shall survive the termination of this contract.

V. EARLY TERMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon thirty (30) calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:

   a. if directed to do so by statute;
   b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
   c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
   d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
   e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor;
   f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
   g. Contractor intentionally discloses confidential information;
   h. Contractor has or announces it will discontinue support of the deliverable; and,
   i. In the event funding is no longer available.

W. CONTRACT CLOSEOUT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State;

2. Transfer ownership and title to all completed or partially completed deliverables to the State;
3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one (1) copy of any information or data as required to comply with applicable work product documentation standards or as are automatically retained in the course of Contractor's routine back up procedures;
4. Cooperate with any successor Contactor, person or entity in the assumption of any or all of the obligations of this contract;
5. Cooperate with any successor Contactor, person or entity with the transfer of information or data related to this contract;
6. Return or vacate any state owned real or personal property; and,
7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

III. CONTRACTOR DUTIES

A. INDEPENDENT CONTRACTOR / OBLIGATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor, and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1. Any and all pay, benefits, and employment taxes and/or other payroll withholding;
2. Any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3. Damages incurred by Contractor's employees within the scope of their duties under the contract;
4. Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law;
5. Determining the hours to be worked and the duties to be performed by the Contractor's employees; and,
6. All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees)

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the bidder's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.

The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor employee.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.

The Contractor shall include a similar provision, for the protection of the State, in the contract with any subcontractor engaged to perform work on this contract.

B. EMPLOYEE WORK ELIGIBILITY STATUS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at http://das.nebraska.gov/materiel/purchasing.html.

2. The completed United States Attestation Form should be submitted with the solicitation response.

3. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

4. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. § 4-108.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Statutory)

The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev. Stat. §§ 48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all subcontracts for goods and services to be covered by any contract resulting from this solicitation.

D. COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals, and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor's intellectual property or proprietary information unless expressly required to do so by this contract.

E. DISCOUNTS

Prices quoted shall be inclusive of ALL trade discounts. Cash discount terms of less than 30 days will not be considered as part of the proposal. Cash discount periods will be computed from the date of receipt of a properly executed claim voucher or the date of completion of delivery of all items in a satisfactory condition, whichever is later.

F. PRICES

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the contractor, F.O.B. destination named in the solicitation. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

Prices submitted on the cost proposal form, once accepted by the State, shall remain fixed for the initial term of the contract. Any request for a price increase subsequent to the initial term of the contract shall not exceed three percent (3%) of the price bid for the period. Increases shall be cumulative. The request for a price increase must be submitted in writing to the State Purchasing Bureau a minimum of 120 days prior to the end of the current contract period. Documentation may be required by the State to support the price increase.

The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

The State will be given full proportionate benefit of any decreases for the term of the contract.

G. PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

H. OWNERSHIP OF INFORMATION AND DATA / DELIVERABLES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The State shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or obtained by the Contractor on behalf of the State pursuant to this contract.

The State shall own and hold exclusive title to any deliverable developed as a result of this contract. Contractor shall have no ownership interest or title, and shall not patent, license, or copyright, duplicate, transfer, sell, or exchange, the design, specifications, concept, or deliverable.

I. INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
		KI	See Appendix C for changes to Insurance Requirements based on MAXIMUS corporate insurance limits and structure.

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor;
2. Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3. Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within one (1) year of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and one (1) year following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

1. WORKERS' COMPENSATION INSURANCE

The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter**. The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory**. **The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial

Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE	
COMMERCIAL GENERAL LIABILITY	
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 per occurrence
Bodily Injury/Property Damage	$1,000,000 per occurrence
Medical Payments	$10,000 any one person
Damage to Rented Premises (Fire)	$300,000 each occurrence
Contractual	Included
Independent Contractors	Included
Abuse & Molestation	Included
If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.	
WORKER'S COMPENSATION	
Employers Liability Limits	$500K/$500K/$500K
Statutory Limits- All States	Statutory - State of Nebraska
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
Motor Carrier Act Endorsement	Where Applicable
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	$5,000,000 per occurrence
COMMERCIAL CRIME	
Crime/Employee Dishonesty Including 3rd Party Fidelity	$1,000,000
CYBER LIABILITY	
Breach of Privacy, Security Breach, Denial of Service, Remediation, Fines and Penalties	$3,000,000
MANDATORY COI SUBROGATION WAIVER LANGUAGE	
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."	
MANDATORY COI LIABILITY WAIVER LANGUAGE	
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."	

3. EVIDENCE OF COVERAGE

The Contractor shall furnish the Contract Manager, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

Nebraska Department of Health and Human Services
Division of Children and Family Services
Attn: Foster Care Program Manager
301 Centennial Mall South
Nebraska State Office Building, 3rd floor
P.O. Box 95026
Lincoln, NE 68509-5026

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

4. DEVIATIONS

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

J. ANTITRUST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

K. CONFLICT OF INTEREST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

By submitting a proposal, bidder certifies that no relationship exists between the bidder and any person or entity which either is, or gives the appearance of, a conflict of interest related to this Request for Proposal or project.

Bidder further certifies that bidder will not employ any individual known by bidder to have a conflict of interest nor shall bidder take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its contractual obligations hereunder or which creates an actual or appearance of conflict of interest.

If there is an actual or perceived conflict of interest, bidder shall provide with its proposal a full disclosure of the facts describing such actual or perceived conflict of interest and a proposed mitigation plan for consideration. The State will then consider such disclosure and proposed mitigation plan and either approve or reject as part of the overall bid evaluation.

L. STATE PROPERTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the Contractor's use during the performance of the contract. The Contractor shall reimburse the State for any loss or damage of such property; normal wear and tear is expected.

M. SITE RULES AND REGULATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor shall use its best efforts to ensure that its employees, agents, and subcontractors comply with site rules and regulations while on State premises. If the Contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to in writing between the State and the Contractor.

N. ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its goods or services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

O. NEBRASKA TECHNOLOGY ACCESS STANDARDS (Statutory)
Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-201.html and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

P. DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Contractor shall have a disaster recovery and back-up plan, of which a copy should be provided upon request to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue delivery of goods and services as specified under the specifications in the contract in the event of a disaster.

Q. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

R. WARRANTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Despite any clause to the contrary, the Contractor represents and warrants that its services hereunder shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services and shall comply in all respects with the requirements of this Agreement. For any breach of this warranty, the Contractor shall, for a period of 90 days from performance of the service, perform the services again, at no cost to the State, or if Contractor is unable to perform the services as warranted, Contractor shall reimburse the State all the fees paid to Contractor for the unsatisfactory services. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

IV. PAYMENT

A. PROHIBITION AGAINST ADVANCE PAYMENT (Statutory)

Neb. Rev. Stat. §§ 81-2403 states, "[n]o goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency."

B. TAXES (Statutory)

The State is not required to pay taxes and assumes no such liability as a result of this solicitation. The Contractor may request a copy of the Nebraska Department of Revenue, Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13 for their records. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor

C. INVOICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment. Invoices must include at a minimum the DHHS ward's first and last name, Master Case number, whether the application is for SSA or SSI, date payee change to DHHS is made, and dollar amount. Invoices must be submitted electronically by the 10th calendar day of each month. An email address will be provided to the Contractor after the start of the contract. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

D. INSPECTION AND APPROVAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

The State and/or its authorized representatives shall have the right to enter any premises where the Contractor or Subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

E. PAYMENT (Statutory)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. § 81-2403). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any goods and services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

F. LATE PAYMENT (Statutory)

The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §§ 81-2401 through 81-2408).

G. SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS (Statutory)

The State's obligation to pay amounts due on the Contract for a fiscal years following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice thirty (30) calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

H. RIGHT TO AUDIT (First Paragraph is Statutory)

The State shall have the right to audit the Contractor's performance of this contract upon a 30 days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract (Information) to enable the State to audit the contract. (Neb. Rev. Stat. § 84-304 et seq.) The State may audit and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information. The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
KI			

The Parties shall pay their own costs of the audit unless the audit finds a previously undisclosed overpayment by the State. If a previously undisclosed overpayment exceeds one-half of one percent (0.5%) of the total contract billings, or if fraud, material misrepresentations, or non-performance is discovered on the part of the Contractor, the Contractor shall reimburse the State for the total costs of the audit. Overpayments and audit costs owed to the State shall be paid within ninety (90) days of written notice of the claim. The Contractor agrees to correct any material weaknesses or condition found as a result of the audit.

3. Technical Approach

3. Technical Approach

RFP Section I.N.4

The Nebraska Department of Health and Human Services (DHHS) seeks a qualified partner to secure Title II Social Security Act (SSA) and Title XVI Supplemental Security Income (SSI) funding for wards in its care. MAXIMUS is that partner. As the current administrator of the State's Change of Payee contract, we are intimately familiar with the environment in Nebraska, specifically with regard to Child Welfare services. As Nebraska's population continues to grow, so does the need to support an expanding number of eligible wards – and at a much faster rate.

The national average of wards eligible for SSI benefits in a similar foster care population is eight to ten percent. Currently, in Nebraska, only five percent of wards are eligible for SSI. MAXIMUS specializes in helping children with disabilities who are in custody obtain the needed support and services critical for when they leave custody. We also understand how the economy impacts the number of SSI cases. When the economy ebbs and flows, the number of children who become wards also increases and decreases. We are faced today with an unprecedented economic situation. During the last economic downturn in 2008, there was an approximate ten percent increase in the number of child welfare cases and an increase nationally of the number of people and children filing for disability benefits. With the most recent COVID-19 crisis we expect to see increases in the number of wards in care and an increase in wards who are eligible for SSA and SSI. Given the recent pandemic, we also anticipate seeing a significant rise in mental health related issues which will most likely correlate to an increase in the number of families with DHHS involvement. MAXIMUS understands those challenges, has prior knowledge of what to expect, and is equipped to help DHHS meet its goals to help these children and families through these challenging times.

Our first contract providing SSA and SSI advocacy and assistance services dates back to 1992, working with Los Angeles County, California. Most recently in 2019, we added an adult SOAR Project to our repertoire with our project in St. Paul, Minnesota and multiple sole source awards in El Dorado and Riverside Counties in California. Many of our staff working in the SSA/SSI field are now adult and child SOAR certified. To date, we have managed 24 similar programs nationwide and assisted thousands of eligible children and young adults receive the full benefits they deserve. As pioneers in the field and the ones who continue to lead the pack, we have the perfect combination of care, reputation, and reliability to expertly implement and administer this program. We have a strong relationship with Social Security Administration staff, we work closely with caseworkers, our projects consistently score high our on Client Satisfaction Surveys, and we exceed production numbers, but most of all we help children and families. We are the industry leader providing Supplemental Security Income Advocacy, Screening, Assessment, Appeals and Hearing services to children in foster care and other out-of-home settings. We remain devoted to the overarching MAXIMUS, Inc. mission of "Helping Government Service the People" through our commitment to providing quality services to individuals in need of life-changing benefits and assistance.

Person-centered service that tracks wards throughout their journey in care

With MAXIMUS as an advocate, wards in DHHS custody can rely on a team that will work tirelessly to maximize their benefits every step of the way. Because 20 percent of children exiting foster care become homeless and only 50 percent of kids aging out of care will be gainfully employed by the age of 24, MAXIMUS understands that as wards grow and transition out of foster care, their needs often become greater. Our team is dedicated to homelessness reduction and to securing continued access to Medicaid/Medicare and mental health services for beneficiaries. We have extensive experience working with adult populations that continue to rely on social programs to meet their needs. In addition to championing the well-being of children and youth in care, MAXIMUS vigilantly monitors and tracks transitioning young adults to reduce the burden on State benefit systems. In Iowa, for example, MAXIMUS works closely with the Iowa Transition Specialists and the Iowa Aftercare workers to help identify youth who are aging out of custody and those who are over eighteen leaving care to ensure that benefits have been filed or help make sure the benefits follow them. MAXIMUS does trainings for the Iowa Aftercare workers and works closely with them to help identify which youth might qualify for SSI or DAC claims as well and plans to assist Nebraska in those ways.

Uninterrupted access to Social Security systems that allows for appropriate case actions

In order to effectively support the Nebraska SSA/SSI Advocacy Project, MAXIMUS will rely on our relationship with the Social Security Administration (Social Security) and Disability Determination Services (DDS). Our unique, relationship based approach to advocacy not only navigates the paperwork and evaluation process of advocacy but maintains relationships with Social Security that enable access to the most up-to-date information available on ward's cases. We ensure that Social Security staff as well as DDS staff have our direct lines to call us when needed. Since MAXIMUS is provided access to all critical Social Security systems to look up individual cases, it minimizes delays in the screening, benefits application, and appeals procedures. Without such access, it is nearly impossible to meet required performance measures. Through the use of the systems and databases, we have accurate information that allows our team to take correct actions at the beginning of a case and throughout the process, including scheduling the Pre-Effectuation Review Conference (PERC) meetings to determine financial eligibility. With an incumbent familiar with how Nebraska's systems interface with Social Security, DHHS will benefit from a continuity of service that is crucial to maintain and expand on for these vital services.

Comprehensive training program that promotes deep understanding of SSA & SSI policies

Our strong relationship with Social Security translates into our unparalleled understanding of SSA and SSI policies. In order to keep our team knowledgeable on all applicable DHHS and Office of Inspector General (OIG) guidelines, MAXIMUS operates a comprehensive training program for our project staff. Our leadership personnel are trained by Disability Determination Services (DDS). In addition, they are also SSI/SSDI Outreach, Access, and Recovery (SOAR)-certified. A key objective of our unique SSA/SSI training program is to help our Eligibility Specialists identify when a case is not a good candidate early in the process. This reduces time and minimizes costs as we only file for those who qualify for SSA or who meet the standards for SSI benefits. Furthermore, when a case is not eligible, we use our extensive training and expertise to outline the reason a case lacks merit and report this information to DHHS. This enables the State, where possible, to take action that would enable future eligibility such as pursuing additional treatment for youth or notifying MAXIMUS when funding changes. MAXIMUS will continue to follow and remain compliant with Social Security laws regarding benefits eligibility. This includes, but is not limited to the Social Security Act Title II, Section 206 and 1111, Neb. Rev. Stat. Section 43-907, 497 NAC 2-002.08A, and current DHHS policy, found in Attachment A – Current Guardian Trust Account Policy of this Request for Proposal (RFP).

MAXIMUS takes pride in the level of support and dedication we offer our clients and the populations we serve. As Nebraska looks to expand its Child Welfare program through this procurement, MAXIMUS stands ready to support DHHS' goal of helping people live better lives through providing critical, life-sustaining services.

3.1 Narrative Demonstrating Understanding of Project Requirements

RFP Section I.N.4.a; VC

Throughout this proposal MAXIMUS details our understanding of the project requirements to apply for SSA and SSI benefits for all eligible wards in DHHS care. We understand we are responsible for our own transportation and workspace as well our own office equipment, access, and supplies such as computers, email, printers, imaging, and internet in order to adequately and efficiently perform the work under this contract.

3.1.1 Understanding of Eligibility Requirements for SSA Benefits

RFP Section V.G.1

MAXIMUS has earned its place as an industry leader in both Title II (SSA) and Title XVI (SSI) advocacy. That distinction is the result of over 27 years of experience in Child Welfare, and frontline service on behalf of children with disabilities. We've also charted a record of successful work with homeless adults and those adults who are at-risk of homelessness. This hands-on experience provides us the perfect platform to effectively advocate for young adults who are over 18 or have aged out of care and are in need for SSA/SSI advocacy services. We are proven subject matter experts in SSA/SSI advocacy having devoted over 30 years to perfecting our methodology while creating opportunities for children and young adults who are potentially eligible for SSA and SSI benefits.

We know that the process of obtaining SSA benefits can be difficult to get approved and we have a deep understanding of what is needed nationwide and specifically for the State of Nebraska. For wards in the State of Nebraska, SSA benefits are primarily based on the eligibility of a legal parent to the child. This could be a biological or adoptive parent who qualifies for or receives SSA Disability Insurance under which a State ward might also be eligible to receive SSA benefits. In some instances, a ward who is receiving SSA benefits and are found to have a disabling condition between the ages of 18 and 22 can be found medically eligible to continue to receive the benefit. To further demonstrate our understanding of the project, the sections below discuss how the medical and technical requirements must be met for a ward to qualify for SSA benefits.

A primary technical consideration for SSA benefits is that the legal parent of a state ward must have enough work credits and be within the Disability Insurance period covered by those credits. To earn work credits, the parent must have a work history with sufficient payment into Social Security. Once a worker earns enough credits from jobs worked and the work credit threshold has been met, the worker becomes eligible for multiple SSA benefits, such as disabled individual or retirement benefits. Where the income level is met, their spouse and children may also be eligible for benefits under the worker's social security record. Each wage earner's account has a family max payment that governs payment to the individual as well as any eligible spouse and dependents. If the wages and social security payments are adequate to allow for auxiliary payments to an eligible dependent, a State ward may receive benefits under this parent's SSA account. However, there are exceptions. For example, if the family maximum payment is met, the State ward would only be considered technically entitled but no payment would be issued unless there was a death, or the worker went back to work to add to the earnings.

The only way for a ward to be eligible for benefits based on the parental claim is if the parent becomes disabled, retires, or is deceased. To tie that to what we do today, before MAXIMUS even files an SSA application, we contact Social Security to guarantee the credit threshold has been met and there are benefits on which to file. That contact is key to the process. Once found eligible, a child may collect these benefits from their parent's social security record until age 18. Additional benefits beyond age 18 may also be available if:

- The ward has turned 18 and hasn't finished high school. When this is the case, the *SSA-1372 form* can be completed by the ward and the school so that the ward can continue to collect SSA benefits after age 18 until they finish high school, or up until the age of 19 years and 2 months, whichever happens later.
- The ward is determined disabled by Social Security before the age of twenty-two (22) and is subsequently eligible for Disabled Adult Child (DAC) benefits, based on the parental record.
- The ward is eligible for both SSA and SSI at the same time. This can occur if the SSA amount is not larger than the full payment of SSI amount.

If a ward has disabling conditions of their own and is eligible for SSA, they may also be eligible for disability benefits under the parent's earning record if they have been found to be disabled between the ages of 18 to 22. This benefit is known as a DAC claim. Social Security considers this to be a "child's" benefit because it is paid based on a parent's social security earnings record. For wards who qualify for both DAC and SSI, the criteria for medical determination of a disability aligns with the methodology for SSI. In instances where MAXIMUS performs SSA advocacy for a youth who is disabled, we utilize our extensive knowledge of the sequential evaluation process, which we discuss further in the section below.

The ability to apply this level of understanding and knowledge to our case construction is a crucial aspect of effective advocacy on behalf of youth in foster care. Our staff and processes allow for an accurate evaluation of a child's case in conjunction with Social Security's rules and evaluation. This enables us to present cases in a way that demonstrates the child's eligibility to Social Security and the Disability Determination Services (DDS) and subsequently increases the number of favorable awards granted under our advocacy programs.

We make it our mission to maximize benefits whenever possible. In some instances, a ward may be eligible for multiple Social Security benefits, enabling them to receive both SSA/DAC benefits and SSI simultaneously. MAXIMUS works to ensure that any and all eligible benefits are identified and awarded to ensure this vulnerable population has the best possible financial support available.

3.1.2 Understanding of Eligibility Requirements for SSI Benefits

RFP Section V.G.2

MAXIMUS has a strong understanding of the eligibility requirements for SSI benefits. Our approach to professional SSI advocacy integrates subject matter expertise, reliable operations, and ingenuity to meet deliverables and maximize eligibility rates. We understand the need to screen for all wards who are not currently receiving SSI, and the significance of maintaining benefits until a ward emancipates the system. The importance of applying and retaining SSI benefits on behalf of the non-minor dependent population cannot be overstated.

MAXIMUS offers DHHS a holistic approach to the administration of the SSA/SSI advocacy process as shown in *Exhibit 3.1.2-1: Holistic SSA/SSI Advocacy Project.*

Exhibit 3.1.2-1: Holistic SSA/SSI Advocacy Project. *Demonstrates MAXIMUS comprehensive service elements for SSI Advocacy.*

Our approach starts with training. MAXIMUS has an extensive, interactive training program that was developed by our team which includes subject matter experts, an Administrative Law Judge (ALJ) Hearing representatives, and former Social Security and Disability Determination (DDS) staff. All our Eligibility Specialists complete the SSI/SSDI Outreach, Access, and Recovery (SOAR) program and are child and adult SOAR certified. Our training, in conjunction with our proprietary screening tool and experienced advocacy team, results in an efficient and effective case screening that accurately identifies eligible candidates and gathers the applicable information that DDS, as well as the Administrative Law and Appellate Judges, use to make an informed, favorable decisions. MAXIMUS trains eligibility staff to look at all facets of the ward's circumstances. For example, when a ward has a parent who is disabled, retired, or deceased, but doesn't qualify to receive payment of SSA Benefits, we are trained to look and see if they have disabling conditions of their own.

Social Security uses a Five Step Sequential Evaluation Process to determine medical eligibility for SSA and SSI Benefits. For children, sequential evaluation may not include work related evaluations and is subsequently referred to as the Three Step Sequential Evaluation process where ability to work (the final steps of evaluation) is not considered in the determination. In the diagram below, we outline how MAXIMUS employs the sequential evaluations steps and each stage where a ward might be determined as disabled or not disabled under Social Security's rules.

Five Step Sequential Evaluation Process: Steps One through Three

When evaluating wards from birth to age 17.5 for SSI Benefits, MAXIMUS looks at the first Three Steps of the Sequential Evaluation Process. In *Exhibit 3.1.2-2: Sequential Evaluation Process Steps One (1) through Three (3) and Exhibit 3.1.2-3: Sequential Evaluation Process Steps Four (4) and Five (5),* you can see the entire process. The first three sequential steps for evaluation for children are as follows:

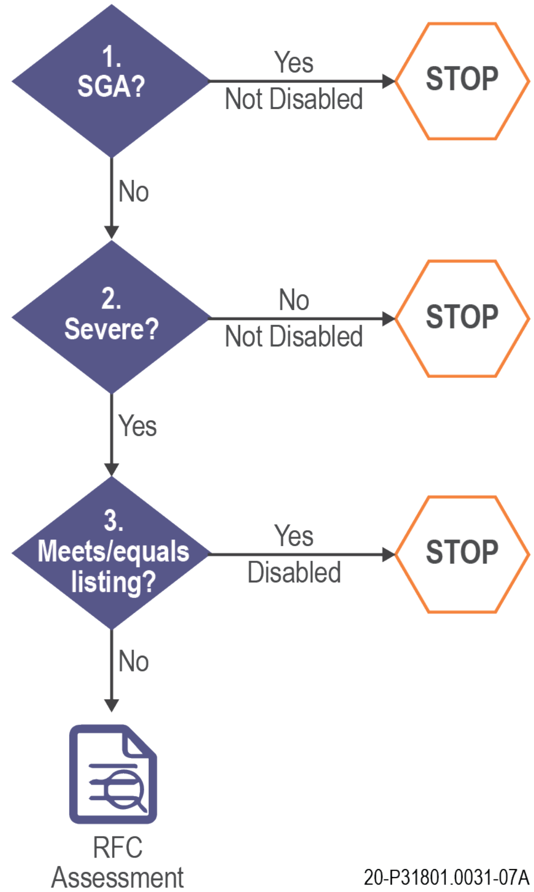

Exhibit 3.1.2-2: Sequential Evaluation Process Steps One (1) through Three (3). *MAXIMUS screening process used to determine SSI/DAC eligibility for children age birth to 17.5.*

1. **Is the child engaged in substantial gainful activity (SGA)?** At Step One (1), we examine if there is SGA and look to see if the ward has a job and is making more than the allotted income for SSI. Most wards in foster care will not have a work history. If we determine he/she is not working or is earning less than the set SGA threshold ($1,260 per month for individuals who are not statutorily blind), we move from the first step to the next.
2. **Does the child have a medically determinable impairment or combination of impairments that is severe?** At Step Two (2) of the sequential evaluation, we look at what the diagnoses and medications are and if issues are persistently severe from day to day. We also look to see if we can determine whether the ward is not at the same level emotionally and/or academically as his/her same age peers. Once that is determined to be an issue, we move on to the final step considered for children to be considered disabled.
3. **Does the child's impairment or combination of impairments meet, functionally equal, or medically equal a listed impairment? Or, are the functional limitations caused by the impairment the same as the disabling functional limitations of any listing and therefore equivalent to a listing?** At Step Three (3), the final step for children (ages birth to 18) to be determined eligible for SSI, a ward must have medical impairments that cause marked and severe functional limitations. The ward would be determined disabled if the impairment or combination of impairments, meets, medically equals or functionally equals the severity of a listed impairment or combination of impairment. Per our graphic above, if all these questions can be answered in the affirmative, we will file for SSI.

Once through these three steps, we look at the Residual Functional Capacity (RFC) which as defined by Social Security determines whether an individual can meet requirements for sedentary, light, medium or heavy workloads or environments. The scoring on the residual functional capacity form must show that a ward is unable to perform work currently or as in the past based on the current and expected duration of the disability. For wards below age 18 and between the ages of 18-22, the RFC form/questionnaire is completed by a physician with the

Disability Determination Services (DDS), following a Consultative Exam (CE) by a doctor who works for the Social Security. For the wards between 16 to age 22, this consultative exam determines whether the ward would be able to hold a job and what job the ward could have.

Five Step Sequential Evaluation Process: Steps Four and Five

For young adults, age 18 to 22, MAXIMUS looks at the entire Five Step Sequential Evaluation Process. At age 17.5 and above, Social Security will often look at both a child and an adult decision for the disability which is why MAXIMUS will look at all steps for any ward who is close to aging out of care. In Steps Four (4) and Five (5) we review:

4. Does the young adult have the residual functional capacity (RFC) to do past relevant work?
5. Does the young adult have the RFC to adjust to other work that exists in significant numbers in the national economy, considering his or her age, education, and previous work experience?

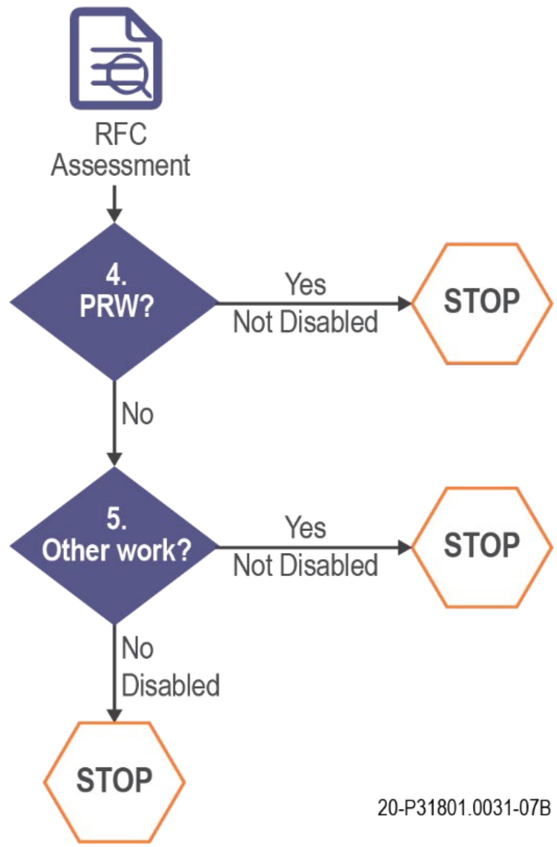

Exhibit 3.1.2-3: Sequential Evaluation Process Steps Four (4) and Five (5). MAXIMUS screening process used to determine SSI/DAC eligibility for young adults

At Steps Four (4) and Five (5), MAXIMUS looks to see what the ward's RFC is. Most likely wards who are 18 or 19 will not have a significant work history or any work experience at all. But in case the ward has worked part-time jobs or summer jobs, MAXIMUS looks at the past work to determine whether we would apply for SSI. RFC is defined as the capability to engage in functional activities or tasks that can still be accomplished despite a physical or mental work limitation. More specifically, the residual functional capacity measures your ability to engage in gainful employment or work even taking into consideration any medical condition.

In relating them to wards of this age with very limited work history, we look at these four areas that a ward who is 17.5 or over 18 needs to be extremely low functioning in:

- Understanding and Memory
- Sustained Concentration and Persistence
- Social Interaction
- Adaptation

MAXIMUS assesses if the ward can understand, remember, and/or carryout simple tasks without supervision. We then assess if they can maintain concentration, pace, or persistence over a normal workday/work week. We also determine if they can work in groups or work well with others. We examine whether he/she can adapt to a normal work environment or situations.

If any of these are determined to be a yes, then we would not file for SSI or a DAC claim. If they are no, then we examine further.

We must also prove that the ward at this age struggles to learn new techniques, acquire information, and would not be able to develop the needed facility for even average job performance. We must also prove that the ward is markedly impaired with activities of daily living; i.e. struggles with hygiene, can't drive, use bus, etc.

Listings of Impairments

One of the main criteria in the Sequential Step Evaluations is Step Three and how it relates to all Five Steps and specifically the RFC. MAXIMUS knows and applies the criteria Social Security uses to determine medical impairments to all our SSI and DAC claims and consult the Listings that are found in the Bluebook for Social Security. The listing of impairments describes, for each major body system, impairments considered severe enough to cause marked or extreme functional limitations for children, or for adults, result in an inability to engage in substantial gainful activity. The Eligibility Specialist is trained to familiarize themselves with the case and to ascertain how the ward functions in comparison to his/her peers as well as how well the ward performs with respect to completing activities, the amount of support needed to complete these activities, and if additional assistance, adaptations, or extra help is needed.

If the criteria to meet or equal a listing is not met, the ward may still be awarded benefits if found to functionally equal the listings. The criteria of the Listings apply only to one step of the multi-step sequential evaluation process. At that step, the presence of an impairment that meets the criteria in the Listing of Impairments (or that is of equal severity) is usually sufficient to establish that an individual is disabled. However, the absence of a listing-level impairment does not mean the individual does not have a disability. Rather, it merely requires the adjudicator to move on to the next step of the process and apply other rules in order to resolve the issue of disability.

In order to demonstrate the impairment(s) that functionally equal a listing, at least two of the domains must show "marked limitations" or at least one domain must show "extreme limitation" in the domains listed below. Domains are broad areas of functioning intended to capture all of what a child can or cannot do. Social Security uses the following six domains to adjudicate SSA/DACs and SSI:

Domain 1: Learning, thinking, acquiring new information, language development

Domain 2: Attention/focus/concentration, pace and persistence, ability to perform and complete activities

Domain 3: Social interactions, communication, cooperation/compliance, respecting others, responding to correction/criticism

Domain 4: Motor skills, physical manipulation

Domain 5: Coping with stress, adapting to chance, meeting needs in socially acceptable ways, personal care

Domain 6: Physical and psych effects, cumulative effects of all impairments/treatments (also known as the "Health & Well Being" Domain)

MAXIMUS staff are trained to present Social Security/DDS with evidence that clearly demonstrates a severe disability that meets, equals, or functionally equals a listing of impairments. Understanding the importance of adequate documentation, MAXIMUS incorporates intensive review and documentation retrieval components to the eligibility screening process.

Our Eligibility Specialists are intimately familiar with the criteria needed to substantiate eligibility and carefully review each case to obtain copies of the following:

- Birth Certificate or Naturalization Certificate
- Most recent court order establishing State custody/guardianship
- Medical records within the last 12 months
- Psychological evaluations and therapy or counseling progress reports within the last 12 months
- School records within the last 12 months
- Additional reports or records that support the allegation and duration of disability within the last 12 months

Proper identification of potentially eligible wards, along with detailed and accurate representation of the ward's impairment and functional abilities, are the most basic and critical part of the SSI advocacy process as well as the DAC process. MAXIMUS uses a clearly defined screening process to quickly determine if the case meets threshold SSI eligibility criteria and warrants a full case review. Our Eligibility Specialists have a clear, defined role to track, monitor, gather supportive information, complete the application thoroughly, and provide documentation that clearly demonstrates a severe disability and support positive outcomes.

Trust Accounts

MAXIMUS is also well versed in serving as a trusted advisor to assist in managing any benefit funds that are specifically earmarked for use for the benefit of the child as opposed to abatement. These are known by Social Security as Maintenance (Trust) and Dedicated Spend Down Accounts. Under Social Security regulations, individuals who receive benefits must have less than $2,000 in resources in order to maintain eligibility. The receipt of a large sum of money in the form of a back pay of benefits owed would put an individual's SSI and Medicaid at risk. The term “Spend Down” is a reference to the action of literally spending down money received by the benefit recipient so that the beneficiary stays under those maximum resource limits to not jeopardize their benefits.

When an SSI recipient receives a large sum of money, such as the back pay of a lengthy adjudication of a disability claim, the recipient may become disqualified from receiving benefits unless they either establish a special needs trust, like a Dedicated account or Achieving A Better Life Experience (ABLE) account, or do a spend down of the funds. The ward's decision making team would decide what action is best for the child, whether it's saving those funds in a trust for future use or utilizing those funds now for the beneficiary's current maintenance needs. Those needs may include school related items, job training, or medical needs such as therapy or personal assistance devices. All Spend Down activity must be reported to Social Security and a paper trail must be maintained by DHHS. Careful thought and planning must go into the preparation for a spend down so as to not waste valuable funds. MAXIMUS will advise DHHS as to all the options available, timeframes their available in, and processes on execution so we may improve the quality of life for the beneficiary through money saved or use of items purchased.

3.1.3 Understanding of Application Process for SSA Benefits

RFP Section V.G.3

MAXIMUS understands that it's important for a comprehensive SSA/SSI Advocacy program to include strong eligibility screening and concise application submission for SSA benefits. While the SSI application process and medical determination are very comprehensive in terms of meeting listings, the SSA application is minimal for wards and is based on the parent's earnings and eligibility for benefits as discussed in previous sections. When a youth is being assessed for SSA benefits and is a ward of the State, it is always necessary to obtain eligibility information directly from Social Security in order to complete a thorough screening.

SSA Title II Application Packet
SSA-11
SSA-4
SSA-1696
SSA-8, if applicable
Birth Certificate
Death Certificate, if applicable

Exhibit 3.1.3-1: Title II SSA Application Packet. *MAXIMUS uses the appropriate combination of forms when applying for SSA benefits on behalf of children in foster care.*

We are versed in identifying SSA benefits on a parent's record and applying for benefits on behalf of a qualifying child. We have tailored our approach to successfully meet the required goals and perform all tasks defined by the State of Nebraska in the RFP. With our experienced Eligibility team, we are confident in our ability to provide DHHS with an SSA/SSI Advocacy Project that meets the goals of the State and the needs of the children it serves. MAXIMUS Eligibility Specialists complete all relevant SSA application forms as shown in *Exhibit 3.1.3-1: Title II SSA Packet* and submit the paperwork to Social Security for processing within 30 days of the receipt of the referral. *Exhibit 3.1.3-2: SSA Initial Checklist* below is a copy of the checklist we will use to show our quality assurance process for each and every SSA application.

Department of Health & Human Services DHHS NEBRASKA

STATE OF NEBRASKA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MAXIMUS

SSA/SSI ADVOCACY PROJECT

TITLE II INITIAL CHECKLIST

Claimant: ______________________________ Master Case: ____________

Benefits off of: ______________________________

_______ SSA-4 – Application for Child's Insurance Benefits (DHHS signs)

_______ SSA-8 –Application for Lump-Sum Death Payment (Completed only if the parent is deceased and DHHS signs)
NOTE: Only fill this out if parent has died within the 2 years.

_______ SSA-11 – Request to be Selected as Payee (DHHS must sign)

_______ Most recent Court Order/Petition that brings child into custody

_______ Death Certificate

Case reviewed by: ____________________________________

MAXIMUS SSA/SSI ADVOCACY

20-P31801.0031-08

Exhibit 3.1.3-2: SSA Checklist. *MAXIMUS will use this checklist to show our quality assurance process for every SSA application.*

The importance of work value for ward or non-minor dependents who have some work history, as well as for those wards who have a deceased or disabled parent are concepts with which we are well versed. We know that applying for DAC claims is very important when a ward is close to 18 as it enables the ward to collect additional cash benefits from their parents' account as well as their own. Establishing disability for a child who may be eligible under a parent's record before the age of 22 can open the door for a lifetime of benefits and improved financial stability for this vulnerable population.

MAXIMUS will participate in staff meetings and trainings to assist DHHS in identifying potential DAC candidates while providing counsel for Social Security related matters, including SSA benefits in conjunction with SSI benefits. MAXIMUS has a history throughout our projects of routinely meeting with SSA representatives to problem solve cases on an as-needed basis and to collaborate on necessary documentation and other activities in order to establish and maintain eligibility on the ward's own social security account and/or their parents'.

3.1.4 Understanding of Application Process for SSI Benefits

RFP Section V.G.4

MAXIMUS takes a proactive approach to our SSI Application process. We understand the importance of retaining SSI benefits for all eligible youth entrusted in the care and dependency of the State. Our proven methods related to case review, contacting appropriate parties, obtaining supporting documentation, and preparing and submitting required paperwork in a timely manner all contribute to successful outcomes.

The SSI Disability application process is two pronged. It requires:

- Submission of an Online Disability application, and,
- The completion of an SSI application on paper, along with other required Social Security forms.

The information needed to complete both forms is obtained during the initial screening of the case. MAXIMUS screens all wards who have entered out-of-home placement for potential eligibility of SSA and SSI benefits. Every screening of each ward is tracked and given a Merit/Non-Merit determination for SSA/SSI eligibility. Our standard business practice is within a 30-day timeframe, so that we collect the appropriate documentation and can efficiently and effectively submit SSA and SSI applications.

Our application process begins with case screenings. This crucial step ensures that we are able to gather all necessary documentation for wards referred to the project and that we fully develop the case using all information available to support favorable outcomes. ***This additional step has allowed us to maintain an approval rate that is more than 30 percent higher than the national award rate.*** MAXIMUS conducts a comprehensive assessment of the circumstances of a child's condition if the referral or available medical/school documentation does not have sufficient detail to process documentation for the comprehensive assessments phase. This best practice was developed by MAXIMUS in order to achieve a high level of quality assurance. Should the ward be deemed potentially eligible after the review, an application is executed on behalf of that child within 30 days of the initial screening. To facilitate and expedite our procedures, we use a centralized project e-mail address and easy to read, user-friendly referral forms. *Exhibit 3.1.4-1: Application Process* depicts the flow of how a case is worked.

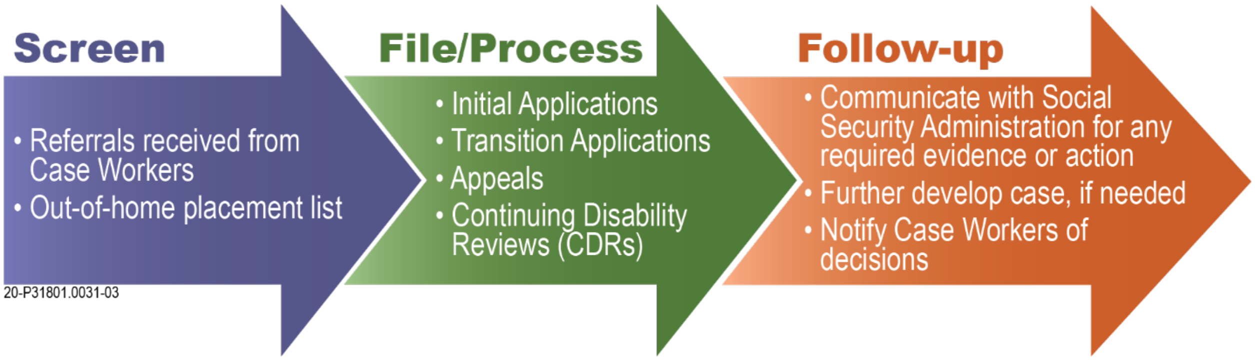

Exhibit 3.1.4-1: Application Process. *Depicts the flow of a child's case from referral to application to the ever-important follow up with Social Security and DHHS.*

MAXIMUS conducts an extensive screening for each ward upon receipt of any out-of-home care report, to determine potential eligibility for SSA and SSI benefits. We take special consideration for wards turning age 17.5 years. MAXIMUS recognizes how important it is to determine their potential eligibility for SSI benefits as an adult as soon as possible so those benefits will be in place as the ward is preparing to exit the system. Reviewing transitional wards on a monthly basis allows us ample time to establish their SSI or DAC benefits prior to their becoming non-minor dependents and emancipating. The highest priority is given to the wards aging out of care. The closer the ward is to age 18, the higher the priority for MAXIMUS as it is vital to work with these young adults to secure life changing benefits before, they leave care. We are well-versed in Adult SSA/SSI advocacy and employ this knowledge to create as many opportunities for this vulnerable population as their environments change and they enter independent living situations.

The crux of our case triage process is the Eligibility Specialist's internal evaluation of each claim against Social Security's Sequential Evaluation process, which the client must meet the threshold requirements in order to be eligible for disability benefits. Our Eligibility Specialist compares each disability claim to the appropriate process to identify missing documentation and determine the likelihood of success of the claim.

For every individual ward referred to MAXIMUS we initiate our assessment for potential eligibility with a comprehensive screening of the child's circumstances to ascertain their ability to successfully meet the threshold requirements to obtain federal disability benefits. MAXIMUS uses an evidence-informed, experience tested, proprietary Case Development and Assessment Tool to determine client eligibility and to establish the merits of the case for advocacy under the Social Security Sequential Evaluation and Hearing Appeal guidelines.

Our proprietary Case Development and Assessment Tool was developed by our Benefits and Eligibility Assessment Services (BEAS) leadership team, which collectively has over 50 years of disability advocacy benefits experience. The tool consolidates duplicative fields across the various SSA/SSI application forms to eliminate redundancies and allow MAXIMUS Eligibility Specialists to focus on more substantive information to begin strong case development. *Exhibit 3.1.4-2: SSA/DAC Initial Checklist* is an important tool that will be used by MAXIMUS staff to make sure we have a complete application.

Department of Health & Human Services DHHS NEBRASKA

STATE OF NEBRASKA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MAXIMUS

SSA/SSI ADVOCACY PROJECT
SSI INITIAL CHECKLIST

Ward: ______________________________ Master Case: ____________

________ Case Cover Sheet – Contains basic demographics on child

________ Case Narrative – Summarizes DHHS file and documentation

________ SSA-827 – Release of Information (DHHS signs, child age 12+ also signs/age 18+, only youth signs)

________ SSA-8000 – SSI Application (under age 18 DHHS signs, age 18+ youth signs)

________ SSA-11 – Request to be Selected as Payee (DHHS signs)

________ SSA-3820 – Disability Report – Child (Completed Online)

________ SSA-3375-3379 – Function Report (based on age of child)

________ SSA-3288—Consent for Release of Information for 3rd Parties (DHHS signs)

________ DHHS Court order and File Documentation

________ Reopening Request (if there has been a medical denial within the past 12 mos.)

For age almost 18 years* and older cases, you also need:
***All youth age 17 years and 6 months are considered age 18 cases**

________ SSA-1696 – Appointment of Representative (age 17.5+ youth signs)

________ SSA-3368 – Disability Report-Adult (Completed Online)

________ SSA-3373–Function Report–Adult (Youth fills out)

________ SSA-3380 for 3rd Party (MAXIMUS or placement fills out)

Case reviewed by: ________________________________

20-P31801.0031-16 MAXIMUS SSI ADVOCACY

Exhibit 3.1.4-2: SSI/DAC Initial Checklist: *Demonstrates the tool that MAXIMUS will use to make sure we have a complete application before it is sent to Social Security.*

As referrals are received and reviewed and potential wards discovered on the Out-of-Home Care Report, MAXIMUS performs multiple layers of case triage to determine if claim development is substantiated by the evidence received. We understand how critically important medical documentation is needed to substantiate an SSI/DAC application. Our Eligibility Specialists provide initial and ongoing document retrieval support to make certain we obtain all relevant and requested information from the participant, doctors, hospitals, and other needed resources. As an overview, our document retrieval process includes:

- Acquiring the names and contact information for all doctors, hospitals, and treatment centers used by the participant in support of their disability
- Acquiring a signed release from the participant to facilitate our ability to obtain the necessary documentation from third parties
- Contacting all doctors, hospitals, and treatment centers for medical documentation, if not available from the case file
- Reviewing all documentation and releasing only those documents that support the ward's application for benefit

Per Social Security's guidelines, the best medical evidence comes from the claimant's treating source. By law, the statement of a treating source carries more weight than any other evidence, including the report of an outside examiner. The Eligibility Specialist is trained to go over all existing medical documentation and then contact all medical and treatment facilities identified for medical records that support the application for federal SSI benefits if not available in the worker's case file. We maintain regular communication with the Disability Examiner (DE) at DDS to ensure all requested evidence has been included in the claim and the DE has enough information to reach a favorable decision for our claimant.

In the minority of cases where DDS requests additional information be obtained at a no-cost CE, MAXIMUS ensures all scheduled medical evaluations and SSA appointments are kept as compliance is critical to achieving a successful SSI award on behalf of the ward. We use a multifaceted outreach approach to encourage, remind, and facilitate cooperation by keeping in regular communication with the ward's Children and Family Service Specialist (CFSS) worker and caretaker via telephone calls, snail mail, and where appropriate, e-mail contact.

Throughout the entire SSI eligibility determination process, the Eligibility Specialist develops the ward's SSI case narrative, which argues for a favorable determination related to eligibility for SSI/DAC benefits. This case narrative, or Medical Summary Report (MSR), serves as a link as it pertains to the physical and/or mental conditions of the claimant and their level of function. It provides a succinct, comprehensive summary of the claimant's treatment history, the impact the disability has had in daily life, and a description of the factors limiting function. The Eligibility Specialist will include the completed case narrative with the application for review by SSA, explaining the reasons that the participant's medical condition(s) meet, equal, or functionally equal a listing of impairments.

3.1.5 Understanding of Appeal Process for SSA Benefits

RFP Section V.G.5

Initial Application → Reconsideration → ALJ Hearing → AC Hearing → FC Hearing

Once an Initial Application is denied, the steps in the Social Security appeal process are: (1) Reconsideration; (2) Appeal to Administrative Law Judge (ALJ Hearing); (3) Appeal to Appeals Council; (4) Appeal to Federal Court. The time period for filing a Request for Reconsideration (form SSA-561) or ALJ Hearing (SSA-501) is 60 days from the receipt date of the last unfavorable decision, with an extra 5-day grace period.

For the purpose of appealing an unfavorable decision by Social Security with regards to a ward's SSA benefits, only a case review by a Social Security Representative will be available for appeals regarding non-medical issues. When an appeal is due to technical, non-medical reasons, we work with Social Security to ensure we provide the appropriate information to appeal the unfavorable decision.

MAXIMUS vigorously conducts due diligence to ensure Social Security has all documentation and information needed to accurately calculate a ward's SSA benefits if they are indeed eligible to draw these benefits from their parents' social security account. Social Security in most instances only fully completes an application for the SSA and would pull through DHHS as the payee when a favorable medical decision would come back on the Parental Claim. However, if a medical review was done on the Parental Claim and a non-favorable decision was made, the ward would continue to receive the SSA benefits until an appeal decision is made.

MAXIMUS knows the importance of obtaining favorable decisions, therefore, we do not simply resubmit applications with the same information for appeal but provide updated information pointing out to Social Security and DDS what efforts we have made to overcome the initial decision. It is crucial that an Eligibility Specialist demonstrate what new information is being provided at appeal to enable Social Security/DDS to make a favorable decision as early in the appeal process as possible.

3.1.6 Understanding of Appeal Process for SSI Benefits

RFP Section V.G.6

When an appeal is warranted, MAXIMUS initiates a review of the circumstances of denial and communicates with the ward's CFSS worker. Together, they determine the ward's current disability status and if filing a reconsideration is the appropriate course of action and in the best interest of the child. We then determine if additional information is available to support the approval of benefits. In all circumstances, a decision is made with the best interest of the ward in mind and is completed within a timely manner from the date of receipt of a denial notice. If the decision is made to file an appeal, all appropriate forms are executed and submitted to Social Security within 30-60 days of receipt of the denial notice.

The first stage of appeal is the reconsideration phase. Social Security approves fewer than 9.5 percent of cases at this stage of application, which makes it imperative that Social Security advocates understand this initial appeal process. MAXIMUS reviews all case documentation as well as the denial information received from Social Security at each stage of appeal. We then work to restructure the case, including any documentation that was unavailable at initial application, and updating applicable documentation before reconsideration submission. Where many claimants and other advocacy vendors simply resubmit the existing documentation, MAXIMUS understands that this redundancy will nearly always result in a reaffirmation of the initial denial. Therefore, *we seek to restructure the case based on the initial denial reasons and changes to available evidence ensuring the best possible outcomes at this stage.*

If a denial is received after reconsideration, MAXIMUS reviews the grounds for appeal. We initiate, prepare, and pursue the submission of an Administrative Law Judge (ALJ) Hearing application packet. This includes, but is not limited to, preparation of the HA 501-U5: Request for Hearing by Administrative Law Judge and obtaining a new, signed SSA- 827: Authorization to Disclose Information.

Additional documentation is prepared and presented describing the child's recent medical treatment, medications, work background, and Activity of Daily Living.

The Office of Hearing Operations (OHO), which oversees all Social Security hearings, limits appearances before the ALJ, and Appeals Council to either attorneys or non- attorney advocates who have been tested and are SSA approved. Should an appeal for SSA/SSI benefits reach the Federal Court, an individual must be represented by a licensed attorney. All MAXIMUS SSI Eligibility Specialists are trained, and appeals are overseen by a licensed attorney, Kenneth "Alex" Kerr, one of our Project Consultants for this project.

This unit is trained and experienced to handle ALJ, Appeal Council, and Federal Court (FC) hearings, as needed. Alex is our Senior Disability Attorney and Hearing Unit Manager for the MAXIMUS SSA/SSI Advocacy Projects and serves as the Deputy Project Manager for the Maryland Disability Benefits Assessment Project, where he also handles all hearings for the project. While many SSA/SSI vendors have licensed attorneys on staff, non-attorney representatives are the most common type of representative. This leaves gaps in experience by the attorney's overseeing the appeal process as well as a lack of experienced representation at the Federal Court of appeals.

In contrast, Mr. Kerr has personally represented over 130 claimants for their disability hearings in the past twelve months. Our Project Managers also have the training and experience as non-attorney advocates to represent the children and adults we serve in hearing appeals. Our proposed Project Manager, Andrea Johnson-Fee, is one of these experienced non-attorney advocates. While some vendors assert that they have the ability to handle appeals, our projects are led by Social Security Disability experts who understand the law, know what it takes to win, and have the hands-on experience necessary to put forth the best possible case to achieve the most favorable outcome.

We review our database to monitor appeal requests, follow-up activities, and final Social Security determinations. As we do for all cases, MAXIMUS thoroughly reviews each step of the reconsideration/appeal process to ensure quality assurance standards are achieved. Our proprietary and tailored SSA/SSI Applications and Appeals tool combined with the relationships we have built with all stakeholders in the eligibility determination process allow us to continue to produce impactful outcomes.

Upon receipt of any SSI eligibility determination information, including the written Notice of Award, our Eligibility Specialist contacts the CFSS and Income Maintenance-Foster Care worker (IM-FC) worker within three days of receipt of the decision from Social Security. When an SSI/DAC application is denied, the Eligibility Specialist will request a review of the initial Disability Determination Explanation (DDE) from Social Security to decide if an appeal is warranted.

After reviewing the DDE, along with the evidence and analysis used by Social Security during the adjudication process, the Eligibility Specialist promptly contacts the CFSS worker and/or child's caregiver to determine if there is any new medical information available or if there has been any change in the child's status. The Eligibility Specialist and Project Manager jointly review any new information and notify the CFSS worker if any further action is taken. If an appeal is warranted, the Eligibility Specialist will prepare the *SSA-561 Request For Reconsideration* along with the *SSA-3341 Appeal Disability Report* and an updated *SSA-827 Authorization To Disclose Information To SSA*. Any new evidence to further support a claim of disability with an updated case narrative/MSR will also be included in the appeals packet.

3.1.7 Understanding of the Application Process to Change Representative Payee

RFP Section V.G.7

When a child is made a ward and removed from the home, we invoke the process to change the payee to the State for the time the child remains a ward of the State. Our process is focused on processing these critical cases as soon as possible.

We review all children who are wards of the State of Nebraska for the existence of SSA and/or SSI benefits, identifying existing recipients of benefits that have not been redirected to the Department. MAXIMUS understands that Social Security's procedure for initiating payee changes has changed and is now conducted over the phone. Previously, we would execute a Change of Payee request to Social Security, completing the *SSA-11 Form*, along with the most recent court order stating custody, and then would follow up the request by contacting Social Security directly to monitor that the requested change has been completed.

Due to a clarification of policy on third party vendors and business agreements with State governments and to the payee process itself, MAXIMUS has developed a new, streamlined process to follow the Social Security policy while still meeting the ability to process payee changes seamlessly. We created a specific Payee Form that serves as an alert or trigger to Social Security that a payee change needs to be developed. Based on Social Security preferences, weekly we send the MAXIMUS payee change form along with the most recent court order that states Nebraska now has custody to the Social Security Office and then the payee changes are attested over the phone by the designated state representative.

The MAXIMUS process and experience enables our experts to meet the requested timelines outlined in this RFP, completing all representative payee change requests within 30 days of referral. Representative Payee timelines are dependent on receiving the needed documents to support the 30-day turnaround time. If a court order is not found on Nebraska Family On-line Client User System (NFOCUS), we reach out to the appropriate State workers. As part of our collaboration with entities key to supporting our process, we work to establish relationships that help us to receive the needed documentation in the timeframes required by sharing why it is critical to receive the requested documentation in a timely manner and helping the entity or individual to whom we've made the request understand the critical nature of their role in the process. If, in any instance, the State worker is unable to provide the documentation within the requested timeframe, we will notify DHHS and work in collaboration to determine if the representative payee request timeline should be extended or if it should be re-referred when the necessary documentation becomes available.

3.1.8 Understanding of Reasons for Suspension of Benefits of DHHS Wards for SSA and Mechanisms Available to Remedy Suspension

RFP Section V.G.8

All MAXIMUS SSA/SSI projects are well practiced in the funding codes used at Social Security. We know all the intricacies of what each code could mean and how to fix it. We also have Social Security policy experts on staff who help foster the relationship with local Social Security Offices enabling us to easily fix the issues.

When we come across a case that is in suspension or terminated, we first determine what might have caused the issue. We look at age and if placement is affecting the payment. We then determine if there is an error and correct it accordingly with a placement change, payee change, or Non-Medical Review. We will notify the CFSS and IM-FC workers of any placement changes needed to correct the record.

For SSA benefits that are directly related to a parent's benefits, they are often affected by issues that arise with the parental claim. For example, if a parent is disabled, a ward loses their payment because the parent is no longer considered disabled or the disability did not last more than 12 months. In these cases, we will review and monitor these cases to determine if the ward is eligible for new or increased benefits under SSI.

In all SSA (retired, disabled, deceased) cases, if a ward turns 18, those benefits automatically terminate, unless the ward is still in school up until 19 years and two months. This termination can easily be corrected with a simple form filled out by both the ward and the school. This benefit also known as DAC can also continue after 18 if the ward is found to be disabled as well. For these DAC claims, Social Security requires a disability application submitted for all children receiving SSA between the ages of 18 and 22, who have a diagnosis or a low IQ.

3.1.9 Understanding of Reasons for Suspension of Benefits of DHHS Wards for SSI and Mechanisms Available to Remedy Suspension

RFP Section V.G.9

With our relationship at Social Security, we have established contacts and the ability to reach out to ask what exactly is needed to fix an issue, MAXIMUS concentrates on over 86 Suspension Codes for SSI alone. When we come across a case that is in suspension, non-pay, or terminated status, we determine what might have caused the issue. We look at the ward's age, placement, and if there is any income being reported that could be affecting it. We then determine the initial course of action which is a placement change, payee change, and/or Non-Medical Review.

MAXIMUS understands that if a benefit is in suspension, a payee change or placement change most likely needs to be initiated. These cases are most commonly placed into non-pay status due to income, placement, or not being medically eligible. We will notify the CFSS and IM-FC workers that a placement change needs to be completed to correct the record. In some non-pay cases, it could be that a prior payee did not do what was requested of Social Security. In these cases, when DHHS is taking over as the new payee, MAXIMUS can facilitate the reinstatement of benefits by completing the necessary documents. We will work toward getting the SSI case out of the non-pay status and into pay.

A termination of benefits can occur when the SSI Case has been in non-pay status for over 12 months. MAXIMUS understands the importance of working quickly to ensure that suspended cases are not terminated. In instances where a case is terminated, some termination codes can be fixed if an error occurred on Social Security's end. Our relationship with Social Security, enables us to quickly overcome errors such as this and facilitate the reinstatement of benefits.

One of the most important mechanisms in overcoming the suspension of both SSA and SSI benefits is a working relationship and open lines of communication with Social Security. Whereas an organization without this established relationship will be dependent on Social Security to make notifications of the reason for suspension, our established relationships allow a proactive approach to addressing suspensions. We work closely with Social Security to ensure that SSI cases get corrected swiftly. We also keep very detailed records and follow-up every few weeks to make sure that cases put into suspension or non-pay due to error are corrected immediately so that they do not terminate. When a case is erroneously terminated, we work with

Social Security to correct it immediately so that benefits can go into pay right away as well. Since there are only 12 months of medical eligibility for SSI, sometimes an erroneous termination cannot be fixed, and a new SSI application must be filed.

3.1.10 Approach to Identifying Wards Eligible for SSA and SSI Benefits

RFP Section V.G.10

MAXIMUS has provided SSA and SSI policy, advocacy, application processing, and administrative law services to SSA/SSI recipients throughout the United States for more than 27 years. Our approach to professional SSA/SSI Advocacy integrates subject-matter expertise, reliable operations, and outcomes driven by technology designed to meet deliverables and maximize eligibility rates. We understand the State's interest in engaging a vendor that can provide statewide advocacy for children placed in the custody of DHHS. *Exhibit 3.1.10-1* shows our approach to Identifying Wards for SSA and SSI Benefits.

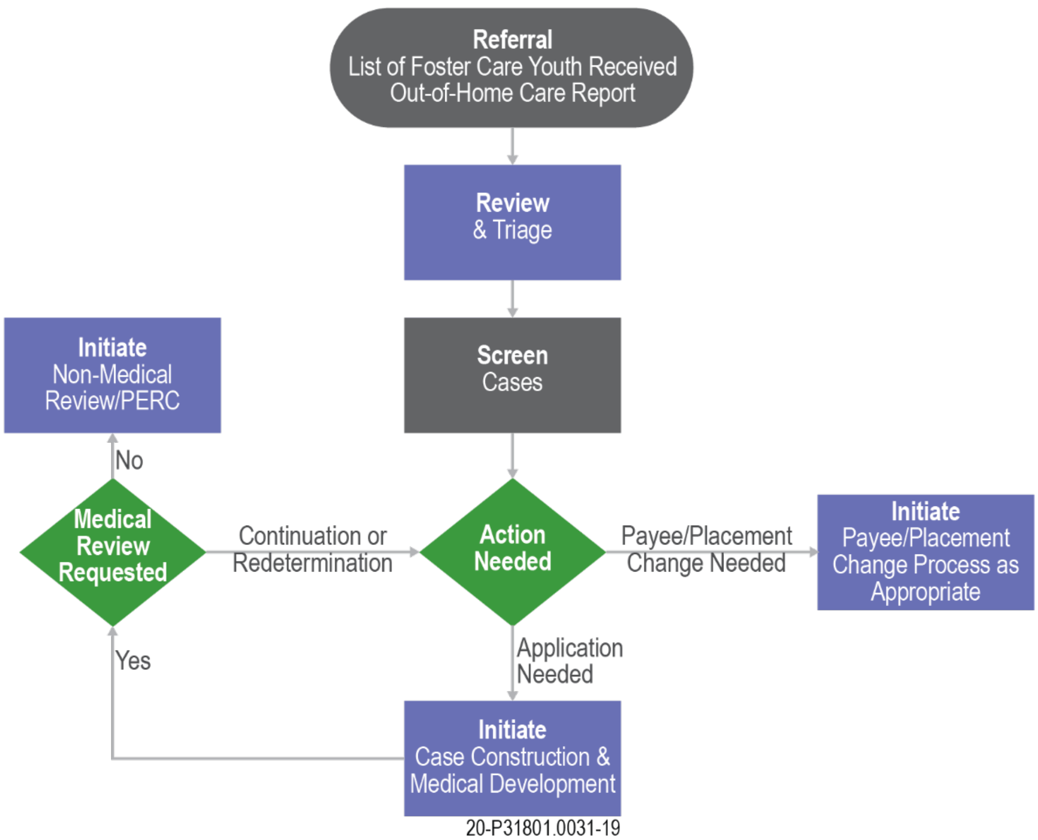

Exhibit 3.1.10-1: Approach to Identifying Wards for SSA and SSI Benefits. *Demonstrates the flow of the screening and application process that MAXIMUS follows to determine how to proceed with the case from initial stages to submission to Social Security.*

Our range of work for child welfare agencies has included multi-faceted evaluations of foster care and adoption assistance programs, Title IV-E experience, operational analysis and business process reengineering projects, and systems planning and quality assurance monitoring projects. As a result, we know firsthand how an SSA/SSI Advocacy program should support the overall child welfare mission of DHHS and can successfully provide the services required in this Request for Proposal. Throughout our responses, you see the phrase “proven methods” and that’s because MAXIMUS has developed a formula for providing SSA/SSI

Advocacy services that are unmatched. We design our screening procedures to address the specifics of each ward we find on the Out-of-Home Care Report or referral we receive from a CFSS or IM-FC worker.

MAXIMUS has a long history of providing exceptional service. Throughout our SSA/SSI projects, we are able to send SSA and SSI applications in 30 days barring circumstances that are out of our control such as a ward not signing Social Security releases/paperwork or a source not sending documentation to us in a timely manner.

MAXIMUS has the ability and knowledge to identify all DHHS wards who are potentially eligible for or already receiving SSA or SSI and gather necessary medical reports and financial information as well as other needed documentation for accurate SSA and/or SSI applications within 30 days. We also confirm that we will notify DHHS of eligible individuals per the terms of the RFP, so that they can let us know whether they want us to proceed with an application for a DHHS ward. We understand they have ten business days to tell us their decision.

MAXIMUS identifies prospectively eligible cases via the Out-of-Home Care Report or by DHHS referrals. Each monthly Out-of-Home Care Report will be split up between the Eligibility Specialists to determine the following:

- Is the ward in an out of home placement that is excluding the parental home or Tribal Custody?
- Is the ward already receiving SSA or SSI?
- If receiving SSA or SSI, is DHHS already the payee?
- If DHHS is not the payee, make DHHS the payee.
- Does the ward have a prior denial or termination on the SSI record?
- Is the ward receiving SSA and close to eighteen and has a disabling condition of their own?

Proper identification of potentially eligible children, along with detailed and accurate representation of the child's impairment and functional abilities, is the most basic and critical part of the SSA/SSI advocacy process. MAXIMUS uses a clearly defined screening process to quickly identify if a full case review is appropriate for wards identified off the Out-of-Home Care Report or referred to the SSA/SSI Advocacy Project. The purpose of this tool is to determine if the case meets threshold SSI eligibility criteria and warrants a full case review, if a youth might be eligible for SSA, or is currently receiving SSA and has their own disability and close to 18. The cases where a ward is already receiving SSA and close to 18 are called Disabled Adult Child Claims (DACs). Our screening processes are streamlined to address the specifics of the case and stage in which the application is presented.

MAXIMUS has proven experience and knowledge of the criteria and medical/psychiatric circumstances required for a child to be eligible for SSI benefits, or found disabled based on a parental record. MAXIMUS also knows the importance of early filing for youth aging out of the foster care system and gives these cases the highest priority. Therefore, DHHS can rest assured that all potentially eligible SSI/DAC cases are screened correctly, and all potentially eligible SSI referrals are submitted to Social Security for an eligibility determination within 30 days.

Based on the ward's placement, MAXIMUS can also prioritize looking at the medical reports, financial information, and other legal documentation to determine if the ward might meet the requirements for SSI and/or SSA or a DAC. These monthly reviews of the Out-of-Home Care Report compliment referred cases to ensure that every ward in the legal custody of DHHS is screened and prospective federal disability benefit eligibility is identified.

The Project Manager and Eligibility Specialists have clearly defined roles as it relates to tracking, monitoring, gathering supportive information, completing the application, and quality assurance. Our process not only provides consistency but also makes certain that key information is not overlooked or missed.

The entire screening process is designed to meet these key elements:

- Use data generated by the DHHS Out-of-Home Care Report, NFOCUS databases, and SDX/BENDEX as an additional source for potential SSI and/or SSA eligibility. This data is thoroughly analyzed and reviewed applying the screening criteria
- Minimize the time taken to obtain crucial information and ease the burden for CFSS/IM-FC workers and caregivers
- Conduct telephone interviews to obtain key eligibility related information on the child, such as current placement (group care, foster care, and so on), document impairments and child's level of functioning, treatment programs, and critical school information when related to a potential SSI or DAC application
- Confirm the child's case file includes a copy of the birth certificate or naturalization certificate, most recent court order establishing State custody/guardianship, most recent medical information within the last 12 months, and most recent school information within the last 12 months

In order to quickly assign cases to meet milestones that ensure eligible children receive benefits in a timely manner, MAXIMUS staff will perform the following activities in their screening and application process. *Exhibit 3.1.10-2: Eligibility Screening Process for Wards Already Receiving SSA/SSI Benefits* shows the screening process used by MAXIMUS.

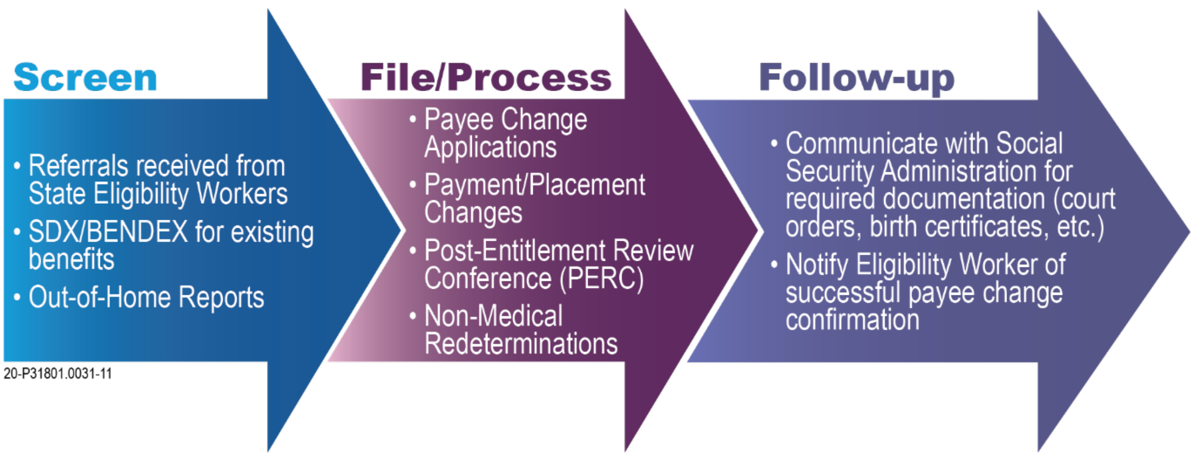

Exhibit 3.1.10-2: Eligibility Screening Process for Wards Already Receiving SSA/SSI Benefits. *Shows the flow of a child's case from referral or Out-of-Home List to application to the ever-important follow up with Social Security and DHHS.*

The initial step of this eligibility process begins with the timely and thorough screening of all submitted referrals or potential cases. It is essential that this screening process is conducted with the highest level of experience and knowledge pertaining to SSI eligibility as only cases passing this process have the potential of being determined eligible for SSI benefits or for being determined eligible off of parental claim once the youth turns 18.

When determining which cases should be screened for SSI/DAC, MAXIMUS looks at the following criteria:

- Is the ward under age 18, or over age 18 and a student regularly attending school, college, or training designed to prepare child for a paying job?
- Do the ward's resources exceed $2,000?
- Is the ward not working full-time?
- Does the ward have a medically determinable impairment (diagnosis) resulting in "marked and severe functional limitations" for at least 12 continuous months?

Once it is established the impairment will last for 12 continuous months, we then look at the following medical criteria:

- Total Deafness
- Total blindness
- Down Syndrome
- Amputation of leg at the Hip
- Severe Intellectual Disability (IQ 59 or below)
- Cerebral palsy, muscular dystrophy with severe problems walking or talking
- Bed confinement or immobility requiring wheelchair, walker or crutches
- Ward age 6 months or less and a birth weight 1200 grams or below
- Ward receives psychiatric hospital services
- Ward receives special education services
- Ward exhibits severe learning problems/developmental delays
- Ward receives intensive medical services/treatment
- Ward in residential placement with diagnosed mental impairment(s)

Once MAXIMUS can determine there should be an SSI application, we obtain the following:

- Documentation Required to Substantiate Eligibility for Benefits
- Copy of birth certificate or naturalization certificate
- Copy of Social Security card
- Copy of court order establishing the legal custody of Nebraska Health and Human Services (DHHS)

The SSA/SSI Advocacy Project also can receive referrals by fax or e-mail. The Eligibility Specialist then uses the telephone together with e-mail communication with CFSS workers and placements to ensure prompt notification and responses when issues or questions arise. We expeditiously screen and process all referrals. We have found that staff welcomes one-on-one information about eligibility. The process is quick, non-invasive and informative. Referrals are assigned to an Eligibility Specialist within 48 hours of receipt. To facilitate and expedite our procedures, we use:

- Standardized E-mail address
- Fax number
- One-page user friendly referral forms
- An 800-phone number with direct extension and voice mailbox features

Upon receipt of a referral, the SSA/SSI team reviews technical eligibility criteria, including income and resources, through access to the State's database. This review is essential when submitting applications to Social Security as it is imperative that custody, placement, income, and resource information be current and accurate.

All referrals are carefully documented from date of referral through final disposition of the case using a database specifically designed to meet the Agency's needs. This tracking and monitoring system allow for screening and application filing to occur within the prescribed 30-day time period.

MAXIMUS follows a standard process to determine eligibility which allows for timely communication with DHHS. Our model is proactive, as it identifies and brings potential recipients to the case managers, foster parents, and other referral sources through the Eligibility Specialist's outreach services, including visiting local offices to obtain the required documentation to support SSI/DAC applications. Since CFSS workers have direct contact with the child and/or access to information that indicates potential eligibility, they can also be a primary source of referrals.

Our long history of SSA/SSI advocacy services and demonstrated knowledge of SSA and SSI, makes us the best choice for this scope of work. We not only understand what is needed and have the knowledgeable team to accomplish it, but we also have an established relationship with Social Security, which will make for a seamless transition to start new services.

3.2 Responses to RFP Section V.D

RFP Section I.N.4.b; I.P.2; V.D

Our experience as your current administrator for the Nebraska Change of Payee program and operating like projects has helped us develop a signature method to screen and identify SSA and SSI-eligible recipients. We've forged a close relationship with the Social Security Administration (Social Security), Disability Determination Services (DDS), and delivered nearly three decades of direct advocacy for youth nationwide under our parent company, MAXIMUS, Inc. This has allowed us to hone our process to secure SSA and SSI funds at a 12-month average of 73 percent for our projects – significantly higher than the national average of 37.5 percent as depicted in *Exhibit 3.2-1: SSI Approval Rates*. MAXIMUS is the vendor that has the depth of knowledge, experience, subject matter expertise, and current tenured project staff to expertly direct this project. Our staff tap into extensive corporate resources to help guide their proven SSA/SSI program approach, including training, outreach, tracking and reporting capabilities. We bring it all to the table to successfully, and without disruption, serve children and youth in foster care in partnership with the State of Nebraska as the vendor for the SSA/SSI Advocacy Project.

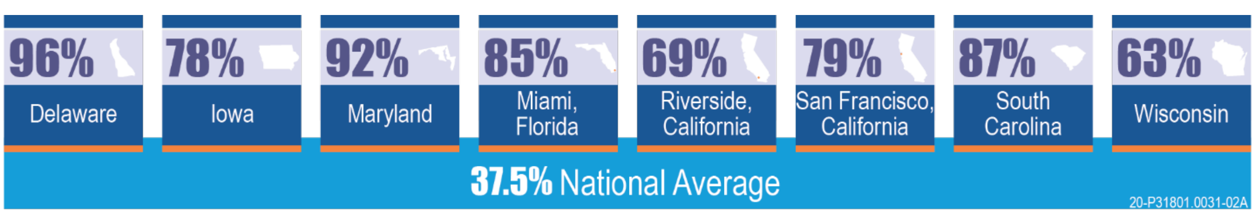

Exhibit 3.2-1: SSI Approval Rates. *MAXIMUS maintains approval rates for our projects that consistently exceed the national average.*

3.2.1 Determine Eligibility Determination and SSA/SSI Benefits Application Process

RFP Section V.D.1

MAXIMUS will accept all referrals of DHHS wards who are in Out-of-Home placement who are receiving or potentially eligible for SSA or SSI benefits. For every child referred to MAXIMUS, we complete our assessment for potential eligibility within 30 days of receiving the referral. A comprehensive screening of the child's circumstances to ascertain their ability to successfully meet the threshold requirements to obtain federal disability benefits is completed in every case. MAXIMUS uses an evidence-informed, experience tested, proprietary Case Development and Assessment Tool to determine client eligibility under the sequential evaluation process for SSI benefits and to establish the merit of the case for advocacy under the Social Security hearing appeal guidelines. MAXIMUS will apply for SSA or SSI benefits on behalf of 100 percent of those children who are potentially eligible for SSA and SSI benefits.

As outlined in *Section 3.1.4: Understanding of Application Process for SSI Benefits*, we use our proprietary Case Development and Assessment Tool to consolidate duplicative fields across the various SSA/SSI applications and disability forms to reduce the length of the interview process. This allows our Eligibility Specialists to develop and maintain strong case development because the focus is on more substantive information to begin with.

Our process, in conjunction with our proprietary screening tool and experienced Eligibility Specialist team, results in an efficient and deeply effective case screening that gathers the applicable information that DDS as well as the Administrative Law and Appellate Judges can use to make an informed, favorable decision on the case.

MAXIMUS understands that DHHS will review the notification on the intent to file and determine within ten business days if we should proceed with an application for any DHHS ward. Once DHHS determines we can proceed with the application, MAXIMUS will conduct a phone assessment if possible, to further assess the eligibility and review the medical and legal documentation that is scanned into the NFOCUS database. If it is determined additional medical and school documentation is needed, the Eligibility Specialist contacts each Children and Family Service Specialist (CFSS) worker to inquire about additional documentation that hasn't been uploaded to the system, thus increasing the probability that cases are available and ready for review.

Understanding the importance of adequate documentation, MAXIMUS incorporates field review and documentation retrieval components to the eligibility screening process. We will gather all necessary medical reports, financial information, and other documentation needed to submit a complete and accurate application for SSA or SSI. These referrals are completed within 30 days of receiving and tracking each case.

AT A GLANCE

Documentation to Establish Eligibility:

- Birth Certificate or Naturalization Certificate
- Most recent court order establishing State custody/guardianship
- Medical records
- Financial records
- Psychological evaluations and therapy or counseling progress reports
- School records
- Reports or records that support the allegation and duration of disability

In addition to the eligibility application packet submitted to Social Security for approval, MAXIMUS retains an electronic copy of all other forms and documentation on a secure file server. All information and documentation that we submit to SSA for an eligibility determination is done so in a confidential, Personally Identifiable Information (PII) and Health Insurance Portability and Accountability Act (HIPAA)-compliant manner.

As is our standard business practice, we follow the States' record retention guidelines as well as the Office of Inspector (OIG) guidelines. MAXIMUS understands that the costs associated with compliance with the State's retention requirements are to be borne by MAXIMUS. Once we achieve a successful outcome on a case, all records are turned over to the appropriate DHHS staff and all MAXIMUS copies are permanently deleted.

We know the importance of pursuing and maintaining SSA and SSI eligibility, which is why we take great care handling these cases. In order to meet the described DHHS goals for this contract, we follow the process outlined in *Exhibit 3.2.1-1* below.

Steps to Achieve SSA/SSI Project Goals

Maintain records on a DHHS-approved Database which tracks all referrals received, all applications filed (including all critical data), and all Social Security Administration decisions.

Use our proprietary tracking system to track and monitor all referred cases. MAXIMUS retains an electronic copy of all referrals received, all application packets submitted to the Social Security Administration.

Handle all information and documentation retained by MAXIMUS and all materials submitted to SSA for an eligibility determination in a confidential, HIPAA-compliant manner, based on DHHS' record retention guidelines as well as the OIG guidelines.

Collect, copy, and assemble documents needed for SSA/SSI applications. MAXIMUS staff will travel to DHHS offices to perform the work.

File medical reviews.

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Exhibit 3.2.1-1: Steps to Achieve SSA/SSI Project Goals. *These are the steps MAXIMUS takes on all SSA/SSI projects.*

We design our screening procedures to address the specifics of each referral. The Eligibility Specialist has clearly defined roles as it relates to tracking, monitoring, gathering supportive information, completing the application, and quality assurance. Our process provides consistency and makes certain that key information is not overlooked or missed.

The screening process is designed to meet these key elements:

1. Minimize the time taken to obtain crucial information and ease the burden for CFSS workers and caregivers.
2. Conduct comprehensive and accurate case construction through telephone interviews to obtain key eligibility related information on the child, such as current placement (group care, foster care, and so on), document impairments and child's level of functioning, treatment programs, and critical school information.
3. Confirm the child's case file includes a copy of the birth certificate or naturalization certificate, most recent court order establishing State custody/guardianship, most recent

medical information within the last 12 months, and most recent school information within the last 12 months.

4. Maximize our critical relationships with DHHS staff who have direct contact with the child and/or access to information that indicates potential eligibility, to get the medical and school documentation we need to create a strong disability case for SSA.
5. Triage and prioritize, upon receipt of the Out-of-Home Care Report by the State, which cases to review first based on age, placement history and severity of the disability. Review, upon receipt of a referral, technical eligibility criteria, including any possible income and resources, through access to the State's databases.
6. Document, carefully, all referrals from date of referral through final disposition of the case using a database specifically designed to meet the DHHS needs. This tracking and monitoring system helps secure timely screening and filing for an application, within a 30-day time period.
7. Proper identification of potentially eligible children, along with detailed and accurate representation of the child's impairment and functional abilities, are the most basic and critical part of the SSI advocacy process.
8. MAXIMUS uses a clearly defined screening process to quickly identify if a full case review is appropriate for children referred to receive SSI benefits.

The MAXIMUS sample SSA/SSI Application Referral Form is provided in *Exhibit 3.2.1-2* below.

Department of Health & Human Services DHHS NEBRASKA

STATE OF NEBRASKA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MAXIMUS

SSA/SSI Application Referral Form

Child's Name	Date of Birth	SSN	Case number
Name of Foster Parents/Facility and name of Facility contact	**Address**		**Date of Placement**
Phone Number			

Is there a court order/petition placing child in DHHS Custody? ☐ YES ☐ NO

****IF THERE IS NO CUSTODY AND THE CHILD IS NOT A WARD, DO NOT PROCEED ANY FURTHER****

- **Does the child have a deceased or disabled parent? ☐ YES ☐ NO**
  Is the child receiving any benefits based on a deceased, disabled, or retired parent's account? ☐ YES ☐ NO

If this the child has a Deceased or Disabled Parent, Please enter the information Below:

Parent's Name	Date of Birth	SSN (If Available)

- **Does the child have a diagnosed mental/physical impairment(s)? ☐ YES ☐ NO**

The following are some indicators that a child may qualify for the SSI program (Check all that apply):

- ☐ Child has recently received (within last 6 mos.) or is receiving psychiatric hospital services due to diagnosed mental impairment(s) other than substance abuse
- ☐ Child was recently discharged from or is currently in a residential facility due to diagnosed mental impairment(s) other than substance abuse
- ☐ Child receives special education services to address severe learning problems
- ☐ Child receives **intensive** outpatient counseling and/or therapy
- ☐ Child has moderate to severe mental retardation (IQ 70 or less)
- ☐ Child has severe developmental delays (functioning ½ or less of chronological age)
- ☐ Child receives **intensive** medical services and/or treatment for a physical illness
- ☐ Infant (less than 6 mos. old) born at a very low birth weight (1200 grams or less)

Referred By:	Email	Telephone	Today's Date

Please complete referral form together with the requested documents to:
Nebraska SSI Advocacy Project, 309 Court Avenue, Box 237, Des Moines, IA 50310
Or if you prefer to scan and email or Fax to:
Email: NEADVOCACY@MAXIMUS.COM / Fax: (515)699-8535

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Exhibit 3.2.1-2: Sample SSA/SSI Application Referral Form. *MAXIMUS uses this form to complete referrals.*

3.2.2 Reporting to DHHS

RFP Section V.D.2

MAXIMUS has 27 years' experience delivering SSA/SSI Advocacy Services to children in Out-of-Home placement. This work on the ground has helped us develop an efficient maintenance process for files and records that will meet all statistical reporting requirements. Our Eligibility Specialists provide a data tracking method that enables us to maintain and update cases throughout the course of the application process.

MAXIMUS incorporates a monthly report that indicates statistical results on the number of cases filed, awards, denials, Continuing Disability Reviews, Non-Medical Reviews, payee changes, and appeals. Andrea Johnson-Fee, our Project Manager, generates an accurate and concise statistical report monthly to address areas of opportunities as well as concerns. The report will be submitted by the tenth calendar day every month following the month of service. Andrea is available to meet monthly with DHHS to review reports and facilitate open and transparent communication on project status, outcomes, referrals and programmatic updates. This monthly report serves as a primary source of information as to the progress of application submittals to Social Security. Our report will validate the quick turnaround on approvals that MAXIMUS has experienced in every SSA/SSI Advocacy Project that we operate throughout the country.

MAXIMUS recognizes the importance of setting milestones to ensure achievement of contractual deliverables. MAXIMUS provides monthly reports and deliverable charts detailing all reporting, status, and monitoring specifications, with the first report to be submitted by the 10th each month thereafter along with the monthly invoice in a format to be approved by DHHS, including all supporting documentation.

MAXIMUS also understands the importance of providing key information to DHHS to track and monitor contractual performance monthly. Our SSA/SSI projects currently provide monthly reports that document our progress toward the contract goals. We propose the following items are part of a monthly progress report, should we be awarded this contract:

- Number of initial referrals and the date of each referral
- Number of new SSA applications filed
- Number of new SSI applications filed
- The names of DHHS wards for whom an application was filed for new SSA, new SSI, or for the State to be named representative payee for each month, and the date of application
- The total cumulative estimated monthly revenue generated through applications for SSA and SSI for the current month and estimated for the fiscal year.
- The number and names of DHHS wards for whom DHHS was confirmed as representative payee for each report month.
- The number and names of DHHS wards that were reviewed for potential SSA or SSI eligibility for each month.

In addition to the states report requirements, MAXIMUS advises adding the following items:

- The source of the application referrals
- Number of payee changes submitted
- Number and type of decisions received
- Number of applications or reviews not filed timely and reason for delay

- Year to date amount of SSA and SSI benefits received by DHHS

In addition to required metrics, MAXIMUS monthly progress reports include the following information to provide the State with a holistic view of the reporting period.

- Number of DAC referrals and referral source
- Number of any appeals filed
- Status of appeals in process and appeal decisions
- Number of continuing disability reviews completed
- Number of non-medical reviews completed
- Number of complaints received and resolved from the state or SSA staff
- Number of cases that did not meet eligibility requirements for SSA/SSI/DAC
- Outreach and training provided during the reporting period

We use our data management tool to create daily, weekly, and monthly reports that help staff prioritize the workload and meet designated time frames. These reports also allow management to monitor overall project performance and identify trends and areas for additional training and improvement. We have a proven history of working collaboratively with our wards and State clients to review policy and procedure, expectations, and performance, and to build partnerships that lead to success. With this ability, MAXIMUS is able to present the information about the SSA/SSI Project in a meaningful, comprehensive manner. In addition, we have the capacity to report on the resolution of any complaints as part of our monthly reports. All records pertaining to service delivery and all fiscal, statistical and management books and records shall be available for examination and audit by State representatives. MAXIMUS commits to all data being audit ready and supports and participates in preparation and process of any monitoring or auditing process at the State's request. Please see *Exhibit 3.2.2-1* for a sample of our SSA/SSI Advocacy Project production report.

MAXIMUS

Nebraska SSA/SSI Advocacy Project

Monthly Management Meeting and Status Report for February 2020

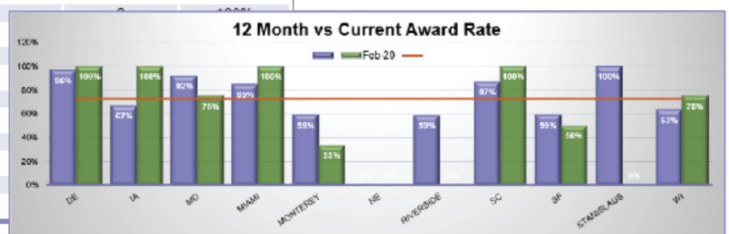
<table>
<tr><td rowspan="5">Payee Applications</td><td colspan="2">Number of Filed Applications for the month</td><td>Number of confirmed Applications this month</td><td colspan="2">Pending Applications with Lincoln SSA</td><td colspan="2">Number of confirmed Payee Applications for the fiscal year</td><td colspan="2">Total number of DHHS confirmed as Payee</td></tr>
<tr><td colspan="2">17</td><td>4</td><td colspan="2">40</td><td colspan="2">134</td><td colspan="2">2830</td></tr>
<tr><td rowspan="3">No Merit</td><td rowspan="2">Number that are No Merit this month</td><td rowspan="2">Returned Home/Ran Away/Ward is over 18</td><td rowspan="2">Ineligible Placement for DHHS to be payee</td><td rowspan="2">No Benefits are due/Family Max</td><td colspan="4">Payee was never processed at Social Security</td></tr>
<tr><td>SSI was Denied or Terminated/ Title II Terminated</td><td>Ward Turned 18 and/or SSA-1372 was not filled out</td><td>Returned Home</td><td>Placement is the payee/DHHS already payee</td></tr>
<tr><td>1</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Estimated Generated Revenue	$970,529.40	SSI	$48,641.05	Title II	$32,236.40	Unknown/Suspended	6

20-P31801.0031-14

*Numbers appear in red if below 12 month average

Feb-20					
Project	Cases Reviewed	Cases Submitted	Denials	Awards	Award Rate
DE	30	2	0	2	100%
IA	27	7	0		
MD	10	6	1		
Miami	4	4	0		
Monterey	0	0	2		
NE	18	17	N/A		
Riverside	63	10	6		
SC	175	16	0		
SF	23	1	2		
Stanislaus	9	0	0		
WI	19	13	4		



12 Month Average			
Project	Cases Reviewed	Cases Submitted	Avg Days Sub to Decis
DE	36	3	83
IA	41	15	60
MD	40	7	246
Miami	5	5	77
Monterey	28	3	N/A
NE	22	21	53
Riverside	85	14	N/A
SC	312	16	105
SF	46	3	N/A
Stanislaus	3	1	73
WI	23	17	114

Rolling 12 Month Total					
Project	Cases Reviewed	Cases Submitted	Denials	Awards	Award Rate
DE	427	39	2	55	96%
IA	492	177	56	112	67%
MD	482	82	4	45	92%
Miami	65	62	11	60	85%
Monterey	330	30	7	10	59%
NE	203	250	N/A	213	N/A
Riverside	1,017	167	45	64	59%
SC	3,743	180	14	93	87%
SF	547	31	11	20	59%
Stanislaus	38	12	0	6	100%
WI	274	204	70	121	63%
Overall	7,678	1,234	220	586	73%

FTE Caseload Ratio				
Project	FTE's	Active Caseload	% of Caseload per FTE	Caseload Ratio
DE	1.50	29	67%	19
IA	3.97	114	25%	29
MD	1.00	177	100%	177
Miami	1.00	59	100%	59
Monterey	0.00	0		
NE	0.40	18	100%	45
Riverside	1.10	63	91%	57
SC	5.00	280	20%	56
SF	1.90	26	53%	14
Stanislaus	0.13	9	100%	69
WI	4.00	236	25%	59

*Caseload is based on "active" cases. A case is considered active when a caseworker has reviewed, submitted, or interacted at all with a case during a

6 Month Rolling Average	
Project	Cases Reviewed to Submitted Ratio
DE	10%
IA	35%
MD	18%
Miami	100%
Monterey	7%
NE	99%
Riverside	9%
SC	5%
SF	6%
Stanislaus	36%
WI	77%

*Numbers appear in red if below 20%

20-P31801.0031-15

Exhibit 3.2.2-1: Sample SSA/SSI Advocacy Project Production Report. *This is a sample of the report you can expect from MAXIMUS,*

3.2.3 Tracking and Monitoring Applications

RFP Section V.D.3

MAXIMUS has developed a caseload management tool that keeps Eligibility Specialists on track to take meaningful actions in a timely manner to bring the case closer to a favorable decision. This tool allows us to track and monitor all applications for representative payee until a denial from SSA is received, or until DHHS has received the initial benefit payment. We understand that we must develop and submit complete and accurate applications to SSA for DHHS to become the representative payee for all Out-of-Home wards within the 30 calendar days of receipt of the report. We further understand that if an individual is receiving SSA or SSI benefits and then becomes a DHHS ward, a change or payee may be required.

Our caseload management tool was created to track each stage of the application process, including tracking, monitoring, gathering supportive information, application follow ups, and quality assurance checks. This provides consistency but also makes certain that key information or timetables are not overlooked. Our method is tailored to minimize the time taken to obtain crucial information and ease the burden for CFSS workers and caregivers. *Exhibit 3.2.3-1: Eligibility Screening Flow* supports our ability to ensure that key deadlines are not overlooked. Ticklers are created in the system to alert when actions need to be taken. Initial referrals, which come in the form of telephone, fax and/or email, are made by DHHS with information that indicates potential eligibility or identified from a State generated Out-of-Home placement lists.

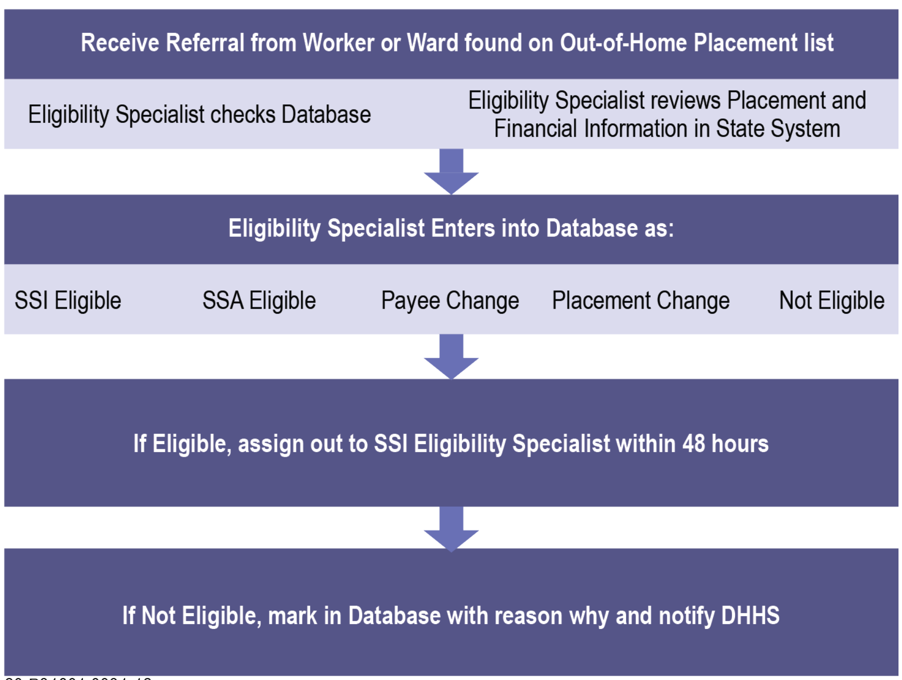


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Exhibit 3.2.3-1: Eligibility Screening Flow. *MAXIMUS follows a standard process to determine eligibility which allows for timely communication with DHHS.*

Our model is proactive. It identifies and brings potential recipients to case managers, foster parents, and other stakeholders through our outreach services to obtain required documentation to support SSA/SSI applications.

To facilitate and expedite our procedures, we use:

- A centralized project e-mail address

- One-page, user friendly referral forms
- An 800 phone number for free and easy access

MAXIMUS will submit a complete and accurate application to the Social Security Administration on behalf of DHHS to become the representative payee for all Out-of-Home DHHS wards within 30 calendar days of receiving the monthly DHHS wards in Out-Of-Home Care Report.

If an individual becomes a DHHS ward and is already receiving Social Security benefits, a payee change is initiated, and a request is made to SSA on behalf of DHHS to become the representative payee. To ensure collection of appropriate documentation and execution of required applications in a timely manner, an email notification is sent to the CFSS or IM-FC worker and a follow up tickle is created to keep the case on track. Timely application submission is crucial for SSA/SSI benefits to ensure benefits going to DHHS are not suspended or misdirected.

MAXIMUS will contact the ward's current placement or CFSS worker to conduct comprehensive assessments of a ward's disability and current functioning in order to obtain sufficient evidence to document a known disability. This best practice was developed by MAXIMUS to ensure a high quality assurance level. If a ward is deemed potentially eligible after a review, an application is executed on their behalf within 30 days of the initial screening. MAXIMUS has never missed this critical deadline. Please see *Exhibit 3.2.3-2* for a sample of our production report.

MAXIMUS

MAXIMUS SSI Management Report

February 2020 Invoice

Initial XVI Applications	Number Proposed	Number Filed	% Completed	Number Awarded	Number Denied	Current Approval Rate	Number Pending	Number Working	Number Not Filed in 30-Day Period	Number of Initial Referrals	
										DHS	JCS
	119	55	46.22%	50	11	81.97%	48	23	2	112	87
	Number Billed		54							Total: 199	
	Total of No Merit Referrals	No Marked Medical Disability	Adopted/No Custody at time of Referral	No Response from Worker	Returned Home/Runaway	Ineligible Placement	Already Receiving/ Pending SSI	Receiving Too High IV-E Adoption Subsidy/Title II	Incorrect SSNs/Not a US Citizen	Number of DHS No Merit	Number of JCS No Merit
	137	100	1	6	12	13	4	1	0	60	77

Transition XVI Applications	Number Proposed	Number Filed	% Completed	Number Awarded	Number Denied	Current Approval Rate	Number Pending	Number Working	Number Not Filed in 30-Day Period	Number of Initial Referrals	
										DHS	JCS
	68	31	53.45%	18	16	52.94%	27	10	2	65	47
	Number Billed		30							Total:	112
	Total of No Merit Referrals	No Marked Medical Disability	Youth Aged Out/Ran Away/Not a US Citizen	No Response from Worker	Returned Home/Trial Home Visit/ Adopted	Ineligible Placement	Already Receiving SSI or Pending SSI	Receiving Too High IV-E Adoption Subsidy/Title II	Youth is not In DHS/JCS Custody	Number of DHS No Merit	Number of JCS No Merit
	86	66	2	0	2	5	4	6	1	44	42
	62 out of 112 are off of the Transition List or Transitioning Group Care List										

Redeterminations										
Medical Reviews	Number Proposed	Number Filed	% Completed	Number Awarded	Number Denied	Current Approval Rate	Number Pending*	Number Working	Number of No Merit
	27	28	104%	8	5	61.5%	48	12	1
	Number Billed		28	Number not filed in 30 days		0			
Non-Medical Reviews	Number Proposed	Number Billed	% Completed	Number Pending at SSA		Number Not Filed in 30-Day Period		Number Filed	
	410	172	42%	43		0		172	

Payee and Placement Changes	Number Proposed	Number Billed	Number of Payee Changes	Number of Placement Changes	Actual Number Completed	Number of No Merit	% Completed	Number waiting to be completed at SSA	Number Currently waiting for Court Orders
	669	529	177	415	592	29	88.49%	0	1
	Number not filed in the 5-Day Period due to no Court Order				2	Number not filed at SSA in 5-Day Period			17
	209 out of the 592 were off of the Blue Sheets								

Initial Title II Applications	Number Proposed	Number Completed	Number working	No Merit
	9	9	2	1

Appeals		Number Working on Appeal	Number Pending Appeal Decision	Overturned to Approval	Denial Decision Upheld	No Merit to Appeal	Sent to DDS for Appeal
	Transitions	0	1	0	1	2	0
	Initials	0	0	0	3	1	0
	Medical Reviews	0	0	1	0	0	0

20-P31801.0031-13

Exhibit 3.2.3-2: Sample Production Report. *MAXIMUS will provide a report similar to this along with the monthly invoice.*

3.2.4 Managing the Appeal Process

RFP Section V.D.

Our Eligibility Specialists understand what the requirements are for SSA, SSI, and representative payee applications and how to correctly package those applications for timely, favorable decisions. Despite our best efforts and thorough reviews, denials will happen. When a Notice of Disapproved Claim is received, the Eligibility Specialist will immediately notify the CFSS worker so a review of the circumstances of denial can be done. As your trusted advisor, MAXIMUS will lend our expert opinion as to the viability of pursuing an appeal, but ultimately, DHHS will solely determine if an appeal is warranted. In all circumstances, a decision is made with the best interest of the child in mind and is completed within a timely manner from the date of receipt of a denial notice. If the decision is made to re-file, all appropriate forms are executed and submitted to Social Security within 60 days of receipt of the denial notice.

MAXIMUS prepares every appeal as if we were presenting the case to the Administrative Law Judge. By restructuring the case with new and updated information and evidence, we avoid the pitfalls of simply resubmitting the same evidence with the hopes of a different outcome. The Eligibility Specialist will work with DHHS staff to pursue new or missing information and evidence in order to satisfy the requirements for a favorable decision.

An appeal strategy is outlined once DHHS decides a Reconsideration filing is warranted. This strategy involves preparing the appeal in time sensitive stages. First, the Eligibility Specialist will review the details of the Notice of Disapproved Claim to ascertain if the decision to deny benefits was an administrative one or medical one. If Social Security issued a denial for Failure To Cooperate to furnish evidence or attend a Consultative Exam, our Eligibility Specialist is trained to identify the missing documentation or reason for missed exam and implement a plan to address those missing requirements in time for the 60 day appeal submission deadline. When the reason for the denial is a medical one, where essentially Social Security disagrees with our allegation of a severe disability, the Eligibility Specialist will take timely action to review, identify, and mitigate the weakest aspects of our case.

The restructuring of the medical evidence and Medical Summary Report (MSR) is the second and third stages of our appeal strategy. The Eligibility Specialist will request the Disability Determination Explanation (DDE) to determine the exact reasons the Disability Evaluator and the Medical Consultant assigned to review the claim did not award the disability benefits. Reviewing DDS' analysis for the unfavorable decision will serve to identify points of focus to develop in our argument for warranted benefits. The Eligibility Specialist will prioritize reconnecting with the youth's CFSS worker, caretaker, and/or medical sources to coordinate updated document retrieval to better support our claim for disability benefits. Often times, DDS will make their decisions based on conjecture, only reviewing some of the evidence without putting extra effort to capture the whole medical history in their analysis. By providing DDS with updated, more recent First and Third Party Activity of Daily Livings questionnaires, progress notes, and school records, we position ourselves to further argue the severity of symptoms and the interruption of daily activities.

The final stage in managing the appeal is preparing the MSR in the same fashion we would a brief to present to an Administrative Law Judge (ALJ). The Eligibility Specialist utilizes the MSR to paint a complete picture of who are claimant is, what they are still functionally able to do despite their disabilities, and areas they need additional support or care due to their disabilities. Not only does the Eligibility Specialist use the newly acquired evidence to further support our argument for disability benefits, they also directly refute the analysis included in the DDE by offering an evidence based rebuttal that follows Sequential Evaluation, leading the Disability Evaluator to a final decision of Disabled.

MAXIMUS understands the time sensitive nature of preparing appeals within the allotted grace period of 60 days. That's why the Eligibility Specialist takes all action in a timely manner, prioritizing steps needed on appealed cases. Every action is calendared with follow up tickles, guaranteeing no detail is omitted nor deadline missed. Once a Notice of Disapproved Claim is received by the Eligibility Specialist, they review and share the notice with DHHS within a 48-hour period. A follow up tickle is generated for 5 days later to determine whether DHHS has decided to pursue an appeal or not. After confirming an appeal is warranted, the Eligibility Specialist immediately initiates the case denial review and contacts all sources. A request for updated information and evidence is made, with follow up tickles calendared every 7 days. The goal is to obtain all necessary evidence within a 30 day timeframe, giving the Eligibility Specialist ample time to review the denial, restructure the evidence that will be submitted, and compose the case narrative/MSR for the Reconsideration. Taking meaningful action in a timely manner is key to successfully managing appeals within the time constraints allowed by Social Security.

3.2.5 Communicating with the Social Security Administration

RFP Section V.D.5

Our approach starts with building on the rapport we have established with Social Security. As we have during all of our contracts, we will coordinate monthly meetings between Social Security representatives and DHHS Fiscal Department to problem-solve any discrepancy regarding benefit payments and to support the ability to update records to ensure accurate benefits issuance. This type of collaboration is key to the success of the Program and has proven results.

MAXIMUS knows the first step toward achieving program objectives is to work collaboratively with our partners. Whether our partners be DHHS or the Social Security, MAXIMUS offers unparalleled communication and transparency between all parties so that the most effective and efficient process can be established. Our Project Manager, Andrea Johnson-Fee, will liaison between DHHS and Social Security on a monthly basis to relay any pertinent information and follow up on progress of the many applications, and provide new or updated information to DDS.

3.2.6 Compliance with Applicable Laws

RFP Section V.D.6

MAXIMUS will comply with all applicable law, including but not limited to federal and state: statutes, rules and regulations, and guidance documents. MAXIMUS treats all personal information with great respect and protects the privacy of those we serve. All applications are Health Insurance Portability and Accountability Act (HIPAA) and Protected Health Information (PHI)/Personally Identifiable Information (PII) compliant.

We also keep electronic copies of all referrals received, all application packets with supporting documents and critical data submitted to the Social Security, and all Social Security correspondence about the case, including all decision letters. The application packets include, but are not limited to, all completed SSA forms, medical documentation, school records, pertinent DHHS forms and records, and Social Security notices. All information and documentation that MAXIMUS retains, and all materials submitted to the Social Security for eligibility determinations are handled in a confidential, HIPAA-compliant manner, as outlined by Nebraska's record retention guidelines and the Office of Inspector General (OIG).

4. Corporate Overview

4. Corporate Overview

For 45 years, MAXIMUS, Inc. has provided Health and Human services to government agencies and for over 27 years, has successfully operated Title II (SSA) and Title XVI (SSI) projects nationwide.

All youth in foster care deserve the right to be safe, heal and grow. MAXIMUS believes that securing Social Security benefits for those who are eligible helps support their impendence and create a better environment for them to have an opportunity to flourish for the long term. By selecting MAXIMUS as your partner for the SSA/SSI Advocacy Project, you chose a vendor that has a history of partnership with the State of Nebraska and national experience representing the best interest of the children we serve with our eligibility and advocacy services.

4.1 Bidder Identification and Information

MAXIMUS Human Services, Inc. (hereafter referred to as 'MAXIMUS'), a wholly-owned subsidiary of MAXIMUS, Inc. is headquartered at 1891 Metro Center Drive, Reston, VA, 20190 and was incorporated in Virginia. MAXIMUS Human Services, Inc. was originally established in 2006 as MAXIMUS Tennessee Child Support, Inc. and changed to its current name in 2007.

4.2 Financial Statements

As requested in the Request for Proposal (RFP), MAXIMUS has provided our most recent and complete annual audited financial statement available in *Appendix A*. We have also included the fiscal year 2019 MAXIMUS, Inc. Annual Report (10-K) in addition to the MAXIMUS Human Services, Inc. audited financial statements. In accordance with SEC requirements, MAXIMUS Inc. reports quarterly and annual earnings information on the 10-K. We include the Annual Report as it also includes the MAXIMUS Human Services, Inc. financial statements. In addition, we list information regarding our fiscally responsible representative below.

Fiscally Responsible Representative	
Name	Richard J. Nadeau
Title	Chief Financial Officer – MAXIMUS, Inc.
Address	1891 Metro Center Drive, Reston, VA, 20190
Telephone #:	(703) 251-8620

MAXIMUS understands and submits to the right of the county, state, and/or federal government to audit financial and other records or use a third party to conduct credit checks as part of the corporate overview evaluation.

MAXIMUS has no known judgements, pending or expected litigation, or other real or potential financial reversals which might materially affect the viability or stability.

4.3 Change of Ownership

MAXIMUS does not anticipate any change of ownership or control of the company in the next twelve months, but if any change should occur, MAXIMUS will immediately notify the State.

4.4 Office Location

MAXIMUS will utilize its neighboring physical office in Iowa located at 309 Court Avenue, Des Moines, IA 50309 to conduct business. In addition, MAXIMUS anticipates hiring at least one or more staff person(s) in the Lincoln, Nebraska vicinity to work from home, yet be able to visit the State staff easily and quickly for in-person meetings and signatures.

4.5 Relationships with the State

Since 2008, MAXIMUS has been your trusted vendor to provide similar services as described in this RFP. Current responsibilities of our Nebraska SSI Advocacy contract include:

- Identifying existing Department of Health and Human Services (DHHS) ward entitlement for SSA and/or SSI benefit payments
- Developing and submitting complete applications for entitled wards of DHHS so that DHHS may be selected as representative payee to receive benefit payments on behalf of the entitled wards
- Monitoring submitted Applications from submission through DHHS receipt of an initial benefit payment through non-eligibility as payee is determined (i.e. a claimant is no longer a ward of DHHS)
- Determining potential entitlements for SSI payments for wards of the State of Nebraska previously found medically eligible for SSI benefits whose eligibility has been suspended or terminated for non-medical reasons and develop and submit payee applications on behalf of DHHS
- Identifying children who are wards of DHHS and applying for benefits on behalf of 100 percent of those children who are eligible for entitlement benefits, within 30 days of receiving the monthly report from DHHS of wards in out-of-home care
- Submitting a report by the 10th day of each month. These reports include:
  - The number and names of wards of DHHS for whom MAXIMUS has filed for DHHS to be appointed as payee for existing SSA or SSI payments in the report month
  - The cumulative number of wards of DHHS for whom MAXIMUS has filed for DHHS to be representative payee
  - The number and names of wards of DHHS for whom DHHS has been confirmed as representative payee for the report month
  - The cumulative number of wards of DHHS in the calendar year for whom DHHS has been confirmed as representative payee
  - The amount of Title XVI and Title II funds received for the report month and to date related to representative payee applications

Additional MAXIMUS projects, which have operated in Nebraska during the past 10 years, include:

Project Name	Contract Number	Customer Name	Project Manager Name	Project Start Date	Project End Date	Project Value Total Amount
Nebraska SSI Advocacy	Solicitation Number: 38688-03	Health and Human Services, Children Family Services	Andrea Johnson-Fee	07/01/08	06/30/20	$162,240 (current value)
Employment First Case Management and Program Services	78088-O4	Health and Human Services, Children Family Services, Eastern Service Bureau	Gregary Warmink	07/01/16	07/31/18	$3,688,01
Nebraska New Hire Reporting	49070-04	Health and Human Services, Children Family Services	Dennis Seeley	10/1/2011	9/30/2022	$2,143,050

4.6 Bidder's Employee Relations to the State

MAXIMUS has not hired, nor do we intend to hire any employee who is currently employed or has been an employee of the State of Nebraska for the past twelve months. We are not planning on using a subcontractor, but if we do, they will not hire anyone who is a current employee or has worked for the State of Nebraska for the past twelve months.

4.7 Contract Performance

As required in the RFP, MAXIMUS is providing a list of contracts that have been the subject of a contract performance action. MAXIMUS has not had any contracts terminated for default nor any contract performance action that resulted in a State or Federal audit or litigation within the last 10 years.

Prior to 2016, MAXIMUS did not formally track Corrective Action Plans (CAPs). The material below is based on the information collected since 2016 and our best efforts to compile as much information as possible prior to that time.

The table below lists the contract details, including information on the other party, the reason for the corrective action, and the current status of the matter.

Contract	Other Party Contact	Reason for CAP / Current Status
Baltimore City (Maryland) Full Service Child Support	Name: Kevin Guistwite Client: Maryland Department of Human Services Child Support Division Address: 311 West Saratoga Street Baltimore, MD 21201 Telephone #: (410) 767-7606	A CAP was issued mid 2017 due to the MAXIMUS discovery of issues regarding the entry of child support orders, which involved the prior vendor who held the contract. We worked diligently with the client to resolve those matters. The project is no longer under the CAP and is no longer active.
Tennessee 6th Judicial District, Child Support Services	Name: Charles Bryson Client: Tennessee Department of Human Services, Division of Child Support Services Address: 400 Deaderick Street Nashville, TN 37243 Telephone #: (615) 313-5126	A CAP is currently in place for total disbursed collections and payments on arrears. These problems stem from low staffing, but we have since hired additional support help to rectify the issue and we continue to work diligently with the state to resolve this matter.

Contract	Other Party Contact	Reason for CAP / Current Status
Tennessee 7th Judicial District, Child Support Services	Name: Charles Bryson Client: Tennessee Department of Human Services, Division of Child Support Services Address: 400 Deaderick Street Nashville, TN 37243 Telephone #: (615) 313-5126	MAXIMUS was placed on CAP for current support and total disbursed collections in 2018. A part time position was created to deal with employers to confirm employment, employer addresses and monitor the collections from wage withholding. The CAP is still currently in place.
Tennessee 10th Judicial District, Child Support Services	Name: Charles Bryson Client: Tennessee Department of Human Services, Division of Child Support Services Address: 400 Deaderick Street Nashville, TN 37243 Telephone #: (615) 313-5126	A CAP was issued for collections on current support, total disbursed collections and payments on arrears. To rectify the issue, we hired an individual that is focused solely on improving collections. The project is no longer under the CAP and is no longer active.
Tennessee 11th Judicial District, Child Support Services	Name: Charles Bryson Client: Tennessee Department of Human Services, Division of Child Support Services Address: 400 Deaderick Street Nashville, TN 37243 Telephone #: (615) 313-5126	A CAP was issued in 2018 for total disbursed collections, cases under order, collections on current support and cases paying on arrears. However, due to performance measures received at the end of the last contract year (October 2019), the CAP is now only for cases paying on arrears and total disbursed collections. We continue to work diligently with the state to resolve this matter.
Tennessee 27th Judicial District, Full Service Child Support Enforcement	Name: Charles Bryson Client: Tennessee Department of Human Services, Division of Child Support Services Address: 400 Deaderick Street Nashville, TN 37243 Telephone #: (615) 313-5126	A CAP is currently in place for collections on current support, total disbursed collections and payments on arrears did not meet the contract requirements for 2018. To rectify the issue, we are focusing on the DECSA13 report assigned by the State, focusing on enforcement mail messages in attempt to secure income withholding orders, reviewing for “right sized orders”, enhanced training for legal team, and participating in or hosting a job fair. We continue to focus on process improvements and transparent communication with the state to improve our performance.
Tennessee 30th Judicial District, Full Service Child Support Enforcement (Shelby County)	Name: Robert Duck Client: Tennessee Department of Human Services, Division of Child Support Services Address: 400 Deaderick Street Nashville, TN 37243 Telephone #: (615) 313-5126	MAXIMUS was placed on a CAP in 2018 for paternity establishment, current collections and total disbursement challenges. With regard to the paternity establishment, in depth training has been provided to the Establishment team by MAXIMUS trainers and members of management to ensure staff is aware of the importance of paternity establishment, as well as Federal Timeframes. With regard to the current collections, training has been provided by the State Trainers for the Enforcement SOP as well as LGLD training by the MAXIMUS trainer. Lastly, with regard to the total disbursement, MAXIMUS conducts quality case readings, reviews, and assessments on cases from all assigned reports, critical mail, additional assigned mail messages and any other assigned tasks to ensure cases are being worked in accordance with local, state, and federal guidelines.

Contract	Other Party Contact	Reason for CAP / Current Status
Texas National Medical Support Notice	Name: Jim Cleary Client: Texas Office of Attorney General Child Support Division Address: 5500 E Oltorf Street Austin, TX 78741 Telephone #: (512) 460-6187	MAXIMUS was placed on a CAP in 2016 due to the project not meeting timeliness goals, which caused a backlog of unprocessed National Medical Support Notices (NMSNs). To rectify the issue, the workflow was modified to increase the speed in which NMSNs were processed; additional staff were brought on to assist with the backlog. The project is no longer under the CAP.
Wisconsin Works (W-2) Project	Name: Linda Richardson Client: Wisconsin Department of Children and Families Address: 201 E. Washington Avenue Madison, WI 53703 Telephone #: (414) 227-4692	MAXIMUS was placed on a CAP in April 2017 because of challenges meeting the federal all-family Work Participation Rate. We worked diligently to meet the participation rate and the project is no longer under the CAP.

Contracts Terminated for Convenience

MAXIMUS provides information below on any contract terminated for convenience in the past 10 years, including the circumstances surrounding the termination and the name and address of the contracting party. MAXIMUS has no failed contracts, refusal to complete a contract, nor litigation to disclose.

Circumstances surrounding the termination: Subsequent to the start of the contract, the State of Illinois required a contractor that was licensed as a Private Detective Agency to operate in certain locations. MAXIMUS did not hold such license. In 2012, MAXIMUS Human Services, Inc. and the Illinois Department of Employment Security mutually agreed to terminate the contract.

Illinois Department of Employment Security Contract Party	
Name	Jay Rowell
Title	Director – Illinois Department of Employment Security
Address	33 South State Street – 10th Floor Procurement Chicago, Illinois 60603
Telephone #:	(800) 244-5631

Subcontractor Termination

MAXIMUS does not plan to use any subcontractors; therefore, has no contract terminations, contract performance issues, or any other issues to report.

4.8 Summary of Bidder's Corporate Experience

As the incumbent vendor, MAXIMUS has the unmatched ability, capacity and skill to successfully perform the required services under this RFP. We demonstrate our capability with experience that includes:

- A demonstrated ability to build collaborations and advance procedures. We participate in organizations such as the American Public Human Service Association (APHSA) to make sure our relationships remain strong and that our finger is on the pulse of the latest industry developments and best practices

- Over 27 years of project experience providing services for SSA/SSI recipients and disabled individuals to multiple states, cities, and counties across the nation
- A deep knowledge and understanding of the SSA appeals process and the criticality of that knowledge when representing clients at SSA appeals and hearings

Area of Prior Experience	Years of Staff Experience
SSI Policy	22
SSA Policy	22
Processing SSA/SSI Applications	22
Administrative Law	22

Exhibit 4.8-1: MAXIMUS Experience with SSA/SSI Services. *We bring Nebraska a team of experts with extensive experience providing the services requested by this RFP. This experience translates into effective services for the individuals we serve and the State.*

AT A GLANCE

MAXIMUS offers Nebraska a **Team** of experts with 30+ years of experience, which far exceeds RFP requirements. DHHS will benefit from the continuity of excellent service that MAXIMUS brings and our team's capability to perform the work with the right combination of care, compassion, and knowledge.

MAXIMUS was founded with the belief that the public and private sectors, working in concert, can offer the most effective delivery of critical services to vulnerable populations. As one of the largest firms in the nation working with federal, state, and local government agencies, our corporate mission of "Helping Government Serve the People®" is evident in every aspect of our daily work. We are an international leader in providing government services devoted to program management, consulting, and information technology services. Our success is measured by how we make the lives of the vulnerable populations we serve better. *Exhibit 4.8-2: MAXIMUS Primary Business Functions* displays our core services devoted to these populations.

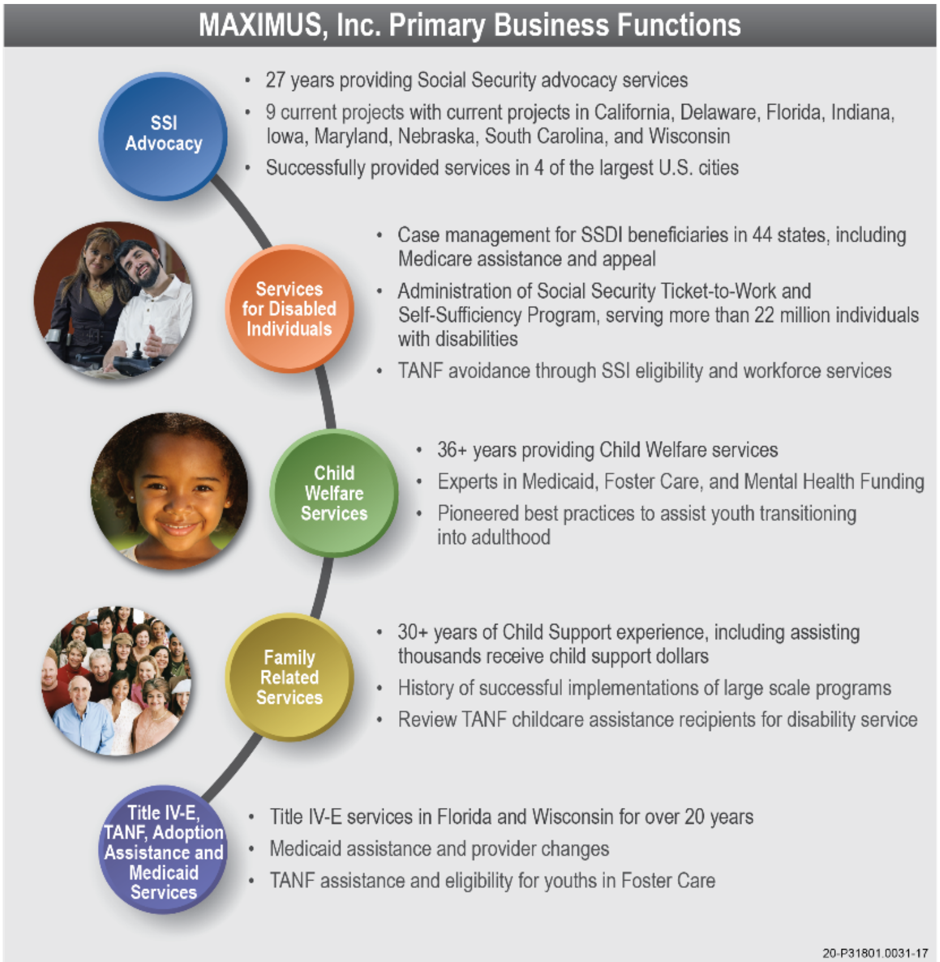

Exhibit 4.8-2: MAXIMUS, Inc. Primary Business Functions *displays our core services devoted to the vulnerable populations we serve.*

Given the breadth of MAXIMUS, Nebraska receives the benefit of not only individuals who provide like services, but also those who are committed to helping vulnerable populations become self- sufficient. Our team includes those who provide federal benefits assistance under our Federal Segment, and those who provide similar services globally both in Human Services and in Health programs. Since we already do similar work for Nebraska, the State will continue to receive experienced, highly trained resources who know how to hit the ground running and execute top performance to make sure the SSA/SSI Advocacy Project is a success. The State also has access to best practices and processes that are proven, time-tested, and bring benefits to your project that are unmatched. Our competitors simply cannot offer the same quality service that we do.

We are an increasingly diverse company offering a range of solutions to government clients. Reflecting our diversity of scope, the MAXIMUS Human Services and corporate organizational structure is presented in *Exhibit 4.8-3 MAXIMUS Human Services Division Organization Chart*. The Benefits, Eligibility, Assessment Services (BEAS) Division is responsible for this Project.

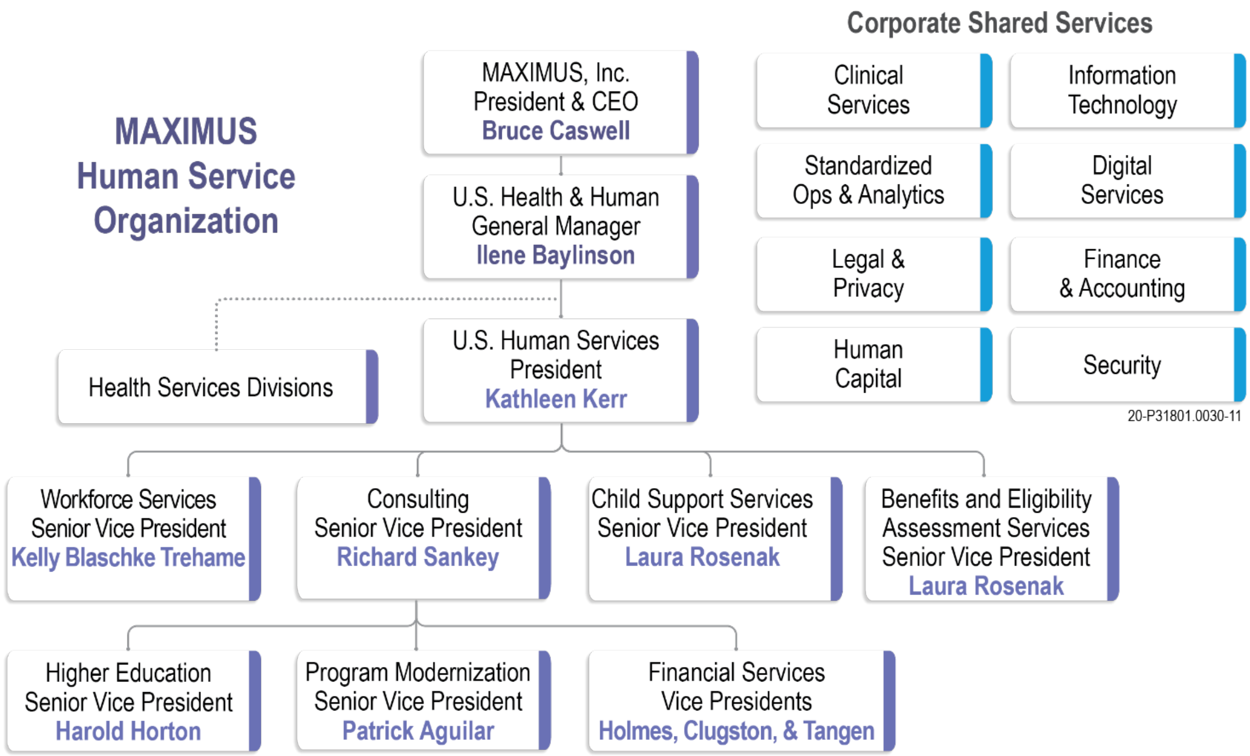

Exhibit 4.8-3: MAXIMUS Human Services Division Organization Chart *displays our corporate organizational structure.*

Organizational Experience with Projects of Similar Scope and Requirements

Nebraska seeks a partner to provide professional services to secure Title II SSA and Title XVI SSI benefits for children in out-of-home placements, with a focus on youth aging out of the system. MAXIMUS is that partner. DHHS' mission to provide services that promote safe and thriving families and individuals while treating all with dignity and respect; resonates with MAXIMUS. We share these ideals and further, we offer a proven solution built on best practices and modern techniques to secure these critical benefits for children and youth in foster care and out-of-home placements.

" When you help the children who we help, it's easy to get stuck on the sadness of their situation, but what keeps you going is knowing you are helping them and making their lives better. I've been fortunate enough to speak directly with youth who are aging out of the foster care system and helping them directly makes it all have meaning.

Andrea Johnson-Fee –Nebraska and Iowa SSI Advocacy Projects

The history of MAXIMUS working with child welfare agencies is a long one. We know firsthand that when state and local budgets are cut, child welfare agencies are usually among the first to be asked to tighten their belts. This often leads to fewer workers and higher caseloads. Sadly, the first people who are impacted are the children we all work so hard to serve. We care so deeply for these children, that it has earned us a great reputation with the Social Security regions in which we work. Social Security knows that we go above and beyond to help locate children who have left custody and that we do whatever we can to make sure they have the most up to date documentation and school information in order to secure needed benefits.

We approach our work with the belief that children in foster care deserve every opportunity to succeed in life; be it through safe out-of-home placements, education, positive relationships or securing benefits and services that can help them thrive and grow. SSA and SSI are life-changing benefits for those who are eligible.

Nebraska has partnered with MAXIMUS for years and knows we have the experience, integrity, reputation and judgment to provide these services on behalf of families and children. We maintain a reputation of trust and transparency because we always do what we say we will. Andrea Johnson-Fee's relationship in Nebraska with Social Security and with State staff is characterized by collaboration and partnership. Andrea is the current Project Manager for MAXIMUS overseeing the current Nebraska project and has proven knowledge and experience to be the most efficient choice for this program. MAXIMUS and Andrea have many years of social security experience that has earned us the distinction of being reliable and efficient.

MAXIMUS has exceptional performance of contract within the specified time. We understand that meeting timeframes is important to States and Counties, but most importantly, behind meeting every timeframe is a child who could be negatively impacted. We will continue to meet or exceed all timeframes in this new contract.

MAXIMUS has high performance on current and prior contracts, including Iowa, counties in California, Maryland, and others as shown in *Exhibit 4.8.4: SSI Approval Rates* that depicts our approval average versus the national average.

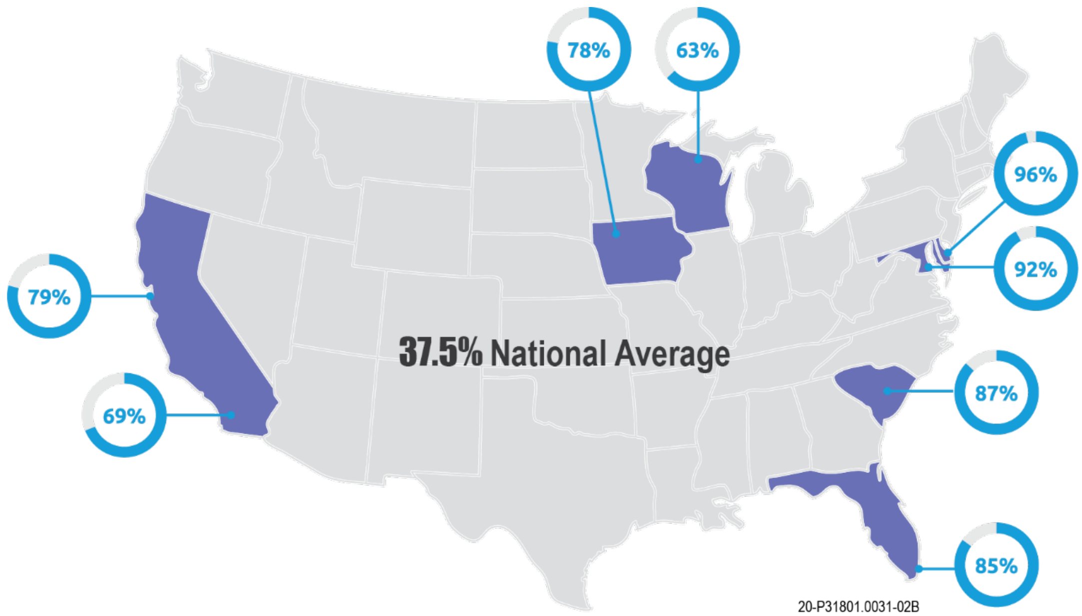

Exhibit 4.8-4: SSI Approval Rate. *MAXIMUS maintains SSI approval rate that is well above the national average for our projects nationwide.*

Additional information that we consider important to Nebraska is that Social Security is selective about who they work with and who they allow access to their system. Social Security has a proven relationship with MAXIMUS and provides us with access to their system. Some other vendors have been barred from using the Social Security system for cause, which leaves the state, vendor, families, and children at a disadvantage.

Organizational Experience with Projects of Similar Scope and Requirements

MAXIMUS is the best option for DHHS for their SSA/SSI Advocacy Project. We are the best equipped and best trained vendor to process applications for Social Security benefits and representative payee changes. Our experience, approval ratings, and Client Satisfaction Survey results nationwide speak for themselves demonstrate our commitment as your partner. The secret to our success is the people that drive the mission goals of our clients every day. The Benefits and Eligibility Services (BEAS) team is comprised of subject matter experts, veteran Appeals and Hearing Representatives, and former Social Security analysts and trainers.

As is the case for all of our SSI Advocacy and Eligibility related projects, MAXIMUS works closely with all stakeholders in the best interest of the child. We provide a matrix and describe in detail below, several contracts we currently hold with services similar to those required for the Nebraska SSA/SSI Advocacy Project for Foster Care.

Client Satisfaction Surveys Scores in 2019:

- San Francisco SSI: 5/5
- Iowa SSI: 5/5
- South Carolina SSI: 5/5

Iowa SSA Advocacy Project

In Iowa, there are currently 3,500 children in foster care. Of those, 300 receive SSI benefits (Title XVI) and 207 of them receive SSA benefits (Title II). In July 2004, the Agency began contracting for services to review the SSI eligibility status of youth in foster care who are 17 years, and older and to apply for SSI benefits for potentially eligible youth. These services are provided because it is in the youth's best interest to leave care with any support for which they are eligible. MAXIMUS is the prime contractor and there is no subcontractor.

Using tested and proven processes, MAXIMUS offers the following services for the State of Iowa:

- Case screening referrals for SSA and SSI eligibility from the Agency or JCS
- Providing specialized screening for all Transitioning cases, including Disabled Adult Child Claims (DAC)
- Completing SSA and SSI applications
- Completing Medical and Non-Medical Reviews
- Completing representative payee applications
- Obtaining medical and school documentation needed to support disability
- Submitting applications to Social Security for eligibility determination
- Monitoring and completing placement changes and keeping Social Security informed as required
- Tracking status of pending applications
- Tracking status of SSA and SSI payments
- Representing applicants aggressively throughout the entire application, including appeals when necessary
- Providing outreach and training activities for Agency/JCS staff

Since 2004, MAXIMUS has provided the requested SSA/SSI advocacy services to the Agency and has outperformed the requirements of the contract. At the end of fiscal year 2019, MAXIMUS has achieved a 75 percent approval rate for Initial SSI applications, a 63 percent approval rate for Transition SSI/DAC applications, and a 74 percent approval rate for all Redeterminations (Continuing Medical Reviews). In addition, MAXIMUS has met every timeframe and application submission requirement since the beginning of this project including the 30-day application submission requirements without ever submitting an application late or untimely per contract requirements, as is evidenced by MAXIMUS never receiving any financial penalties for late applications.

MAXIMUS screens each referral to determine if it is appropriate for application. We gather the necessary documentation from the social worker or JCS assigned to the case and from the child's foster parent or treatment center to determine disability. We also work closely with Social Security to monitor non-pay and suspense cases and correct any errors found on the record.

MAXIMUS provides all services, direct and ancillary, related to the operation of our SSA/SSI advocacy project for the State of Iowa. Our service delivery includes all activities connected with pursuing SSA/SSI eligibility and related communication with the Social Security Administration, Disability Determination Services, and the Agency for children placed within Iowa's foster care system.

San Francisco SSI Advocacy Project

As the One Stop Shop for all SSA/SSI needs, including advocacy of benefits, medical/non-medical reviews, change of payees, spend down maintenance, and revenue tracking MAXIMUS provides 100 percent screening for potential Supplemental Security Income (SSI) and Social Security Disability Income (SSA) eligibility, assistance in obtaining information and completing SSI applications, tracking and appeals, coordination with Social Security Administration, data reporting, benefit maintenance, training, and other support in the management of SSA/SSI on behalf of dependent youths. MAXIMUS is the prime contractor and there is no subcontractor. A special focus is placed on youth aging out of foster care.

We provide the following services:

- Provide onsite staff to review/screen dependents to identify those that may be eligible to receive SSA/SSI
- Collect information to support SSA/SSI applications
- Manage eligibility of SSA/SSI benefits during periods of suspense until court dismissal
- Maintain records on each child and provide monthly reports to the County
- Track and monitor revenue from SSA/SSI
- Monitor Spend Down Accounts and facilitate spend down requests
- Enter data directly into CA Child Welfare System (CWS) database
- Participate in County meetings and provide training to staff
- Maintain a 75 percent approval rating with 100 percent ALJ claim approvals

South Carolina SSI Advocacy Project

MAXIMUS partners with the South Carolina Department of Social Services (SCDSS) to advocate for and secure SSA/SSI benefits for children in foster care. MAXIMUS is the prime contractor and there is no subcontractor. We serve over 656 clients on a monthly basis conducting change of placements, change of payees, returned funds to the Social Security Administration as well as initial SSA and SSI applications. Additionally, we provide outreach/training for the local counties and DSS staff creating open communication paths and strong relationships. On a monthly basis the South Carolina team, tracks and reports funding generated to the State as well as production for the month ranging from referrals received, applications processed, awards, determinations, denials, reasons for rejections and many other data elements.

The project began in 2010 and was rebid and re-awarded to MAXIMUS in 2017. Since we've administered this contract, every weighted metric measured by the South Carolina Department of Social Services (SCDSS) has increased. Every month the team conducts initial intakes by reviewing the case, which entails checking the benefits status and eligibility of the client. Once intake is complete, the staff either files a change of payee or an initial application for any eligible client. Once the process is complete, MAXIMUS tracks the revenue collected for this child while in SCDSS care, and performs any action such as medical, appeals and non-medical updates required by SSA.

Throughout the year MAXIMUS also provides education, outreach and training to local DSS counties to better spread the word of the services MAXIMUS offers. At any time during the month, MAXIMUS makes itself available as an advocate to the social workers when dealing with SSA as well as Disability Determination Services. Services offered are:

- Eligibility Assessment
- Outreach
- Reporting
- Financial Management
- Youth Advocacy
- Case Management
- Liaison
- Project Management
- Data Collection
- Training
- Study and Analysis
- Records Management
- Appeal Preparation

As required in the RFP, MAXIMUS is providing a matrix of similar contracts, along with a description of the services completed in *Exhibit 4.8-5: MAXIMUS SSI Projects* below.

Dates & Current Duration of Contract & Prime/Sub	Name of Agency/ Address/ Agency Contact	Type of Service	Total dollar amount contracted & amount received
Current contract: 7/1/2016 to 6/30/2022 Initial contract: July 1, 2004 MAXIMUS is the prime contractor; there is no subcontractor	Iowa SSI Advocacy Project Iowa Department of Human Services 1305 E Walnut Street Des Moines, IA 50319 Michelle Hansen, Social Worker IV, SWIV, Contract Monitor Tel: 515-681-8713 Fax: 515-564-4163 Email: mhansen@dhs.state.ia.us	SSA/SSI Advocacy Services: 100 percent Screening, Assessment; Case construction, Medical Record documentation, Advocacy, Training, Outreach, Appeals & Hearings Target Population: Foster Care youth, Birth to age 18+	Total Contract Amount: $397,580/yr. Total received/ billed since 2004: $5,687,408.05
Current contract: 7/1/2019 to 6/30/2022 Initial contract: 2014 MAXIMUS is the prime contractor; there is no subcontractor	San Francisco, CA SSI Advocacy Project City and County of San Francisco Department of Human Services Family and Children Services City Hall, Rm 430 1 Dr. Carlton B. Goodlett Pl San Francisco, CA 94102 Juliet Halverson, Contract Monitor Tel: 415-557-5146 Fax: 415-557-5699 Email: juliet.halverson@sfgov.org	SSA/SSI Advocacy Services: 100 percent Screening, Assessment, Case construction, Medical Record documentation, Advocacy, Training, Outreach, Appeals & Hearings Target Population: Foster care youth, Birth to age 21	Total Contract Amount: $460,361 Amount received/billed: $81,512

Dates & Current Duration of Contract & Prime/Sub	Name of Agency/ Address/ Agency Contact	Type of Service	Total dollar amount contracted & amount received
Current contract: 3/2017 to 3/2022 Initial contract: 2010 MAXIMUS is the prime contractor; there is no subcontractor	South Carolina SSI Advocacy Project Department of Social Services South Carolina 1535 Confederate Avenue Columbia, SC 29202 Laura Claspill, Contract Monitor[1]	SSA/SSI Advocacy Services: 100 percent Screening, Assessment, Case construction, Medical Record documentation, Advocacy, Training, Outreach, Appeals & Hearings Target Population: Foster care youth, Birth to age 18+	Total Contract Amount: $2,105,650 Amount received/billed: $844,090

Exhibit 4.8-5: MAXIMUS SSA/SSI Projects. *Matrix that provides information on three current similar SSI projects that MAXIMUS successfully operates.*

4.9 Summary of Bidder's Proposed Personnel/ Management Approach

Our parent company, MAXIMUS, Inc. has more than 35,000 employees worldwide who have dedicated their careers to public service. Our professional staff members and the expertise they bring to the government sector form the foundation of our company. Within each of our segments, senior government services personnel provide the technology, administrative, operational, and programmatic expertise to implement and operate each project. Our experience spans all our business lines. As projects require, we leverage staff resources from one group or division to another to provide our clients with seasoned professionals able to meet their needs.

Our Human Services team has over 15,000 professionals serving vulnerable populations including those we serve in the Benefits and Eligibility Assessment Services (BEAS) Division, the division responsible for this contract. Within the BEAS Division, there are over 150 dedicated professionals who provide screening, advocacy, training, operations support, case management, outreach, appeals/hearings and assessment services. *Exhibit 4.9-1: Customer Engagement* demonstrates our commitment to both the individuals we serve and to each other. We believe in trust, respect, motivation, culture, recognition and continuous feedback and improvement in order to offer both the County and the children in care our very best. Positive customer engagement is the foundation upon which our operations are built.

[1] The State of South Carolina has deemed contact information including telephone number, facsimile number, and email confidential and not subject to public disclosure. Please contact MAXIMUS directly to receive contact details for reference purposes for this client.

Exhibit 4.9-1: Customer Engagement. *Demonstrates our commitment to both the individuals we serve and to each other. It is the foundation upon which our operations are built.*

Within our technical organization, we oversee approximately 490 individuals, not including our privacy and security teams, who make sure that we maintain secure applications, processes, and procedures to safeguard the confidential and sensitive information we need to review cases for work. This information includes, but is not limited to, eligibility assessments, applications, and redeterminations. Those teams add another estimated 20 highly trained experts that support our operations staff. Our Consulting Division employs several hundred experts in areas including child welfare, child support, foster care, benefits eligibility, financial services, project management, quality assurance, and other areas related to government services for children and families.

Our team is professional, experienced, and committed to Social Security Advocacy on behalf of children in out-of-home placements. We bring not only adequate staffing but exceptional capabilities to the State to execute this work. Our committed team, which is led by experienced SSA/SSI Project Manager, Andrea Johnson-Fee, is supported by executive leaders, a disability attorney, and Social Security subject matter expert consultants who are well versed and experienced in the SSA/SSI advocacy services required by this RFP. The MAXIMUS SSA/SSI Advocacy Project Organizational Chart is shown below as *Exhibit 4.9-2*.

> “Our staff are persistent in helping children secure SSI benefits. They stay current on changes and issues that impact eligibility so that they are prepared to enter timely and persuasive appeals if needed. Their work is not complete until they have exhausted every available avenue. They believe as I do that foster children deserve all the supports they are entitled!
>
> *Trisha Thomas, MAXIMUS Director*

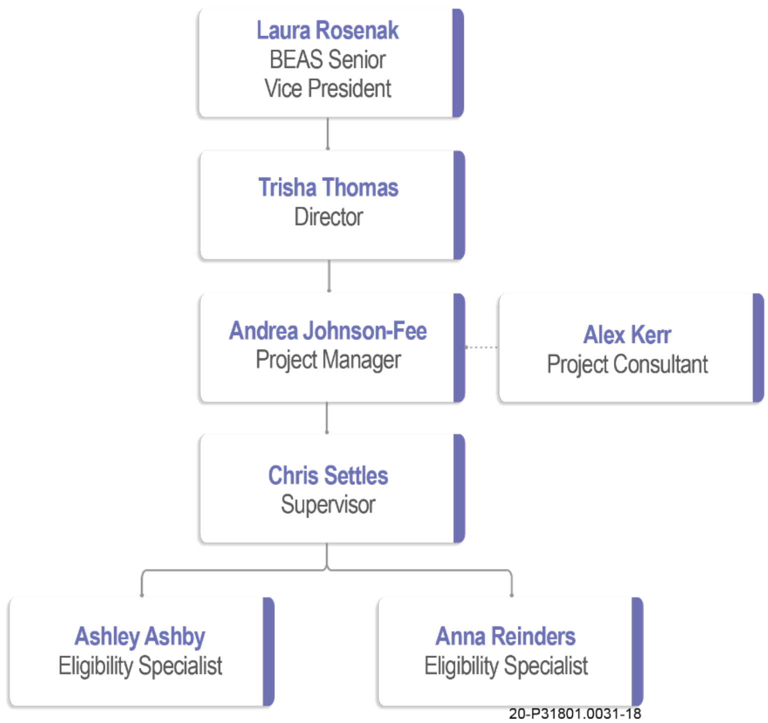

Exhibit 4.9-2: Nebraska SSA/SSI Advocacy Project Organization Chart. *Depicts reporting relationships within the MAXIMUS team.*

This team is ready to immediately advance the detailed assessment and case construction of SSA/SSI/SSP hearing appeals, using its experience, tested best practices, and proprietary tools to collect the necessary information and documentation that is key to supporting successful approvals. Team members share their training experience and Social Security Advocacy at all levels with State staff to improve Nebraska's success rate in obtaining awards at all levels of adjudication. Our passion and technical experience are unmatched in the industry. This combination serves Nebraska's goal of meeting the basic needs of families and individuals, while working with them to attain self-sufficiency, thus improving the lives of State's most vulnerable individuals, children in foster care.

MAXIMUS is proud to propose the following experienced professionals to staff and support the Nebraska SSA/SSI Advocacy Project. *Exhibit 4.9-3: Experience of the MAXIMUS Team* provides an overview of our team's experience as well as their direct experience supporting projects with a similar scope of work to this RFP.

Principal Staff (Proposed Position)	Years of Service (at MAXIMUS)	Qualifications-Magnitude-Type of Work	Nebraska Work to Be Assigned
Andrea Johnson-Fee Project Manager/ SSI Advocacy Projects Technical Trainer & Advisor	16	▪ Project Manager for multiple SSI Eligibility & Advocacy projects including IA and NE and Stanislaus County, CA ▪ Subject Matter Expert: – 16 + years operational experience in SSI and SSDI Advocacy projects – 16+ years of experience in SSI policy and regulations – 16+ years of experience in outreach and SSI Advocacy project start-ups – 16+ years of experience training SSI/SSDI to state workers & MAXIMUS staff ▪ Acts as the BEAS, SSI Advocacy Projects Start-Up Technical Trainer & Advisor ▪ Creates referral forms, check-lists, policies & procedures, and training manuals for Childhood and Transition Adult SSI youth	▪ Project Manager for the Nebraska ▪ Subject Matter Expert to liaison with the client ▪ Technical trainer for MAXIMUS staff ▪ Technical trainer for NE staff as needed and requested ▪ Provide QA assurance ▪ Provide Nebraska with Monthly Reporting ▪ Maintain compliance with all contract requirements.
Chris Settles Supervisor	6	▪ Determines SSI eligibility for wards in foster care, developing cases for wards in foster care with disabilities to present to the Disability Determination Services and the Social Security Administration ▪ Processes required forms for the Social Security Administration for Survivor's Benefits and Lump Sum Death Benefits for wards in foster care. ▪ Updates the placement of wards in foster care for Social Security and the Disability Determination Services ▪ Works closely with the Department of Human Services, Social Security Administration, and the Disability Determination Services ▪ Specializes in SSA/SSI suspense codes regarding payment issues	▪ Lead Eligibility Specialist for the Nebraska Project ▪ Will complete day to day services including determining SSI eligibility for wards. ▪ Will process all required forms for SSA and SSI benefits ▪ Will notify CFSS/IM-FC workers of placement changes needing completed ▪ Acting Liaison with DHHS, Social Security and the Disability Determination Services for day to day functions ▪ Will identify any payment issues/discrepancies with Social Security.

Principal Staff (Proposed Position)	Years of Service (at MAXIMUS)	Qualifications-Magnitude-Type of Work	Nebraska Work to Be Assigned
Ashley Ashby Eligibility Specialist	10	▪ Aids in determining SSA and SSI eligibility for wards in foster care, developing cases for wards in foster care with disabilities to present to the Bureau of Disability Determination Services and the Social Security Administration ▪ Processes required forms for the Social Security Administration for Survivor's Benefits and Lump Sum Death Benefits (SSA) for wards in foster care. ▪ Updates the placement of wards in foster care for Social Security and the Disability Determination Services ▪ Works closely with the Department of Human Services, Social Security Administration, and the Disability Determination Services, and specializes in cases involving wards transitioning out of the foster care	▪ Will assist in determining SSA and SSI eligibility for wards in foster care ▪ Will help to develop case files SSA and SSI eligible wards ▪ Will process SSA benefits ▪ Will notify CFSS/IM-FC workers of placement changes needing completed ▪ Will update DHHS, Social Security, and the Disability Determination Services on wards transitioning out of foster care. ▪ Will act as Liaison with the Disability Determination Services to provide any additional documentation and information that is needed.
Anna Reinders Eligibility Specialist	<1	▪ Assists with determining SSA and SSI eligibility for wards in foster care, developing cases for wards in foster care with disabilities to present to the Disability Determination Services and the Social Security Administration ▪ Processes required forms for the Social Security Administration for Survivor's Benefits and Lump Sum Death Benefits (SSA) for children in foster care. ▪ Updates the placement of wards in foster care for Social Security and the Disability Determination Services ▪ Works closely with the Department of Human Services, Social Security Administration, and the Disability Determination Services, and specializes in cases involving wards transitioning out of the foster care	▪ Will assist in determining SSA and SSI eligibility for wards in foster care ▪ Will help to develop case files SSA and SSI eligible wards ▪ Will process SSA benefits ▪ Will notify CFSS/IM-FC workers of placement changes needing completed ▪ Will update DHHS, Social Security, and the Disability Determination Services on wards transitioning out of foster care.

Exhibit 4.9-3: Experience of the MAXIMUS Team. *Displays an overview of our team's experience as well as their direct experience supporting projects with a similar scope of work to this RFP.*

Resumes

We have included resumes for proposed personnel who will work on the SSA/SSI Advocacy Project in *Appendix B: Resumes*. We anticipate making one personnel change to add a person working in or near Lincoln, Nebraska who will have the ability to meet with State staff on a regular basis and get appropriate signatures. We agree to implement this and any future changes only after we receive written permission from the State.

4.10 Subcontractors

MAXIMUS is not subcontracting any portion of this project.

5. Completed State Proposal Form

Cost Proposal
Request for Proposal Number 6262 Z1

Bidder Name: MAXIMUS Human Services, Inc.

The bidder shall provide a flat fee for the items in Table 1. Fees shall be inclusive of all materials and expenses, including travel and personnel costs. Total cost is calculated on the estimates provided. The estimated number of annual cases shall not be construed as the actual number of cases, but will be used solely for the purposes of calculating cost.

Cost of a Successful SSI Application cannot exceed twenty-five percent (25%) of the cost of an SSI Application Submission.

Table 1

Item Description	Estimated Quantity per Year	UOM	Initial Award Year 1	Initial Award Year 2	Initial Award Year 3	Optional Renewal One Year 4	Optional Renewal Two Year 5	Total
Successful SSA Application	15	$200 EA	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	**$ 15,000.00**
SSI Application Submission*	20	$900 EA	$ 18,000.00	$18,000.00	$ 18,000.00	$ 18,000.00	$ 18,000.00	**$ 90,000.00**
Successful SSI Application*	20	$190 EA	$ 3,800.00	$ 3,800.00	$ 3,800.00	$ 3,800.00	$ 3,800.00	**$ 19,000.00**
Payee Change	295	$100 EA	$ 29,500.00	$ 29,500.00	$ 29,500.00	$ 29,500.00	$ 29,500.00	**$147,500.00**
Continuing Disability Review**	27	$450 EA	$ 12,150.00	$ 12,150.00	$ 12,150.00	$ 12,150.00	$ 12,150.00	**$ 60,750.00**
Non-Medical Review**	144	$150 EA	$ 21,600.00	$ 21,600.00	$ 21,600.00	$ 21,600.00	$ 21,600.00	**$ 108,000.00**

*Note – Successful SSI Application $190 / SSI Application Submission $900 = 21.1% (does not exceed twenty-five percent 25%)

**Note – Per responses to Q&A, MAXIMUS added costs for Continuing Disability Reviews and Non-Medical Reviews and at our estimated quantities per year. We assumed 144 Non-Medical Reviews because it is the number of wards already receiving SSI and estimated 27 for Continuing Disability Review based on averages of other similar projects.

MAXIMUS®

Appendix A: Financial Statements

MAXIMUS®

MAXIMUS Human Services, Inc.
Consolidating Financial Statements

Year Ended September 30, 2019

Building a better working world

Ernst & Young LLP
1775 Tysons Boulevard
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Report of Independent Registered Accounting Firm on Supplemental Information

The Shareholders and Board of Directors of MAXIMUS, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of MAXIMUS, Inc. (the Company) as of and for the year ended September 30, 2019 (not presented herein), and have issued an unqualified opinion thereon dated November 26, 2019. The consolidating balance sheets and income statements are not intended to present the financial position, results of operations, and cash flows of the individual companies, as would complete financial statements including necessary disclosures, and should be read in conjunction with the consolidated financial statements included in the Company's Form 10-K filed with the SEC on November 26, 2019 and our report thereon. The scope of our audit procedures was not designed to provide a basis for expressing opinions on the presentations of the accounts of the individual companies on a stand-alone basis and, accordingly, we do not express such opinions. However, the information has been subjected to audit procedures performed in conjunction with the audit of the consolidated financial statements. Such information is the responsibility of the Company's management.

Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

February 28, 2020

Ernst + Young LLP

MAXIMUS, Inc. and Subsidiaries
Consolidating Balance Sheets
September 30, 2019
(Amounts in thousands)

	MAXIMUS Human Services, Inc.*	Other MAXIMUS, Inc. subsidiaries	Eliminations	MAXIMUS, Inc.
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ 105,565	$ -	$ 105,565
Accounts receivable - billed and billable, net	32,873	443,817	-	476,690
Accounts receivable - unbilled	2,646	121,238	-	123,884
Income tax receivable	-	20,805	-	20,805
Prepaid expenses and other current assets	963	61,518	-	62,481
Amounts receivable from other MAXIMUS entities	14,662	-	(14,662)	-
Total current assets	51,144	752,943	(14,662)	789,425
Property and equipment, net	447	99,142	-	99,589
Capitalized software, net	503	31,866	-	32,369
Investments in subsidiaries	-	-	-	-
Goodwill	-	584,469	-	584,469
Intangible assets, net	-	179,250	-	179,250
Deferred contract costs, net	806	18,115	-	18,921
Deferred income taxes	920	(734)	-	186
Deferred compensation plan assets	-	32,908	-	32,908
Other assets	113	8,502	-	8,615
Total assets	$ 53,933	$ 1,706,461	$ (14,662)	$ 1,745,732
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Account payable and accrued liabilities	$ 8,276	$ 169,510	$ -	$ 177,786
Accrued compensation and benefits	396	106,393	-	106,789
Deferred revenue	3,269	40,075	-	43,344
Income taxes payable	-	13,952	-	13,952
Long-term debt, current portion	-	9,658	-	9,658
Amounts payable to other MAXIMUS entities	-	14,662	(14,662)	-
Other liabilities	-	12,709	-	12,709
Total current liabilities	11,941	366,959	(14,662)	364,238
Deferred revenue, less current portion	2,082	30,259	-	32,341
Deferred income taxes	-	46,560	-	46,560
Deferred compensation plan liabilities, less current portion	-	34,079	-	34,079
Other liabilities	74	20,239	-	20,313
Total liabilities	14,097	498,096	(14,662)	497,531
Shareholders' equity				
Common Stock	-	498,433	-	498,433
Accumulated other comprehensive income	-	(45,380)	-	(45,380)
Retained earnings	39,836	754,903	-	794,739
Total MAXIMUS shareholders' equity	39,836	1,207,956	-	1,247,792
Noncontrolling interests	-	409	-	409
Total equity	39,836	1,208,365	-	1,248,201
Total liabilities and equity	$ 53,933	$ 1,706,461	$ (14,662)	$ 1,745,732

* The consolidating information does not include all of the required disclosures required by U.S. Generally Accepted Accounting Principles and accordingly, is not intended to present the financial position, results of operations, and cash flows of the individual companies. This information should be read in conjunction with the financial statements included in the Company's Form 10-K filed with SEC on November 26, 2019.

MAXIMUS, Inc. and Subsidiaries
Consolidating Income Statements
Year ended September 30, 2019
(Amounts in thousands)

	MAXIMUS Human Services, Inc.*	Other MAXIMUS, Inc. subsidiaries	Eliminations	MAXIMUS, Inc.
Revenue	$ 121,706	$ 2,765,109	$ -	$ 2,886,815
Cost of revenue	104,452	2,111,179	-	2,215,631
Gross profit	17,254	653,930	-	671,184
Selling, general and administrative expenses	13,098	307,925	-	321,023
Amortization of intangible assets	-	33,054	-	33,054
Operating income	4,156	312,951	-	317,107
Interest expense	-	2,957	-	2,957
Other income, net	14	3,156	-	3,170
Income before income taxes	4,170	313,150	-	317,320
Provision for income taxes	901	75,924	-	76,825
Net income	3,269	237,226	-	240,495
Income attributable to noncontrolling interest	-	(329)	-	(329)
Net income attributable to MAXIMUS	$ 3,269	$ 237,555	$ -	$ 240,824

* The consolidating information does not include all of the required disclosures required by U.S. Generally Accepted Accounting Principles and accordingly, is not intended to present the financial position, results of operations, and cash flows of the individual companies. This information should be read in conjunction with the financial statements included in the Company’s Form 10-K filed with SEC on November 26, 2019.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2019

☐ **TRANSITIONAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 1-12997

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation or organization)	**54-1000588** (I.R.S. Employer Identification No.)
1891 Metro Center Drive, Reston, Virginia (Address of principal executive offices)	**20190** (Zip Code)

Registrant's telephone number, including area code: **(703) 251-8500**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MMS	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	
Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of outstanding voting stock held by non-affiliates of the registrant as of March 29, 2019 was $4,470,336,229 based on the last reported sale price of the registrant's Common Stock on The New York Stock Exchange as of the close of business on that day.

There were 63,979,497 shares of the registrant's Common Stock outstanding as of November 19, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2020 Annual Meeting of Shareholders to be held on March 17, 2020, which definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the registrant's fiscal year, are incorporated by reference into Part III of this Form 10-K.

MAXIMUS, Inc.
Form 10-K
September 30, 2019
Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Included in this Annual Report on Form 10-K are forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “opportunity,” “could,” “potential,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- a failure to meet performance requirements in our contracts, which might lead to contract termination and actual or liquidated damages;
- the effects of future legislative or government budgetary and spending changes;
- our failure to successfully bid for and accurately price contracts to generate our desired profit;
- our ability to maintain technology systems and otherwise protect confidential or protected information;
- our ability to attract and retain executive officers, senior managers and other qualified personnel to execute our business;
- our ability to manage capital investments and startup costs incurred before receiving related contract payments;
- our ability to manage our growth, including acquired businesses;
- the ability of government customers to terminate contracts on short notice, with or without cause;
- our ability to maintain relationships with key government entities from whom a substantial portion of our revenue is derived;
- the outcome of reviews or audits, which might result in financial penalties and impair our ability to respond to invitations for new work;
- a failure to comply with laws governing our business, which might result in the Company being subject to fines, penalties, suspension, debarment and other sanctions;
- the costs and outcome of litigation;
- difficulties in integrating or achieving projected revenues, earnings and other benefits associated with acquired businesses;
- the effects of changes in laws and regulations governing our business, including tax laws, and applicable interpretations and guidance thereunder, or changes in accounting policies, rules, methodologies and practices, and our ability to estimate the impact of such changes;
- matters related to business we have disposed of or divested; and
- other factors set forth in Exhibit 99.1, under the caption "Special Considerations and Risk Factors."

Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

PART I

ITEM 1. *Business.*

Throughout this annual report, the terms "MAXIMUS," "Company," "we," "our" and "us" refer to MAXIMUS, Inc. and its subsidiaries.

General

We are a leading operator of government health and human services programs worldwide. We are a responsible and reliable contracting partner to governments under our mission of *Helping Government Serve the People*®. Governments rely on our financial stability and proven expertise in helping people connect and use critical government programs. We use our experience, business process management expertise, innovation and technology solutions to help government agencies run effective, efficient and accountable programs.

Our primary portfolio of work is tied to business process services (BPS) in the health services and human services markets. Our growth over the last decade was driven by new work, such as that from the Affordable Care Act (ACA) in the United States and a growing footprint in clinical services including assessments, appeals and independent medical reviews in multiple geographies, as well as acquisitions in the United States and United Kingdom.

In 2018, the Company articulated a long-term growth strategy with three key tenets including a digital transformation embedded in its service offerings, an aim to increase its growing clinical services and a desire to seek strategic acquisitions as a means to set the platform for organic growth.

We believe that demographic and legislative trends will provide our industry with further opportunities for growth and that our strong reputation within this industry, based upon our market leadership, strong financial position and experience, will allow us to benefit from this growth.

- Demographic trends, including increased longevity and more complex health needs, place an increased burden on government social benefit and safety-net programs. At the same time, programs that address societal needs must be a good use of taxpayer dollars and achieve their intended outcomes. We believe the macro-economic trends of demographics and government needs, coupled with the need to achieve value for money, will continue to drive demand for our services.
- We maintain a strong reputation within the government health and human services industry. Our deep client relationships and reputation for delivering outcomes and efficiencies creates a strong barrier to entry in a risk-averse environment. Entering our markets typically requires expertise in complex procurement processes, operation of multi-faceted government programs and an ability to serve and engage with diverse populations.
- Our contract portfolio offers us good revenue visibility. Our contracts are typically multi-year arrangements and we have customer relationships which have lasted decades. Because of this longevity, our contract portfolio at any point in time can typically be used to identify approximately 90% of our anticipated revenue for the next twelve months.
- We have a total company portfolio target operating profit margin that ranges between 10% and 15% with high cash conversion, a healthy balance sheet and access to a $400 million credit facility. Our financial flexibility allows us to fund investments in the business, complete strategic acquisitions to further supplement our core capabilities and seek new adjacent platforms.

To supplement our core business, we have an active program to identify potential strategic acquisitions. Our acquisitions have successfully enabled us to increase future organic growth, as well as expand our business processes, knowledge and client relationships into adjacent markets and new geographies. In November 2018, we acquired the citizen engagement centers business previously operated by General Dynamics Information Technology. This acquisition, coupled with our 2015 acquisition of Acentia, LLC, has provided increased scale, customer base and competitive advantages in our business with the United States Federal Government. Our primary clients are government agencies, with the majority at the national, state and provincial level. In the year ended September 30, 2019, approximately 40% of our total revenue was derived from U.S. State government agencies, 36% from agencies of the U.S. Federal Government, 19% from foreign government agencies and the balance from other sources including local municipalities and commercial customers.

Our business segments

Since October 1, 2018, we have operated our business through three segments, U.S. Health & Human Services, U.S. Federal Services and Outside the United States. We operate in the United States, Australia, United Kingdom, Canada, Saudi Arabia and Singapore.

For more information on our segment presentation and geographic distribution of our business, including comparative revenue, gross profit, operating income, identifiable assets and related financial information for the 2019, 2018 and 2017 fiscal years, see "Note 2. Business segments" within Item 8 of this Annual Report on Form 10-K. All years have been presented using our current business segments.

U.S. Health and Human Services Segment

Our U.S. Health and Human Services Segment generated 41% of our total revenue in fiscal year 2019.

Our U.S. Health and Human Services Segment provides a variety of business process services such as program administration, appeals and assessments work and related consulting work for U.S. state and local government programs. These services support a variety of programs including the ACA, Medicaid and the Children's Health Insurance Program (CHIP). We also serve as administrators in state-based welfare-to-work and child support programs.

Approximately 75% of our revenue for this segment comes from our comprehensive program administration services for government health benefit programs. The services we provide vary from program to program but may include:

- Program eligibility support and enrollment services to help beneficiaries make the best choice for their health insurance coverage and improve their access to healthcare.
- Centralized multilingual customer contact centers and multichannel self-service options for easy enrollment.
- Application assistance and independent health plan enrollment counseling to beneficiaries.
- Beneficiary outreach, education, eligibility, enrollment and renewal services.

We are a leading player in many of the health program administration markets that we serve.

- We are the largest provider of Medicaid enrollment services in the U.S., serving approximately 70% of Medicaid beneficiaries enrolled in Medicaid managed care.
- We are a leading provider of CHIP services and state-based health insurance exchange operations.

Approximately 12% of the Segment's revenue is from our independent appeals and assessments services primarily under Medicaid Long-Term Care. These services help governments engage with program recipients, while at the same time helping them improve the efficiency, cost effectiveness, quality and accountability of their health and disability benefits programs. These include independent disability, long-term sick and other health assessments, including those related to long-term services and supports such as Preadmission Screening and Resident Reviews (PASRR). We are a leading provider of such services in the United States.

Approximately 9% of the Segment's revenue is from workforce and child services programs.

Workforce services cover a number of attributes including eligibility determination, case management, job-readiness preparation, job search and employer outreach, job retention and career advancement, and selected educational and training services. Child services include full and specialized child support case management services, customer contact center operations, and program and systems consulting services.

The rest of the Segment's revenue is from specialized consulting services.

Payment for these services varies from contract to contract based upon factors such as the priorities of the customer and the willingness to share risks and rewards. Some contracts are performed on a cost-plus basis, where we receive revenue based upon the hours and costs incurred and which typically operate at lower margins. Most contracts include a level of performance-based compensation or a fixed fee, or a mixture of both with fees being based upon call volumes, populations served or appeals processed. Welfare-to-work programs typically incentivize us through payments to reward jobseekers finding sustained employment outcomes.

The Segment may experience seasonality due to transaction-based work, such as program open enrollment periods. Other fluctuations may arise from changes in programs directed by our clients and activity related to contract life cycles.

During fiscal year 2019, we earned 31% of our segment revenues from the State of New York. A small number of large states comprise a significant share of this segment's revenue. In addition, even when our direct clients are state governments, a significant amount of our revenue is ultimately funded via the U.S. Federal Government in the form of cost-sharing arrangements with the states, as is the case with Medicaid.

U.S. Health and Human Services Market Environment

According to the Organization for Economic Cooperation and Development (OECD), healthcare spending in the U.S. has been growing faster than other OECD high-income countries in spite of efforts to control it. Johns Hopkins Bloomberg School of Public Health research found that overall, U.S. health spending increased at an average rate of 2.8% annually between 2000 and 2016, which is greater than the OECD median annual increase of 2.6%. During the same period, U.S. gross domestic product (GDP) per capita increased by only 0.9% annually, which means that healthcare continues to represent a larger share of GDP. According to the Peterson-Kaiser Health Systems Tracker, U.S. healthcare spending in 2017 totaled 17% of GDP, compared to just 11% for the comparable OECD country average.

We believe that effectively managing these costs, as well as improving quality and access to healthcare, is a major policy priority for governments. Governments seek efficient and cost-effective solutions to manage their public health benefit programs. This includes programs meant to support individuals with disabilities and long-term medical conditions, as well as individuals with shorter-term health conditions.

In the U.S., as a result of Medicaid expansion and the ACA, more individuals are now eligible for health insurance coverage and there have been significant decreases in uninsured rates subsequent to the passage of the ACA. Over the last decade, many state Medicaid programs have also expanded managed care to new populations and new geographies that were historically served through fee-for-service Medicaid. More recently, some states are also seeking increased flexibility in the operations of their Medicaid programs via waivers requested through the Centers for Medicare & Medicaid Services. Some of these waivers include individual responsibility components such as beneficiary work requirements and co-pays for benefits. These waivers may create a more palatable path for additional states to contemplate new ways to operate their health benefit programs over the coming years. The issuance of waivers is contingent upon federal approval.

While the U.S. exceeds in health spending, its total spending looks more similar to comparable OECD countries when combined with other social services spending, such as human services, according to the Peterson-Kaiser Health System Tracker. Despite evidence that these social determinant programs could indirectly improve health, the U.S. spends less on non-health social services. The ACA connected health and human services by providing interest in preventative care, community needs and new forms of healthcare delivery and payment. This offers new opportunity to look thoughtfully at the integration of health and human services. By employing our strength in both health and human services, we are positioned to look closely at the impacts of social determinant of health and connection to additional services to address long-term health challenges with innovative and effective solutions. This however, is contingent upon local, state and federal policy change and implementation.

Many governments are also looking for innovative solutions to support disabled and elderly populations who require long-term services and supports (LTSS). A general trend in the LTSS market has been to ensure that individuals are in the right setting and receiving the right level of support and care. In many cases, this means allowing individuals to receive care at home or in a community-based setting, rather than institutional facilities. With no financial ties to health insurance plans or providers, our conflict-free assessment services assist governments in determining the most appropriate placement and healthcare services for program beneficiaries.

We believe the current health and human services market environment positions us to benefit from continued demand across all of our geographies from service areas such as operations program management and independent health and benefit assessments. Overall, we expect the underlying demand for our services to increase over the next several years.

Our primary competitors are government in-sourced operations, Conduent, Automated Health Systems, Faneuil and KePro. In some services, we compete against specialized private companies and nonprofit organizations such as The Salvation Army and Goodwill Industries. We consider ourselves to be a significant competitor in the markets in which we operate as we are the largest provider of Medicaid and CHIP administrative programs and operate more state-based health insurance exchanges than any other commercial provider.

U.S. Federal Services Segment

Our U.S. Federal Services Segment generated 38% of our total revenue in fiscal year 2019.

Our U.S. Federal Services Segment provides program administration, appeals and assessments services and technology solutions, including system and software development and maintenance services, for various U.S. federal civilian programs. The Segment also contains certain state-based assessments and appeals work that is part of the Segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment.

Much of the recent growth in this segment came from our acquisition of the citizen engagement centers business at the beginning of fiscal year 2019. Within the portfolio, two significant contracts were acquired:

- The contract to support the Centers for Medicare and Medicaid (CMS) Contact Center Operations (CCO) was the largest contract acquired. We had served as a subcontractor on this contract since 2014. This contract supports the federal exchange under the ACA and serves as the primary support engagement center for Medicare, also known as 1-800-MEDICARE. The contract serves the U.S. population through 11 customer contact centers handling general inquiries for the federal exchange and general and claims-based Medicare inquiries.
- The Census Questionnaire Assistance 2020 (CQA) contract provides operations support and citizen engagement centers to provide questionnaire assistance on the 2020 United States Census form. This contract is scheduled to end in June 2021 following the completion of the Census.

The acquired contracts make up part of the Segment’s program administration business, which provides the majority of the Segment’s revenue. Our legacy contract base includes:

- Centralized citizen engagement centers and support services,
- Document and record management, and
- Case management, citizen support and consumer education.

Approximately 15% of the Segment’s revenue is from our independent assessments and appeals services. These include:

- Independent medical reviews and workers' compensation benefit appeals,
- Medicare and Medicaid appeals, and
- Program eligibility appeals.

Approximately 14% of the Segment’s revenue is from our technology solutions. These include:

- Modernization of systems and information technology (IT) infrastructure,
- Infrastructure operations and support,
- Software development, operations and management, and
- Data analytics.

Many contracts in this segment, including the acquired contracts, earn most of their revenue on a cost-plus or time-and-materials basis, which typically carry lower levels of risk and lower levels of profit margin as compared to performance-based contracts. The Segment also contains performance-based contracts where revenue is earned based upon participant numbers or other transaction-based measures, such as the number and type of assessments or appeals processed. The Segment may experience fluctuations as a result of volume variations or program maturity, with contracts recording lower revenue and profitability during program startup.

With the acquisition of the citizen engagement centers business, we have the scale, capability and experience to offer our customer services in a wide range of areas. We have access to a number of significant contract vehicles across several agencies of the United States Federal Government.

The U.S. Federal Services Segment may experience some seasonality during open enrollment for the ACA and Medicare which begins in November and ends in January. In addition, the U.S. Census is expected to provide $360 million of revenue in fiscal year 2020 but with revenue concentrated in the critical months of the service during our second and third fiscal quarters.

U.S. Federal Services Market Environment

Following the 2016 Presidential election, the U.S. federal services market was impacted by the transition to the new U.S. administration. This initially hindered the federal procurement and decision-making process, causing an overall slowdown of work in some of our core areas.

While federal agency budgets still face fiscal pressures and the administration is looking for improved efficiencies, we continue to see opportunities to apply our cost-effective and efficient solutions to serve citizens in the federal market. Federal agencies are tasked with cost-effectively managing programs at a time when changing demographics are leading to rising caseloads in many federal programs.

Many federal agencies must also address the maintenance of legacy IT systems and the pressing need for IT infrastructure modernization continues to grow. Legacy processes and systems are fundamental to government operations, yet they are expensive to operate in an environment that requires online agility and rapid response to new demands, requirements and global challenges. We believe we are well positioned to help agencies modernize and operate their mission-critical systems.

Other key factors that will likely impact the U.S. federal market include a variety of political, economic, social and technological issues:

- A focus on the citizen experience and citizen services, as well as digital services,
- Agencies moving from transformation initiatives to operations and maintenance,
- Agencies seeking consolidation and shared services to achieve cost efficiencies, and
- Changes in the acquisition and contracting environment, including consolidation of contract vehicles, such as Alliant 2.

Our primary competitors are Serco, General Dynamics Information Technology, PAE and Conduent. Within the technology sector, our primary competitors are IBM, Oracle, Leidos, Accenture and other federal contractors.

Outside the United States Segment

Our Outside the U.S. Segment generated 21% of our total revenue in fiscal year 2019.

Our Outside the U.S. Segment provides BPS solutions for governments and commercial clients in geographies beyond the United States, including health and disability assessments, program administration for welfare-to-work services and other related services. We support programs and deliver services in the United Kingdom, including the Health Assessment Advisory Service (HAAS), the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; Saudi Arabia and Singapore.

Approximately 46% of the Segment's revenue is from comprehensive workforce services that help vulnerable individuals transition from government assistance programs to sustainable employment and economic independence. These services cover a number of attributes including eligibility determination, case management, job-readiness preparation, job search and employer outreach, job retention and career advancement, and selected educational and training services. Payment terms are typically focused on achieving employment outcomes.

Appeals and assessments work constitutes 42% of this segment's revenue. On these contracts we are typically reimbursed for each transaction. The HAAS contract is a hybrid contract with cost-plus elements coupled with a number of incentives and penalties to achieve the programmatic outcomes defined by the government in order to ensure quality and timeliness of service to the customers we serve.

The balance of the Segment provides program administration and some specialized services.

Our position within each national market is different. Within the United Kingdom and Australia we consider ourselves to be leading providers of services in those markets.

There is no significant seasonality within this segment.

Outside the United States Market Environment

We believe our established presence, healthy financial condition, strong brand recognition, and ability to achieve the requisite performance requirements and outcomes makes us well-positioned to compete for opportunities outside the U.S.

We offer clients demonstrated results and decades of proven experience in administering welfare-to-work programs in the U.K., Australia, Canada, Saudi Arabia and Singapore. In Australia, we are one of the largest welfare-to-work providers. We also have an established presence in the U.K.'s welfare-to-work market. As a result of a robust economy, low unemployment and a shift away from mainstream welfare-to-work programs, many of these programs are experiencing lower volumes. In this type of environment it can be challenging to consistently achieve outcomes-based incentives.

Further, many governments are shifting their focus to employment programs that serve individuals with disabilities or health conditions. Through our acquisition of Remploy in 2015, we increased our presence in the U.K. disability employment services market where we help people with disabilities and health conditions obtain employment. We do similar work in Australia under the Disability Employment Services program that aims to provide individuals with disabilities a supported path towards long-term employment. We are a recognized leader in the U.K and Australia for providing disability employment support services, having achieved accreditation in the U.K. as a Disability Confident Leader and in Australia as a Disability Confident Recruiter. We believe these services are transferable to our other geographies and position us well for emerging trends in the disability services market.

We believe ongoing initiatives and measures to reduce costs and improve efficiencies, combined with our outstanding performance, expertise and proven solutions, will continue to drive demand for our core human services offerings across multiple geographies. Our ability to provide value-for-money is important in a market that is very price competitive.

Our primary competitors in this segment include Atos, Capita, Interserve, Virgin Care, Optum, Serco, Staffline, Shaw Trust, Sarina Russo, Advanced Personnel Management and other specialized private companies and nonprofit organizations. Although the basis for competition varies from contract to contract, we believe that typical contracts are awarded based upon a mix of comprehensive solution and price. In some cases, clients award points for past performance tied to program outcomes.

Backlog

Our relationships with clients and our individual contracts, including option years, typically cover many years. At September 30, 2019, we estimate that we had approximately $9.0 billion in backlog. Backlog represents an estimate of the remaining future revenue from existing signed contracts and revenue from contracts that have been formally awarded, but not yet signed. Our backlog estimate includes revenue expected under the current terms of executed contracts and revenue from contracts in which the scope and duration of the services required are not definite but estimable (such as performance-based contracts).

At September 30, 2019, our backlog estimate included revenue expected from unexercised contract options to align with our sales opportunity tracking methodology. We believe the adoption of measuring total contract value, inclusive of options, is a more meaningful metric in our business. Although the exercise of options is uncertain, in our experience if the incumbent contractor is performing as expected these options are exercised nearly 100% of the time. In prior years, we did not include the value of these unexercised option periods and, accordingly, we have presented our backlog balance below showing totals excluding and including unexercised options. Our backlog estimate does not assume any contract renewals.

Increases in backlog result from the award of new contracts, the extension or renewal of existing contracts and the exercise of option periods. Reductions in backlog come from fulfilling contracts or the early termination of contracts. The backlog associated with our performance-based contracts is an estimate based upon management's experience of caseloads and similar transaction volume from which actual results may vary. We may modify our estimates related to performance-based contracts and as a result backlog from these contracts may increase or decrease based upon the information that management has at that time. Additionally, backlog estimates may be affected by foreign currency fluctuations.

Government contracts typically contain provisions permitting government clients to terminate contracts without cause with limited notice or compensation. Although we have experienced such terminations, they are a rare occurrence. We also risk losing revenue in the event of a shutdown by the U.S. Federal Government which may impact our U.S. Federal Segment and, to the extent that programs are federally funded, our U.S. Health and Human Services Segment. Many of our federally funded health and human services programs are typically deemed essential, which means that a short-term shutdown would not be expected to cause significant disruption to these operations.

We believe that period-to-period backlog comparisons are difficult and may not necessarily accurately reflect future revenue we may receive. The actual timing of revenue receipts, if any, on projects included in backlog could change for any of the aforementioned reasons. We also may experience periods in which there is a greater concentration of rebids resulting in a comparatively reduced backlog balance until subsequent award or extension on those contracts. The dollar amount by segment of our backlog as of September 30, 2019 and 2018 was as follows:

(in millions)	**Backlog as of September 30,**	
	2019	**2018**
U.S. Health and Human Services	$ 3,305	$ 3,221
U.S. Federal Services	1,521	744
Outside the U.S.	1,427	1,335
Backlog before options	$ 6,253	$ 5,300
Unexercised options	2,722	
Backlog	$ 8,975	

Our businesses typically involve contracts covering a number of years, including option periods. Contracts may include a period between contract signature and operations beginning for startup and transition activities where we are precluded from recognizing revenue. At September 30, 2019, the average weighted remaining life of the contracts in our backlog was approximately 3.4 years, including option periods. The longevity of these contracts assists management in predicting revenue, operating income and cash flows. We expect approximately one third of the backlog balance to be realized as revenue in fiscal year 2020. We adjust backlog annually for currency fluctuations and for estimated amounts associated with our performance-based contracts based upon the latest information that management has at that time.

Backlog represents more than 95% of current estimated fiscal year 2020 revenue.

Our growth strategy and competitive advantages

In all the markets and locations in which we operate, we are seeing consistent themes which drive our growth strategy.

Demographics

- We are seeing increased longevity, driving more complex healthcare needs.
- Individuals are experiencing financial hardships and other barriers that require a combination of social safety-net programs and support into work.
- Governments are focusing on citizen responsibility and engagement as a condition of receiving benefits.

We believe that programs that focus on measurable outcomes can cost-effectively address this need.

Decentralization

- Within the United States, the U.S. Federal Government is exploring per capita funding and also recently clarified federal regulations that now allow states the flexibility to use contractors for government support services that were previously managed by state-based employees.
- Within the United Kingdom, we are seeing devolution of programs to local authorities.

We believe that these changes to funding and government mechanics allows state and local authorities enhanced flexibility to shape their benefit programs.

Value for spend

- Our partners are mandating that programs to address societal need be a good use of taxpayer dollars and achieve their intended outcomes.
- Governments are increasing accountability by laying out performance expectations and rewarding partners who deliver while penalizing those who do not.

We believe that this environment favors companies like MAXIMUS. Governments can trust MAXIMUS as a responsible contractor that is financially stable, has proven expertise and can deliver complex government programs in a transparent and independent fashion.

We are addressing these themes with a three-fold strategy.

- We are using digital technologies to transform the experience of our customers and our employees. These technologies can help our governments run their programs in a more streamlined manner and make it easier for individuals to interact with these programs.
- We are expanding our clinical-related services. We have established an extensive set of services that frequently requires a network of healthcare professionals who can complete clinical assessments, provide occupational health and independent medical review services and adjudicate complicated benefits appeals.
- We continue with our existing strategy to expand our markets through bringing core capabilities to new programs and clients, by adding new capabilities to access adjacent markets and through geographic expansion.

Our competitors may be other private corporations or government in-sourced operators. We offer a private sector alternative for the operation and management of critical government-funded health and human services programs. We believe our reputation and extensive experience give us a competitive advantage as governments value the level of expertise, proven delivery and brand recognition that we bring to our clients. Some of the competitive advantages that allow us to capitalize on various market opportunities are as follows.

Proven track record, ability to deliver outcomes and exceptional brand recognition. We assist governments in delivering cost-effective services to beneficiaries of government programs. We run large-scale, and often complex, program management operations on behalf of government agencies, improving the quality of services provided to their beneficiaries and achieving the necessary outcomes to help the government agencies cost-effectively meet their program goals. This has further enhanced our brand recognition as a proven partner with government agencies.

Subject matter, clinical and digital expertise. Our workforce includes many individuals who possess substantial subject matter expertise in areas critical to the successful design, implementation, administration and operation of government health and human services programs. We also employ a diverse set of experts including a wide network of clinicians and an experienced team of digital champions. Many of our employees have worked for governments in management positions and can offer insights into how we can best provide valuable, practical and effective services to our clients.

Intellectual property that supports the administration of government programs. We have proprietary solutions to address client requirements in our markets that are configurable or provide a platform that can be utilized with other clients. We leverage commercial off-the-shelf platforms across multiple contracts in which we have considerable expertise to ensure we can deploy repeatable proven solutions. We also leverage software development methodologies to shorten development cycles. Extensive use of shared infrastructure and standard solutions provides considerable price and quality advantages. We believe our extensive industry focus and expertise embedded in our systems and processes provide us with a competitive advantage.

Digital engagement, analytics and automation solutions to enhance government programs. Participants in government programs expect the same types of digital engagement they rely upon when interacting with consumer-oriented businesses. We believe our clients value our ability to infuse digital, such as mobile applications and social media, into our BPS solutions to make it easier for beneficiaries to engage with government programs. Analytics enable us to optimize our operations and provide our clients with improved outcomes through greater insight into the populations we serve. Process automation incorporated into our BPS solutions increases the efficiency and quality of the programs we operate.

Flexibility and scalability. We are experienced in launching large-scale operations under compressed time frames. We offer clients the flexibility and scalability to deliver the people, processes and technology to complete short- and long-term contractual assignments in an efficient and cost-effective manner.

Financial strength. Our business provides us with robust cash flows from operations as a result of our profitability and our management of customer receivables. In the event that we have significant cash outlays at the commencement of projects or where delays in payments result in short-term working capital needs, we may borrow up to $400 million through our credit facility, subject to standard covenants. We have the ability to borrow under our credit facility in all of the principal currencies in which we operate. We believe we have strong, constructive relationships with the lenders on our credit facility. We believe our financial strength provides reassurance to government agencies that we will be able to establish and maintain the services they need to operate high-profile public health and human services programs.

Focused portfolio of services. We are one of the largest publicly traded companies that provides a portfolio of BPS almost exclusively to government customers. Our government program expertise and proven ability to deliver defined, measurable outcomes differentiate us from other firms and nonprofit organizations, including large consulting firms that serve multiple industries and lack the focus necessary to manage the complexities of serving government agencies efficiently.

Established presence outside the United States. Governments outside the U.S. are seeking to improve government-sponsored health and human services programs, manage increasing caseloads and contain costs. We have an established presence in the U.K., Australia, Canada, Saudi Arabia and Singapore. Our international efforts are focused on delivering cost-effective welfare-to-work and health benefits services to program participants on behalf of governments.

Expertise in competitive bidding. Government agencies typically award contracts through a comprehensive, complex and competitive request for proposals (RFP) and bidding process. Although the bidding criteria vary from contract to contract, typical contracts are awarded based upon a mix of technical solution and price. In some cases, governments award points for past performance tied to program outcomes. With more than 40 years of experience in responding to RFPs, we believe we have the necessary experience and resources to navigate government procurement processes and to assess and allocate the appropriate resources necessary for successful project completion in accordance with contractual terms.

Barriers to entry. The market for providing our services to government agencies is competitive and subject to rapid change. However, given the specialized nature of our services and the programs we serve, market entry can be difficult for new or inexperienced firms. The complex nature of competitive bidding, qualifying criteria related to past performance, the required investment in subject-matter expertise, repeatable processes and support infrastructure, and the need to achieve specific program outcomes creates barriers to entry for potential new competitors unfamiliar with the nature of government procurement. In some areas of our business, notably contracts with the U.S. Federal Government, there are requirements for bidders seeking contracts to be pre-approved on registered contract vehicles, further limiting the pool of competitors.

Legislative initiatives

We actively monitor legislative initiatives and respond to opportunities as they develop. Much of our work depends upon us reacting quickly to dynamic changes in the legislative landscape to assist with implementation of new legislation. Over the past several years, legislative initiatives created new growth opportunities and potential markets for us. Legislation passed in all the geographies in which we operate can have significant public policy implications for all levels of government and presents viable business opportunities in the health and human services arena.

Some legislative initiatives that have created new growth opportunities for MAXIMUS are as follows.

The Affordable Care Act (ACA). Enacted in 2010 and upheld through a Supreme Court decision in 2012, the ACA introduced comprehensive healthcare reform in the United States. In our U.S. Health and Human Services Segment, we have helped states with the operation of their health insurance exchanges, the expansion of their Medicaid programs to include new populations and the integration of state eligibility processing across multiple entitlement programs. In our U.S. Federal Services Segment, we have also assisted the federal government with the operations of customer engagement centers for the Federal Marketplace and independent eligibility appeals services for federal exchange plan members.

We believe we remain well-positioned to assist the federal government and individual states with future modifications to the ACA, including those made through waivers.

Section 1115 Waiver Programs. Section 1115 of the Affordable Care Act allows states to apply for waivers of certain requirements provided that the program changes are budget neutral and advance the goals of the Medicaid program. Forty-three states currently operate at least part of their Medicaid programs under section 1115 demonstrations. As CMS has approved community engagement requirements under section 1115, we have supported the implementation of those efforts by providing member contact services in several states. In addition, we have supported states' new long-term services and supports initiatives that have introduced more flexibility for Medicaid to cover long term care and home and community-based services.

Children's Health Insurance Program Reauthorization Act (CHIPRA). CHIPRA was signed into law on February 2, 2009, extending the previous State Children's Health Insurance Program (SCHIP). As part of the Bipartisan Budget Act of 2018, CHIP has been extended and funded through 2027.

Medicaid and CHIP Managed Care Regulations. In 2016, the Centers for Medicare & Medicaid Services issued managed care regulations and federal standards for the Medicaid and CHIP programs. These include enhancing support for consumers, improving health care delivery and quality of care, providing greater access to healthcare, and ensuring a modern set of rules that better align with the marketplace and Medicare Advantage plans. They also reinforce ongoing efforts to modernize and streamline the enrollment process and the continued value of independent choice counseling. The Trump administration is working on revisions to these regulations and the proposed regulation for comment retains enhanced support for consumers provided by MAXIMUS in many states.

Work Innovation and Opportunity Act (WIOA). Signed into law in July 2014, WIOA replaced the Workforce Investment Act of 1998 and took effect on July 1, 2015. The law coordinates several core federal employment, training, education and literacy programs. It also requires states to strategically align their workforce development programs, with the option to include Temporary Assistance to Needy Families (TANF), to help job seekers access the necessary support services and to match employers with skilled workers they need to compete in the global economy. WIOA represents potential new opportunities for us to complement our existing TANF welfare-to-work operations in the U.S.

Office of Personnel Management (OPM) Notice. In April 2019, OPM published a notice in the federal register encouraging states to exercise new flexibility to choose private contractors to support states' operation of federally funded, state-administered means-tested programs such as the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. The notice states that federal statutes and regulations "do not prescribe the use of a particular staffing method such as utilizing state employees or contract employees." We are currently exploring new businesses with several states and have executed a contract vehicle with one.

The Welfare Reform Act of 2007 (United Kingdom). The Welfare Reform Act of 2007 replaced Incapacity Benefit with the Employment and Support Allowance and introduced the Work Capability Assessment (WCA). The WCA is designed to provide advice to the Government on those who can not work due to disability or health-related problems, those who are "fit for work" as defined by the legislation and those that, with additional support, could eventually return to work. In 2010, the U.K. Government decided to reassess the 1.5 million people who had previously been determined to be eligible to receive incapacity benefits. The U.K. Government also decided that an independent health assessment provided by a vendor partner is the best method for the government to determine the level of benefits for individuals with long-term sickness or disabilities. We have been providing assessments through the resulting HAAS contract on behalf of the Department for Work and Pensions (DWP) since March 2015.

The Cities and Local Government Reform Act of 2016 (United Kingdom). The Act enabled devolution deals to be agreed with cities and regions that devolved selected powers including adult skills budgets, employment support and health and social care. We provide employment support through the devolved Work and Health Programme in East London and deliver specialist employment and health initiatives in Greater Manchester and the West Midlands. We also provide further education services in London and Manchester through the devolved Adult Education Budget.

Employees

As of September 30, 2019, we had approximately 29,600 employees, consisting of 9,400 employees in the U.S. Health and Human Services Segment, 13,300 employees in our U.S. Federal Services Segment, 6,200 employees in the Outside the U.S. Services Segment and 700 corporate administrative employees.

Our success depends in large part on attracting, retaining and motivating talented, innovative, experienced and educated professionals at all levels. MAXIMUS believes in the importance of employee engagement and wellbeing. In the fall of 2018, MAXIMUS conducted an engagement survey of all global employees. 86% of respondents reported positive employee engagement and 89% of respondents believed that MAXIMUS leadership enables a culture of diversity and inclusion.

As of September 30, 2019, 484 of our employees in Canada were covered under three different collective bargaining agreements, each of which has different components and requirements. There are 472 employees covered by two collective bargaining agreements with the British Columbia Government and Services Employees' Union and 12 employees covered by a collective bargaining agreement with the Professional Employees Association. These collective bargaining agreements expire in 2020.

As of September 30, 2019, 1,447 of our employees in Australia were covered under a Collective Agreement, which is similar in form to a collective bargaining agreement. The Collective Agreement is renewed annually.

As of September 30, 2019, 346 of our employees in the U.K. were covered under a collective bargaining agreement with GMB Trade Union and Unite Amicus Trade Union. These collective bargaining agreements do not have expiration dates.

None of our other employees are covered under any similar agreement. We consider our relations with our employees to be good.

Other information

MAXIMUS, Inc. is a Virginia corporation, founded in 1975.

Our principal executive offices are located at 1891 Metro Center Drive, Reston, Virginia, 20190. Our telephone number is 703-251-8500.

Our website address is *maximus.com.* We make our website available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Annual Report on Form 10-K.

We make our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and the proxy statement for our annual shareholders' meeting, as well as any amendments to those reports, available free of charge through our website as soon as reasonably practical after we file that material with, or furnish it to, the Securities and Exchange Commission (SEC). Our SEC filings may be accessed through the Investor Relations page of our website. These materials, as well as similar materials for other SEC registrants, may be obtained directly from the SEC through their website at *www.sec.gov*.

ITEM 1A. *Risk Factors.*

Our operations are subject to many risks that could adversely affect our future financial condition, results of operations and cash flows and, therefore, the market value of our securities. See Exhibit 99.1 of this Annual Report on Form 10-K under the caption "Special Considerations and Risk Factors" for information on risks and uncertainties that could affect our future financial condition and performance. The information in Exhibit 99.1 is incorporated by reference into this Item 1A.

ITEM 1B. *Unresolved Staff Comments.*

None.

ITEM 2. *Properties.*

We own a 60,000 square-foot office building in Reston, Virginia. We also lease offices for operations, management and administrative functions in connection with the performance of our services. At September 30, 2019, we leased approximately 130 offices in the U.S. totaling approximately 4.2 million square feet. In five countries outside the U.S., we leased approximately 300 offices totaling approximately one million square feet. The lease terms vary from month-to-month to ten-year leases and are generally at market rates. In the event that a property is used for our services in the U.S., we typically negotiate clauses to allow termination of the lease if the service contract is terminated by our customer. Such clauses are not standard in foreign leases.

We believe that our properties are maintained in good operating condition and are suitable and adequate for our purposes.

ITEM 3. *Legal Proceedings.*

We are subject to audits, investigations and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of the U.S. Federal Government, state, local, and foreign governments, and otherwise in connection with performing services in countries outside of the U.S. Adverse findings could lead to criminal, civil or administrative proceedings, and we could be faced with penalties, fines, suspension or disbarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by federal, state, local and foreign governments for taxes. We are also involved in various claims, arbitrations, and lawsuits arising in the normal conduct of our business. These include but are not limited to, bid protests, employment matters, contractual disputes and charges before administrative agencies. Although we can give no assurance, based upon our evaluation and taking into account the advice of legal counsel, we do not believe that the outcome of any pending matter would likely have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Securities class action lawsuit

In August 2017, the Company and certain officers were named as defendants in a putative class action lawsuit filed in the U.S. District Court for the Eastern District of Virginia. The plaintiff alleged the defendants made a variety of materially false and misleading statements, or failed to disclose material information, concerning the status of the Company's Health Assessment Advisory Service project for the U.K. Department for Work and Pensions from the period of October 20, 2014, through February 3, 2016. In August 2018, our motion to dismiss the case was granted, and the case was dismissed. In October 2018, the plaintiffs filed a notice of appeal to the U.S. Circuit Court for the Fourth Circuit. In June 2019, the appeals court affirmed the decision of the District Court, and the matter has concluded.

Medicaid claims

A state Medicaid agency has been notified of two proposed disallowances by the Centers for Medicare and Medicaid Services (CMS) totaling approximately $31.0 million. From 2004 through 2009, we had a contract with the state agency in support of its school-based Medicaid claims. We entered into separate agreements with the school districts under which we assisted the districts with preparing and submitting claims to the state Medicaid agency which, in turn, submitted claims for reimbursement to CMS. The state has asserted that its agreement with us requires us to reimburse the state for the amounts owed to CMS. However, our agreements with the school districts require them to reimburse us for such amounts, and therefore we believe the school districts are responsible for any amounts that ultimately must be refunded to CMS. Although it is reasonably possible that a court could conclude we are responsible for the full balance of the disallowances, we believe our exposure in this matter is limited to our fees associated with this work and that the school districts will be responsible for the remainder. We have reserved our estimated fees earned from this engagement relating to the disallowances. We exited the federal healthcare-claiming business in 2009 and no longer provide the services at issue in this matter. No legal action has been initiated against us.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Our common stock trades on the New York Stock Exchange (NYSE) under the symbol "MMS."

As of October 24, 2019, there were 38 holders of record of our outstanding common stock. The number of holders of record is not representative of the number of beneficial owners due to the fact that many shares are held by depositories, brokers or nominees. We estimate there are approximately 32,500 beneficial owners of our common stock.

During the first fiscal quarter of 2020, we declared a quarterly dividend of $0.28 per share of MAXIMUS stock. In fiscal year 2019, we declared and paid quarterly dividends of $0.25 per share. During fiscal years 2018 and 2017, the quarterly dividend was $0.045 per share. We intend to continue paying regular cash dividends, although there is no assurance as to future dividends. Future cash dividends, if any, will be paid at the discretion of our Board of Directors and will depend, among other things, upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors our Board of Directors may deem relevant.

The following table sets forth information regarding purchases of common stock that we made during the three months ended September 30, 2019:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands)
July 1, 2019 - July 31, 2019	—	$ —	—	$ 147,420
August 1, 2019 - August 31, 2019	19,794	69.62	19,794	146,043
September 1, 2019 - September 30, 2019 (2)	137,374	77.26	—	146,043
Total	157,168		19,794	

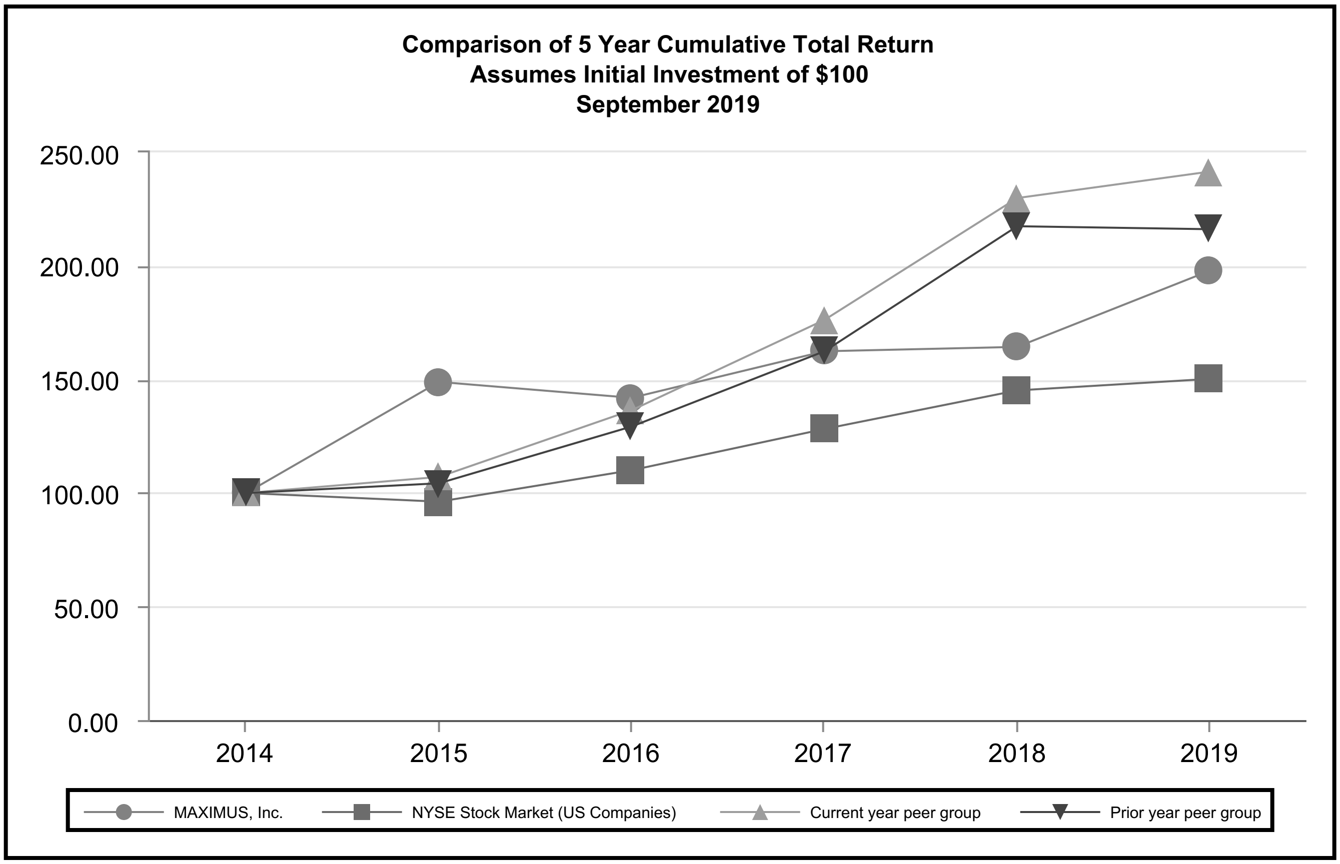
(1) Under a resolution adopted in June 2018, the Board of Directors authorized the purchase, at management's discretion, of up to an aggregate of $200 million of our common stock. The resolution also authorized the use of option exercise proceeds for the purchase of our common stock.

(2) The total number of shares purchased includes 137,374 restricted stock units which vested in September 2019 but which were utilized by the recipients to net-settle personal income tax obligations.

Stock Performance Graph

The following graph compares the cumulative total shareholder return on our common stock for the five-year period from September 30, 2014, to September 30, 2019, with the cumulative total return for the NYSE Stock Market (U.S. Companies) Index. In addition, we have compared the results of a peer group to our performance. Our peer group is based upon the companies noted in our annual proxy statement as entities with whom we compete for executive talent. Our peer group in 2018 (the prior year peer group) was comprised of Booz Allen Holding Corp., CACI International Inc., Conduent, Inc., Gartner Inc., ICF International, Inc., ManTech International Corp., SAIC and Unisys Corp. Our peer group in fiscal year 2019 is the same as the prior year peer group with the addition of Leidos, Inc.

This graph assumes the investment of $100 on September 30, 2014, in our common stock, the NYSE Stock Market (U.S. Companies) Index and our peer groups, weighted by market capitalization and assumes dividends are reinvested.



Notes:

A. The lines represent index levels derived from compounded daily returns that include all dividends.

B. The indexes are reweighted daily, using the market capitalization on the previous trading day.

C. If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.

D. The index level for all series was set to $100.00 on September 30, 2014.

ITEM 6. ***Selected Financial Data.***

We derived the selected consolidated financial data presented below from our consolidated financial statements and the related notes. The revenue and operating results related to the acquisition of companies are included from the respective acquisition dates. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as Item 7 of this Annual Report on Form 10-K and with the Consolidated Financial Statements and related Notes included as Item 8 of this Annual Report on Form 10-K. The historical results set forth in this Item 6 are not necessarily indicative of the results of operations to be expected in the future.

Effective October 1, 2018, we adopted Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method. Accordingly, the results shown reflect the adoption of Topic 606 in our year ended September 30, 2019 but all other years are reported under our previous accounting policy. See "Note 1. Business and summary of significant accounting policies" and "Note 3. Revenue recognition" in Item 8 of this Annual Report on Form 10-K for more details.

	Year Ended September 30,				
	2019	2018	2017	2016	2015
	(In thousands, except per share data)				
Consolidated statements of operations data:					
Revenue	$2,886,815	$2,392,236	$2,450,961	$2,403,360	$2,099,821
Operating income	317,107	295,483	313,512	286,603	259,832
Net income attributable to MAXIMUS	240,824	220,751	209,426	178,362	157,772
Basic earnings per share attributable to MAXIMUS	$ 3.73	$ 3.37	$ 3.19	$ 2.71	$ 2.37
Diluted earnings per share attributable to MAXIMUS	$ 3.72	$ 3.35	$ 3.17	$ 2.69	$ 2.35
Weighted average shares outstanding:					
Basic	64,498	65,501	65,632	65,822	66,682
Diluted	64,820	65,932	66,065	66,229	67,275
Cash dividends per share of common stock	$ 1.00	$ 0.18	$ 0.18	$ 0.18	$ 0.18

	At September 30,				
	2019	2018	2017	2016	2015
	(In thousands)				
Consolidated balance sheet data:					
Cash and cash equivalents	$ 105,565	$ 349,245	$ 166,252	$ 66,199	$ 74,672
Total assets	1,745,732	1,462,000	1,350,662	1,348,819	1,271,558
Debt	9,658	510	668	165,615	210,974
Total MAXIMUS shareholders' equity	1,247,792	1,083,867	940,085	749,081	612,378

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The following discussion and analysis of financial condition and results of operations is provided to enhance the understanding of, and should be read in conjunction with, our Consolidated Financial Statements and the related Notes.

For an overview of our business, including our business segments and a discussion of the services we provide, see Item 1 of this Annual Report on Form 10-K.

Financial overview

On November 16, 2018, we acquired the citizen engagement centers business which was integrated into our U.S. Federal Services Segment.

- The acquisition directly increased the revenue and gross profit of our U.S. Federal Services Segment by $615.1 million and $117.4 million, respectively. The portfolio acquired includes assistance on the U.S. Census which is anticipated to result in significant revenue in fiscal year 2020.
- Although our administrative cost base increased with the need to cover the costs of a larger organization, our existing cost base is being spread over a broader revenue base. As our general and administrative costs are allocated to our operating segments, the acquisition is providing a benefit to our profit margins in all of our segments.
- We recorded incremental amortization expense of $23.7 million in fiscal year 2019 and anticipate amortization of $27.0 million in fiscal year 2020 related to this acquisition. Amortization expense will decrease in fiscal year 2021 as the intangible asset related to the U.S. Census contract will be fully amortized.
- We incurred acquisition-related expenses of $2.7 million as a result of the transaction, including legal and advisory costs, integration expenses, valuation services and other consultancy costs.
- The transaction required a payment of $430.7 million, which included an adjustment for working capital which was unusually high at the time of the transaction due to the timing of billings and employee payroll. The excess capital has been realized in subsequent months through our operating cash flows.
- We funded the acquisition through $150 million from our credit facility and our existing cash balances. This reduced our net interest income in fiscal year 2019. We repaid this loan in full during the fiscal year.

Our business received a benefit from the Tax Cuts and Jobs Act in the United States, which was passed during fiscal year 2018. This reduced the U.S. Federal tax rate to 21% from 35% in fiscal year 2017 and resulted in a significant reduction in our tax charge and related cash flows.

The continued strength of the United States Dollar against the other currencies in which we do business resulted in a relative decline in the size of our business outside the United States.

Our operating segments are each affected by different factors as covered in more detail below. Since October 1, 2018, we have conducted our operations through three business segments: U.S. Health and Human Services, U.S. Federal Services and Outside the U.S. Our results have been presented below as though these segments had been in place for all three years ended September 30, 2019.

In addition to our acquisitions and our ongoing share buyback program, we increased our quarterly dividend during fiscal year 2019, from $0.045 to $0.25 per share of MAXIMUS common stock. We have announced a further increase in our quarterly dividend to $0.28 per share per quarter, starting in the first quarter of fiscal year 2020.

International businesses

We operate in several international locations. Accordingly, we transact business in currencies other than the U.S. Dollar, principally the Australian Dollar, the Canadian Dollar, the Saudi Arabian Riyal, the Singapore Dollar and the British Pound. During the year ended September 30, 2019, we earned approximately 21% and 5% of revenue and operating income, respectively, from our foreign subsidiaries. International business exposes us to certain risks.

- Tax regulations may penalize us if we transfer funds or debt across international borders; accordingly, we may not be able to use our cash in the locations where needed. The passage of the Tax Cuts and Jobs Act in the United States in December 2017 eliminated many of these incremental penalties. As a result, we remitted a significant portion of our cash to the United States. Although this has been a significant benefit, some international transaction limitations still exist and there is no guarantee that the current U.S. tax regime will remain in place. To mitigate our risks with respect to transferring funds, we maintain sufficient working capital, or have sufficient capital available to us under our credit facility, both within and outside the U.S., to support the short-term and long-term capital requirements of the businesses in each region. We establish our legal entities to make efficient use of tax laws and holding companies to minimize this exposure. At September 30, 2019, we held $20.3 million of cash outside the United States, of which $18.9 million was held in currencies other than the U.S. Dollar.

- We are subject to exposure from foreign currency fluctuations. Our foreign subsidiaries typically incur costs in the same currency as they earn revenue, thus limiting our exposure to unexpected currency fluctuations. Further, the operations of the U.S. business do not depend upon cash flows from foreign subsidiaries. However, declines in the relevant strength of foreign currencies against the U.S. Dollar will affect our revenue mix, profit margin and tax rate.

Summary of consolidated results

The following table sets forth, for the fiscal years indicated, information derived from our statements of operations.

	Year ended September 30,		
(dollars in thousands, except per share data)	**2019**	**2018**	**2017**
Revenue	$ 2,886,815	$ 2,392,236	$ 2,450,961
Cost of revenue	2,215,631	1,797,851	1,839,056
Gross profit	671,184	594,385	611,905
Gross profit margin	23.2 %	24.8 %	25.0 %
Selling, general and administrative expense	321,023	285,241	284,593
Selling, general and administrative expense as a percentage of revenue	11.1 %	11.9 %	11.6 %
Amortization of intangible assets	33,054	10,308	12,208
Restructuring costs	—	3,353	2,242
Gain on sale of a business	—	—	650
Operating income	317,107	295,483	313,512
Operating income margin	11.0 %	12.4 %	12.8 %
Interest expense	2,957	1,000	2,162
Other income, net	3,170	4,726	2,885
Income before income taxes	317,320	299,209	314,235
Provision for income taxes	76,825	78,393	102,053
Effective tax rate	24.2 %	26.2 %	32.5 %
Net income	240,495	220,816	212,182
(Loss)/income attributable to noncontrolling interests	(329)	65	2,756
Net income attributable to MAXIMUS	$ 240,824	$ 220,751	$ 209,426
Basic earnings per share attributable to MAXIMUS	$ 3.73	$ 3.37	$ 3.19
Diluted earnings per share attributable to MAXIMUS	$ 3.72	$ 3.35	$ 3.17

The following tables provide an overview of the significant elements of our consolidated statements of operations including information about our business segments and the factors driving revenue growth and profitability.

Revenue, cost of revenue and gross profit

Our revenue reflects fees earned for services provided. Cost of revenue consists of direct costs related to labor and related overhead, subcontractor labor, outside vendors, rent and other direct costs. The largest component of cost of revenue, approximately two-thirds, is labor (both our labor and subcontracted labor). Changes in revenue, cost of revenue and gross profit between fiscal years 2017 and 2019 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change from prior year	Dollars in thousands	Percentage change from prior year	Dollars in thousands	Percentage change from prior year
Balance for fiscal year 2017	$ 2,450,961		$ 1,839,056		$ 611,905	
Organic growth/(decline)	(83,409)	(3.4)%	(60,873)	(3.3)%	(22,536)	(3.7)%
Acquired growth	1,096	— %	799	— %	297	— %
Currency effect compared to the prior period	23,588	1.0 %	18,869	1.0 %	4,719	0.8 %
Balance for fiscal year 2018	$ 2,392,236	(2.4)%	$ 1,797,851	(2.2)%	$ 594,385	(2.9)%
Organic growth/(decline)	(85,635)	(3.6)%	(49,782)	(2.8)%	(35,853)	(6.0)%
Acquired growth	615,656	25.7 %	498,010	27.7 %	117,646	19.8 %
Currency effect compared to the prior period	(35,442)	(1.5)%	(30,448)	(1.7)%	(4,994)	(0.8)%
Balance for fiscal year 2019	$ 2,886,815	20.7 %	$ 2,215,631	23.2 %	$ 671,184	12.9 %

Changes in revenue and gross profit between the fourth quarter of fiscal year 2018 and the fourth quarter of fiscal year 2019 are shown below.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change from prior year	Dollars in thousands	Percentage change from prior year	Dollars in thousands	Percentage change from prior year
Balance for three months ended September 30, 2018	$ 558,446		$ 419,508		$ 138,938	
Organic growth/(decline)	28,783	5.2 %	32,532	7.8 %	(3,749)	(2.7)%
Acquired growth	175,009	31.3 %	140,926	33.6 %	34,083	24.5 %
Currency effect compared to the prior period	(7,272)	(1.3)%	(6,250)	(1.5)%	(1,022)	(0.7)%
Balance for three months ended September 30, 2019	$ 754,966	35.2 %	$ 586,716	39.9 %	$ 168,250	21.1 %

We have shown movements in revenue, cost of revenue and gross profit in three categories: organic growth/(decline), acquired growth and currency effects.

- Our organic revenue growth or decline reflects changes in our contract portfolio from our existing business, supplemented with new work. Most of our contracts are multi-year arrangements, built upon long-term relationships which allow us to maintain a strong backlog of work to sustain our revenues. In any year, we anticipate approximately 7% to 10% attrition of work as contracts end or are lost; contracts are rebid with reduced volumes, scope, rates or a combination of all three; contracted work is in-sourced by our customer or we elect not to rebid. We also maintain a small portfolio of non-recurring short-term projects. To achieve organic growth, we must obtain more work than is lost. We have experienced organic declines in our business across all three of our segments during the past two fiscal years driven by different factors. These are addressed in more detail below.

- Our acquisitions provide additional growth to our contract portfolio, offset by divestitures. We show acquired revenue and costs for one year after the date of the acquisition to allow for a like-for-like comparison. Acquired growth in fiscal year 2019 was from our citizen engagement centers business acquisition within our U.S. Federal Services business and the results of our fourth quarter acquisitions of GT Hiring Solutions, which is in our Outside the U.S. Segment. Our acquired growth in fiscal year 2018 was exclusively from our acquisition of Revitalised within our Outside the U.S. Segment.

- Our business is affected by fluctuations in foreign currencies in the jurisdictions where we operate. Although revenue and related costs are typically earned and incurred in the same currency, a significant change in foreign exchange rates may impact our overall profit margins. We show the impact of currency fluctuations by reporting the difference between our results using current year exchange rates and those results which would have been reported if the average rates utilized in the prior year had prevailed. Currency effects are exclusively within the Outside the U.S. Segment.

Other operating expenses and benefits

Selling, general and administrative expense (SG&A) consists of costs related to general management, marketing and administration. These costs include salaries, benefits, bid and proposal efforts, travel, recruiting, continuing education, employee training, non-chargeable labor costs, facilities costs, printing, reproduction, communications, equipment depreciation, bad debt expense, legal expenses and the costs of business combinations. Our SG&A is primarily composed of labor costs. These costs may be incurred at a segment level, for dedicated resources which are not client-facing, or at a corporate level. Corporate costs are allocated to segments on a consistent, rational basis. Unlike cost of revenue, SG&A is not directly driven by fluctuations in our revenue.

Our SG&A remained steady between 2018 and 2017. Increases in fiscal year 2019 were the result of the acquisition of the citizen engagement centers business, which added additional infrastructure as well as approximately $2.7 million of acquisition-related expenses.

During fiscal years 2018 and 2017, we undertook a restructuring of our United Kingdom operations. We recorded restructuring costs of $3.4 million and $2.2 million, respectively, principally severance expenses.

On May 9, 2016, we sold our K-12 Education business. Following the settlement in certain contingencies in fiscal year 2017, we recorded a gain of $0.7 million.

Interest expense and other income

Our interest expense principally results from our U.S.-based credit facility, which was used to acquire the citizens engagement centers business as well as covering short-term working capital needs throughout the year. Credit facilities are also in place in some of our jurisdictions outside the United States.

We earn interest on some of our cash and investment balances that are in excess of our working capital requirements. In fiscal year 2018, we received insurance recoveries related to property damage and generated interest income on our cash balances through short-term investments. In fiscal year 2017, we received interest income on research and development tax credits which pertained to prior years.

Income taxes

Our effective tax rate for fiscal years 2019, 2018 and 2017, was 24.2%, 26.2% and 32.5%, respectively.

Our income tax expense has received a significant benefit from the Tax Cuts and Jobs Act which reduced the statutory U.S. federal income tax rate from 35% to 21% in January 2018. In addition to the decline in rates, we received a one-time benefit in fiscal year 2018 from the reduction of net deferred tax liabilities. This benefit was offset by a one-time charge for undistributed and previously untaxed earnings in foreign locations, as well as the removal of certain tax credits and exemptions. In fiscal year 2019, we also received benefits from tax credits in the United States. We anticipate that our effective tax rate for fiscal year 2020, will be between 24.5% and 25.5%.

Our income tax expense in fiscal years 2019, 2018 and 2017 received benefits of $4.8 million, $2.8 million and $6.6 million from the vesting of restricted stock units (RSUs) and the exercise of stock options. Our annual benefit or charge related to the vesting of RSUs is dependent upon the timing, amount and share price on the date that the awards become available to owners of RSUs. Although most of our RSUs vest in the fourth quarter, we have a significant population of RSUs whose issuance has been deferred which might result in unpredictable movements in our tax provision. As of September 30, 2019, we have no outstanding stock options.

U.S. Health and Human Services Segment

Our U.S. Health and Human Services Segment provides a variety of business process services such as program administration, appeals and assessments work and related consulting work for U.S. state and local government programs. These services support a variety of programs including the Affordable Care Act (ACA), Medicaid and the Children's Health Insurance Program (CHIP). We also serve as administrators in state-based welfare-to-work and child support programs.

	Year ended September 30,		
(dollars in thousands)	2019	2018	2017
Revenue	$ 1,176,488	$ 1,213,911	$ 1,220,086
Cost of revenue	832,379	854,287	871,180
Gross profit	344,109	359,624	348,906
Selling, general and administrative expense	123,275	140,990	144,014
Operating income	220,834	218,634	204,892
Gross profit percentage	29.2 %	29.6 %	28.6 %
Operating margin percentage	18.8 %	18.0 %	16.8 %

Our U.S. Health and Human Services revenue and cost of revenue declined in fiscal years 2018 and 2019. All of our revenue and cost movement was organic.

A number of contracts have been rebid or extended in the past two years. When we are subject to a rebid or a sole-source extension of a contract, we may negotiate a revenue reduction in order to retain the business, reducing both our revenue and gross profit margin. Over the life of a contract, we strive to improve performance through scope increases and operating efficiencies. These actions, as well as several new work opportunities, has provided organic growth in the fourth quarter of fiscal year 2019 and we expect it will continue to do so in fiscal year 2020.

As noted above, our acquisition of the citizen engagement centers business provided a benefit to our operating profit margins in this segment through the absorption of a greater share of indirect costs.

Changes in U.S. Health and Human Services segment revenue and gross profit between the fourth quarter of fiscal year 2018 and the fourth quarter of fiscal year 2019 are shown below. Our organic revenue growth was offset by challenges we experienced on a single contract which commenced during fiscal year 2019. During the fourth quarter, our losses included a charge of $3.7 million related to the write-off on long-lived assets associated with this contract.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change from prior year	Dollars	Percentage change from prior year	Dollars	Percentage change from prior year
Balance for the three months ended September 30, 2018	$ 288,944		$ 201,562		$ 87,382	
Organic growth/(decline)	11,462	4.0 %	15,690	7.8 %	(4,228)	(4.8)%
Balance for the three months ended September 30, 2019	$ 300,406	4.0 %	$ 217,252	7.8 %	$ 83,154	(4.8)%

U.S. Federal Services Segment

Our U.S. Federal Services Segment provides business process solutions, including program administration, appeals and assessments services and system and software development and maintenance services for various U.S. federal civilian programs. The segment also contains some state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment.

	Year ended September 30,		
(dollars in thousands)	2019	2018	2017
Revenue	$ 1,111,197	$ 478,911	$ 545,573
Cost of revenue	869,127	352,213	406,252
Gross profit	242,070	126,698	139,321
Selling, general and administrative expense	126,128	69,312	74,345
Operating income	115,942	57,386	64,976
Gross profit percentage	21.8 %	26.5 %	25.5 %
Operating margin percentage	10.4 %	12.0 %	11.9 %

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change over previous year	Dollars in thousands	Percentage change over previous year	Dollars in thousands	Percentage change over previous year
Balance for fiscal year 2017	$ 545,573		$ 406,252		$ 139,321	
Organic decline	(66,662)	(12.2)%	(54,039)	(13.3)%	(12,623)	(9.1)%
Balance for fiscal year 2018	$ 478,911	(12.2)%	352,213	(13.3)%	126,698	(9.1)%
Organic growth/(decline)	17,160	3.6 %	19,222	5.5 %	(2,062)	(1.6)%
Acquired growth	615,126	128.4 %	497,692	141.3 %	117,434	92.7 %
Balance for fiscal year 2019	$ 1,111,197	132.0 %	$ 869,127	146.8 %	$ 242,070	91.1 %

This segment received the benefit of acquired growth from the citizen engagement centers business, which provided revenues beginning November 16, 2018. The most significant contracts acquired are cost-plus arrangements and, accordingly, the profit margin is lower than our existing business which includes more profitable fixed fee and transaction-based work.

Included with the acquired business are the operations of the Census Questionnaire Assistance 2020 (CQA) contract. The CQA contract is ramping up slower than we had previously expected but we continue to anticipate $360 million of revenue in fiscal year 2020, with less than $50 million of revenue in fiscal year 2021. Our fiscal year 2019 results included CQA revenue of $185 million. We expect that our CQA work in fiscal year 2020 will be higher in the first part of the year than the latter. Our expectations may change as the contract workload escalates or as changes are made to the contract.

We have experienced organic revenue declines since fiscal year 2017.

- A significant subcontract for the Department of Veterans Affairs ended in fiscal year 2017.
- Earlier years received the benefit of short-term disaster relief work which has not been repeated.
- Contracts came to their anticipated end.
- Contracts acquired with Acentia, which were reserved for small businesses, were rebid.

We experienced organic growth in fiscal year 2019 as a result of new contracts, including an agreement with the Universal Service Administrative Company (USAC) administering the E-rate program. We continue to utilize the project vehicles acquired with Acentia in fiscal year 2015 to enhance and expand our service offerings to the United States Federal Government.

Changes in the U.S. Federal Services Segment revenue and gross profit between the fourth quarter of fiscal year 2018 and the fourth quarter of fiscal year 2019 are shown below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for three months ended September 30, 2018	$ 117,375		$ 83,685		$ 33,690	
Organic growth/(decline)	20,325	17.3 %	21,300	25.5 %	(975)	(2.9)%
Acquired growth	174,479	148.7 %	140,608	168.0 %	33,871	100.5 %
Balance for three months ended September 30, 2019	$ 312,179	166.0 %	$ 245,593	193.5 %	$ 66,586	97.6 %

Outside the U.S. Segment

Our Outside the U.S. Segment provides BPS solutions for governments and commercial clients outside the United States, including health and disability assessments, program administration for welfare-to-work services and other related services. We support programs and deliver services in the United Kingdom, including HAAS, the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; Saudi Arabia and Singapore.

	Year ended September 30,		
(dollars in thousands)	2019	2018	2017
Revenue	$ 599,130	$ 699,414	$ 685,302
Cost of revenue	514,125	591,351	561,624
Gross profit	85,005	108,063	123,678
Selling, general and administrative expense	68,944	72,095	64,742
Operating income	16,061	35,968	58,936
Gross profit percentage	14.2 %	15.5 %	18.0 %
Operating margin percentage	2.7 %	5.1 %	8.6 %

Changes in revenue, cost of revenue and gross profit for the 2018 and 2019 fiscal years are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change over previous year	Dollars in thousands	Percentage change over previous year	Dollars in thousands	Percentage change over previous year
Balance for fiscal year 2017	$ 685,302		$ 561,624		$ 123,678	
Organic decline	(10,571)	(1.5)%	10,060	1.8 %	(20,631)	(16.7)%
Acquired growth	1,096	0.2 %	799	0.1 %	297	0.2 %
Currency effect compared to the prior period	23,587	3.4 %	18,868	3.4 %	4,719	3.8 %
Balance for fiscal year 2018	$ 699,414	2.1 %	$ 591,351	5.3 %	$ 108,063	(12.6)%
Organic decline	(65,373)	(9.3)%	(47,096)	(8.0)%	(18,277)	(16.9)%
Acquired growth	530	0.1 %	318	0.1 %	212	0.2 %
Currency effect compared to the prior period	(35,441)	(5.1)%	(30,448)	(5.1)%	(4,993)	(4.6)%
Balance for fiscal year 2019	$ 599,130	(14.3)%	$ 514,125	(13.1)%	$ 85,005	(21.3)%

Our Outside the U.S. Segment reported declining organic revenues and reduced profit margins across fiscal years 2018 and 2019. These declines are primarily driven by market conditions and the turnover of our contracts.

- We are challenged across the segment by low unemployment rates in the geographies in which we operate. As a consequence, we are required to adapt our methodology to serve the needs of our clients' populations. This results in smaller and harder-to-serve populations.
- Our most significant contracts have reached their expected end, reducing revenues by approximately $36 million. The replacement contracts have a different focus and place a greater emphasis on sustained employment outcomes. The United Kingdom government is placing a greater focus on programs designed to provide a more holistic approach to support the disabled and long-term sick populations into sustained employment. These changes are detrimental to our profit margin as the caseload from contracts ending steadily declines. Although contracts are continuing to report operating losses, we anticipate that they will move to profitability in fiscal year 2020.
- The jobactive contract in Australia includes discretionary spending reimbursed to us with no margin. We have received approximately $16 million less in these revenues and costs in fiscal year 2019 compared to fiscal year 2018.
- In the second half of fiscal year 2019, a component of a Canadian contract was discontinued as our client considers a new approach. This work was highly accretive.

At the beginning of fiscal year 2019, we changed the manner in which we recognize revenue on many of our contracts, with the majority of the changes occurring within the Outside the U.S. Segment. In fiscal year 2019, we recognized $4.0 million under this methodology which would not have been recorded using the previous methodology.

Our acquired growth in fiscal year 2019 reflects the acquisition of GT Holding Solutions. Our acquired growth in fiscal year 2018 represents ten months of operations of Revitalised, a United Kingdom business acquired in fiscal year 2017.

The continued strength of the United States Dollar against the currencies outside the U.S. resulted in declines in annual revenue and costs on a U.S. Dollar basis in fiscal year 2019 compared to fiscal year 2018.

Approximately half of our revenue within the Outside the U.S. Segment is generated through contracts within the United Kingdom, most of which are with government agencies. As such, we are closely monitoring developments as the United Kingdom Government negotiates a withdrawal from the European Union. We do not anticipate the withdrawal to have a material direct effect on our business in the United Kingdom due to the nature of our customer base and the absence of cross-border operations. However, regardless of the nature and timing of the withdrawal, the uncertainty over the process and the eventual outcome is affecting us indirectly. We anticipate we will be subject to political risks, as legislative priorities may change, the economic risks from the pre- and post-withdrawal environment, and we may, along with other businesses, experience difficulty in recruiting and retaining employees.

Changes in the Outside the U.S. segment revenue and gross profit between the fourth quarter of fiscal year 2018 and the fourth quarter of fiscal year 2019 are shown below. Much of our organic decline in revenue and costs was from Australian pass-through services noted above. Our profit margin received the benefit of improved services on our HAAS contract and our new Australia contracts, which started in the fourth quarter of fiscal year 2018.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change over previous year	Dollars in thousands	Percentage change over previous year	Dollars in thousands	Percentage change over previous year
Balance for three months ended September 30, 2018	$ 152,127		$ 134,261		$ 17,866	
Organic growth/(decline)	(3,004)	(2.0)%	(4,458)	(3.3)%	1,454	8.1 %
Acquired growth	530	0.3 %	318	0.2 %	212	1.2 %
Currency effect compared to the prior period	(7,272)	(4.8)%	(6,250)	(4.7)%	(1,022)	(5.7)%
Balance for three months ended September 30, 2019	$ 142,381	(6.4)%	$ 123,871	(7.7)%	$ 18,510	3.6 %

Changes in lease accounting

On October 1, 2019, we adopted a new methodology for accounting for our leases. Although we do not expect any changes to our consolidated statements of operations, we will prospectively show all of our leases, except for some short-term arrangements, on our balance sheet as an asset, representing our right to use the leased property, and a liability, representing our future obligations under the lease agreement. Although this new methodology will increase our balance sheet liabilities, we do not anticipate any significant effect on our debt covenants or any other similar arrangements.

Liquidity and capital resources

Our principal source of liquidity is our cash flows from operations. These cash flows are used to fund our ongoing operations and working capital needs as well as investments in capital infrastructure purchases of our own common stock and business combinations. These operating cash flows are driven by our contracts and their payment terms. For many contracts, we are reimbursed for the costs of startup operations, although there may be a gap between incurring and receiving these funds. Other factors which may cause shortfalls in cash flows include contract terms where payments are tied to outcome deliveries, which may not correspond with the costs incurred to achieve these outcomes and short-term delays where government budgets are constrained.

To supplement our operating cash flows, we maintain and utilize our credit facility, which allows us to borrow up to $400 million, subject to standard covenants. In November 2018, we utilized $150 million of borrowing to acquire the citizen engagement centers business, with the balance coming from existing cash balances. We have since repaid this balance in full. Our foreign locations have access to borrowing facilities which they may use to cover short-term working capital needs or small acquisitions, such as our acquisition of GT Hiring Solutions in August 2019.

We believe our cash flows from operations to be sufficient to meet our day-to-day requirements.

Our priority for cash utilization is to actively pursue new growth opportunities. We also maintain our quarterly dividend program and, where opportunities arise, make purchases of our own shares.

We have no requirement to remit funds from our foreign locations back to the United States. With the passage in the United States of the Tax Cuts and Jobs Act, we have been able to transfer a significant amount of funds from our foreign locations on a tax-free basis. We will continue to explore opportunities to bring back additional funds, taking into consideration the working capital requirements and relevant tax rules in each jurisdiction. When we are unable to remit funds back without incurring a penalty, we will consider these funds indefinitely reinvested until such time as these restrictions are changed. As a result, we do not record U.S. deferred income taxes on any funds held in foreign jurisdictions. We have not attempted to calculate our potential liability from any transfer of these funds as any such transaction might include tax planning strategies which we have not fully explored. Accordingly, it is not possible to estimate the potential tax obligations if we were to remit all of our funds from foreign locations to the United States. At September 30, 2019, we held $18.9 million of cash or cash equivalents in foreign locations in foreign currencies.

The following table provides a summary of our cash flow information for the three years ended September 30, 2019. Our presentation of cash flows has changed in fiscal year 2019 following adoption of new accounting standards. See "Note 1. Business and summary of significant accounting policies" in Item 8 of this Annual Report on Form 10-K.

	Year ended September 30,		
(dollars in thousands)	**2019**	**2018**	**2017**
Net cash provided by/(used in):			
Operations	$ 356,727	$ 316,774	$ 336,424
Investing activities	(483,883)	(45,237)	(25,221)
Financing activities	(110,859)	(91,880)	(215,429)
Effect of exchange rates on cash and cash equivalents	(2,052)	(2,825)	3,660
Net (decrease)/increase in cash, cash equivalents and restricted cash	$ (240,067)	$ 176,832	$ 99,434

The factors influencing cash flows from operations are:

- The acquisition of the citizen engagement centers business,
- Our cash collections,
- Our cash payments, and
- The timing of tax payments.

The acquisition of the citizen engagement centers business in November 2018 increased both the cash we collect from our customers and the payments we make to both employees and vendors. At the time of the acquisition, the working capital was higher than is typical due to the timing of billings and payroll and the seasonality of the business. While this increased the investment required, this was offset by the collection of this excess capital during the fiscal year.

We measure our ability to collect receivables from customers using our Days Sales Outstanding (DSO) calculation. We have a target range for DSO of 65 to 80 days and we have typically stayed within the lower end of this range during the past three fiscal years. During both fiscal years 2018 and 2017, we experienced strong cash collections, particularly towards the end of the year, and reported a DSO of 63 days at September 30, 2018 and 2017. This resulted in significant cash flows from customers in both years, particularly in 2017. Our DSO balance at September 30, 2019 was 72 days. Approximately four days of this increase resulted from our adoption of a new revenue recognition standard in fiscal year 2019, which increased our unbilled receivables balance. In addition, the ongoing ramp up in the Census contract will result in a significant increase in receivables throughout most of fiscal year 2020.

During the second half of fiscal year 2019, we implemented a new accounts payable system in the United States. As a result, our payable balance at year end was higher than is typical by approximately $25 million to $30 million. This had a beneficial effect on our operating cash flows in fiscal year 2019, which we anticipate will be reversed in fiscal year 2020.

Our tax payments for September 30, 2019, 2018 and 2017 were $69.2 million, $65.3 million and $87.8 million, respectively. Tax payments are lower in fiscal year 2019 and 2018 due to the Tax Cuts and Jobs Act in the United States.

Our principal investing activity in fiscal year 2019 was the acquisition of the citizen engagement centers business, which required a cash outflow of $430.7 million, as well as a further investment in software licenses of $4.5 million to cover software license additions for newly-acquired employees. We also acquired GT Hiring Solutions and bought out our business partners in the United Kingdom and Saudi Arabia.

Our cash flows from financing activities were our use of our credit facility, our purchases of our common stock and our quarterly dividend.

During fiscal year 2017, we repaid borrowings on our credit facility from two acquisitions, principally utilizing cash flows from our operations in the United States. Some debt balances exist at September 30, 2019, including some held by our foreign businesses to cover short-term working capital obligations, a balance to fund the acquisition of GT Hiring in August 2019 and other small balances. Our use of the credit facilities in fiscal year 2020 will be dependent upon our need to fund acquisitions.

We purchased 0.7 million, 1.1 million and 0.6 million shares of our common stock during fiscal years 2019, 2018 and 2017, utilizing cash of $143.2 million. At September 30, 2019, we had $146.0 million available for future purchases under a plan approved by our Board of Directors. Our share purchases are at the discretion of our Board of Directors and depend upon our future operations and earnings, capital requirements general financial condition, contractual restrictions and other factors our Board of Directors may deem relevant.

In fiscal year 2019, we paid a dividend of $0.25 per common share per quarter. This resulted in a cash outflow of $63.9 million. In fiscal year 2020, we commenced paying a quarterly dividend of $0.28 per share. In fiscal years 2018 and 2017, our quarterly dividend payment of $0.045 per common share resulted in a cash outflow of approximately $12 million per year.

Where possible, we identify surplus funds in foreign locations and place them into entities with the U.S. Dollar as their functional currency, reducing our exposure to foreign currencies. We mitigate our foreign currency exchange risks within our operating divisions through incurring costs and cash outflows in the same currency as our revenue.

To supplement our statements of cash flows presented on a GAAP basis, we use the measure of free cash flow to analyze the funds generated from operations.

	Year ended September 30,		
(dollars in thousands)	**2019**	**2018**	**2017**
Cash provided by operations	$ 356,727	$ 316,774	$ 336,424
Purchases of property and equipment and capitalized software costs	(66,846)	(26,520)	(24,154)
Capital expenditure as a result of the acquisition	4,542	—	—
Free cash flow	$ 294,423	$ 290,254	$ 312,270

Obligations and commitments

The following table summarizes our contractual obligations at September 30, 2019, that require the Company to make future cash payments:

	Payments due by period				
(dollars in thousands)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Operating leases	$ 237,657	$ 101,724	$ 94,659	$ 33,979	$ 7,295
Debt(1)	9,889	9,658	231	—	—
Deferred compensation plan liabilities(2)	37,019	2,940	3,519	1,570	28,990
Total	$ 284,565	$ 114,322	$ 98,409	$ 35,549	$ 36,285

(1) The debt balance of $9.9 million at September 30, 2019, is made up of short-term borrowings and an interest-free loan. Accordingly, no interest has been estimated.

(2) Deferred compensation plan liabilities are typically payable at times elected by the employee at the time of deferral. The timing of these payments are based upon elections in place at September 30, 2019, but these may be subject to change. Payments falling due may be deferred again by the employee, delaying the obligation. Payments may also be accelerated if an employee ceases employment with us or applies for a hardship payment. At September 30, 2019, we held assets of $34.5 million in a Rabbi Trust which could be used to meet these obligations.

Off-balance sheet arrangements

Other than our operating lease commitments, we do not have material off-balance sheet risk or exposure to liabilities that are not recorded or disclosed in our financial statements. We have significant operating lease commitments for office space; those commitments are generally tied to the period of performance under related contracts. Although for certain contracts we are bound by performance bond commitments and standby letters of credit, we have not had any defaults resulting in draws on performance bonds. We do not speculate in derivative transactions. In the past, we have utilized interest rate derivatives to add stability to interest expense and to manage our exposure to interest rate movements.

Effects of inflation

As measured by revenue, approximately 38% of our business in fiscal year 2019 was conducted under cost-plus pricing arrangements that adjust revenue to cover costs increased by inflation. Approximately 6% of the business was time-and-material pricing arrangements where labor rates are often fixed for several years. We generally have been able to price these contracts in a manner that accommodates the rates of inflation experienced in recent years. Our remaining contracts are fixed-price and performance-based and are typically priced to mitigate the risk of our business being adversely affected by inflation.

Critical accounting policies and estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect the amounts reported. We consider the accounting policies below to be the most important to our financial position and results of operations either because of the significance of the financial statement item or because of the need to use significant judgment in recording the balance. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates. Our significant accounting policies are summarized in "Note 1. Business and summary of significant accounting policies" of the Consolidated Financial Statements included in Item 8 in this Annual Report on Form 10-K.

Revenue Recognition. Although much of our revenue is recognized concurrently with billing or over time following billing, some of our revenue requires us to make estimates. These estimates are typically reviewed quarterly with any changes being recorded as a cumulative catch-up in revenue. Our most significant estimates are listed below.

- Some of our performance-based contract revenue is recognized based upon future outcomes defined in each contract. This is the case in many of our welfare-to-work contracts in the Outside the U.S. Segment, where we are paid as individuals attain employment goals, which may take many months to achieve. We recognize revenue on these contracts over the period of performance. Our estimates vary from contract to contract but may include estimates of the number of participants, the length of the contract or the participants reaching employment milestones. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery. These estimates are updated on a quarterly basis, with changes in estimate being taken to our income statement. During the year ended September 30, 2019, we recognized revenue from these performance-based fees of $91.3 million. Our accounts receivable - unbilled balance at September 30, 2019 included $47.0 million of these estimated outcome fees.

- Other performance-based contracts with future outcomes include those where we recognize an average effective rate per participant based upon the total volume of expected participants. In this instance, we are required to estimate the amount of discount applied to determine the average rate of revenue per participant. This balance is estimated each quarter and changes to revenue recorded through a cumulative catch-up. During fiscal year 2019, we have recognized $144.0 million on contracts using an average effective rate.

Business combinations and goodwill. Our balance sheet at September 30, 2019 includes $584.5 million of goodwill and $179.3 million of net intangible assets. These assets are created through business acquisitions and their creation and maintenance requires certain critical estimates.

- During an acquisition, we are required to estimate the fair value of all acquired tangible and intangible assets, as well as liabilities assumed, in order to allocate the purchase price. For many assets acquired and liabilities assumed, the calculation of fair value requires little judgment as balances may be readily convertible to cash receipts or cash payments or there may be an active market against which to measure value. For the valuation of intangible assets, significant judgment may be necessary in identifying and valuing such assets. This valuation will also involve identifying the useful economic life of this asset. Our estimates of these fair values and useful economic lives are based upon assumptions we believe to be reasonable and, where appropriate, include assistance from third-party appraisal firms. During fiscal year 2019, we completed the acquisition of the citizens engagement centers business. Our accounting for this acquisition included determining the fair value of the customer relationships intangible assets acquired. In making our determination of the fair value of these assets, we estimated discount rates, projected revenue growth margins and profit margins, These assumptions relate to the future performance of the acquired business, are forward-looking and could be affected by future economic and market conditions.
- The excess purchase price over the identified net assets is considered to be goodwill. Goodwill is recorded at the reporting unit level. The identification of our reporting units requires judgment based upon the manner in which our business is operated and the services performed. We believe our reporting units are consistent with our segments. Where we have acquisitions which provide services to more than one segment, or where the acquisition provides benefits across all of our segments, we use judgment to allocate the goodwill balance based upon the relative value we anticipate that each segment will realize.
- Goodwill is not amortized, but is subject to impairment testing on an annual basis, or more frequently if impairment indicators arise. Impairment testing is performed at the reporting unit level. This process requires judgment in assessing the fair value of these reporting units. At July 1, 2019, the Company performed its annual impairment test and determined that there had been no impairment of goodwill. In performing this assessment, the Company utilizes an income approach. Such an approach requires estimation of future operating cash flows including business growth, utilization of working capital and discount rates. The valuation of the business as a whole is compared to the Company's market capital at the date of the acquisition in order to verify the calculation. In all cases, we determined that the fair value of our reporting units was significantly in excess of our carrying value to the extent that a 25% decline in fair value in any reporting unit would not have resulted in an impairment charge.

Contingencies. From time to time, we are involved in legal proceedings, including contract and employment claims, in the ordinary course of business. We assess the likelihood of any adverse judgments or outcomes to these contingencies, as well as potential ranges of probable losses and establish reserves accordingly. The amount of reserves required may change in future periods due to new developments in each matter or changes in approach to a matter such as a change in settlement strategy. We are also subject to audits by our government clients on many of our contracts based upon measures such as costs incurred or transactions processed. These audits may take place several years after a contract has been completed. We maintain reserves where we are able to estimate any potential liability which are updated as audits are completed.

Non-GAAP and other measures

We utilize non-GAAP measures where we believe it will assist the user of our financial statements in understanding our business. The presentation of these measures is meant to complement, but not replace, other financial measures in this document. The presentation of non-GAAP numbers is not meant to be considered in isolation, nor as an alternative to revenue growth, cash flows from operations or net income as measures of performance. These non-GAAP measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

In recent years, we have made a number of acquisitions. We believe users of our financial statements wish to evaluate the performance of our underlying business, excluding changes that have arisen due to businesses acquired. We provide organic revenue growth as a useful basis for assessing this. To calculate organic revenue growth, we compare current year revenue excluding revenue from these acquisitions to our prior year revenue.

In fiscal year 2019, 21% of our revenue was generated outside the U.S. We believe that users of our financial statements wish to understand the performance of our foreign operations using a methodology which excludes the effect of year-over-year exchange rate fluctuations. To calculate year-over-year currency movement, we determine the current year's results for all foreign businesses using the exchange rates in the prior year. We refer to this adjusted revenue on a "constant currency basis."

In order to sustain our cash flows from operations, we require regular refreshing of our fixed assets and technology. We believe that users of our financial statements wish to understand the cash flows that directly correspond with our operations and the investments we must make in those operations using a methodology which combines operating cash flows and cash flows required for the replacement of property, equipment and software. We provide free cash flow to complement our statement of cash flows. Free cash flow shows the effects of the Company's operations and routine capital expenditures and excludes the cash flow effects of acquisitions, purchases of our own shares, dividend payments and other financing transactions. We have provided a reconciliation of free cash flow to cash provided by operations.

To sustain our operations, our principal source of financing comes from receiving payments from our customers. We believe that users of our financial statements wish to evaluate our efficiency in converting revenue into cash receipts. Accordingly, we provide DSO, which we calculate by dividing billed and unbilled receivable balances at the end of each quarter by revenue per day for the period. Revenue per day for a quarter is determined by dividing total revenue by 91 days.

We have a $400 million credit facility. Our credit agreement includes the defined term Consolidated EBITDA and our calculation of Adjusted EBITDA conforms to the credit agreement definition. We believe our investors appreciate the opportunity to understand the possible restrictions which arise from our credit agreement.

- Adjusted EBITDA is also a useful measure of performance which focuses on the cash generating capacity of the business as it excludes the non-cash expenses of depreciation and amortization, and makes for easier comparisons between the operating performance of companies with different capital structures by excluding interest expense and therefore the impacts of financing costs.

- The measure of Adjusted EBITA is a step in calculating Adjusted EBITDA and facilitates comparisons to similar businesses as it isolates the amortization effect of business combinations.

- Our credit facility requires us to calculate Adjusted EBITDA on a pro forma basis as though we had owned any significant acquired business for a full twelve month period prior to the acquisition.

We have provided a reconciliation from net income to Adjusted EBITA, Adjusted EBITDA and Pro Forma Adjusted EBITDA below.

	Year ended September 30,		
(in thousands)	**2019**	**2018**	**2017**
Net income attributable to MAXIMUS	$ 240,824	$ 220,751	$ 209,426
Interest expense	(2,591)	379	3,466
Provision for income taxes	76,825	78,393	102,053
Amortization of intangible assets	33,054	10,308	12,208
Stock compensation expense	20,774	20,238	21,365
Acquisition-related expenses	2,691	947	83
Gain on sale of a business	—	—	(650)
Adjusted EBITA	371,577	331,016	347,951
Depreciation and amortization of property, plant, equipment and capitalized software	52,404	51,884	55,769
Adjusted EBITDA	$ 423,981	$ 382,900	$ 403,720
Additional adjusted EBITDA related to the citizen engagement centers acquisition from the pre-acquisition period	$ 6,695		
Pro forma adjusted EBITDA	$ 430,676		

ITEM 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

Our exposure to market risks generally relates to changes in foreign currency exchange rates.

At September 30, 2019 and 2018, we held net assets denominated in currencies other than the U.S. Dollar of $176.3 million and $100.3 million, respectively. Of these balances, cash and cash equivalents comprised $18.9 million and $46.4 million, respectively. Accordingly, in the event of a 10% unfavorable exchange rate movement across these currencies, we would have reported the following incremental effects on our comprehensive income and our cash flow statement (in thousands).

	As of September 30,	
	2019	2018
Comprehensive income attributable to MAXIMUS	$ (17,630)	$ (10,030)
Net decrease in cash and cash equivalents	(1,890)	(4,640)

Included within our net assets held in international currency are assets which we consider to be monetary assets — those which hold a fair value close to their book value and which represent a recent cash outflow or which will become a cash inflow or outflow within a short period of time. These assets and liabilities are typically cash, billed, billable and unbilled accounts receivable, current prepaid expenses, accounts payable, accrued compensation, deferred revenue and debt. At September 30, 2019, the net value of these assets and liabilities was $56.7 million.

Where possible, we identify surplus funds in foreign locations and place them into entities with the U.S. Dollar as their functional currency, reducing our exposure to foreign currencies. We mitigate our foreign currency exchange risks within our operating divisions through incurring costs and cash outflows in the same currency as our revenue.

We are exposed to interest rate risk through our revolving credit facility and other short term borrowings. Our interest rate for the revolving credit facility is based upon the one-month London Interbank Offering Rate (LIBOR) or equivalent plus a premium based upon our leverage; this premium is currently 1%. The one-month LIBOR at September 30, 2019, was 2.02%. We had no borrowings under the facility at September 30, 2019. The majority of our outstanding debt at September 30, 2019 was comprised of short-term borrowings in foreign locations. The terms and rates under which we borrow in these jurisdictions varies from location to location. As these borrowings are relatively small and for brief periods, we do not anticipate significant interest rate exposure. In the event that longer-term borrowings were required or if the costs of borrowing increased significantly, we would anticipate using our current cash balance to cover these obligations.

ITEM 8. ***Financial Statements and Supplementary Data.***

The following consolidated financial statements and supplementary data are included as part of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm on the Audited Consolidated Financial Statements

To the Shareholders and the Board of Directors of MAXIMUS, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MAXIMUS, Inc. (the Company) as of September 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended September 30, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 26, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition – Measuring variable consideration in certain Performance-based Revenue Contracts

Description of the Matter

As described in Note 1 and Note 4 to the consolidated financial statements, for certain of the Company's performance-based sales contracts revenue is recognized based on outcomes defined in each contract. Revenue recognition for certain of these contracts involves estimation of variable consideration utilizing management's judgments about performance related to future outcomes or volume of transactions. Significant changes in these estimates could have a material effect on the Company's results of operations. During the year ended September 30, 2019, approximately $235 million of revenue was recorded on contracts which included an estimate related to contract performance for future outcomes or volume of transactions.

Auditing the Company's measurement of variable consideration for these performance-based contracts requires judgment because the calculation involves estimates of the future outcomes, volume of transactions and the average rate of revenue per transaction. For example, these estimates reflect management's assumptions about number of participants, the length of the contract, the participants reaching employment milestones as well as the amount of discount applied to determine the average rate of revenue per transaction.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to calculate variable consideration, including determining the underlying assumptions about estimates of expected participants, the related service period and the average rate of revenue per transaction.

To test the variable consideration, our audit procedures included, among others, evaluating the significant judgments and the completeness and accuracy of the underlying data used in management's calculation of variable consideration. For example, we tested management's estimate of the number of participants reaching employment milestones and average rate of revenue per transaction based on discounts applied and anticipated volume of work by comparing the amount estimated to historical experience and performing sensitivity analyses to evaluate the changes in variable consideration that could result from changes in the Company's significant assumptions.

Valuation of Acquired Intangible Asset

Description of the Matter

As described in Note 5 to the consolidated financial statements, the Company completed the acquisition of the General Dynamics Citizens Engagement Centers (CEC) business during the year ended September 30, 2019. The Company's accounting for the acquisition included determining the fair value of the customer relationships intangible assets acquired.

Auditing the Company's accounting for the acquired intangible assets of CEC involved complex auditor judgment due to the estimation required in management's determination of the fair value. The estimation was significant primarily due to the sensitivity of the respective fair values to the underlying assumptions, including discount rates, projected revenue growth rates and profit margins. These assumptions relate to the future performance of the acquired business, are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for accounting for acquired intangible assets. For example, we tested controls over management's review of the valuation of intangible assets, including the review of the valuation model and significant assumptions used in the valuation.

To test the fair value of these acquired intangible assets, our audit procedures included, among others, evaluating the Company's use of valuation methodologies, evaluating the significant assumptions, evaluating the prospective financial information and testing the completeness and accuracy of underlying data. We involved our valuation specialists to assist in testing certain significant assumptions used to value the acquired intangible assets. For example, we compared the significant assumptions to current industry and market trends, historical results of the acquired business and to other relevant factors. We also performed sensitivity analyses of the significant assumptions to evaluate the change in the fair value resulting from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the MAXIMUS, Inc.’s auditor since 1996.

Tysons, Virginia
November 26, 2019

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Year ended September 30,		
	2019	2018	2017
Revenue	$ 2,886,815	$ 2,392,236	$ 2,450,961
Cost of revenue	2,215,631	1,797,851	1,839,056
Gross profit	671,184	594,385	611,905
Selling, general and administrative expenses	321,023	285,241	284,593
Amortization of intangible assets	33,054	10,308	12,208
Restructuring costs	—	3,353	2,242
Gain on sale of a business	—	—	650
Operating income	317,107	295,483	313,512
Interest expense	2,957	1,000	2,162
Other income, net	3,170	4,726	2,885
Income before income taxes	317,320	299,209	314,235
Provision for income taxes	76,825	78,393	102,053
Net income	240,495	220,816	212,182
(Loss)/income attributable to noncontrolling interests	(329)	65	2,756
Net income attributable to MAXIMUS	$ 240,824	$ 220,751	$ 209,426
Basic earnings per share attributable to MAXIMUS	$ 3.73	$ 3.37	$ 3.19
Diluted earnings per share attributable to MAXIMUS	$ 3.72	$ 3.35	$ 3.17
Dividends per share	$ 1.00	$ 0.18	$ 0.18
Weighted average shares outstanding:			
Basic	64,498	65,501	65,632
Diluted	64,820	65,932	66,065

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	Year ended September 30,		
	2019	2018	2017
Net income	$ 240,495	$ 220,816	$ 212,182
Foreign currency translation adjustments	(8,427)	(9,334)	8,549
Interest rate hedge, net of income taxes of $-, $- and $-	—	—	1
Comprehensive income	232,068	211,482	220,732
Comprehensive (loss)/income attributable to noncontrolling interests	(329)	65	2,756
Comprehensive income attributable to MAXIMUS	$ 232,397	$ 211,417	$ 217,976

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	September 30, 2019	September 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 105,565	$ 349,245
Short-term investments	—	20,264
Accounts receivable — billed and billable,net	476,690	357,613
Accounts receivable — unbilled	123,884	31,536
Income taxes receivable	20,805	5,979
Prepaid expenses and other current assets	62,481	43,995
Total current assets	789,425	808,632
Property and equipment, net	99,589	77,544
Capitalized software, net	32,369	22,429
Goodwill	584,469	399,882
Intangible assets, net	179,250	88,035
Deferred contract costs, net	18,921	14,380
Deferred compensation plan assets	32,908	34,305
Deferred income taxes	186	6,834
Other assets	8,615	9,959
Total assets	$ 1,745,732	$ 1,462,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 177,786	$ 114,378
Accrued compensation and benefits	106,789	95,555
Deferred revenue	43,344	51,182
Income taxes payable	13,952	4,438
Long-term debt, current portion	9,658	136
Other liabilities	12,709	11,760
Total current liabilities	364,238	277,449
Deferred revenue, less current portion	32,341	20,394
Deferred income taxes	46,560	26,377
Deferred compensation plan liabilities, less current portion	34,079	33,497
Other liabilities	20,313	17,864
Total liabilities	497,531	375,581
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 100,000 shares authorized; 63,979 and 64,371 shares issued and outstanding at September 30, 2019 and 2018, at stated amount, respectively	498,433	487,539
Accumulated other comprehensive loss	(45,380)	(36,953)
Retained earnings	794,739	633,281
Total MAXIMUS shareholders' equity	1,247,792	1,083,867
Noncontrolling interests	409	2,552
Total equity	1,248,201	1,086,419
Total liabilities and equity	$ 1,745,732	$ 1,462,000

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year ended September 30,		
	2019	2018	2017
Cash flows from operations:			
Net income	$ 240,495	$ 220,816	$ 212,182
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property, plant, equipment and capitalized software	52,404	51,884	55,769
Amortization of intangible assets	33,054	10,308	12,208
Deferred income taxes	12,661	6,721	4,762
Stock compensation expense	20,774	20,238	21,365
Gain on sale of a business	—	—	(650)
Changes in assets and liabilities, net of effects of business combinations:			
Accounts receivable — billed and billable	(60,313)	34,033	53,025
Accounts receivable — unbilled	14,818	4,920	26
Prepaid expenses and other current assets	(15,583)	4,954	2,584
Deferred contract costs	(4,670)	1,838	2,037
Accounts payable and accrued liabilities	47,580	(7,725)	(28,309)
Accrued compensation and benefits	2,288	(8,795)	8,849
Deferred revenue	16,488	(27,039)	(15,401)
Income taxes	(4,720)	7,262	8,901
Other assets and liabilities	1,451	(2,641)	(924)
Cash flows from operations	356,727	316,774	336,424
Cash flows from investing activities:			
Purchases of property and equipment and capitalized software costs	(66,846)	(26,520)	(24,154)
Acquisition of businesses, net of cash acquired	(436,839)	—	(2,677)
Acquisition of noncontrolling interests	(647)	(157)	—
Proceeds from the sale of a business	—	—	1,035
Maturities/(purchases) of short-term investments	19,996	(19,996)	—
Other	453	1,436	575
Cash used in investing activities	(483,883)	(45,237)	(25,221)
Cash flows from financing activities:			
Cash dividends paid to MAXIMUS shareholders	(63,887)	(11,692)	(11,674)
Purchases of MAXIMUS common stock	(47,446)	(66,919)	(28,863)
Tax withholding related to RSU vesting	(8,915)	(8,529)	(9,175)
Borrowings under credit facility and other loan agreements	414,664	136,632	185,000
Repayment of credit facility and other long-term debt	(405,142)	(136,769)	(349,981)
Stock option exercises	—	—	924
Other	(133)	(4,603)	(1,660)
Cash used in financing activities	(110,859)	(91,880)	(215,429)
Effect of exchange rate changes on cash	(2,052)	(2,825)	3,660
Net (decrease)/increase in cash and cash equivalents	(240,067)	176,832	99,434
Cash, cash equivalents and restricted cash, beginning of period	356,559	179,727	80,293
Cash, cash equivalents and restricted cash, end of period	$ 116,492	$ 356,559	$ 179,727

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands)

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total
Balance at September 30, 2016	65,223	$461,679	$ (36,169)	$ 323,571	$ 4,059	$ 753,140
Net income	—	—	—	209,426	2,756	212,182
Foreign currency translation	—	—	8,549	—	—	8,549
Interest rate hedge, net of income taxes	—	—	1	—	—	1
Cash dividends	—	—	—	(11,674)	(1,132)	(12,806)
Dividends on RSUs	—	348	—	(348)	—	—
Purchases of MAXIMUS common stock	(558)	—	—	(28,863)	—	(28,863)
Stock compensation expense	—	21,365	—	—	—	21,365
Tax withholding relating to RSU vesting	—	(8,724)	—	—	—	(8,724)
Stock option exercises and RSU vesting	472	924	—	—	—	924
Balance at September 30, 2017	65,137	475,592	(27,619)	492,112	5,683	945,768
Net income	—	—	—	220,751	65	220,816
Foreign currency translation	—	—	(9,334)	—	—	(9,334)
Cash dividends	—	—	—	(11,692)	(2,915)	(14,607)
Dividends on RSUs	—	318	—	(318)	—	—
Purchases of MAXIMUS common stock	(1,088)	—	—	(67,572)	—	(67,572)
Stock compensation expense	—	20,238	—	—	—	20,238
Tax withholding related to RSU vesting	—	(8,733)	—	—	—	(8,733)
RSU vesting	322	—	—	—	—	—
Acquisition of noncontrolling interests	—	124	—	—	(281)	(157)
Balance at September 30, 2018	64,371	487,539	(36,953)	633,281	2,552	1,086,419
Cumulative impact from adopting ASC Topic 606 on October 1, 2018	—	—	—	32,929	553	33,482
Net income	—	—	—	240,824	(329)	240,495
Foreign currency translation	—	—	(8,427)	—	—	(8,427)
Cash dividends	—	—	—	(63,887)	(2,585)	(66,472)
Dividends on RSUs	—	1,611	—	(1,611)	—	—
Purchases of MAXIMUS common stock	(732)	—	—	(46,797)	—	(46,797)
Stock compensation expense	—	20,774	—	—	—	20,774
Tax withholding related to RSU vesting	—	(10,614)	—	—	—	(10,614)
RSU vesting	340	—	—	—	—	—
Acquisition of noncontrolling interests	—	(877)	—	—	218	(659)
Balance at September 30, 2019	63,979	$498,433	$ (45,380)	$ 794,739	$ 409	$1,248,201

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements

For the years ended September 30, 2019, 2018 and 2017

1. Business and summary of significant accounting policies

Description of business

MAXIMUS, Inc. (the "Company" or "we") is a leading operator of government health and human services programs worldwide.

Principles of consolidation

The consolidated financial statements include the accounts of MAXIMUS, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain financial results have been reclassified to conform with our current period presentation.

Where MAXIMUS owns less than 100% of the share capital of its subsidiaries, but is still considered to have sufficient ownership to control the businesses, the results of these business operations are consolidated within our financial statements. The ownership interests held by other parties are shown as noncontrolling interests.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during each reporting period. We regularly evaluate our estimates. For revenue recognition, we regularly review and update estimates of revenue in contracts where we are required to estimate outcomes which take place over several months, such as our welfare-to-work contracts. We also regularly update estimates where our contracts utilize an average effective rate based upon an anticipated number of participants. Other estimates include estimates of the collectibility of receivables, evaluation of asset impairment, accrual of estimated liabilities, valuation of acquisition-related contingent consideration liabilities and income taxes. Actual results could differ from those estimates.

Changes in financial reporting adopted in fiscal year 2019

Segments

Effective October 1, 2018, our Chief Executive Officer reorganized our reporting segments based upon the way that management intends to allocate resources, manage performance and evaluate results. This reorganization was a response to recent changes to the markets in which we operate, the increasing integration of health and human services programs worldwide and the evolving needs of our government clients as they aim to deliver services in a more holistic manner to their citizens. Our results for the three years ended September 30, 2019 were recast to conform with these new segments. See "Note 2. Business Segments" for more details of this change.

Revenue recognition

We adopted Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* on October 1, 2018, using the modified retrospective method and, accordingly, we recognized the cumulative effect of adoption as an adjustment of $32.9 million to our opening retained earnings balance on October 1, 2018. We applied this standard only to contracts that had not been completed as of the date of adoption. For contracts that had been modified prior to October 1, 2018, we calculated the cumulative effect of the change on each contract based upon the aggregate effect of all of the modifications at that date.

Topic 606 applies to all of our contracts with customers and supersedes all previous standards on revenue recognition. In adopting this new standard, we are required to follow a five-step process in order to identify and recognize revenue based upon a principle that revenue should be recognized as goods and services are transferred to customers in amounts that reflect the consideration to which we expect to be entitled for those goods and services. It did not change the actual amount of revenue being recognized for the majority of our contracts but did change the methodology by which we identified that revenue.

The most significant change under this new standard required us to estimate and recognize revenue on contracts over the period where we provide a service. This affects contracts where performance outcomes are achieved over time, most notably for welfare-to-work contracts where we are compensated for placing individuals in sustained employment. Under our former methodology of recognizing revenue, we deferred recognizing this outcome-based revenue until the outcome was achieved. Under this new methodology, we estimate our anticipated future fees and recognize them over the expected period of performance. As a result, more judgments and estimates are required within the process of recognizing revenue than were required under the previous standard.

The adoption of Topic 606 resulted in the following changes to our opening balance sheet:

(dollars in thousands)	Balance at September 30, 2018	Adjustments due to adoption of new standard	Opening balance at October 1, 2018
Assets			
Accounts receivable - unbilled	$ 31,536	$ 35,414	$ 66,950
Deferred income taxes	6,834	(6,625)	209
Liabilities and shareholders' equity			
Deferred revenue - current	51,182	(11,767)	39,415
Deferred income taxes - long-term	26,377	7,074	33,451
Retained earnings	633,281	32,929	666,210
Noncontrolling interests	2,552	553	3,105

The table below shows the effects of the adoption of Topic 606 on our consolidated statements of operations for the year ended September 30, 2019.

	Twelve months ended September 30, 2019		
(dollars in thousands, except per share data)	Balance under previous accounting guidance	Adjustments due to adoption of new standard	Balance as reported
Revenue	$ 2,883,697	$ 3,118	$ 2,886,815
Income before income taxes	314,202	3,118	317,320
Provision for income taxes	75,539	1,286	76,825
Net income	238,663	1,832	240,495
(Loss)/income attributable to noncontrolling interests	(977)	648	(329)
Net income attributable to MAXIMUS	$ 239,640	$ 1,184	$ 240,824
Basic earnings per share attributable to MAXIMUS	$ 3.72	$ 0.01	$ 3.73
Diluted earnings per share attributable to MAXIMUS	$ 3.70	$ 0.02	$ 3.72

The effect on our balance sheet would have been as follows:

(dollars in thousands)	Balance at September 30, 2019 under previous accounting guidance	Adjustments due to adoption of new standard	Balance at September 30, 2019 as reported
Assets			
Accounts receivable - unbilled	$ 88,390	$ 35,494	$ 123,884
Deferred income taxes	8,065	(7,879)	186
Liabilities and shareholders' equity			
Deferred revenue - current	54,834	(11,490)	43,344
Deferred income taxes - long-term	41,055	5,505	46,560
Common stock	497,232	1,201	498,433
Accumulated other comprehensive loss	(43,018)	(2,362)	(45,380)
Retained earnings	759,978	34,761	794,739

Additional information and disclosures relating to this accounting change are included within "Note 4. Revenue recognition."

The additional increase in our "Accounts receivable - unbilled" balance between October 1, 2018 and September 30, 2019 was principally due to the acquisition of the citizen engagement centers business. See "Note 5. Business combinations and disposals."

Statement of cash flows

We adopted ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*: *Classification of Certain Cash Receipts and Cash Payments* and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash o*n October 1, 2018, using the retrospective method. The most notable change relates to the treatment of balances we consider to be "restricted cash."

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash represents funds which are held in our bank accounts but which we are precluded from using for general business needs through contractual requirements; these requirements include serving as collateral for lease, credit card or letter of credit arrangements or where we hold funds on behalf of clients. We will continue to report our restricted cash balances within "other current assets" on our balance sheet due to these restrictions. However, we are now required to include movements in cash, cash equivalents and restricted cash within our consolidated statements of cash flows.

Accordingly, we have presented our consolidated statements of cash flows using the new rules for all periods shown. Our balances for cash, cash equivalents and restricted cash are as follows:

	Balance as of			
(dollars in thousands)	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016
Cash and cash equivalents	$ 105,565	$ 349,245	$ 166,252	$ 66,199
Restricted cash (recorded within "other current assets")	10,927	7,314	13,475	14,094
Cash, cash equivalents and restricted cash	$ 116,492	$ 356,559	$ 179,727	$ 80,293

Anticipated changes in financial reporting

Effective October 1, 2019, we adopted ASU No. 2016-02, *Leases (Topic 842)*. The new standard requires that assets and liabilities arising under most of our leases be recognized on the balance sheet. We adopted this standard using a modified retrospective approach while recording a cumulative adjustment to the balance sheet. Certain elections must be made in adopting the standard.

- We elected to use the package of practical expedients which, among other things, allows us to not reassess historical lease classification.
- We will not separate lease and non-lease components for all classes of leases, which allows us to account for a lease as a single component.
- We will use the optional transition method, which allows us to recognize a cumulative adjustment to the balance sheet at the date of adoption and to not recast our comparative periods.
- We will not use the hindsight practical expedients, which would have allowed us to use hindsight in determining the reasonably certain lease term.
- We will not adjust our accounting for leases with an initial term of twelve months or less.

The adoption of the standard will have a material effect on our consolidated balance sheet in future periods. We will record right-of-use assets and lease liabilities for our real estate and equipment leases. There will also be adjustments to other assets and liabilities, primarily related to prepaid and deferred rent. We do not anticipate significant changes to our consolidated statements of operations or cash flows as a result of adopting this standard. We do not anticipate that the standard will affect our compliance with our existing contracts, including our credit facility.

At this time, we have transferred our leases to an accounting software solution and updated our processes and controls over leases. We continue to test our processes to ensure that our population of leases is complete and accurate and that our calculations of charges under the new standard are accurate.

In August 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This accounting guidance requires customers in cloud-computing arrangements to identify and defer certain implementation costs in a manner broadly consistent with that of existing guidance on the costs to develop or obtain internal-use software. We will adopt this guidance on October 1, 2020. The guidance may be adopted early and we may adopt using either a prospective or retrospective methodology. We are currently assessing the future impact of this update on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments - Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments. This update introduces a new model for recognizing credit losses on financial instruments, including losses on accounts receivable. We will adopt this guidance on October 1, 2020 and any changes will be recorded as a cumulative adjustment to retained earnings. We are still assessing the effect of this standard on our financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. This standard will not change the manner in which we would identify a goodwill impairment but would change any subsequent calculation of an impairment charge. This standard is effective for our 2021 fiscal year, although early adoption is permitted. The effect of this new standard will depend upon the outcome of future goodwill impairment tests.

Other recent accounting pronouncements are not expected to have a material effect on our financial statements.

Short term investments

At September 30, 2018, we held some liquid investments with an original maturity in excess of three months. We reported this balance as a short term investment through its maturity in October 2018.

Accounts receivable—billed, billable and unbilled and deferred revenue

Billed receivables are balances where an invoice has been prepared and issued and is collectible under standard contract terms.

Many of our clients require invoices to be prepared on a monthly basis. Where we anticipate that an invoice will be issued within a short period of time and where the funds are considered collectible within standard contract terms, we include this balance as billable accounts receivable.

Both billed and billable balances are recorded at their face amount less an allowance for doubtful accounts. We re-evaluate our client receivables on a quarterly basis, especially receivables that are past due, and reassess our allowance for doubtful accounts based on specific client collection issues.

We present unbilled receivables and deferred revenue as separate components of our consolidated balance sheets. These balances represent timing differences between when amounts are billed or billable and when revenue has been recognized or has occurred as of period end. The timing of these billings is generally driven by the contractual terms, which may have billing milestones that are different from revenue recognition milestones. Our unbilled receivables balance also includes retainage balances, where customers may hold back payment for work performed for a period of time to allow opportunities to evaluate the quality of our performance. At September 30, 2019, as a result on the adoption of ASC Topic 606, the balance also includes estimated fees where performance outcomes are anticipated but have not yet been achieved. Our unbilled receivable balance is recorded at fair value which is the value which we expect to invoice for the services performed, once the criteria for billing have been met. We defer revenue where we receive up-front funds to establish the infrastructure needed for a long-term contract.

Business combinations and goodwill

The purchase price of an acquired business is allocated to tangible assets, separately identifiable intangible assets acquired and liabilities assumed based upon their respective fair values. Any excess balance is recorded as goodwill. Costs incurred directly related to an acquisition, including legal, accounting and valuation services, are expensed as incurred.

Intangible assets are separately identified and recorded at fair value. These assets are amortized on a straight-line basis over useful lives estimated at the time of the business combination.

Goodwill is not amortized but is subject to impairment testing on an annual basis, or more frequently if impairment indicators arise. Impairment testing is performed at the reporting unit level. A reporting unit is the operating segment, or a business one level below that operating segment (the component level) if discrete financial information is prepared and reviewed regularly by segment management. However, components are aggregated if they have similar economic characteristics. The evaluation is performed by comparing the fair value of the relevant reporting unit to the carrying value, including goodwill, of the reporting unit. If the fair value of the reporting unit exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds the fair value, the goodwill of the reporting unit may be impaired.

Our reporting units are consistent with our operating segments, U.S. Health and Human Services, U.S. Federal Services and Outside the U.S. We perform our annual impairment test as of July 1 of each year. We performed the annual impairment test, as of July 1, 2019, and determined that there had been no impairment of goodwill. In performing this assessment, we utilized an income approach. Such an approach requires estimation of future operating cash flows including business growth, utilization of working capital and discount rates. The valuation of the business as a whole is compared to our market value at the date of the test in order to verify the calculation.

Long-lived assets (excluding goodwill)

Property and equipment is recorded at cost. Depreciation is recorded over the assets' respective useful economic lives using the straight-line method, which are not to exceed 39 years for our buildings and 7 years for office furniture and equipment. Leasehold improvements are amortized over the shorter of their useful life or the remaining term of the lease. Repairs and maintenance costs are expensed as incurred.

All of the Company's capitalized software represents development costs for software that is intended for our internal use. Direct costs of time and materials incurred for the development of application software for internal use are capitalized and depreciated using the straight-line method over the estimated useful life of the software, ranging from three to eight years. Costs incurred for upgrades and enhancements that do not result in additional functionality are expensed as incurred.

Deferred contract costs consist of contractually recoverable direct set-up costs related to long-term service contracts. These costs include direct and incremental costs incurred prior to the commencement of providing service to our customer. These costs are expensed over the period the services are provided using the straight-line method.

We review long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. Our review is based on our projection of the undiscounted future operating cash flows of the related asset group. To the extent such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amount, we recognize a non-cash impairment charge to reduce the carrying amount to equal projected future discounted cash flows. During the year ending September 30, 2019, we recorded an impairment charge of $3.7 million on long-lived assets within our U.S. Health and Human Services Segment relating to an underperforming contract. No impairment charges were recorded in the two years ending September 30, 2018.

Income taxes

Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities and are measured by applying enacted tax rates and laws for the taxable years in which those differences are expected to reverse. In addition, a valuation allowance is recorded if it is believed more likely than not that a deferred tax asset will not be fully realized.

We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would "more likely than not" sustain the position following an audit. For tax positions meeting the "more likely than not" threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Foreign currency

For all foreign operations, the functional currency is the local currency. The assets and liabilities of foreign operations are translated into U.S. Dollars at period-end exchange rates, and revenue and expenses are translated at average exchange rates for the year. The resulting cumulative translation adjustment is included in accumulated other comprehensive loss on our consolidated balance sheets. Gains and losses from foreign currency transactions are included in other income, net.

Contingencies

From time to time, we are involved in legal proceedings, including contract and employment claims. We assess the likelihood of any adverse judgments or outcomes to these contingencies, as well as potential ranges of probable losses and establish reserves accordingly. The amount of reserves required may change in future periods due to new developments in each matter or changes in approach to a matter such as a change in settlement strategy.

We are also subject to audits by our government clients on many of our contracts based upon measures such as costs incurred or transactions processed. These audits may take place several years after a contract has been completed. We maintain reserves where we are able to estimate any potential liability which are updated as audits are completed.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between marketplace participants.

Assets and liabilities subject to fair value measurements are required to be disclosed within a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of inputs used to determine fair value. Accordingly, assets and liabilities carried at, or permitted to be carried at, fair value are classified within the fair value hierarchy in one of the following categories based on the lowest level input that is significant in measuring fair value:

Level 1 - Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.

Level 2 - Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models such as interest rates and yield curves that can be corroborated by observable market data.

Level 3 - Fair value is determined by using inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgment.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other amounts included within current assets and liabilities that meet the definition of a financial instrument approximate fair value due to the short-term nature of these balances.

We hold investments in a Rabbi Trust on behalf of our deferred compensation plan. These assets are recorded on our consolidated balance sheets at fair value under the heading of "Deferred Compensation Plan Assets". These assets have quoted prices in active markets (Level 1). See "Note 11. Employee benefit plans and deferred compensation" for further details.

We have recorded a contingent consideration payment related to an acquisition which may be paid between now and 2022. The related liability is recorded on our consolidated balance sheets as a liability at estimated fair value and updated on a quarterly basis as an acquisition-related expense or benefit. The valuation of this liability is derived from internal estimates of future performance and not from inputs that are observable (Level 3).

2. Business segments

As noted above, we made changes to our business segments in fiscal year 2019. Since October 1, 2018, we conducted our operations through three business segments: U.S. Health and Human Services, U.S. Federal Services and Outside the U.S.

- Our U.S. Health and Human Services Segment provides a variety of business process services such as program administration, appeals and assessments work and related consulting work for U.S. state and local government programs. These services support a variety of programs including the Affordable Care Act (ACA), Medicaid and the Children’s Health Insurance Program (CHIP). We also serve as administrators in state-based welfare-to-work and child support programs.
- Our U.S. Federal Services Segment provides business process solutions, including program administration, appeals and assessments services and system and software development and maintenance services for various U.S. federal civilian programs. The segment also contains certain state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment.
- Our Outside the U.S. Segment provides BPS solutions for governments and commercial clients outside the United States, including health and disability assessments, program administration for welfare-to-work services and other related services. We support programs and deliver services in the United Kingdom, including HAAS, the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; Saudi Arabia and Singapore.

Expenses which are not specifically included in the segments are included in other categories, including amortization of intangible assets, costs incurred in restructuring our U.K. business, the direct costs of acquisitions and the gain on sale of the K-12 Education business. These costs are excluded from measuring each segment's operating performance.

The results of these segments for the three years ended September 30, 2019 are shown below (in thousands).

	Year ended September 30,		
	2019	2018	2017
Revenue:			
U.S. Health and Human Services	$ 1,176,488	$ 1,213,911	$ 1,220,086
U.S. Federal Services	1,111,197	478,911	545,573
Outside the U.S.	599,130	699,414	685,302
Total	$ 2,886,815	$ 2,392,236	$ 2,450,961
Gross profit:			
U.S. Health and Human Services	$ 344,109	$ 359,624	$ 348,906
U.S. Federal Services	242,070	126,698	139,321
Outside the U.S.	85,005	108,063	123,678
Total	$ 671,184	$ 594,385	$ 611,905
Selling, general and administrative expense:			
U.S. Health and Human Services	$ 123,275	$ 140,990	$ 144,014
U.S. Federal Services	126,128	69,312	74,345
Outside the U.S.	68,944	72,095	64,742
Other	2,676	2,844	1,492
Total	$ 321,023	$ 285,241	$ 284,593
Operating income:			
U.S. Health and Human Services	$ 220,834	$ 218,634	$ 204,892
U.S. Federal Services	115,942	57,386	64,976
Outside the U.S.	16,061	35,968	58,936
Amortization of intangible assets	(33,054)	(10,308)	(12,208)
Restructuring costs	—	(3,353)	(2,242)
Acquisition-related expenses	(2,691)	(947)	(83)
Gain on sale of a business	—	—	650
Other	15	(1,897)	(1,409)
Total	$ 317,107	$ 295,483	$ 313,512
Operating income as a percentage of revenue:			
U.S. Health and Human Services	18.8 %	18.0 %	16.8 %
U.S. Federal Services	10.4 %	12.0 %	11.9 %
Outside the U.S.	2.7 %	5.1 %	8.6 %
Total	11.0 %	12.4 %	12.8 %
Depreciation and amortization:			
U.S. Health and Human Services	$ 18,466	$ 20,963	$ 23,374
U.S. Federal Services	16,802	8,478	11,175
Outside the U.S.	17,136	22,443	21,220
Total	$ 52,404	$ 51,884	$ 55,769

Restructuring costs were incurred in the years ending September 30, 2018 and 2017 in our United Kingdom businesses. Acquisition-related expenses are costs of completed business combinations as well as the costs of any unsuccessful transactions. The charges above include costs for the acquisition of the citizen engagement centers business which were incurred in fiscal years 2018 and 2019. Other costs include those related to the acquisition of Revitalised Limited in fiscal year 2017.

We operate in the United States, the United Kingdom, Australia, Canada, Saudi Arabia and Singapore.

Our revenue was distributed as follows (in thousands):

	Year ended September 30,		
	2019	2018	2017
United States	$ 2,287,685	$ 1,692,823	$ 1,765,661
United Kingdom	293,695	347,026	346,342
Australia	198,795	247,850	232,434
Rest of World	106,640	104,537	106,524
Total	$ 2,886,815	$ 2,392,236	$ 2,450,961

Identifiable assets for the segments are shown below (in thousands):

	Year Ended September 30,	
	2019	2018
U.S. Health and Human Services	$ 500,641	$ 442,063
U.S. Federal Services	795,553	375,807
Outside the U.S.	234,769	184,872
Corporate/Other	214,769	459,258
Total	$ 1,745,732	$ 1,462,000

Our long-lived assets, consisting of property and equipment, capitalized software costs and deferred compensation plan assets, were distributed as follows (in thousands):

	Year Ended September 30,	
	2019	2018
United States	$ 134,511	$ 98,340
Australia	11,950	20,545
Canada	14,681	9,504
United Kingdom	3,129	5,498
Rest of World	595	391
Total	$ 164,866	$ 134,278

3. Earnings per share

The weighted average number of shares outstanding used to compute earnings per share was as follows (in thousands):

	Year ended September 30,		
	2019	2018	2017
Weighted average shares outstanding	64,498	65,501	65,632
Effect of employee stock options and unvested restricted stock awards	322	431	433
Denominator for diluted earnings per share	64,820	65,932	66,065

For the years ended September 30, 2019, 2018 and 2017, we excluded approximately 10,000, 5,000 and 9,000 unvested restricted stock units, respectively, from the calculation of diluted earnings per share as the effect of including them would have been anti-dilutive.

4. Revenue Recognition

Beginning October 1, 2018, we recognize revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. We adopted this standard using the modified retrospective method; accordingly, only periods after October 1, 2018, utilize this new standard.

Under this new standard, we recognize revenue as, or when, we satisfy performance obligations under a contract. We account for a contract when the parties have approved the contract and are committed to perform on it, the rights of each party and the payment terms are identified, the contract has commercial substance and it is probable that we will collect substantially all of the consideration. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to a customer. The transaction price of a contract must be allocated to each performance obligation and recognized as the performance obligation is satisfied.

Although our services may have many components, these components are not necessarily distinct performance obligations as they may be interdependent on or interrelated to each other. Where our contracts contain more than one performance obligation, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each component. This method will vary from contract to contract. Where available, we utilize standalone selling prices of similar components. If this information is unavailable, we utilize a suitable metric to allocate selling price, such as costs incurred.

The majority of our contracts have performance obligations which are satisfied over time. In most cases, we view our performance obligations as promises to transfer a series of distinct services to our customer that are substantially the same and which have the same pattern of service. We recognize revenue over the performance period as a customer receives the benefits of our services. This continuous transfer of control is supported by the unilateral right of many of our customers to terminate contracts for convenience, without having to provide justification for this decision. Where we are reimbursed on a cost-plus basis, we recognize revenue based upon our costs incurred to date; where we are reimbursed on a fixed price basis, we recognize revenue based upon an appropriate output measure which may be time elapsed or another measure within the contract. When we have variable fees, such as revenue related to the volume of work or award fees, we allocate that revenue to the distinct periods of service to which they relate. In estimating our variable fees, we are required to constrain our estimates to the extent that it is probable that there will not be a significant reversal of cumulative revenue when the uncertainty is resolved.

Other performance obligations are satisfied at a point in time, rather than over time. We recognize revenue only when the customer has received control over the goods provided. Revenue recognition on these performance obligations does not require a significant level of judgment or estimation.

Where we have contract modifications, these are reviewed to determine whether they should be accounted for as part of the original performance obligation or as a separate contract. Where the modification changes the scope or price and the additional performance obligations are at their standalone selling price, these services are considered as a separate contract. Where there is a modification and the additional performance obligations are not at their standalone selling price, we consider whether those performance obligations are distinct from those already delivered. If services are distinct from those already provided, the contract is accounted for prospectively, as though the original contract had been terminated and a new arrangement entered into. Where the modification includes goods or services which are not distinct from those already provided, we record a cumulative adjustment to revenue based upon a remeasurement of progress towards the complete satisfaction of performance obligations not yet fully delivered.

Disaggregation of revenue

In addition to our segment and geography reporting, we disaggregate our revenues by product, contract type and customer type. Our operating segments represent the manner in which our Chief Executive Officer reviews our financial results which is further discussed in "Note 2. Segment information."

By operating segment and service

(dollars in thousands)	Year ended September 30, 2019
Program administration	$ 883,772
Assessments and appeals	136,109
Workforce and children services	100,454
Other	56,153
Total U.S. Health and Human Services	1,176,488
Program administration	779,573
Technology solutions	160,342
Assessments and appeals	171,282
Total U.S. Federal Services	1,111,197
Workforce and children services	272,801
Assessments and appeals	252,447
Program administration	63,734
Other	10,148
Total Outside the U.S.	599,130
Total revenue	$ 2,886,815

By contract type

(dollars in thousands)	Year ended September 30, 2019
Performance-based	$ 1,193,075
Cost-plus	1,088,541
Fixed price	441,146
Time and materials	164,053
Total revenue	$ 2,886,815

By customer type

(dollars in thousands)	Year ended September 30, 2019
New York State government agencies	$ 362,724
Other U.S. state government agencies	804,213
Total U.S. state government agencies	1,166,937
United States Federal Government agencies	1,040,980
International government agencies	558,599
Other, including local municipalities and commercial customers	120,299
Total revenue	$ 2,886,815

With the exceptions of the U.S. Federal Government and New York State, no customer provided more than 10% of our annual revenue in fiscal year 2019.

Many of our U.S. state government agency programs receive significant federal funding. We believe that the credit risk associated with our receivables is limited due to the creditworthiness of our customers.

Contract balances

Differences in timing between revenue recognition and cash collection result in contract assets and contract liabilities. We classify these assets as accounts receivable — billed and billable and unbilled receivables; the liabilities are classified as deferred revenue.

In many contracts, we bill our customers on a monthly basis shortly after the month end for work performed in that month. Funds are considered collectible and are included within accounts receivable — billed and billable.

Exceptions to this pattern will arise for various reasons, including those listed below.

- Under cost-plus contracts, we are typically required to estimate a contract's share of our general and administrative expenses. This share is based upon estimates of total costs which may vary over time. We typically invoice our customers at an agreed provisional billing rate which will differ from actual rates incurred. If our actual rates are higher than the provisional billing rates, an asset is recorded for this variance; if the provisional billing rate is higher than our actual rate, we record a liability.
- Certain contracts include retainage balances, whereby revenue is earned but cash payments are held back by the customer for a period of time, typically to allow the customer to evaluate the quality of our performance. This balance is classified as accounts receivable - unbilled until restrictions on billing have been lifted.
- In certain contracts, we may receive funds from our customers prior to performing operations. These funds are typically referred to as "set-up costs" and reflect the need for us to make investments in infrastructure prior to providing a service. This investment in infrastructure is not a performance obligation which is distinct from the service that is subsequently provided and, as a result, revenue is not recognized based upon the establishment of this infrastructure, but rather over the course of the contractual relationship. The funds are initially recorded as deferred revenue and recognized over the term of the contract. Other contracts may not include set-up fees but will provide higher fees in earlier periods of the contract. The premium on these fees is deferred.
- Following the adoption of ASC Topic 606 in fiscal year 2019, some of our contracts, notably our welfare-to-work contracts in the Outside the U.S. Segment, include payments for outcomes which occur over several months. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery.

During the year ended September 30, 2019, we recognized revenue of $39.4 million included in our deferred revenue balances at October 1, 2018, as updated for the effects of ASC Topic 606.

Contract estimates

We are required to use estimates in recognizing certain revenue.

- Some of our performance-based contract revenue is recognized based upon future outcomes defined in each contract. This is the case in many of our welfare-to-work contracts in the Outside the U.S. Segment, where we are paid as individuals attain employment goals, which may take many months to achieve. We recognize revenue on these contracts over the period of performance. Our estimates vary from contract to contract but may include estimates of the number of participants, the length of the contract, the participants reaching employment milestones. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery. During the year ended September 30, 2019, we recognized revenue from these performance-based fees of $91.3 million. Our accounts receivable - unbilled balance at September 30, 2019 included $47.0 million of these estimated outcome fees.

- Other performance-based contracts with future outcomes include those where we recognize an average effective rate per participant based upon the total volume of expected participants. In this instance, we are required to estimate the amount of discount applied to determine the average rate of revenue per participant. During the year ended September 30, 2019, we recognized revenue from these performance-based fees of $144.0 million.

Where we have changes to our estimates, these are recognized on a cumulative catch-up basis. In the year ended September 30, 2019, our revenue included a reduction of $10.9 million from changes in estimates.

Remaining performance obligations

At September 30, 2019, we had approximately $328 million of remaining performance obligations. We anticipate that we will recognize revenue on approximately 58% of this balance within the next twelve months. This balance excludes contracts with an original duration of twelve months or less, including contracts with a penalty-free termination for convenience clause, and any variable consideration which is allocated entirely to future performance obligations including variable transaction fees or fees tied directly to costs incurred.

Accounts receivable reserves

Changes in the reserves against accounts receivable were as follows (in thousands):

	Year ended September 30,		
	2019	2018	2017
Balance at beginning of year	$ 4,285	$ 6,843	$ 4,226
Additions to reserve	4,018	243	5,106
Deductions	(2,921)	(2,801)	(2,489)
Balance at end of year	$ 5,382	$ 4,285	$ 6,843

In evaluating the net realizable value of accounts receivable, we consider such factors as current economic trends, customer credit-worthiness, and changes in the customer payment terms and collection trends. Changes in the assumptions used in analyzing a specific account receivable may result in a reserve being recognized in the period in which the change occurs.

At September 30, 2019 and 2018, $11.5 million and $13.4 million of our unbilled receivables related to amounts pursuant to contractual retainage provisions. We anticipate that the majority of the fiscal 2019 balance will be billed and collected during fiscal year 2020.

5. Business combinations and disposals

Citizen engagement centers

On November 16, 2018, we acquired General Dynamics Information Technology's citizen engagement centers business, pursuant to an asset purchase agreement dated October 5, 2018. The assets acquired included existing contracts, contractual relationships and bids for contracts submitted prior to the acquisition date, as well as interests in leased properties, fixed assets, working capital and intangible assets. This acquisition strengthens our position in the administration of federal government programs. This business has been integrated into our U.S. Federal Services Segment. The contract provided for a purchase price of $400 million adjusted for the net working capital in excess of or less than an agreed upon target representing an estimate of normalized net working capital. The working capital balance at the acquisition date was higher than this estimate and, accordingly, we incurred a purchase price of $430.7 million. To fund the acquisition, we utilized $150 million of borrowings from our credit facility with the balance from our cash on our balance sheet.

As part of the acquisition, we incurred acquisition-related expenses, including legal, accounting and other consultant services. We recorded selling, general and administrative expenses of $2.7 million and $0.5 million in the years ended September 30, 2019 and 2018, respectively. We also incurred additional investing cash outflows of $4.5 million from the acquisition of software licenses required for the newly-acquired employees.

We considered this transaction to be an acquisition of a business. We have completed our valuation of the assets acquired and liabilities assumed.

(dollars in thousands)	Estimated purchase price allocation at June 30, 2019	Adjustments	Final purchase price allocation at September 30, 2019
Cash consideration	$ 430,699	$ 24	$ 430,723
Billed and unbilled receivables	142,165	(88)	142,077
Property and equipment	8,974	4,987	13,961
Other assets	4,508	22	4,530
Intangible assets	122,300	—	122,300
Total identifiable assets acquired	277,947	4,921	282,868
Accounts payable and other liabilities	31,862	4,923	36,785
Net identifiable assets acquired	246,085	(2)	246,083
Goodwill	184,614	26	184,640
Net assets acquired	$ 430,699	$ 24	$ 430,723

The fair value of the goodwill is estimated to be $184.6 million. This goodwill represents the value of the assembled workforce and the enhanced knowledge, capabilities and qualifications held by the business. This goodwill balance is expected to be deductible for tax purposes.

The fair value of the intangible assets acquired is estimated to be $122.3 million, representing customer relationships. We estimated this balance using the excess earnings method and used a number of estimates, including expected future earnings from the acquired business and an appropriate expected rate of return. We have assumed a useful economic life of 10 years for most contracts, representing our expectation of the period over which we will receive the benefit. Typically, our customer relationships are based upon the provision of services to our customers on a daily or monthly basis and, although contracts are frequently rebid, we believe that an incumbent provider typically enjoys significant competitive advantages. In reviewing the contract portfolio, we allocated a shorter life to a contract which pertains to the United States decennial census. This contract requires managing a significant ramp-up and ramp-down of work over the census cycle. As much of the benefit from this contract is anticipated to occur through fiscal years 2019 and 2020, we have utilized a shorter asset life for this customer relationship. The average weighted intangible asset life is 7.6 years and amortization is being recorded on a straight-line basis.

	Useful life	Fair value
Customer relationships - all contracts except U.S. Census	10 years	$ 85,300
Customer relationship - U.S. Census	2 years	37,000
Total intangible assets		$ 122,300

From the acquisition date until September 30, 2019, the acquired business provided $615.1 million and $117.4 million of revenue and gross profit, respectively. Given the integration of the acquired business into our cost structure, it is impracticable to calculate the effect of the acquisition on operating income.

The following table presents certain results for the years ended September 30, 2019 and 2018, as though the acquisition had occurred on October 1, 2017. The pro forma results below eliminate intercompany transactions, include amortization charges for acquired intangible assets, eliminate pre-acquisition transaction costs and include estimates of interest expense, as well as corresponding changes in our tax charge. This pro forma information is presented for information only. For example, this pro forma information does not include any of our anticipated synergies but does include, in both years shown, a charge of $18.5 million, related to the amortization of the U.S. Census customer relationship intangible asset. Although the U.S. Census contract commenced prior to October 1, 2017, more of the benefit will be recorded in fiscal year 2020. For these and other reasons, this pro forma information is not necessarily indicative of the results if the acquisition had taken place on that date.

	Pro forma results for the year ended September 30,	
(dollars in thousands, except per share data)	2019	2018
Revenue	$ 2,985,244	$ 3,016,823
Net income	243,968	218,647
Basic earnings per share attributable to MAXIMUS	3.79	3.34
Diluted earnings per share attributed to MAXIMUS	3.77	3.32

GT Hiring Solutions

On August 16, 2019, we acquired 100% of the share capital of GT Hiring Solutions (2005) Inc. ("GT Hiring") for a purchase price estimated to be $6.1 million (8.1 million Canadian Dollars). The purchase price is subject to a net working capital true-up. GT Hiring provides employment services in British Columbia. We acquired GT Hiring to enhance the reach and capabilities of our Canadian employment services and, accordingly, the business has been integrated into our Outside the U.S. Segment. We are still in the process of finalizing the purchase price and the allocation of assets acquired and liabilities assumed. We have recorded estimated goodwill and intangible assets balances of $1.7 million and $2.7 million, respectively related to this acquisition. The goodwill represents the assembled workforce and enhanced knowledge, experience and reputation we have obtained from the acquisition and will be deductible for tax purposes. The intangible assets represent customer relationships.

Noncontrolling interests

Both our United Kingdom Remploy subsidiary and our business in Saudi Arabia had been partially owned by other parties. During fiscal year 2019, we acquired the share capital held by our partners for $0.4 million and $0.2 million, respectively.

Revitalised

On July 18, 2017, we acquired 100% of the share capital of Revitalised Limited ("Revitalised") for $4.0 million. Revitalised provides digital solutions to engage communities in the areas of health, fitness and wellbeing. We acquired Revitalised in order to enhance the capabilities of our health services programs in the United Kingdom and, accordingly, the business was integrated into our Outside the U.S. Segment. Revitalised included goodwill of

$2.8 million and intangible assets of $1.3 million. The goodwill represents the assembled workforce and enhanced capabilities stemming from the acquisition; the intangible assets represent the technology and customer relationships.

K-12 Education

On May 9, 2016, we sold our K-12 Education business. Following the settlement of certain contingencies in May 2017, we recorded a gain of $0.7 million.

Goodwill and intangible assets

Changes in goodwill for the years ended September 30, 2019 and 2018 are shown below. Goodwill has been reallocated to conform with our new segment reporting.

(Dollars in thousands)	U.S. Health and Human Services	U.S. Federal Services	Outside the U.S.	Total
Balance as of September 30, 2017	$ 139,588	$ 228,148	$ 35,240	$ 402,976
Foreign currency translation	—	—	(3,094)	(3,094)
Balance as of September 30, 2018	139,588	228,148	32,146	399,882
Acquisition of citizen engagement centers business	24,884	154,470	5,286	184,640
Acquisition of GT Hiring Solutions	—	—	1,347	1,347
Other	—	—	372	372
Foreign currency translation	—	—	(1,772)	(1,772)
Balance as of September 30, 2019	$ 164,472	$ 382,618	$ 37,379	$ 584,469

There have been no impairment charges to our goodwill.

Although the citizens engagement center business has been integrated into our U.S. Federal Services Segment, the acquisition provides benefits across all three segments. The most significant contracts acquired are cost-plus arrangements, which allow us to recover a greater share of our corporate overhead. Accordingly, we allocated goodwill based upon an estimate of the relative fair value of the benefit to each segment.

The following table sets forth the components of intangible assets (in thousands):

	As of September 30, 2019			As of September 30, 2018		
	Cost	Accumulated Amortization	Intangible Assets, net	Cost	Accumulated Amortization	Intangible Assets, net
Customer contracts and relationships	$ 250,455	$ 72,430	$ 178,025	$ 129,113	$ 42,683	$ 86,430
Technology-based intangible assets	5,613	4,405	1,208	5,750	4,212	1,538
Trademarks and trade names	4,483	4,466	17	4,496	4,429	67
Total	$ 260,551	$ 81,301	$ 179,250	$ 139,359	$ 51,324	$ 88,035

As of September 30, 2019, our intangible assets have a weighted average remaining life of 9.0 years, comprising 9.1 years for customer contracts and relationships, 4.1 years for technology-based intangible assets and 0.3 years for trademarks and trade names. The estimated future amortization expense for the next five years for the intangible assets held by the Company as of September 30, 2019, is as follows (in thousands):

2020	$ 35,632
2021	18,582
2022	16,212
2023	16,118
2024	15,994

6. Income taxes

The components of income before income taxes and the corresponding provision for income taxes are as follows (in thousands):

	Year ended September 30,		
	2019	2018	2017
Income before income taxes:			
United States	$ 280,092	$ 248,360	$ 257,910
Foreign	37,228	50,849	56,325
Income before income taxes	$ 317,320	$ 299,209	$ 314,235

	Year ended September 30,		
	2019	2018	2017
Current provision:			
Federal	$ 37,123	$ 42,318	$ 70,476
State and local	14,480	13,459	15,594
Foreign	12,561	15,895	11,221
Total current provision	64,164	71,672	97,291
Deferred tax expense (benefit):			
Federal	12,627	4,106	5,490
State and local	3,013	2,902	643
Foreign	(2,979)	(287)	(1,371)
Total deferred tax expense (benefit)	12,661	6,721	4,762
Provision for income taxes	$ 76,825	$ 78,393	$ 102,053

The Tax Cuts and Jobs Act (the Act) was enacted on December 22, 2017. Among other things, the Act reduced the U.S. Federal tax rate from 35% to 21% from January 1, 2018.

In the first quarter of fiscal year 2019, we completed our assessment of the effects of the Act. We recognized tax benefit of $0.5 million related to our calculation of the transition tax liability, referred to as the "toll tax." In the year ending September 30, 2018, we recorded a toll tax charge of $9.4 million and a benefit of $10.5 million from reductions in our deferred tax liabilities.

Our federal statutory income tax rate prior to December 31, 2018 was 35%; for subsequent periods it was 21%. The provision for income taxes differs from that which would have resulted from the use of this rate is as follows (in thousands):

	Year ended September 30,		
	2019	2018	2017
Federal income tax provision at statutory rate of 21%, 24.5% and 35%, respectively	$ 66,637	$ 73,396	$ 109,982
State income taxes, net of federal benefit	14,825	12,348	10,554
Foreign taxation	1,210	(1,531)	(6,940)
Permanent items	2,682	1,176	970
Tax credits	(3,730)	(2,438)	(4,851)
Toll tax	(481)	9,425	—
Deferred tax liability - tax rate change	—	(10,514)	—
Vesting of equity compensation	(4,783)	(2,849)	(6,569)
Other	465	(620)	(1,093)
Provision for income taxes	$ 76,825	$ 78,393	$ 102,053

The significant items comprising our deferred tax assets and liabilities as of September 30, 2019 and 2018 are as follows (in thousands):

	As of September 30,	
	2019	2018
Net deferred tax assets/(liabilities)		
Costs deductible in future periods	$ 19,133	$ 20,254
Deferred revenue	6,098	5,197
Stock compensation	3,617	3,469
Net operating loss carryforwards	798	302
Amortization of goodwill and intangible assets	(26,338)	(27,054)
Capitalized software	(8,635)	(6,016)
Accounts receivable - unbilled	(35,566)	(7,854)
Property and equipment	515	(2,011)
Prepaid expenses	(3,645)	(2,927)
Other	(2,351)	(2,903)
	$ (46,374)	$ (19,543)

Our deferred tax assets and liabilities are held in various national and international jurisdictions which do not allow right of offset. Accordingly, our presentation of deferred taxes on our consolidated balance sheets is split between jurisdictions which show a net deferred tax asset and a net deferred tax liability. Our net deferred tax position is summarized below (in thousands):

	As of September 30,	
	2019	2018
Balance of tax jurisdictions with net deferred tax assets	$ 186	$ 6,834
Balance of tax jurisdictions with net deferred tax liabilities	(46,560)	(26,377)
Net deferred tax liabilities	$ (46,374)	$ (19,543)

We consider our foreign earnings in excess of the earnings subject to the one-time transition tax to be indefinitely reinvested outside of the United States in accordance with the relevant accounting guidance for income taxes. Accordingly, no U.S. deferred taxes have been recorded with respect to such earnings. As of September 30, 2019, our foreign subsidiaries held approximately $20.3 million of cash and cash equivalents in either U.S. Dollars or local currencies.

Cash paid for income taxes during the years ended September 30, 2019, 2018, and 2017 was $69.2 million, $65.3 million and $87.8 million, respectively.

The provision for income taxes includes all provision to return adjustments included in the year recognized in the financial statements.

We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon the technical merits, it is "more-likely-than-not" that the position will be sustained upon examination. The total amount of unrecognized tax benefits that, if recognized, would affect our annual effective income tax rate was $3.6 million and $1.3 million at September 30, 2019 and 2018, respectively.

We report interest and penalties as a component of income tax expense. In the fiscal years ending September 30, 2019, 2018 and 2017, we recognized interest expense relating to unrecognized tax benefits of less than $0.1 million in each year. The net liability balance at September 30, 2019 and 2018 includes approximately $0.8 million of interest and penalties.

We recognize and present uncertain tax positions on a gross basis (i.e., without regard to likely offsets for deferred tax assets, deductions and/or credits that would result from payment of uncertain tax amounts). The reconciliation of the beginning and ending amount of gross unrecognized tax benefits was as follows (in thousands):

	Year ended September 30,		
	2019	2018	2017
Balance at beginning of year	$ 721	$ 633	$ 448
Increases for tax positions taken in current year	2,280	88	185
Balance at end of year	$ 3,001	$ 721	$ 633

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. We are no longer subject to federal income tax examinations for years before 2013 and to state and local income tax examinations by tax authorities for years before 2014. In international jurisdictions, similar rules apply to filed income tax returns, although the tax examination limitations and requirements may vary. We are no longer subject to audit by tax authorities for foreign jurisdictions for years prior to 2015.

7. Debt

Credit facilities

Our credit agreement provides for a revolving line of credit up to $400 million that may be used for revolving loans, swingline loans (subject to a sublimit of $5 million), and to request letters of credit, subject to a sublimit of $50 million. The line of credit is available for general corporate purposes, including working capital, capital expenditures and acquisitions. Borrowings are permitted in currencies other than the U.S. Dollar. In September 2017, we extended the term of our credit agreement to September 2022, at which time all outstanding borrowings must be repaid. At September 30, 2019, we had no borrowings under the credit agreement.

In addition to borrowings under the credit agreement, we have an outstanding loan of $0.4 million (0.5 million Canadian Dollars) with the Atlantic Innovation Fund of Canada. There is no interest charge on this loan. The Atlantic Innovation Fund loan is repayable over 11 remaining quarterly installments.

Our credit agreement requires us to comply with covenants including a maximum total leverage ratio and a minimum fixed charge coverage ratio. We were in compliance with all covenants as of September 30, 2019. Our obligations under the credit agreement are guaranteed by material domestic subsidiaries of the Company, but are otherwise unsecured. In the event that our total leverage ratio, as defined in the credit agreement, exceeds 2.50:1, we would be obliged to provide security in the form of the assets of the parent Company and certain of its subsidiaries. Our credit agreement contains no restrictions on the payment of dividends as long as our leverage ratio does not exceed 2.50:1. At September 30, 2019, our total leverage ratio was less than 1.0:1.0. We do not believe that the provisions of the credit agreement represent a significant restriction to the successful operation of the business or to our ability to pay dividends.

The credit agreement provides for an annual commitment fee payable on funds not borrowed or utilized for letters of credit. This charge is based upon our leverage and varies between 0.125% and 0.275%. Commitment fees are recorded as interest expense on the consolidated statements of operations. Borrowings under the Credit Agreement bear interest at our choice at either (a) a Base Rate plus a margin that varies between 0.0% and 0.75% per year, (b) a Eurocurrency Rate plus an applicable margin that varies between 1.0% and 1.75% per year or (c) an Index Rate plus an applicable margin which varies between 1.0% and 1.75% per year. The Base Rate, Eurocurrency Rate and Index Rate are defined by the Credit Agreement.

In addition to our credit agreement, we have established smaller facilities in Australia, Canada and the United Kingdom in order to allow our businesses to meet short-term working capital needs. In the event of a need for more significant funding, our credit facility provides for the ability to borrow in foreign currencies.

Within the United States, we have letters of credit totaling $3.2 million, secured with restricted cash balances.

Derivative arrangement

In order to add stability to our interest expense and manage our exposure to interest rate movements, we may enter into derivative arrangements to fix payments on part of an outstanding loan balance. We agree to pay a fixed rate of interest to a financial institution and receive a balance equivalent to the floating rate payable. Our outstanding derivative instruments expired during fiscal year 2017. As this cash flow hedge was considered effective, the gains and losses in the fair value of this derivative instrument were reported in accumulated other comprehensive income (AOCI) in the consolidated statements of comprehensive income.

Interest payments

During the fiscal years ended September 30, 2019, 2018 and 2017, we made interest payments of $2.5 million, $0.6 million and $2.0 million, respectively.

8. Balance sheet components

Property and equipment

Property and equipment, at cost, consists of the following (in thousands):

	As of September 30,	
	2019	2018
Land	$ 1,738	$ 1,738
Building and improvements	12,044	12,044
Office furniture and equipment	246,671	203,512
Leasehold improvements	69,183	55,918
	329,636	273,212
Less: Accumulated depreciation and amortization	(230,047)	(195,668)
Total property and equipment, net	$ 99,589	$ 77,544

Depreciation expense for the years ended September 30, 2019, 2018 and 2017 was $45.2 million, $40.7 million and $45.2 million, respectively.

Capitalized software

Capitalized software consists of the following (in thousands):

	As of September 30,	
	2019	2018
Capitalized software	$ 103,643	$ 94,803
Less: Accumulated amortization	(71,274)	(72,374)
Total capitalized software, net	$ 32,369	$ 22,429

Amortization expense for the years ended September 30, 2019, 2018 and 2017 was $7.2 million, $11.2 million and $10.6 million, respectively. Most of this amortization was recorded within our "cost of revenue" on our consolidated statements of operations.

Deferred contract costs

For many contracts, we incur significant incremental costs at the beginning of an arrangement. Typically, these costs relate to the establishment of infrastructure which we utilize to satisfy our performance obligations with the contract. We report these costs as deferred contract costs and amortize them on a straight-line basis over the shorter of the useful economic life of the asset or the anticipated term of the contract.

Deferred contract costs consist of the following (in thousands):

	As of September 30,	
	2019	2018
Deferred contract costs	$ 43,140	$ 29,941
Less: Accumulated amortization	(24,219)	(15,561)
Total deferred contract costs, net	$ 18,921	$ 14,380

Since September 30, 2018, we have deferred $14.5 million of costs. During the year ended September 30, 2019, we amortized $9.9 million of deferred contract costs. This amortization was recorded within our "cost of revenue" on our consolidated statements of operations.

The totals above include $3.7 million of costs which were deferred and subsequently written off during the year ended September 30, 2019. These costs related to a contract within our U.S. Health and Human Services Segment which is no longer able to recover the deferred costs. This expense was recorded within "cost of revenue" on our consolidated statements of operations.

9. Commitments and contingencies

Performance bonds

Certain contracts require us to provide a surety bond as a guarantee of performance. At September 30, 2019, we had performance bond commitments totaling $36.8 million. These bonds are typically renewed annually and remain in place until the contractual obligations have been satisfied. Although the triggering events vary from contract to contract, in general we would only be liable for the amount of these guarantees in the event of default in our performance of our obligations under each contract, the probability of which we believe is remote.

Operating leases

We lease office space and equipment under various operating leases. Lease expense is calculated by identifying the total costs anticipated over the term of the lease which we are reasonably assured to use and recognizing this in equal installments over the term. Differences between lease expense and cash payments are recorded as assets or liabilities. As part of a property lease agreement, we may receive incentives from the landlord in the form of an allowance to allow us to customize the location. This payment forms part of a lease liability which is amortized over the term of the lease. The fixed assets acquired are amortized over the same lease term. Lease expense for the years ended September 30, 2019, 2018 and 2017 was $101.7 million, $77.0 million and $80.6 million, respectively.

Minimum future lease commitments under leases in effect as of September 30, 2019, are as follows (in thousands):

	Office space	Equipment	Total
Year ending September 30,			
2020	$ 93,119	$ 8,605	$ 101,724
2021	52,402	6,228	58,630
2022	33,645	2,384	36,029
2023	23,942	118	24,060
2024	9,842	77	9,919
Thereafter	7,295	—	7,295
Total minimum lease payments	$ 220,245	$ 17,412	$ 237,657

Sublease income for the year ended September 30, 2019, was $0.9 million, and we anticipate future sublease income of approximately $0.5 million in fiscal year 2020.

Collective bargaining agreements

Approximately 8% of our employees are covered by collective bargaining agreements or similar arrangements, the majority of which expire within one year.

Litigation

In August 2017, the Company and certain officers were named as defendants in a putative class action lawsuit filed in the U.S. District Court for the Eastern District of Virginia. The plaintiff alleged the defendants made a variety of materially false and misleading statements, or failed to disclose material information, concerning the status of the Company's Health Assessment Advisory Service project for the U.K. Department for Work and Pensions from the period of October 20, 2014, through February 3, 2016. In August 2018, our motion to dismiss the case was granted, and the case was dismissed. In October 2018, the plaintiffs filed a notice of appeal to the U.S. Circuit Court for the Fourth Circuit. In June 2019, the appeals court affirmed the decision of the District Court, and the matter has concluded.

A state Medicaid agency has been notified of two proposed disallowances by the Centers for Medicare and Medicaid Services (CMS) totaling approximately $31.0 million. From 2004 through 2009, we had a contract with the state agency in support of its school-based Medicaid claims. We entered into separate agreements with the school districts under which we assisted the districts with preparing and submitting claims to the state Medicaid agency which, in turn, submitted claims for reimbursement to CMS. The state has asserted that its agreement with us requires us to reimburse the state for the amounts owed to CMS. However, our agreements with the school districts require them to reimburse us for such amounts, and therefore we believe the school districts are responsible for any amounts that ultimately must be refunded to CMS. Although it is reasonably possible that a court could conclude we are responsible for the full balance of the disallowances, we believe our exposure in this matter is limited to our fees associated with this work and that the school districts will be responsible for the remainder. We have reserved our estimated fees earned from this engagement relating to the disallowances. We exited the federal healthcare-claiming business in 2009 and no longer provide the services at issue in this matter. No legal action has been initiated against us.

10. Equity

Stock compensation

At September 30, 2019, 0.9 million shares remained available for grants under our 2017 Equity Incentive Plan. We typically issue new shares in satisfying our obligations under our stock plans.

We grant equity awards to officers, employees and directors in the form of restricted stock units (RSUs). RSUs issued generally vest ratably over one or five years. The fair value of the RSUs, based on our stock price at the grant date, is expensed in equal installments over the vesting period. For the fiscal years ended September 30, 2019, 2018 and 2017, compensation expense recognized related to RSUs was $20.8 million, $20.2 million and $21.4 million, respectively. All individuals who are granted RSUs also receive dividend-equivalent payments in the form of additional RSUs. However, until the shares are issued, they have no voting rights and may not be bought or sold. In the event that an award is forfeited, the dividend-equivalent payments received by the holder with respect to that award are also forfeited. We estimate our stock award forfeitures as we expense each award.

A summary of our RSU activity for the year ended September 30, 2019, is as follows:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested shares outstanding at September 30, 2018	661,933	$ 57.78
Granted	382,706	66.96
Vested	(357,934)	58.70
Forfeited	(40,576)	59.57
Non-vested shares outstanding at September 30, 2019	646,129	62.60

In addition to the non-vested shares, certain directors and employees held approximately 0.6 million vested awards whose issuance has been deferred as of September 30, 2019.

The weighted-average grant-date fair value of RSUs granted in the years ended September 30, 2018 and 2017, was $64.33 and $53.63, respectively. The total fair value of RSUs which vested during the years ended September 30, 2019, 2018 and 2017 was $27.4 million, $30.3 million and $24.9 million, respectively. As of September 30, 2019, the total remaining unrecognized compensation cost related to unvested RSUs was $38.8 million. This expense is expected to be realized over the next four years, with a weighted average life of 1.5 years.

Prior to fiscal year 2008, we granted stock options to certain employees. These were granted at exercise prices equal to the fair market value of our common stock at the date of grant, vested over a period of four years and expired ten years after the date of the grant. No compensation expenses related to stock options were recorded in any of the years shown. By September 30, 2017, all stock options issued had either been exercised or expired and no new options have been issued. The following table summarizes information pertaining to the stock options vested and exercised for the years presented (in thousands):

	Year ended September 30,		
	2019	2018	2017
Aggregate intrinsic value of all stock options exercised	$ —	$ —	$ 4,025
Net cash proceeds from exercise of stock options	—	—	924

The total income tax benefit recognized in the consolidated statements of operations for share-based compensation arrangements was $9.9 million, $8.7 million and $15.0 million for the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

Employees are permitted to forfeit a certain number of shares to cover their personal tax liability, with the Company making tax payments to the relevant authorities. These payments are reported in the consolidated statements of cash flows as financing cash flows. During the three years ending September 30, 2019, 2018 and 2017, we incurred liabilities related to these forfeitures of $10.6 million, $8.7 million and $8.7 million, respectively.

Stock purchase programs

Under a resolution adopted in June 2018, the Board of Directors authorized the purchase, at management's discretion, of up to an aggregate of $200 million of our common stock. This resolution superseded a similar authorization from August 2015. The resolution also authorizes the use of option exercise proceeds for the purchases of our common stock. During the years ended September 30, 2019, 2018 and 2017, we purchased 0.7 million, 1.1 million and 0.6 million common shares at a cost of $46.8 million, $67.6 million and $28.9 million, respectively. At September 30, 2019, $146.0 million remained available for future stock purchases.

11. Employee benefit plans and deferred compensation

We have 401(k) plans for the benefit of employees who meet certain eligibility requirements. The plans provide for Company match, specified Company contributions and discretionary Company contributions. During the years ended September 30, 2019, 2018 and 2017, we contributed $12.3 million, $7.4 million and $7.0 million to the 401(k) plans, respectively. The increase in the year ending September 30, 2019, was caused by the significant influx of new employees from the citizen engagement centers business. Outside the U.S., we have a number of defined contribution pension plans. During the years ended September 30, 2019, 2018 and 2017, we contributed $18.6 million, $19.5 million, and $18.1 million to these plans, respectively.

We also have a deferred compensation plan, which is a non-qualified plan available to a restricted number of highly compensated employees. The plan enables participants to defer compensation for tax purposes. These deferred employee contributions are held within a Rabbi Trust with investments directed by the respective employees. The assets of the Rabbi Trust are available to satisfy the claims of general creditors in the event of bankruptcy. The assets of the plan are sufficient to meet 93% of the liabilities as of September 30, 2019. The assets within the Rabbi Trust include $20.7 million invested in mutual funds which have quoted prices in active markets. These assets, as well as the related employee liabilities, are recorded at fair value with changes in fair value being recorded in the consolidated statements of operations.

12. Quarterly information (unaudited)

Set forth below are selected quarterly consolidated statements of operations data for the fiscal years ended September 30, 2019 and 2018. We derived this information from unaudited quarterly financial statements that include, in the opinion of our management, all adjustments necessary for a fair presentation of the information for such periods. Results of operations for any fiscal quarter are not necessarily indicative of results for any future period.

Earnings per share amounts are computed independently each quarter. As a result, the sum of each quarter's earnings per share amount may not equal the total earnings per share amount for the respective year.

	Quarter Ended			
	Dec. 31, 2018	March 31,2019	June 30,2019	Sept. 30,2019
	(In thousands, except per share data)			
U.S. Health and Human Services	$ 294,213	$ 290,737	$ 291,132	$ 300,406
U.S. Federal Services	216,987	289,736	292,295	312,179
Outside the U.S.	153,419	156,047	147,283	142,381
Revenue	$ 664,619	$ 736,520	$ 730,710	$ 754,966
U.S. Health and Human Services	$ 88,031	$ 86,260	$ 86,664	$ 83,154
U.S. Federal Services	47,985	60,696	66,803	66,586
Outside the U.S.	23,249	22,466	20,780	18,510
Gross profit	$ 159,265	$ 169,422	$ 174,247	$ 168,250
U.S. Health and Human Services	$ 55,892	$ 56,860	$ 54,250	$ 53,832
U.S. Federal Services	21,353	29,592	33,907	31,090
Outside the U.S.	4,441	4,474	4,989	2,157
Amortization of intangible assets	(5,458)	(9,519)	(9,049)	(9,028)
Acquisition-related expenses	(2,691)	—	—	—
Other/corporate	599	394	(503)	(475)
Operating income	$ 74,136	$ 81,801	$ 83,594	$ 77,576
Net income	$ 55,723	$ 61,766	$ 62,965	$ 60,041
Net income attributable to MAXIMUS	$ 55,913	$ 61,924	$ 62,898	$ 60,089
Basic earnings per share attributable to MAXIMUS	$ 0.86	$ 0.96	$ 0.98	$ 0.93
Diluted earnings per share attributable to MAXIMUS	$ 0.86	$ 0.96	$ 0.97	$ 0.93

	Quarter Ended			
	Dec. 31, 2017	March 31,2018	June 30,2018	Sept. 30,2018
	(In thousands, except per share data)			
U.S. Health and Human Services	$ 304,241	$ 306,249	$ 314,477	$ 288,944
U.S. Federal Services	132,983	116,327	112,226	117,375
Outside the U.S.	185,924	190,211	171,152	152,127
Revenue	$ 623,148	$ 612,787	$ 597,855	$ 558,446
U.S. Health and Human Services	$ 84,231	$ 86,586	$ 101,425	$ 87,382
U.S. Federal Services	33,358	27,374	32,276	33,690
Outside the U.S.	34,371	34,843	20,983	17,866
Gross profit	$ 151,960	$ 148,803	$ 154,684	$ 138,938
U.S. Health and Human Services	$ 49,426	$ 49,970	$ 67,043	$ 52,195
U.S. Federal Services	16,710	9,834	14,877	15,965
Outside the U.S.	16,265	16,440	4,208	(945)
Amortization of intangible assets	(2,718)	(2,603)	(2,525)	(2,462)
Restructuring costs	—	(2,320)	—	(1,033)
Acquisition-related expenses	—	—	—	(947)
Other/corporate	—	—	(1,032)	(865)
Operating income	$ 79,683	$ 71,321	$ 82,571	$ 61,908
Net income	$ 59,952	$ 55,106	$ 60,242	$ 45,516
Net income attributable to MAXIMUS	$ 59,091	$ 55,492	$ 59,861	$ 46,307
Basic earnings per share attributable to MAXIMUS	$ 0.90	$ 0.84	$ 0.91	$ 0.71
Diluted earnings per share attributable to MAXIMUS	$ 0.89	$ 0.84	$ 0.91	$ 0.71

13. Subsequent Events

Dividend

On October 10, 2019, our Board of Directors declared a quarterly cash dividend of $0.28 for each share of the Company's common stock outstanding. The dividend will be paid on November 29, 2019, to shareholders of record on November 15, 2019. Based on the number of shares outstanding, the payment will be approximately $17.9 million.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

ITEM 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's (SEC) rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of published financial statements in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the *Internal Control—Integrated Framework (2013)*. Based on our assessment, we believe that as of September 30, 2019, our internal control over financial reporting was effective based on those criteria.

The attestation report concerning the effectiveness of our internal control over financial reporting as of September 30, 2019, issued by Ernst & Young LLP, the independent registered public accounting firm who also audited our consolidated financial statements, is included following this Item 9A.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during our fourth fiscal quarter of 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm
Regarding Internal Control over Financial Reporting

To the Shareholders and the Board of Directors of MAXIMUS, Inc.

Opinion on Internal Control over Financial Reporting

We have audited MAXIMUS, Inc.'s internal control over financial reporting as of September 30, 2019, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, MAXIMUS, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2019 and 2018, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended September 30, 2019 of MAXIMUS, Inc. and our report dated November 26, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia
November 26, 2019

PART III

The information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K has been omitted in reliance on General Instruction G(3) to Form 10-K and is incorporated herein by reference to the Company's Proxy Statement relating to its 2020 Annual Meeting of Shareholders (Proxy Statement) to be filed with the Securities and Exchange Commission (SEC), except as otherwise indicated below:

ITEM 10. *Directors, Executive Officers and Corporate Governance.*

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 11. *Executive Compensation.*

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

Except for the information disclosed in this Item below, the information required by this Item is incorporated by reference to the Proxy Statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of September 30, 2019, with respect to shares of our common stock that may be issued under our existing equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans(1)
Equity compensation plans/arrangements approved by the shareholders	646,129	$ —	897,085
Equity compensation plans/arrangements not approved by the shareholders	—	—	—
Total	646,129	$ —	897,085

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(1) In addition to being available for future issuance upon exercise of options that may be granted after September 30, 2019, all shares under the 2017 Equity Incentive Plan may be issued in the form of restricted stock, performance shares, stock appreciation rights, stock units or other stock-based awards.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 14. *Principal Accounting Fees and Services.*

The information required by this Item is incorporated by reference to the Proxy Statement.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules.

a. 1. Financial Statements.

The consolidated financial statements are listed under Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules.

None. Financial statement schedules are not required under the related instructions.

3. Exhibits.

The Exhibits filed as part of this Annual Report on Form 10-K are listed on the Exhibit Index immediately preceding the signature page hereto, which Exhibit Index is incorporated herein by reference.

b. Exhibits — see Item 15(a)(3) above.

c. Financial Statement Schedules — see Item 15(a)(2) above.

ITEM 16. Form 10-K Summary.

None.

EXHIBIT INDEX

Exhibit Number		Description	Incorporated by reference herein Form	Incorporated by reference herein Date
2.1		Equity Purchase Agreement dated as of March 6, 2015 by and among Acentia, LLC, Certain of the Equity Holders of Acentia, LLC, SPG Acentia Seller Representative, LLC, MAXIMUS Federal Services, Inc. and MAXIMUS, Inc.	Current Report on Form 8-K (File No. 1-12997)	March 9, 2015
2.2		Asset Purchase Agreement dated as of October 5, 2018 by and among General Dynamics Information Technology, Inc., MAXIMUS Federal Services, Inc. and MAXIMUS, Inc.	Current Report on Form 8-K (File No. 1-12997)	October 9, 2018
3.1		Amended and Restated Articles of Incorporation of the Company, as amended.	Quarterly Report on Form 10-Q (File No. 1-12997)	August 14, 2000
3.2		Articles of Amendment of Amended and Restated Articles of Incorporation.	Quarterly Report on Form 10-Q (File No. 1-12997)	May 10, 2013
3.3		Amended and Restated Bylaws of the Company.	Current Report on Form 8-K (File No. 1-12997)	June 19, 2015
4.1		Specimen Common Stock Certificate.	Quarterly Report on Form 10-Q (File No. 1-12997) (Exhibit 4.1)	August 14, 1997
10.1	*	Form of Indemnification Agreement by and between the Company and each of the directors of the Company.	Registration Statement on Form S-1 (File No. 333-21611) (Exhibit 10.10)	February 12, 1997
10.2	*	Executive Employment, Non-Compete and Confidentiality Agreement between Bruce L. Caswell and MAXIMUS, Inc.	Current Report on Form 8-K (File No. 1-12997)	January 16, 2018
10.3	*	Amended and Restated Employment, Non-Compete and Confidentiality Agreement between Richard A. Montoni and MAXIMUS, Inc.	Current Report on Form 8-K (File No. 1-12997)	January 16, 2018
10.4	*	Amended and Restated Income Continuity Program.	Annual Report on Form 10-K (File No. 1-12997)	November 16, 2015
10.5	*	Deferred Compensation Plan, as amended.	Current Report on Form 8-K (File No. 1-12997)	November 27, 2007
10.6	*	2011 Equity Incentive Plan.	Proxy Statement on Schedule 14A (File No. 1-12997)	January 27, 2012
10.7		First Amendment to 2011 Equity Incentive Plan.	Current Report on Form 8-K (File No. 1-12997)	December 21, 2015
10.8		Amended and Restated Credit Agreement, dated as of March 15, 2013, among MAXIMUS, Inc., SunTrust Bank as Administrative Agent and other lenders party thereto.	Current Report on Form 8-K (File No. 1-12997)	March 21, 2013
10.9		First Amendment to Amended and Restated Credit Agreement dated as of March 9, 2015 among MAXIMUS, Inc., SunTrust Bank as Administrative Agent and other lenders party thereto.	Current Report on Form 8-K (File No. 1-12997)	March 9, 2015

Exhibit Number		Description	Incorporated by reference herein	
			Form	Date
10.10		Second Amendment to Amended and Restated Revolving Credit Agreement dated as of October 23, 2015 among MAXIMUS, Inc., certain subsidiaries of MAXIMUS, Inc. party thereto, SunTrust Bank, as Administrative Agent and other lenders party thereto.	Current Report on Form 8-K (File No. 1-12997)	October 26, 2015
10.11	*	1997 Equity Incentive Plan, as amended.	Registration Statement on Form S-8 (File No. 333-136400)	August 8, 2006
10.12	*	First Amendment to the 1997 Equity Incentive Plan, as amended.	Current Report on Form 8-K (File No. 1-12997)	November 27, 2007
10.13	*	1997 Equity Incentive Plan—Restricted Stock Units—Terms and Conditions.	Current Report on Form 8-K (File No. 1-12997)	June 23, 2006
10.14	*	1997 Equity Incentive Plan—Non-Qualified Stock Option—Terms and Conditions.	Current Report on Form 8-K (File No. 1-12997)	June 23, 2006
10.15	*	1997 Director Stock Option Plan, as amended.	Annual Report on Form 10-K (File No. 1-12997) (Exhibit 10.2)	December 22, 1997
10.16	*	1997 Employee Stock Purchase Plan, as amended.	Registration Statement on Form S-8 (File No. 333-122711)	February 10, 2005
10.17	*	2017 Equity Incentive Plan.	Registration Statement on Form S-8 (File No. 333-217657)	May 4, 2017
10.18		Third Amendment to Amended and Restated Revolving Credit Agreement dated as of September 22, 2017 among MAXIMUS, Inc., certain subsidiaries of MAXIMUS, Inc. party thereto, SunTrust Bank, as Administrative Agent and other lenders party thereto.	Annual Report on Form 10-K (File No. 1-12997)	November 20, 2017
21.1	♦	Subsidiaries of the Company.		
23.1	♦	Consent of Independent Registered Public Accounting Firm.		
31.1	♦	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		
31.2	♦	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		
32.1	❖	Section 906 Principal Executive Officer Certification.		
32.2	❖	Section 906 Principal Financial Officer Certification.		
99.1	♦	Special Considerations and Risk Factors.		
101		The following materials from the MAXIMUS, Inc. Annual Report on Form 10-K for the year ended September 30, 2019 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Shareholders' Equity and (vi) Notes to Consolidated Financial Statements. Filed electronically herewith.		

* Denotes management contract or compensation plan.

♦ Filed herewith.

❖ Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 26, 2019

MAXIMUS, INC.

By: /s/ BRUCE L. CASWELL

Bruce L. Caswell
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ BRUCE L. CASWELL Bruce L. Caswell	President, Chief Executive Officer and Director (principal executive officer)	November 26, 2019
/s/ RICHARD J. NADEAU Richard J. Nadeau	Chief Financial Officer and Treasurer (principal financial and accounting officer)	November 26, 2019
/s/ PETER B. POND Peter B. Pond	Chairman of the Board of Directors	November 26, 2019
/s/ RICHARD A. MONTONI Richard A. Montoni	Vice Chairman of the Board of Directors	November 26, 2019
/s/ ANNE K. ALTMAN Anne K. Altman	Director	November 26, 2019
/s/ RUSSELL A. BELIVEAU Russell A. Beliveau	Director	November 26, 2019
/s/ PAUL R. LEDERER Paul R. Lederer	Director	November 26, 2019
/s/ GAYATHRI RAJAN Gayathri Rajan	Director	November 26, 2019
/s/ RAYMOND B. RUDDY Raymond B. Ruddy	Director	November 26, 2019
/s/ MICHAEL J. WARREN Michael J. Warren	Director	November 26, 2019

EXHIBIT 99.1

Special Considerations and Risk Factors

Our operations are subject to many risks, including those described below, that could adversely affect our future financial condition and performance and, therefore, the market value of our securities.

If we fail to satisfy our contractual obligations or meet performance standards, our contracts may be terminated, and we may incur significant costs or liabilities, including actual or liquidated damages and penalties, which could adversely impact our operating results, financial condition, cash flows and our ability to compete for future contracts.

Our contracts may be terminated for our failure to satisfy our contractual obligations or to meet performance standards and often require us to indemnify customers for their damages. In addition, some of our contracts contain substantial liquidated damages provisions and financial penalties related to performance failures. Although we have liability insurance, the policy coverage and limits may not be adequate to provide protection against all potential liabilities. Further, for certain contracts, we may post significant performance bonds or issue letters of credit to secure our performance, indemnification and other obligations. If a claim is made against a performance bond or letter of credit, we would be required to reimburse the issuer for the amount of the claim. Consequently, as a result of the above matters, we may incur significant costs or liabilities, including penalties, which could adversely impact our operating results, cash flows, financial condition and our ability to compete for future contracts.

Our business could be adversely affected by future legislative or government budgetary and spending changes.

The market for our services depends largely on federal and state legislative programs and the budgetary capability to support programs, including the continuance of existing programs. Many of our contracts are not fully-funded at inception and rely upon future appropriations of funds. Accordingly, a failure to receive additional, anticipated funding may result in an early termination of a contract. In addition, many of our contracts include clauses which allow clients to unilaterally modify or terminate contracts with little or no recompense.

Changes in government initiatives or in the level of government spending due to budgetary or deficit considerations may have a significant impact on our future financial performance. For example, President Trump campaigned on a promise to repeal or replace the Affordable Care Act (ACA), which has been a contributor to our growth over the past several years. If the ACA is repealed or revised, it could result in a loss of those contracts that are directly tied to the ACA, which could have a material adverse effect on our business. Similarly, increased or changed spending on defense, security or anti-terrorism threats may impact the level of demand or funding for our services. Many state programs in the United States, such as Medicaid, are federally mandated and fully or partially funded by the U.S. Federal Government. Changes to those programs, such as program eligibility, benefits, or the level of federal funding, could reduce the level of demand for services provided by us, which could materially adversely impact our future financial performance.

If we fail to accurately estimate the factors upon which we base our contract pricing, we may generate less profit than expected or incur losses on those contracts.

We derived approximately 15% of our fiscal 2019 revenue from fixed-price contracts and approximately 41% of our fiscal 2019 revenue from performance-based contracts. For fixed-price contracts, we receive our fee based on services provided. Those services might include operating a Medicaid enrollment center pursuant to specified standards, designing and implementing computer systems or applications, or delivering a planning document under a consulting arrangement. For performance-based contracts, we receive our fee on a per-transaction basis. These contracts include, for example, child support enforcement contracts in which we often receive a fee based on the volume of transactions. To earn a profit on these contracts, we must accurately estimate the likely volume of work that will occur, costs and resource requirements involved and assess the probability of completing individual transactions within the contracted time period. If our estimates prove to be inaccurate, we may not achieve the level of profit we expected or we may incur a net loss on a contract.

Our systems and networks may be subject to cybersecurity breaches.

We are a trusted provider to government and other clients of critical health and human services that rely heavily upon technology systems, software and networks to receive, input, maintain and communicate participant and client data. Although we have experienced occasional attempted security breaches, to our knowledge none of those attempts have been successful. The risk of a security breach, system disruption, ransom-ware attack or similar cyber attack or intrusion, including by computer hackers, cyber terrorists or foreign governments, is persistent and substantial as the volume, intensity and sophistication of attempted attacks, intrusions and threats from around the world increase daily. If our systems or networks were compromised, we could be adversely affected by losing confidential or protected information of program participants and clients or by facing a demand for ransom to restore access to such information. The loss, theft or improper disclosure of that information could subject us to sanctions under the relevant laws, breach of contract claims, contract termination, class action or individual lawsuits from affected parties, negative press articles, reputational damage and a loss of confidence from our government clients, all of which could adversely affect our existing business, future opportunities and financial condition.

Similarly, if our internal networks were compromised, we could suffer the loss of proprietary, trade secret or confidential technical and financial data. That could make us less competitive in the marketplace and adversely affect our existing business, future opportunities and financial condition.

Many of our projects handle protected health information or other forms of confidential personal information, the loss or disclosure of which could adversely affect our business, results of operations and reputation.

As a provider of services under government health and human services programs, we often receive, maintain and transmit protected health information or other types of confidential personal information. That information may be regulated by the Health Insurance Portability and Accountability Act (HIPAA), the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), Internal Revenue Service regulations, the European Union General Data Protection Regulation (GDPR) or similar U.S. or foreign laws. The loss, theft or improper disclosure of that information could subject us to sanctions under the relevant laws, breach of contract claims, class action or individual lawsuits from affected parties, negative press articles and a loss of confidence from our government clients, all of which could adversely affect our existing business, future opportunities and financial condition.

We may lose executive officers and senior managers on whom we rely to generate business and execute projects successfully.

The ability of our executive officers and our senior managers to generate business and execute projects successfully is important to our success. The loss of an executive officer or senior manager could impair our ability to secure and manage engagements, which could harm our business, prospects, financial condition, results of operations and cash flows.

We may be unable to attract and retain sufficient qualified personnel to sustain our business.

Our delivery of services is labor-intensive. When we are awarded a government contract, we must quickly hire project leaders and operational staff. Some larger projects have required us to hire and train thousands of operational staff in a very short time period. That effort can be especially challenging in geographic areas with very low unemployment rates. The additional operational staff also creates a concurrent demand for increased administrative personnel. Our success requires that we attract, develop, motivate and retain:

- experienced and innovative executive officers globally;
- senior managers who have successfully managed or designed government services programs; and
- information technology professionals who have designed or implemented complex information technology projects within and outside the U.S.

Innovative, experienced and technically proficient individuals are in great demand and are likely to remain a limited resource. There can be no assurance that we will be able to continue to attract and retain desirable executive officers, senior managers and management personnel. Our inability to hire sufficient personnel on a timely basis or the loss of significant numbers of executive officers and senior managers could adversely affect our business.

Our growth initiatives could adversely affect our profitability.

A part of our growth strategy involves pursuing opportunities in new and adjacent market areas. We may encounter start-up challenges, unforeseen costs and other risks as we enter these markets. If we are unable to manage the risks of operating in these new markets, our reputation and profitability could be adversely affected.

We may incur significant costs before receiving related contract payments, which could result in an increased use of cash and risk of impairment charges.

When we are awarded a contract, we may incur significant expenses before we receive contract payments, if any. These expenses may include leasing office space, purchasing office equipment and hiring personnel. In other situations, contract terms provide for billing upon achievement of specified project milestones. As a result, in these situations, we are required to expend significant sums of money before receiving related contract payments. In addition, payments due to us from government agencies may be delayed due to billing cycles or as a result of failures by the government to approve governmental budgets in a timely manner. In addition to these factors, poor execution on project startups could impact us by increasing our use of cash.

In certain circumstances, we may defer costs incurred at the inception of a contract. Such action assumes that we will be able to recover these costs over the life of the contract. To the extent that a project does not perform as anticipated, these deferred costs may not be considered recoverable resulting in an impairment charge.

Government entities have in the past terminated, and may in the future terminate, their contracts with us earlier than we expect, which may result in revenue shortfalls and unrecovered costs.

Many of our government contracts contain base periods of one or more years, as well as option periods covering more than half of the contract's potential duration. Government agencies do not have to exercise these option periods, and they may elect not to exercise them for budgetary, performance or any other reason. Our contracts also typically contain provisions permitting a government customer to terminate the contract on short notice, with or without cause. Termination without cause provisions generally allow the government to terminate a contract at any time, and enable us to recover only our costs incurred or committed, and settlement expenses and profit, if any, on the work completed prior to termination. We may or may not be able to recover all the costs incurred during the startup phase of a terminated contract. The unexpected termination of significant contracts could result in significant revenue shortfalls. If revenue shortfalls occur and are not offset by corresponding reductions in expenses, our business could be adversely affected. We cannot anticipate if, when or to what extent a customer might terminate its contracts with us.

If we fail to establish and maintain important relationships with government entities and agencies, our ability to successfully bid under Request for Proposals (RFPs) may be adversely affected.

To facilitate our ability to prepare bids in response to RFPs, we rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships enable us to provide informal input and advice to the government entities and agencies prior to the development of an RFP. We also engage marketing consultants, including lobbyists, to establish and maintain relationships with elected officials and appointed members of government agencies. The effectiveness of these consultants may be reduced or eliminated if a significant political change occurs. In that circumstance, we may be unable to successfully manage our relationships with government entities and agencies and with elected officials and appointees. Any failure to maintain positive relationships with government entities and agencies may adversely affect our ability to bid successfully in response to RFPs.

We are subject to review and audit by governments at their sole discretion and, if any improprieties are found, we may be required to refund revenue we have received, or forego anticipated revenue, which could have a material adverse impact on our revenue and our ability to bid in response to RFPs.

We are subject to audits, investigations and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of the U.S. Federal Government, state, local, and foreign governments, and otherwise in connection with performing services in countries outside of the United States. Adverse findings could lead to criminal, civil or administrative proceedings, and we could be faced with penalties, fines, suspension or debarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by state, local and foreign governments for taxes. We are also involved in various claims, arbitrations and lawsuits arising in the normal conduct of our business, including but not limited to bid protests, employment matters, contractual disputes and charges before administrative agencies. Although we can give no assurance, based upon our evaluation and taking into account the advice of legal counsel, we do not believe that the outcome of any existing matter would likely have a material adverse effect on our consolidated financial position, results of operations or cash flows.

We may be subject to fines, penalties and other sanctions if we fail to comply with laws governing our business.

Our business lines operate within a variety of complex regulatory schemes, including but not limited to the Federal Acquisition Regulation (FAR), Federal Cost Accounting Standards, the Truth in Negotiations Act, the Fair Debt Collection Practices Act (and similar national, state and foreign laws), the Foreign Corrupt Practices Act, the United Kingdom Bribery Act, as well as the regulations governing Medicaid and Medicare and accounting standards. If a government audit finds improper or illegal activities by us or we otherwise determine that these activities have occurred, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or disqualification from doing business with the government. Any adverse determination could adversely impact our ability to bid in response to RFPs in one or more jurisdictions. Further, as a government contractor subject to the types of regulatory schemes described above, we are subject to an increased risk of investigations, criminal prosecution, civil fraud, whistleblower lawsuits and other legal actions and liabilities to which private sector companies are not, the result of which could have a material adverse effect on our operating results, cash flows and financial condition.

Adverse judgments or settlements in legal disputes could harm our operating results, cash flows and financial condition.

From time to time, we are subject to a variety of lawsuits and other claims. These may include lawsuits and claims related to contracts, subcontracts, securities compliance, employment claims and compliance with Medicaid and Medicare regulations, as well as laws governing debt collections and child support enforcement. Adverse judgments or settlements in some or all of these legal disputes may result in significant monetary damages or injunctive relief against us. In addition, litigation and other legal claims are subject to inherent uncertainties and management’s view of these matters may change in the future. Those uncertainties include, but are not limited to, costs of litigation, unpredictable court or jury decisions, and the differing laws and attitudes regarding damage awards among the states and countries in which we operate.

If we do not successfully integrate the businesses that we acquire, our results of operations could be adversely affected.

Business combinations involve a number of factors that affect operations, including:

- diversion of management’s attention;
- loss of key personnel;
- entry into unfamiliar markets;
- assumption of unanticipated legal or financial liabilities;
- becoming significantly leveraged as a result of incurring debt to finance an acquisition;
- unanticipated operating, accounting or management difficulties in connection with the acquired entities;
- impairment of acquired intangible assets, including goodwill; and
- dilution to our earnings per share.

Businesses we acquire may not achieve the revenue and earnings we anticipate. Customer dissatisfaction or performance problems with an acquired firm could materially and adversely affect our reputation as a whole. As a result, we may be unable to profitably manage businesses that we have acquired or that we may acquire or we may fail to integrate them successfully without incurring substantial expenses, delays or other problems that could materially negatively impact our business and results of operations.

We may face liabilities arising from divested or discontinued businesses.

In fiscal year 2016, we divested our K-12 Education business. The transaction documents contain a variety of representations, warranties and indemnification obligations. We could face indemnification claims and liabilities from alleged breaches of representations or warranties.

During 2009, we exited the revenue maximization business. Although we no longer provide those services, former projects that we performed for state clients remain subject to federal audits. Our contracts for that business generally provide that we will refund the portion of our fee associated with any federal disallowance. Accordingly, we may be obligated to refund amounts paid for such revenue maximization services depending on the outcome of federal audits. In March 2009, for example, a state Medicaid agency asserted a claim against us in connection with a contract we had to provide Medicaid administrative claiming services to school districts in the state. We had entered into separate agreements with the school districts under which we helped the districts prepare and submit claims to the state Medicaid agency which, in turn, submitted claims for reimbursement to the U.S. Federal Government. The state asserted that its agreement with us requires us to reimburse the state for amounts owed to the U.S. Federal Government. No legal proceedings have been instituted against us in that matter. We could face similar claims arising from such projects for other state clients. There is no assurance that we will prevail in such matters or that a court would limit our liability to the amount of our fees associated with a disallowance.

A number of factors may cause our cash flows and results of operations to vary from quarter to quarter.

Factors which may cause our cash flows and results of operations to vary from quarter to quarter include:

- the terms and progress of contracts;
- caseloads and other factors where revenue is derived on transactional volume on contracts;
- the levels of revenue earned and profitability of fixed-price and performance-based contracts;
- expenses related to certain contracts which may be incurred in periods prior to revenue being recognized;
- the commencement, completion or termination of contracts during any particular quarter;
- the schedules of government agencies for awarding contracts;
- government budgetary delays or shortfalls;
- the timing of change orders being signed;
- the terms of awarded contracts; and
- potential acquisitions.

Changes in the volume of activity and the number of contracts commenced, completed or terminated during any quarter may cause significant variations in our cash flows and results of operations because a large amount of our expenses are fixed.

We are subject to the risks of doing business internationally.

For the year ended September 30, 2019, 21% of our revenue was driven from jurisdictions outside the U.S. As a result, a significant portion of our business operations are subject to foreign financial, tax and business risks which could arise in the event of:

- foreign currency exchange fluctuations;
- unexpected increases in tax rates or changes in U.S. or foreign tax laws;
- non-compliance with international laws and regulations, such as data privacy, employment regulations and trade barriers;
- non-compliance with U.S. laws affecting the activities of U.S. companies in international locations including the Foreign Corrupt Practices Act;
- the absence in some jurisdictions of effective laws to protect our intellectual property rights;
- new regulatory requirements or changes in local laws that materially affect the demand for our services or directly affect our foreign operations;
- local economic and political conditions including severe or protracted recessions in foreign economies and inflation risk;
- the length of payment cycles and potential difficulties in collecting accounts receivable;
- difficulty managing and communicating with teams outside the U.S.;
- unusual or unexpected monetary exchange controls, price controls or restrictions on transfers of cash; or
- civil disturbance, terrorism or other catastrophic events that reduce business activity in other parts of the world.

These factors may lead to decreased revenues and profits, which could adversely affect our business, financial condition and results of operations.

We obtain most of our business through competitive bidding in response to government RFPs. We may not be awarded contracts through this process at the same level in the future as in the past, and contracts we are awarded may not be profitable.

Substantially all of our customers are government agencies. To market our services to government customers, we are often required to respond to government RFPs, which may result in contract awards on a competitive basis. To do so effectively, we must estimate accurately our cost structure for providing the required services, the time required to establish operations and likely terms of the proposals submitted by competitors. We must also assemble and submit a large volume of information within an RFP's rigid timetable. Our ability to respond successfully to RFPs will greatly impact our business. There is no assurance that we will continue to obtain contracts in response to government RFPs and our proposals may not result in profitable contracts. In addition, competitors may protest contracts awarded to us through the RFP process which may cause the award to be delayed or overturned or may require the customer to reinitiate the RFP process.

Even where we are an incumbent, our ability to secure continued work or work at similar margins may be affected by competitive rebids or contract changes and cancellations. Although it is difficult to track all the reasons for changes in our contracts, we believe that this contract attrition has affected approximately 7% to 10% of our business annually, with the attrition largely being replaced by new or expanded work elsewhere. However, there can be no assurance that we will be able to replace the work lost to attrition with new work.

We rely on key contracts with state, local and federal governments for a significant portion of our revenue. A substantial reduction in those contracts would materially adversely affect our operating results.

In fiscal year 2019, approximately 40% of our total revenue was derived from contracts with state and local government agencies. Approximately 36% of our total revenue was derived from the U.S. Federal Government and the State of New York. Any significant disruption or deterioration in our relationship with state and local governments and a corresponding reduction in these contracts would significantly reduce our revenue and could substantially harm our business.

Government unions may oppose outsourcing of government programs to outside vendors such as us, which could limit our market opportunities and could impact us adversely. In addition, our unionized workers could disrupt our operations and our non-unionized workers could attempt to unionize which could disrupt our operations and impose higher costs on us.

Our success depends in part on our ability to win profitable contracts to administer and manage health and human services programs traditionally administered by government employees. Many government employees, however, belong to labor unions with considerable financial resources and lobbying networks. Unions have in the past applied, and are likely to continue to apply, political pressure on legislators and other officials seeking to outsource government programs. Union opposition to these programs may result in fewer opportunities for us to service government agencies and/or longer and more complex procurements.

We do operate outsourcing programs using unionized employees in Canada and the United Kingdom. We have historically experienced opposition from the union in Canada, which does not favor the outsourcing of government programs. Adverse press coverage and union opposition may have a negative effect on the willingness of government agencies to outsource such projects as well as certain contracts that are operated within a unionized environment. Our unionized workers could also declare a strike which could adversely affect our performance and financial results.

Non-unionized workers could initiate organizing efforts to unionize at one or more of our locations. Such organizing efforts could be disruptive to our business operations and result in adverse publicity.

We may be precluded from bidding and performing certain work due to other work we currently perform.

Various laws and regulations prohibit companies from performing work for government agencies that might be viewed as an actual or apparent conflict of interest. These laws may limit our ability to pursue and perform certain types of work. For example, some of our businesses assist government agencies in developing RFPs for various government programs. In those situations, the divisions involved in operating such programs would likely be precluded from bidding on those RFPs. Similarly, regulations governing the independence of Medicaid enrollment brokers and Medicare appeal providers could prevent us from providing services to other organizations such as health plans and providers.

Inaccurate, misleading or negative media coverage could adversely affect our reputation and our ability to bid for government contracts.

Because of the public nature of many of our business lines, the media frequently focuses their attention on our contracts with government agencies. If the media coverage is negative, it could influence government officials to slow the pace of outsourcing government services, which could reduce the number of RFPs. The media also focus their attention on the activities of political consultants engaged by us, and we may be tainted by adverse media coverage about their activities, even when those activities are unrelated to our business. Moreover, inaccurate, misleading or negative media coverage about us could harm our reputation and, accordingly, our ability to bid for and win government contracts.

Our clients may limit or prohibit the outsourcing of certain programs or may refuse to grant consents and/or waivers necessary to permit private entities, such as us, to perform certain elements of government programs.

Governments could limit or prohibit private contractors like us from operating or performing elements of certain programs. Within the U.S., state or local governments could be required to operate such programs with government employees as a condition of receiving federal funding. Moreover, under current law, in order to privatize certain functions of government programs, the U.S. Federal Government must grant a consent and/or waiver to the petitioning state or local agency. If the U.S. Federal Government does not grant a necessary consent or waiver, the state or local agency will be unable to outsource that function to a private entity, such as us. This situation could eliminate or reduce the value of an existing contract.

We may rely on subcontractors and partners to provide clients with a single-source solution.

From time to time, we engage subcontractors, teaming partners or other third parties to provide our customers with a single-source solution. While we believe that we perform appropriate due diligence on our subcontractors and teaming partners, we cannot guarantee that those parties will comply with the terms set forth in their agreements or remain financially sound. We may have disputes with our subcontractors, teaming partners or other third parties arising from the quality and timeliness of their work, customer concerns about them or other matters. Subcontractor or teaming partner performance deficiencies could result in a customer terminating our contract for default. We may be exposed to liability, and we and our clients may be adversely affected if a subcontractor or teaming partner fails to meet its contractual obligations.

We face competition from a variety of organizations, many of which have substantially greater financial resources than we do; we may be unable to compete successfully with these organizations.

We face competitors from a number of different organizations depending upon the market and geographic location in which we are competing. A summary of our most significant competitors is included in Item 1 of this Annual Report on Form 10-K.

Many of these companies are international in scope, are larger than us, and have greater financial resources, name recognition and larger technical staffs. Substantial resources could enable certain competitors to initiate severe price cuts or take other measures in an effort to gain market share. In addition, we may be unable to compete for the limited number of large contracts because we may not be able to meet an RFP's requirement to obtain and post a large performance bond. Also, in some geographic areas, we face competition from smaller firms with established reputations and political relationships. There can be no assurance that we will be able to compete successfully against our existing or any new competitors.

Our Articles of Incorporation and bylaws include provisions that may have anti-takeover effects.

Our Articles of Incorporation and bylaws include provisions that may delay, deter or prevent a takeover attempt that shareholders might consider desirable. For example, our Articles of Incorporation provide that our directors are to be divided into three classes and elected to serve staggered three-year terms. This structure could impede or discourage an attempt to obtain control of us by preventing stockholders from replacing the entire board in a single proxy contest, making it more difficult for a third party to take control of MAXIMUS without the consent of our Board of Directors. Our Articles of Incorporation further provide that our shareholders may not take any action in writing without a meeting. This prohibition could impede or discourage an attempt to obtain control of us by requiring that any corporate actions initiated by shareholders be adopted only at properly called shareholder meetings.

MAXIMUS®

Appendix B: Resumes

Appendix B: Resumes

ANDREA JOHNSON-FEE

Project Manager

Key Qualifications

- Over 16 years' experience managing SSI Advocacy projects nationwide
- Specializes in cases involving children transitioning out of the foster care system
- Trained in medical determination for children and adults, following Social Security Administration guidelines
- Social Security Policy Expert

Professional Experience/Understanding of SSA/SSI Process

Iowa & Nebraska SSI Advocacy Project Manager
MAXIMUS Human Services, Inc. 2004 – Present

- Determines SSI eligibility for children in foster care, developing cases for children in foster care with disabilities to present to the Bureau of Disability Determination Services and the Social Security Administration
- Processes paperwork for the Social Security Administration for Survivor's Benefits and Lump Sum Death Benefits for children in foster care
- Updates placement of children in foster care for Social Security and the Bureau of Disability Determination Services
- Works closely with the Department of Human Services, Social Security Administration, and the Bureau of Disability Determination Services
- Serves as technical advisor to the State with regards to SSA and SSI benefits and the client trust accounts

Benefits Eligibility Assessments Services Technical Advisor
MAXIMUS Human Services, Inc. 2004 – Present

- Responsible to train advocates and social workers for the SSI Advocacy Projects in the states of Alaska, Iowa, Nebraska, Maryland, South Carolina, Wisconsin as well as the projects in Miami-Dade County, Florida and Riverside, Stanislaus, and San Francisco Counties in California
  - Trains advocates in determining SSI eligibility for children in foster care to develop cases for children in foster care with disabilities to present to the Bureau of Disability Determination Services and the Social Security Administration
  - Teaches advocates how to process paperwork for the Social Security Administration for Survivor's Benefits and Lump Sum Death Benefits for children in foster care
- Responsible to remain up to date on changing Social Security Policies and Social Security Listings to ensure everyone is on the same page throughout the projects

SSI Advocacy Project Manager – Central Benefits Region
MAXIMUS Human Services, Inc. **2004 – Present**

- Oversee staff and daily office functions, developing and continuing close relationships with the Alaska Office of Children's Services, Iowa Department of Human Services, Nebraska Department of Health and Human Services, Stanislaus County Community Services Agency, the Social Security Administration, and the Disability Determination Services
- Works closely with the Iowa Transition Specialists to ensure children aging out are receiving the best options available to them
- Develops monthly invoices and reports for the various projects
- Works closely with community-based treatment facilities, group homes, and foster families to obtain necessary medical information about children in foster care, review and audit files prior to submission to the Social Security Administration
- Trains staff of the State or County in policy and procedures with regards to the SSI Advocacy Project

Academic Background & Professional Certifications

- B.S in Kinesiology, University of Illinois at Champaign-Urbana

References

- Reference #1
  - Name: Doug Wolfe
  - Title: Program Planner – Iowa Department of Human Services
  - Address: 1305 E. Walnut Street Des Moines, Iowa 50319
  - Telephone #: (515) 242-5452
- Reference #2
  - Name: Michelle Hansen
  - Title: Social Worker – Iowa Department of Human Services
  - Address: 1305 E. Walnut Street Des Moines, Iowa 50319
  - Telephone #: (515) 681-8713
- Reference #3
  - Name: Ross Rethmeier
  - Title: Assistant District Manager – Social Security Administration
  - Address: 455 SW 5th St, Suite F Des Moines, IA 50309
  - Telephone #: (515) 250-2881

Chris Settles

SSA/SSI Project Supervisor

Key Qualifications

- Six years of SSI experience, including a range or programs and services, including SSI application redeterminations, SSI protective filing, youth and disability services
- Currently serves as a Child Advocate
- Knowledgeable in procedures involving medical determination for children and adults
- Knowledgeable in the Social Security Guidelines used for determination

Professional Experience/Understanding of SSA/SSI Process

Project Administrator/Advocate
MAXIMUS Human Services, Inc. 2018 – Present

- Determines SSI eligibility for children in foster care
- Prepares case files for children in foster care with disabilities to present to the Bureau of Disability Determination Services (DDS) and the Social Security Administration (Social Security)
- Processes paperwork for Social Security for Survivor's Benefits and Lump Sum Death Benefits for children in foster care
- Updates the placement of children in foster care for Social Security and DDS
- Works closely with the Department of Human Services, Social Security, and DDS
- Specializes in cases involving children transitioning out of the foster care system

Sales Associate/Partner
Cellular Concepts 2003 – 2014

- Initiated strategies for the sale of US cellular phones and services
- Managed day-to-day operations
- Promoted items to customers through in-person and phone interaction
- Answered customer inquiries, processed payments, and negotiated sales
- Developed and grew business through effective business analysis, strategic planning, fiscal operations, analytics, and solid relationship-building with clients
- Built strong working relationships with customers

Academic Background & Professional Certifications

- B.S., Business/Technology Management, Buena Vista University

References

- Reference #1
  - Name: Ross Rethmeier
  - Title: Assistant District Manager – Social Security Administration
  - Address: 455 SW 5th St, Suite F Des Moines, IA 50309
  - Telephone #: (515) 250-2881

- Reference #2
  - Name: Michelle Hansen
  - Title: Social Worker – Iowa Department of Human Services
  - Address: 1305 E. Walnut Street Des Moines, Iowa 50319
  - Telephone #: (515) 681-8713

- Reference #3
  - Name: Nathan Blair
  - Title: Social Worker – Iowa Department of Human Services
  - Address: 215 Central Avenue SE Orange City, IA 51041
  - Telephone #: (712) 737-2943

ASHLEY ASHBY

Eligibility Specialist

Key Qualifications

- Over 10 years' experience in SSA/SSI advocacy
- Experienced in using Social Security Administration systems
- Trained in maintaining personally identifiable information and personal health information confidential

Professional Experience/Understanding of SSA/SSI Process

Supplemental Security Income Advocate
MAXIMUS Human Services, Inc. — 2010 – Present

- Works with offsite case managers to identify children in the foster care system who may be eligible for Supplemental Security Income benefits
- Utilizes statewide computer programs
- Keeps detailed notes using Microsoft Word, Excel and Access
- Prepares files to support filing for Supplemental Security Income benefits
- Compiles supporting paperwork for Social Security Administration
- Files on-line applications with Social Security Administration and follows-up on applications
- Responsible for keeping records of all children that are referred, as well as, applications sent and approved for Supplement Security Income benefits
- Meet monthly, quarterly and yearly quotas of applications submitted

Office Assistant
Rape Victim Advocacy Program — 2008 – 2010

- Communicated with staff and office managers while assisting with team projects
- Responsible for 2009 National Stalking Awareness project
- Designed material for projects using Microsoft PowerPoint and Publisher
- Utilized Microsoft Word and Excel for projects
- Provided customer service
- Met goals and deadlines
- In charge of Whistle Safe information and distribution

Clerical Staff
OBGYN Associate **2005 – 2009**

- Oversaw schedules using Microsoft Excel
- Submitted ICD-9 insurance codes for medical insurance claims
- Processed and filed medical records
- Transcribed medical records
- Entered patient information using Medical Manager software
- Provided customer service
- Operated multi-line telephone

Academic Background & Professional Certifications

- B.A. in Communication Studies and Human Relations, The University of Iowa, 2010

References

- Reference #1
  - Name: Sarah Maley
  - Title: MAXIMUS Lead SSI Advocate (Milwaukee SSI Project)
  - Address: 635 N 26th St, Milwaukee, WI 53223.
  - Telephone #: 414-343-5805

- Reference #2
  - Name: Ted Mech
  - Title: MAXIMUS Supervisor (Milwaukee SSI Project)
  - Address: 635 N 26th St, Milwaukee, WI 53223
  - Telephone #: 414-343-5500

- Reference #3
  - Name: Anne Wilson
  - Title: Supervisor (Rape Victim Advocacy Program)
  - Address: 108 River St, Iowa City, IA 52246
  - Telephone: 319-335-6000

Anna Reinders

Eligibility Specialist

Key Qualifications

- Experienced with working with vulnerable populations

Professional Experience/Understanding of SSA/SSI Process

SSI/SSA Advocate
MAXIMUS Human Services, Inc. 2020 – Present

- Accepts and actively recruits referrals from all sources for SSI application and advocacy services
- Reviews information data screens to determine Case Manager and Foster Parent contact information, and information to help determine eligibility for SSA or SSI benefits
- Processes and submits SSI applications in the following categories: SSI, Title II, Reconsiderations, Continuing Disability Reviews, Redeterminations, and Administrative Law Judge Hearings
- Requests Psychological Evaluations through DCFS assigned liaison to assist in supporting and strengthening SSI applications
- Reviews information from every available source to determine if the characteristics of referred children match SSI criteria
- Submits SSI files and documentation in accordance with deadlines and goals established by management staff and the Social Security Administration
- Ensures consistent application of all confidentiality laws and regulations pertinent to the foster care and SSI programs.
- Reviews applications denied by SSI and gathers documentation to determine if a reconsideration appeal is appropriate.

Intern Advocate
Polk County Crisis and Advocacy Services 2019 – 2020

- Assisted with assault calls, hospital visits, and navigating the court system
- Supported and promoted healing to survivors affected by crime
- Communicated effectively to victims experiencing trauma

Server
Court Ave Restaurant & Brewing Company **2014 – Present**

- Trains and supervises incoming employees
- Provides guests with information about local areas, and directions

Academic Background & Professional Certifications

- B.S in Child, Adult, Family Services, Iowa State University, 2019
- Psychological First Aid
- Death Notification
- Mandatory Reporting
- Victim Counselor Training

References

- Reference #1
  - Name: Sarah Mack
  - Title: Program Specialist – Polk County Crisis and Advocacy Services
  - Address: 2309 Euclid Ave, Des Moines, IA 50310
  - Telephone #: (515) 707-9546

- Reference #2
  - Name: Sandra Loney
  - Title: Sexual Assault Advocate – Polk County Crisis and Advocacy Services
  - Address: 2309 Euclid Ave, Des Moines, IA 50310
  - Telephone #: (414) 343-5500

- Reference #3
  - Name: Caroline Ramaekers
  - Title: Manager – Court Avenue Restaurant and Brewing Company
  - Address: 309 Court Ave, Des Moines, IA 50309
  - Telephone: (712) 830-5603

Appendix C: Sections II – IV Contract Terms and Conditions Alternatives

Appendix C: Sections II – IV Contract Terms and Conditions Alternatives

II.M Indemnification

1. General

The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims. Contractor shall not be responsible for any damages, liabilities or costs resulting from the negligence or willful misconduct of the State, its employees, Contractor, or agents or any third party.

II.N Attorney's Fees

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

1. Litigation Reimbursement

If Contractor is requested by the State to produce MAXIMUS deliverables, documents, records, working papers, or personnel for testimony or interviews with respect to this Agreement or any services provided hereunder, then State and Contractor shall execute a change order or new services agreement for the sole purpose of setting forth any payment and the terms associated with Contractor's response and related to the reasonable fees of Contractor in responding.

II.O Liquidated Damages

Failure to initiate an application for SSI funding upon recommendation from DHHS within thirty (30) days may result in an assessment of liquidated damages due the State of $1,000.00 dollars per week or any portion thereof, until the application is initiated. Failure to initiate an application for SSA funding upon recommendation from DHHS within thirty (30) days may result in an assessment of liquidated damages due the State of $500.00 dollars per week or any portion thereof, until the application is initiated. Contractor will be notified in writing when liquidated damages will commence.

1. Limitation of Liability

To the extent allowed by Nebraska law, Contractor's total liability to DHHS for any and all damages arising out of this Contract from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed $250,000.00. This limitation shall not apply to direct damages resulting from: (i) personal injury; (ii) personal property damage; and (iii) U.S. copyright infringement.

As permitted by Nebraska law, Contractor shall not be liable for indirect, special, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought even if Contractor has been advised of the likelihood of such damages, and notwithstanding any failure of essential purpose of any limited remedy.

III.I Insurance Requirements

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Require each subcontractor to have equivalent insurance;
2. Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within one (1) year of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and one (1) year following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

If the Contractor carries higher limits than are required herein, the higher limits shall be available to pay covered claims subject to all the insurance policy's terms and conditions, warranties and exclusions and depending upon the circumstances surrounding the claim.

1. WORKERS' COMPENSATION INSURANCE

The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter**. The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The Contractor and any subcontractors shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any subcontractor performing work covered by this contract from claims for or damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises Operations, Products/Completed Operations, Independent Contractors, Personal and Advertising Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered**

secondary and non-contributory. **The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE	
COMMERCIAL GENERAL LIABILITY	
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 per occurrence
Bodily Injury/Property Damage	$1,000,000 per occurrence
Medical Payments	$10,000 any one person
Damage to Rented Premises (Fire)	$300,000 each occurrence
Contractual Liability	Included
Independent Contractors	Included
If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.	
WORKERS' COMPENSATION	
Employers Liability Limits	$500K/$500K/$500K
Statutory Limits- All States	Statutory - State of Nebraska
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	$5,000,000 per occurrence
COMMERCIAL CRIME	
Crime/Employee Dishonesty Including 3rd Party Loss	$1,000,000
CYBER LIABILITY	
Breach of Privacy, Security Breach of Confidential Information, Denial of Service Attacks, Regulatory Fines and Penalties associated with Data Breach of Confidential Information	$3,000,000
MANDATORY COI SUBROGATION WAIVER LANGUAGE	
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."	
MANDATORY COI LIABILITY WAIVER LANGUAGE	
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additional insured." [the State can be an additional insured, but not an Insured (additionally insured)]	

3. EVIDENCE OF COVERAGE

The Contractor shall furnish the Contract Manager, with a certificate of insurance complying with the above requirements prior to beginning work at:

Nebraska Department of Health and Human Services
Division of Children and Family Services
Attn: Foster Care Program Manager
301 Centennial Mall South
Nebraska State Office Building, 3rd floor
P.O. Box 95026
Lincoln, NE 68509-5026

These certificates shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

The Contractor's or Subcontractor's insurers shall, according to each insurance policy's provisions, provide at least 30 days prior written notice of cancellation or non-renewal to the certificate holder on file with insurers and a new certificate of insurance shall be submitted to ensure no break in coverage.

4. DEVIATIONS

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.