

REQUEST-FOR-PROPOSALS

- FOR -

CLAIMS DATA ANALYSIS AND POST PAYMENT REVIEW

**State of Vermont
Office of Vermont Health Access**

Date of Issuance: November 5, 2007

Proposal Due Date: January 4, 2008

TABLE OF CONTENTS

	Page
INTRODUCTION	4
BACKGROUND	5
SECTION I - GENERAL PROCUREMENT INFORMATION AND PROCEDURES	10
▪ Issuing Office	10
▪ Procurement or Issuing Officer	10
▪ Alternate Procurement or Issuing Officer	11
▪ I-A GENERAL INFORMATION	11
▪ I-B PROCUREMENT PROCESS	13
▪ I-C PROPOSAL WITHDRAWAL	15
▪ I-D ACCEPTANCE OF PROPOSALS	15
▪ I-E ORAL PRESENTATIONS	15
▪ I-F SITE VISITS	16
▪ I-G CONTRACT AWARD NOTICE	16
▪ I-H PROTEST OF INTENDED AWARD	16
▪ I-I PROCUREMENT TIMETABLE	16
▪ I-J RESTRICTIONS ON COMMUNICATIONS	16
▪ I-K LIBRARY LISTING	17
▪ I-L AWARD	17
SECTION II - INFORMATION REQUIRED FROM BIDDERS	18
▪ II-A TRANSMITTAL LETTER	18
▪ II-B BUSINESS ORGANIZATION	18
▪ II-C LOCATION	19
▪ II-D AFFILIATIONS	19
▪ II-E RELEVANT EXPERIENCE	19
▪ II-F CONTRACTOR ORGANIZATION AND STAFFING	19
▪ II-G TECHNOLOGY REQUIREMENTS	20
▪ II-H METHODOLOGY AND APPROACH	20
▪ II-I PRICE/COST PROPOSAL	20
SECTION III WORK STATEMENT	24
▪ III-A BIDDER RESPONSE TO RFP	24
▪ III-B GENERAL REQUIREMENTS	24
▪ III-C GLOBAL COMMITMENT AND OVHA PROGRAMS	25
▪ III-D COMMUNICATION AND COLLABORATION	26
▪ III-E AUDIT PROCEDURES	26
▪ III-F ANALYSIS AND REPORTING	27
▪ III-G STAFFING AND TIME REQUIREMENTS	27
▪ III-H DISASTER RECOVERY	28
▪ III-I POST IMPLEMENTATION	28
▪ III-J REQUIRED REPORTS	28

▪ III-K PERFORMANCE STANDARDS	29
SECTION IV EVALUATION METHODOLOGY	30
SECTION V CONTRACTUAL SERVICES TERMS AND CONDITIONS	32
▪ V-A TERM OF CONTRACT	32
▪ V-B CONTRACT ADMINISTRATOR	32
▪ V-C COST LIABILITY	32
▪ V-D CONTRACTOR RESPONSIBILITIES	32
▪ V-E NEWS RELEASES	33
▪ V-F FREEDOM OF INFORMATION AND PRIVACY ACT / DISCLOSURE	33
▪ V-G GRATUITIES OR KICKBACKS	33
▪ V-H RETAINAGE	33
▪ V-I APPROPRIATIONS	34
▪ V-J PENALTIES FOR PERFORMANCE STANDARDS' FAILURES	34
ACRONYMS, DEFINITIONS AND TERMS USED	35
APPENDIX 1: Contract Attachments C, E, and F	36
APPENDIX 2: VERMONT TAX CERTIFICATION	37

INTRODUCTION

The State of Vermont, Office of Vermont Health Access (OVHA) is issuing this Request-For-Proposals (RFP) to obtain outside expertise to work with OVHA to analyze paid claims data to identify possible improper payments.

The document contains the following sections:

Background: This section describes the background information regarding this RFP, including information specific to claims paid under Vermont’s publicly funded health care programs.

Section I. - General Procurement Information and Procedures and Issuing Office: This section is used to inform Bidders of the general procurement conditions under which the RFP is issued.

Section II. - Information Required from Bidders: This section provides Bidders with instructions regarding the format and nature of the information they must provide in a proposal.

Section III. – Work Statement: This section is a detailed description of the services to be provided through the contract based on this RFP. It is the most important portion of the RFP. Bidders should use this section as a guideline for responding to the information required from Bidders identified in Section II.

Section IV. - Evaluation Methodology: This section describes the methodology that will be used to evaluate the proposals submitted in response to this RFP.

Section V. - Contract Terms and Conditions: This section describes the contractual terms and conditions that shall be a part of any contract that results from this RFP.

Acronyms, Definitions, and Terms: Those used in the RFP are located at the end of this RFP.

Appendices: This section includes the appendices for this RFP.

BACKGROUND

History

Vermont Medicaid is the largest insurer in Vermont, covering 141,454 individuals, and paying some or all of the health care costs for 25% of the state's population. Of the nearly \$4 billion dollar health care industry in Vermont, OVHA Medicaid programs represents fully 18.7% of spending in that system.

The State Medicaid program has been designated a Managed Care Organization (MCO) under the CMS approved "Global Commitment to Health" 1115 waiver. Under the Global Commitment waiver, OVHA is a Managed Care Organization, and must meet rules for Medicaid managed care organizations. OVHA has interagency agreements with Vermont Agency of Human Services departments that provide or fund Medicaid covered services. These agreements make these departments part of the MCO within the framework of the Global Commitment. Consequently, services provided by those departments pursuant to the terms of the agreements are MCO services. Included in the MCO are all Medicaid funded services, except long term care services included in the other State 1115 waiver called "Choices for Care" Also not included in the Global Commitment are approximately 3,000 children funded in Vermont through the State Child Health Insurance Program (SCHIP). These children live in families with incomes between 225% and 300% of FPL. However, all claims from SCHIP and Choices of Care will be subject to analysis and post payment review by the contractor selected through this RFP.

Medicaid expenditures under the Global Commitment in SFY '07 (July 06 – June -07) totaled \$1,051,818,056, including administrative expenses. Some examples of provider payment amounts are: hospital - \$125.76 million; physicians - \$62.057 million; nursing homes - \$109.114 million; pharmacy - \$109.037 million (before rebates); dental payments - \$15.408 million; personal care - \$16.924 million; and psychologists \$12.816 million.

Like all health insurance programs, Vermont Medicaid has experienced rapid increases in expenditures in recent years, which makes extensive and continuous auditing of paid claims an important function for maintaining the integrity of the program. The State of Vermont, Office of the State Auditor, performed a partial audit of Medicaid paid claims for the 18 months ending December 31, 2005, which identified claims where post payment review would have been beneficial. This RFP seeks audit and post payment review services to build upon that audit, identifying additional areas of focus and expanding the period of time reviewed.

In the area of pharmacy, the audit examined payment algorithms in a number of drug classes. It revealed several areas where claims were adjudicated improperly for a variety of reasons, including pharmacy billing errors.

The audit identified instances where pharmacies made data entry errors, which included recording inaccurate quantities dispensed, the number of days of drugs supplied and dosages. Billed quantities often far exceeded norms or maximum dosage standards.

Some examples of common errors that have been found in claims submissions are:

1. Pharmacy

Example: Pharmacy providers sometimes simply made typographical errors when entering quantity amounts. For example, instead of entering a quantity of 60 the provider entered a quantity of 960.

Example: Incorrect quantities billed and paid often occurred when the provider entered the number of items in a kit or the number of days supplied when the appropriate quantity for the kit was often one (1). The following is an example of a billing for a Copaxone® Kit.

Reported Quantity Dispensed:	30
Days Supplied:	30 days
Calculated Price (incl. dispensing fee):	\$51,786.41
Correct Quantity Dispensed:	1
Correct Calculated Price:	\$1,730.96

In this case, the correct quantity should have been one kit, not the 30 that were billed and paid. It appears that the provider recorded the number of days supplied (or number of syringes) as the quantity dispensed.

2. Hospitals

Example: In this example an incorrect CPT code was billed using revenue code 320.

Billed:	CPT 75803
Correct:	CPT 80420

This error resulted in a possible overpayment to the provider.

3. Physician and Other Professional Claims

Example: In this example the units actually billed by the provider did not match the number of units that are allowed using the CPT billing guidelines.

CPT:	90853
Units allowed:	1
Units billed:	3
Payment amount:	$\$75 \times 3 = \225
Correct amount:	$\$75 \times 1 = \75

Claims Payment

Medicaid medical and institutional claims are processed by the State’s fiscal intermediary, EDS, which is located in the same building as the OVHA office in Williston Vermont. EDS processes claims electronically and via paper submissions.

There is a weekly cycle of payments and remittance advices to providers. In the past three fiscal years EDS paid the following claim volumes:

Claim type	SFY 2005	SFY 2006	SFY 2007
Professional and Institutional	9,488,825 (total of professional, institutional and pharmacy claims)	5,366,858	5,457,761
Pharmacy	See above	3,942,911	3,339,831

EDS is also responsible for provider enrollment, non-pharmacy provider services including claims payment support, and Medicaid Management Information Systems support.

Pharmacy Benefit Management Services

OVHA Pharmacy claims are adjudicated through OVHA’s contracted Pharmacy Benefits Administrator (PBA). Weekly, claims are transmitted to EDS for provider payment.

The pharmacy benefits administrator, in addition to adjudicating claims through its point-of-sale claims processing system, provides call center support for pharmacists in two critical areas: claims processing and clinical requirements. It also supports the State’s Drug Utilization Review (DUR) Board who acts as OVHA’s Pharmacy and Therapeutics (P&T) Committee. The Board works with OVHA on the development of Vermont’s preferred drug list (PDL) and non-preferred drug prior authorization (PA) clinical criteria, performing extensive drug review for presentation and recommendation to OVHA and the Board.

Beginning July, 1, 2001 and ending December 31, 2005, OVHA’s Pharmacy Benefits Administrator (PBA) was First Health Services Corporation. The contract was later awarded to MedMetrics Health Partners, a non-profit PBA affiliated with the University of Massachusetts Medical School and School of Pharmacy. MedMetrics began processing OVHA’s pharmacy claims on January 1, 2006, the same day as the scheduled effective date for Medicare Part D Plans. As OVHA began providing insurance coverage to wrap around the Part D Plans, the implementation of Medicare Part D has added an additional complexity to OVHA’s already complex plan designs.

Provider Reimbursement

Provider payment methods and amounts are determined by OVHA based on the provisions of the Vermont Medicaid Plan, which is subject to CMS approval. The annual legislative process will often include authorization and appropriations to change payments to specific groups of

providers based on budget constraints, access issues or payment equity. Specific provider rate changes are made to the EDS and PBA claims adjudication systems based on instructions given by OVHA staff.

Provider Payment Algorithms

The following are some general rules that apply to all provider payments and in some cases specific payment types.

- Vermont Medicaid is the payer of last resort after other insurers; in some cases Medicaid will “pay and chase” – pay a claim and recover from an insurer that has financial liability for a portion of the claim.
- Vermont Medicaid programs pay the lesser of cost or charge, or the rate on file.
- When there is another insurer responsible for the claim, Medicaid will pay its liability up to the Medicaid rate for the claim.
- For individuals that are covered by both Medicare and Medicaid, Medicaid pays its medical and institutional portion (deductibles and co-payments) via a tape submitted to EDS from CMS. Full Medicare claim detail is included with the claim.
- Each provider group or claim type may have specific payment rules based on program design, beneficiary cost sharing, or other considerations.

The State of Vermont’s provider manuals outline claims processing instructions for each provider group. They can be found at the following web site:

<http://ovha.vermont.gov/for-providers>

Summary Scope of Work

Minimally the project related to Vermont-administered Medicaid programs will require the Contractor to:

- Become knowledgeable about OVHA program designs, coverage packages, cost sharing, claims processing system, and covered populations.
- Become knowledgeable about OVHA’s PDL (generally revised monthly) as it applies to the claims data in question.
- Interact and collaborate with designated staff at OVHA (and PBA and MMIS contractors as authorized by OVHA).
- Analyze OVHA paid claims for the period of July 1, 2004 through June 30, 2007, and additional years as they become available over the term of the contract, to identify improper Medicaid payments (based on plan design and PDL in effect at the time for pharmacy claims).
- Provide detailed reports on scope of audit findings and present recommendations for recovery of overpayments/management of underpayments.

Post Payment Review RFP

- Work collaboratively with OVHA and designated staff to identify, examine and test selected controls designed to prevent or detect improper Medicaid payment.

Significant duties will include:

1. Modeling OVHA claims data based on plan design and the PDL (for pharmacy claims) to determine if claims were processed correctly as submitted.
2. Evaluating claims to determine whether providers submitted claims appropriately.
3. On a claim-by-claim basis, identifying claims as they adjudicated and as they should have adjudicated.

The proposal is expected to include:

1. A description of the bidder's skills, knowledge, experience, and resources related to projects which focus on claims data mining and analysis and post payment reviews.
2. Proposed methodologies for the completion of the data mining and analysis.
3. A schedule for completion of the audits within the term of the contract.
4. The bidder's plans for reporting results.
5. A detailed description of the bidder's role in the execution of the audit.
6. The number of people that will be assigned to this project with the background of each type of individual proposed.
7. A detailed cost proposal in sufficient detail to allow OVHA to determine the cost of listed items of the project as identified here and any options identified by the bidder.

While not a requirement under this RFP, if the Bidder has experience in working with providers to recover overpayments, it may describe this experience in its proposal. The Bidder should describe methods and success rates. The Bidder should also be clear in how it would work with the provider community so that relationships between providers and OVHA are not damaged.

Use of the Term "OVHA"

The term "OVHA" is used throughout this RFP. OVHA, the Office of Vermont Health Access, is an office within the Vermont Agency of Human Services, State of Vermont. The contract procured with this RFP will be with the State of Vermont.

This procurement is in compliance with all of the contracting procedures of the State of Vermont, Agency of Administration as outlined in Bulletin 3.5 Contracting Procedures - 2006 Revision found at www.adm.state.vt.us/pdf/Bulletin-3.5-12-29-06.pdf . The State of Vermont contracting requirements can be found in Appendix A1-A4.

SECTION I

GENERAL PROCUREMENT INFORMATION AND PROCEDURES

This section presents general procurement information pertaining to the State of Vermont.

This Request-For-Proposal (RFP) is designed to elicit bids from qualified bidders, one of which will be selected to be responsible for the post payment review functions described in this RFP.

Prospective Contractors are expected to carefully examine all documentation, schedules, and requirements stipulated in this RFP and respond to each requirement in their proposals in the format prescribed.

The successful Bidder (Contractor) must provide all staffing, systems, and procedures required to perform the services described herein.

The Contract awarded as a result of this solicitation shall include the selected pricing methodology as detailed in II-H, Price Proposal.

In addition to the provisions of this RFP and the winning proposal, which shall be incorporated by reference in the contract, any additional clauses or provisions required by federal or State law or regulation in effect at the time of execution of the contract will be applicable to the executed contract.

OVHA reserves the right to make a contract award without any further discussion with Bidders regarding the proposals received. Therefore, proposals should be submitted initially on the most favorable terms available to OVHA from a price and technical standpoint. The OVHA, however, reserves the right to conduct discussions with all responsible parties who submit proposals that pass the initial screening process described in Section IV of this RFP.

Issuing Office

The State of Vermont, Office of Vermont Health Access (OVHA) has issued this RFP. The following person is the point of contact from the date of release of the RFP, until the selection of the successful Bidder.

Procurement or Issuing Officer

Mary Day
Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-5940
E-mail: mary.day@ahs.state.vt.us

Alternate Procurement or Issuing Officer

Deborah Stempel, Contracts Administrator
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: (802) 879-5926
E-mail: deborah.stempel@ahs.state.vt.us

From the issue date of this RFP until a Provider is selected and announced, potential bidders are not allowed to contact any State staff regarding this RFP. The State will not accept verbal questions. Questions regarding this RFP must be submitted in writing as described below. Please note that nothing within this requirement shall be interpreted to prevent the bidder from contacting OVHA regarding its general procurement process or with complaints. Contact with State personnel is also permitted in the performance of existing contracts or as allowed in response to other, non-related competitive solicitations.

I-A GENERAL INFORMATION

The following general information pertains to this procurement:

1. Issuing Authority: The State of Vermont, Office of Vermont Health Access is issuing this Request-For-Proposals (RFP).
2. Letter of Intent: A Letter of Intent to submit a proposal in response to this RFP **is** required. A letter of intent from the Bidders is necessary as only those prospective Bidders who have submitted a Letter of Intent will receive all subsequent mailings related to the RFP, including answers to written questions submitted to the State and/or RFP amendments. Letters of intent will be received until 4:00 p.m. (EST) on **November 16, 2007**. Those Bidders not submitting a Letter of Intent are **not** permitted to bid on this RFP. Letters of Intent must include the name of the company, the name of the primary contact, the primary contact person's title, a telephone number and a fax number where this individual can be reached, and his/her mailing and e-mail addresses. Letters of Intent should also include an indication of whether or not the Bidder plans to participate in the Bidders' conference. Letters of intent may be mailed, e-mailed or faxed to:

Mary Day
Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-5940
Fax: 802-879-5962
E-mail: mary.day@ahs.state.vt.us

3. Written Questions and Answers: Bidders may submit, in writing, technical and contractual questions raised by this RFP to:

Mary Day
Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-5940
Fax: 802-879-5962
E-mail: mary.day@ahs.state.vt.us

Written questions must be received no later than 4:00 p.m. EST, November 16, 2007. Written questions received later than 4:00 p.m. EST, November 16, 2007 shall not be answered. The questions can be submitted via fax or e-mail; however, OVHA assumes no liability for assuring accurate/complete fax/e-mail transmission/receipt and will not acknowledge receipt except by addressing the question. OVHA may consolidate and/or paraphrase questions for clarity. The intention is to mail out answers to written questions by December 7, 2007.

4. Bidders' Conference: Bidders will have the opportunity to ask additional questions orally at the Conference. The Conference will be conducted by teleconference though interested bidders may attend in person if they wish. OVHA will make a reasonable attempt to answer questions. A written summary of the Conference, and answers to questions raised at the Conference will be sent to all potential Bidders who submitted a letter of intent, whether in attendance at the Conference or not. The State intends to mail out answers and the conference summary by December 7, 2007. Oral answers given at the conference will not be binding on OVHA. Participation in the Conference is strongly recommended, but it is not required. The Bidders who opt to attend are responsible for all costs associated with attending the Bidder's Conference.

The conference will be held:

Date: **Thursday, November 29, 2007**
Time: 1:00 pm
Location: Conference Room, Office of Vermont Health Access
312 Hurricane Lane, Williston, VT

Teleconference number: 877-278-8686; Participant PIN 168859

5. Other: Any bidder interested in providing information on post payment review and claims audit activity components other than what is specified in this RFP should submit such information to:

Mary Day
Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-5940

Fax: 802-879-5962
E-mail: mary.day@ahs.state.vt.us

I-B PROCUREMENT PROCESS

The following subsections provide information on the process to be followed for various procurement events:

1. Legal Basis:

The procurement process for this RFP shall be conducted in accordance with applicable procurement policies and procedures established by the State of Vermont.

2. RFP Issuance and Amendments:

State officials within Vermont reviewed this RFP. The contents represent the best statement of the requirements and needs of OVHA. Final approval of the contract rests with the OVHA once all state requirements have been met.

3. Proposal Submission Requirements:

Late submissions shall not be accepted. **Proposals that arrive late will not be accepted and will be returned to the sender unopened.** Delivery of the proposals shall be at the Bidder's expense. The time of receipt at the designated office is the time-date stamp on the proposal wrapper or other documentation of receipt maintained by OVHA. OVHA accepts no responsibility for mislabeled mail or misdirected delivery. Any and all damage that may occur due to shipping shall be the Bidder's responsibility. Each Technical Proposal and each Cost Proposal shall be enclosed in a separately sealed envelope or package.

The original and five (5) paper copies of the Technical Proposal must be submitted under sealed cover and labeled on the outside as follows:

**“CLAIMS DATA ANALYSIS AND POST PAYMENT REVIEW
TECHNICAL PROPOSAL”**

The original and five (5) paper copies of the Cost Proposal must be submitted under separate sealed cover and labeled on the outside as follows:

**“CLAIMS DATA ANALYSIS AND POST PAYMENT REVIEW
COST PROPOSAL”**

One copy of each proposal shall be signed by an official authorized to legally bind the Contractor, and shall be marked:

“ORIGINAL”

The Technical Proposal must not contain any mention of the dollar amounts in the Cost Proposal. However, information such as labor hours and categories, materials, subcontracts, and so forth,

Post Payment Review RFP

shall be contained in the Technical Proposal so that the Contractor's understanding of the scope of the work may be evaluated. The Technical Proposal shall disclose the Contractor's technical approach in as much detail as possible, including, but not limited to, the information required by the instructions in Section III.

The face of the package containing the original and copies, whether mailed or hand-delivered, shall bear the following legend:

**“CLAIMS DATA ANALYSIS AND POST PAYMENT REVIEW BID
CONFIDENTIAL – OPEN BY ADDRESSEE ONLY.”**

A copy of the entire proposal must also be submitted in an electronic format. One CD should include the entire Technical proposal, but not the Cost Proposal. The Cost Proposal must be submitted on a separate CD. The CDs should use Microsoft Word and Excel as appropriate. The Technical Proposal should be as brief and concise as is possible. The Scope of Work Section should be as succinct as possible. It is requested that this be no more than twenty-five (25) pages, plus any attachments. Responses that are unduly lengthy or verbose will be scored less favorably than will those that are brief and concise. Bidders must use 12-point font, and line spacing must be 1.5. Any financial information provided on spreadsheets must be provided in Excel.

The format and content requirements for the Technical and Cost Proposals must adhere to the instructions contained in this section of the RFP. Failure to respond to a specific requirement may be used as a basis for rejection of the proposal from further consideration, or result in a score of zero or a fail for a particular item. Emphasis should be placed on conformance to the RFP instructions, responsiveness to requirements, and completeness and clarity of content. Elaborate proposals are neither necessary nor desired. If the Contractor's proposal is presented in a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Bidders shall not include any personal use items with the bid.

Each proposal part (Technical and Cost) must be bound separately on standard 8 ½” by 11” paper, except that charts, diagrams, and the like may be on fold-outs which, when folded, fit into the 8 ½” by 11” format. Pages may be consecutively numbered for the entire proposal, or may be numbered consecutively within sections. Figures and tables must be numbered and referenced in the text by that number. They should be placed as close as possible to the referencing text.

All proposals must be delivered no later than 4:00 p.m. EST on **Friday, January 4, 2008**, and only to the address below. At 4:30 p.m. the same day, there will be a public bid opening at the address cited below. The public bid opening will be administered by two employees of the Office of Vermont Health Access. Note that only the names and addresses of Bidders shall be read at the public bid opening.

Deliver to:

**Mary Day
Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495**

Telephone: 802-879-5940
Fax: 802-879-5962
E-mail: mary.day@ahs.state.vt.us

I-C PROPOSAL WITHDRAWAL

Prior to the proposed effective date of the contract, a submitted proposal may be withdrawn by submitting a written request for its withdrawal signed by the Bidder's authorized agent and sent to Mary Day at the Office of Vermont Health Access.

I-D ACCEPTANCE OF PROPOSALS

OVHA shall accept all proposals submitted according to the requirements and deadlines specified in this RFP. OVHA reserves the right to reject any or all proposals received. It is understood that all proposals, whether rejected or not, will become the property of OVHA. After receipt of proposals, the State of Vermont, Office of Vermont Health Access, reserves the right to sign a contract, without negotiation, based on the terms, conditions, and premises of this RFP and the proposal of the selected Bidder.

All proposals must be responsive to all requirements in the RFP in order to be considered for a Contract award.

After the opening of proposals, OVHA may ask any Bidder for written clarification of their proposal. In the event this clarification is requested, submission of the clarification shall be considered an amendment to the proposal.

OVHA reserves the right to waive minor irregularities in proposals, providing such action is in the best interest of OVHA. Where OVHA may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Bidder from full compliance with RFP specifications and other Contract requirements if the Bidder is awarded the contract. OVHA also reserves the right to reject any and all proposals received, or cancel this RFP, according to the best interest of OVHA.

Proposals must be valid for 180 days following the closing date of this RFP. This period may be extended by written mutual agreement between the Bidder and OVHA. Any proposal submitted shall not be available for disclosure until a contract is executed between the successful bidder and OVHA.

I-E ORAL PRESENTATIONS

While it is not anticipated that oral presentations will be necessary, at OVHA's option, oral presentations by selected Bidders may be required. Bidders will be notified if an oral presentation is required. Any cost incidental to an oral presentation shall be borne entirely by the Bidder and OVHA shall not compensate the Bidder. The Bidders may be requested to provide demonstrations of their proposed systems as part of their presentations.

The Bidders should present complete, comprehensive proposals without relying on oral presentations, because the State reserves the right to award a contract without further discussions.

I-F SITE VISITS

While it is not anticipated that site visits will be necessary, at OVHA’s option, a site visit may be requested for the purpose of reviewing the Bidder’s organizational structure, subcontracts, operations, policy and procedures, and any other aspect of the proposal that directly affects the provisions of the RFP/Contract. Any Bidder costs incidental to the site visit shall be borne by the Bidder.

I-G CONTRACT AWARD NOTICE

The notice of the intended contract award shall be sent to all Bidders who submitted a proposal. A contract award is contingent on approval by the State of Vermont.

I-H PROTEST OF INTENDED AWARD

Should there be any protests of the intended contract award, the appropriate requirements of the State of Vermont will be employed.

I-I PROCUREMENT TIMETABLE

OVHA expects to adhere to the procurement schedule shown below. It should be noted, however, that dates are subject to change.

ACTIVITY	DATE
<ul style="list-style-type: none">▪ Release of RFP▪ Bidders’ Library Available	November 05, 2007
<ul style="list-style-type: none">▪ Letter of intent to Bid Due from Bidders (required)▪ Written Question Deadline	November 16, 2007, 4:00 pm EST
<ul style="list-style-type: none">▪ Bidder Conference	November 29, 2007, 1:00 pm EST
<ul style="list-style-type: none">▪ State Response to Q&A	December 7, 2007
<ul style="list-style-type: none">▪ Due Date for Submission of Proposals	January 4, 2008, 4:00 pm EST
<ul style="list-style-type: none">▪ Expected Date of Selection of Contractor	January 18, 2008
<ul style="list-style-type: none">▪ Negotiation and Execution of Contract	January 18, 2008 – February 8, 2008
<ul style="list-style-type: none">▪ Beginning Date for Contract	Week of February 10, 2008

I-J RESTRICTIONS ON COMMUNICATIONS WITH OVHA PERSONNEL

From the issue date of this RFP until a Contractor is selected and announced, Bidders are not allowed to communicate with any OVHA staff regarding this RFP except during the Bidders’ conference. **All communications related to this RFP are restricted to written**

communications except as set forth below and in the Section labeled 'Issuing Office' above within Section I. Letters of intent and written questions may be mailed, e-mailed, or faxed by the deadlines included herein to:

Mary Day, Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Fax: 802-879-5962
E-mail: mary.day@ahs.state.vt.us

Violation of this restriction may result in disqualification of the Bidder's proposal. The only *exceptions* to these restrictions are:

- State staff and/or Bidder's staff present at the Bidder's Conference for the purpose of addressing questions and
- State personnel involved in oral presentations by Bidders (OVHA option).

As described in this RFP, any clarification regarding the RFP will be issued in writing by OVHA. No statements, clarifications, or opinions regarding this RFP are valid or binding except those issued in writing by OVHA. **Under no circumstances will questions be entertained except in writing or at the Bidders' Conference.**

I-K LIBRARY LISTING

The Bidders' Library may be found with this RFP and its Appendices under Administration/Requests for Proposals at the home page of the Office of Vermont Health Access at: <http://ovha.vermont.gov/budget-legislative/rfps-issued-2007>.

The following documents are included in the Bidders' Library:

Vermont's Preferred Drug List (PDL):

<http://ovha.vermont.gov/for-providers/preferred-drug-list-clinical-criteria>

I-L AWARD

OVHA reserves the right to award the total proposal or to reject any and all proposals if the best interest of the OVHA shall be so served. In determination of awards, the qualification of the Bidder, the conformity with the specifications of services to be supplied, and the delivery terms shall be considered.

SECTION II

INFORMATION REQUIRED FROM BIDDERS

The Bidder's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those considered by the Bidder to be essential to a complete understanding of the proposal submitted. **Each section of the proposal should be clearly identified with appropriate headings.**

II-A TRANSMITTAL LETTER

A transmittal letter must accompany the proposal, signed in ink by an official authorized to bind the Offeror to the proposal's provisions. The letter must include a statement that the RFP and contract terms found in the Appendices are accepted. Bidders must also include a statement in the letter certifying that the price was arrived at without any conflict of interest.

A "Bidder information sheet" containing the following information must also accompany the transmittal letter:

- Name of company or individual
- Mailing address
- Street address (for FedEx or other mail delivery service)
- Company Federal ID Number (or if an individual, the bidder's social security number)
- Name and title of the person who would sign the contract
- Name and title of the company contact person (if different)
- For each key person: direct telephone number, fax number and e-mail address.

II-B BUSINESS ORGANIZATION

- State the full name and address of the bidder/bidder organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work described in the bid.
- Indicate whether the bidder operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated.
- Indicate whether bidder is licensed to operate in Vermont or agrees to be licensed in the event the bidder is selected as the prevailing bidder, or if licensure in Vermont is required to perform the proposed services.
- List all subcontractors: include firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization, abilities, and commitment to the contract period.
- Please provide annual audited financial reports for the past three (3) years for the Bidder and any subcontractor.
- Identify all owners and subsidiaries that own more than five (5) percent of the organization.
- If the Bidder is an affiliate of another organization, submit the financial information for the parent company and describe the relationship.

II-C LOCATION

Indicate the site or sites from which the Bidder will perform the relevant tasks embodied in this proposal. Specifically identify where activities will take place. It is possible that the Contractor may wish to change the site(s) for some of these tasks during the contact term. Please describe the Bidder time line in this regard if applicable.

II-D AFFILIATIONS

Describe all affiliations or ownership relationships with potential medical service providers or suppliers to any state or territory in the United States of America.

Describe all affiliations or ownership relationships with billing providers and services to insurers including Medicaid in any state or territory in the United States of America.

Explain how the Bidder can assure OVHA that any of the Bidder's relationships will not create a conflict of interest with OVHA.

Describe all subcontractor relations that will pertain to work required by this contract. Please indicate whether all appropriate business agreements required by HIPAA are current and available for audit by the State of Vermont.

Explain how the Bidder can assure OVHA that all information obtained in the course of the delivery of this bid procurement services will be kept confidential and will not be used in the course of any other activity in which the Bidder is engaged.

II-E RELEVANT EXPERIENCE

The scope of work in this proposal includes Medicaid claims data analysis and post payment review consulting services. Describe the Bidder's experience in these activities.

References

Proposals shall include at least three (3) business references that demonstrate the Bidders' prior experience in areas for which services are being offered. Each reference must include the name, address and phone number of the client, organization, and the responsible project administrator familiar with the firm's or organization's performance. Include a description of the services the Bidder is providing or provided to these clients. If the Bidder is presently providing these or similar services for other state Medicaid programs, those references must be included. Additional references will need to be provided if requested by OVHA.

II-F CONTRACTOR ORGANIZATION AND STAFFING

The Contractor is responsible for providing all resources necessary to deliver the services as specified in this RFP.

II-G TECHNOLOGY REQUIRMENTS

Proposals must meet the following requirements:

1. Describe any technologies, including document and file formats, that will be used to perform the scope of work.
2. Describe how any electronically stored work completed for the State will be backed-up and otherwise protected.
3. Describe any perceived need to access and store confidential data and how that data will be secured.
4. The bidder must provide its own personal computers for this engagement. Vendor must certify that all its equipment is virus free and virus protected and describe its approach to ensuring that such is the case.
5. Describe any technology support expected of the State, including internet access. Electronic communication and access to GovNet and any other State systems will be controlled and established by the State.

Bidder must state any related limitations or special requirements in this area, which may impact the rating of its proposal.

II-H METHODOLOGY AND APPROACH

Bidders will be scored, in part, on the methodology and approach proposed in the bid. Be as specific as possible in addressing all of the elements described in each section within Section III, Work Statement, of this RFP. Bidders should include a proposed implementation time line following execution of a contract within the proposal submitted.

II-I PRICE/COST PROPOSAL

Please do NOT include cost information in the technical proposal, but only in the price/cost proposal.

Independent Price Determination

1. By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
 - a. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor; and
 - b. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and shall not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
 - c. No attempt has been made or shall be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
2. Each person signing the proposal certifies that she/he:

Post Payment Review RFP

- a. Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and shall not participate) in any action contrary to 1. a., b., and c. above; or
 - b. Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and shall not participate) in any action contrary to 1. a., b., and c. above.
3. Should a Bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this Section, said entry shall be in default of the Contract. Consequences may include cancellation of the Contract.

Configuration of the Price/Cost Proposal

- This contract will be a fixed-price contract.
- The price quoted is the maximum for a period of three (3) years from the date that the Contract becomes effective. The price quoted shall be effective through the initial one (1) year base Contract period and two (2) extension years.
- Requests for price changes shall be received in writing at least thirty (30) days prior to their effective date, and are subject to approval by OVHA before becoming effective. Any price change request must document in full the rationale for the change. In the event new prices are not acceptable, the Contract may be canceled.
- It should be noted that price changes in any given fiscal year are contingent upon approval of OVHA and enactment of Vermont's legislative appropriations.

Instructions

The successful bidder will be paid on a monthly basis based on the services/activities carried out in the billing month. It is expected that the Bidder will propose per "type of service/activity" prices and the identified basis of cost. Please provide the costs by filling in the shaded areas of the price proposal included in this section.

The total of all "type of service/activity" over the period of the contract plus travel will equal the total proposed contract amount. The total of all "type of service/activity" proposed by the Bidder must factor in all related costs and overhead.

Travel should be listed separately and identify the number of trips by the Contractor to the OVHA office in Vermont. Staff and the purpose of the trip should be identified. Travel is generally reimbursed based at cost using current state guidelines: \$0.485 per mile for travel by own vehicle; meals per current state schedule.

If the Bidder proposes discounts or additions to costs, a narrative of the proposal must be attached. The narrative must thoroughly outline the conditions under which this would happen and must enumerate all existing services that would be affected in proposing the adjustment. In the case of added costs the narrative must enumerate additional services that would be required to justify the additional costs or charges. The outline and enumeration of services must be in sufficient detail for the reviewers to thoroughly understand the proposal.

Post Payment Review RFP

The Bidder may propose an annual inflation rate for the year subsequent to the original 3 year term of the Contract.

SECTION III

WORK STATEMENT

III-A BIDDER RESPONSE TO RFP

Through this RFP, OVHA is asking Bidders to describe Bidder capabilities in regard to the requirements set out in each section of the Work Statement. If there are specific features that OVHA wishes Bidders to note or respond to, they are described. Activity sections may also reflect OVHA's understanding of the functions or goals of the activity. Specific requirements are articulated.

As applicable, the Bidder should describe their ability to meet the RFP requirements, any unique or innovative method the Bidder proposes in meeting the requirement, applicable experience the Bidder has in performing the function in other settings, and any other information relevant to the activity being described. If the Bidder is not able to meet the requirement, it should describe in detail the limitations of their system or capacity. If the Bidder's proposes to exceed these requirements, this should likewise be described in detail in the Bidder's proposal.

III-B GENERAL REQUIREMENTS

1. Discussion and Overview

OVHA believes that intensive and continuous paid claims auditing is key to developing standards of efficiency that when implemented will be an important component in Vermont's efforts to contain Medicaid expenditures. While OVHA has already implemented many cost-saving measures (such as sensible plan designs, automated pharmacy step-therapy edits, the preferred drug list), retrospective claims analysis will continue to be an important part of OVHA's program integrity strategy.

The successful bidder will demonstrate its capabilities and experience in:

- Post payment review
- Claims data mining and analysis to identify claims requiring review
- Claim-by-claim review to identify claims as they adjudicated and as they should have adjudicated.
- Using a variety of methods to recover overpayments.
- Identifying and making system improvements based on claim errors identified in the audit process.

The following process will apply to all claim types and will include:

- Performing an analysis of OVHA's claims' database to identify the provider(s) or provider types, services or claims types that will be subject to analysis.
- Recommending priorities for post payment review activities over the term of the contract and making recommendations as to which claims types or provider groups should be the focus of its activities.

Post Payment Review RFP

- Modeling OVHA claims data based on plan design, cost sharing and other requirements to determine if claims were processed correctly as submitted.
- Evaluating claims to determine whether providers submitted claims appropriately (as prescribed).
- On a claim-by-claim basis, identifying claims as they adjudicated and as they should have adjudicated.
- Presenting options for recovery of overpayments/management of underpayments.
- Making recommendations for future improvements in systems based on the problems identified in the audit.

2. RFP Response

The Bidder should describe its experience and expertise with this type of work. Of particular interest is the Bidder's experience and performance working with large health care systems, insurers, and/or Medicaid programs.

3. Requirements

The Bidders should:

- Describe any claims data mining, analysis and consulting experience, including potential cost savings identified by the Bidder as collectible through claims reprocessing.
- Describe the entities for which Bidder has performed such services.
- Describe the general framework, conditions and processes used in claims data mining and consulting activities.
- Provide a time line that outlines and describes in some detail the work activities that the Bidder would perform over the 3 year term of the contract.
- Where comparative activities are involved, describe how those activities compare.

III-C GLOBAL COMMITMENT AND OVHA PROGRAMS

1. Discussion and Overview

The work described in this RFP requires an understanding of the Global Commitment, the SCHIP program, and benefit designs as they apply to claims processing. This RFP has provided a basic overview of covered services and populations. Detailed designs, supplemental information, and claims data will be made available upon award of the contract.

2. RFP Response

The Bidder should describe its experience and expertise in analyzing claims based on specific plan designs, beneficiary cost sharing, COB, and for drug benefit programs, PDLs.

3. Requirements

The Bidder should describe:

- The systems it will utilize to mine paid claims data.

- The processes it will use to incorporate program designs, cost sharing, COB, PDLs, and other required elements into its software.
- The methods it will use to assess the appropriateness of payment based on OVHA plan designs, the preferred drug list, beneficiary cost sharing and COB information.

III-D COMMUNICATION AND COLLABORATION WITH OVHA STAFF

1. Discussion and Overview

The work described in this RFP requires that the Bidder work collaboratively with OVHA (and the PBA, MMIS and other contractor staff as authorized by OVHA) to identify, examine and test selected controls designed to prevent or detect improper Medicaid payment.

2. RFP Response

The Bidder should describe its experience, expertise and commitment to developing a cordial and effective working relationship with clients.

3. Requirements

The Bidder should identify:

- Communication tools it plans to use.
- Time frames for responding to OVHA concerns.
- How a collaborative working relationship between itself and OVHA and its contractors will be assured.
- How it would measure a successful working relationship with OVHA.
- How often it expects to be on site at OVHA and for what purpose.
- How it would work with OVHA to determine an appropriate focus of resources.

III-E AUDIT PROCEDURES

1. Discussion and Overview

The Bidder will be responsible for analyzing paid claims for the period of July 1, 2004 through June 30, 2007 (State Fiscal Year (SFY) 2005, 2006, and 2007), and additional years as they become available over the term of the contract, in order to identify improper Medicaid payments based on plan design and program requirements in effect at the time. Based on a contract term of three years, the Bidder will be expected to review six (6) fiscal years of claims.

2. RFP Response

The Bidder should describe its experience and expertise in auditing claims for a similar entity.

3. Requirements

The Bidder should describe:

- How it would evaluate claims to determine whether providers submitted claims appropriately (as prescribed)
- How it would model OVHA claims data based on plan design to determine if claims were processed correctly as submitted, including the capacity and capabilities of the software that would be used in this process.
- How it would determine which providers or services should be the focus of its resources.
- How it would document the audit standards being used.
- The claims processing standards used in a claim specific audit, e.g. X12N, NCPDP, etc. and how it would ensure that audit standards being used are in compliance with generally acceptable auditing practices.

III-F ANALYSIS AND REPORTING

1. Discussion and Overview

The successful Bidder will be provided raw claims data. After the audit process has been completed, the Bidder will need to compile data into a format that provides ready review of claims paid incorrectly and the impact of over/underpayment. For each category of service, provider or provider type, drug or class of drug as applicable, etc. data will need to be formatted for clear understanding of the impact of claim errors. Claim errors will need to be quantified and trends identified.

The Bidder will need to analyze and assess separately claims paid as secondary to another insurer including Medicare and Medicare Part D.

2. RFP Response

The Bidder should describe their experience and expertise with this type of process, and provide an explanation of how it envisions presenting such information to OVHA.

3. Requirements

The Bidders should:

- Describe their experience in compiling data sets of the type described.
- Describe how that data would be compiled.
- Describe in what formats it would be made available for OVHA review.
- Provide sample reports
- Describe how these formats will facilitate ready review.

III-G STAFFING AND TIME REQUIREMENTS

OVHA will assure that appropriate OVHA staff or its agents will be available to the Contractor under terms to be mutually defined.

OVHA does not require dedicated staff to be exclusively assigned to this contract. However, the Contractor however shall designate a Contract Manager who will act as the single point of contact representing the Contractor for the contract period.

The Contractor shall provide OVHA with a key contact list to include: name, area of expertise/responsibility, telephone/cell phone number/extension, and e-mail address.

OVHA shall not designate the specific qualifications of the staff that support this contract but shall require the assurance that the staff performing the work specified in this RFP have the qualifications and experience necessary. OVHA requires that the qualifications of staff be described in a paragraph summary that is included in this section of the proposal response and that resumes of all specifically identified staff should be included as an attachment in the Bidder's proposal.

There is an expectation that there will be a need for regular meetings with OVHA staff in the initial phases of the contract and periodically over the term of the engagement to discuss findings, general progress, and issues that need to be addressed. The response to the RFP should include an estimate of the frequency with which the Bidder's staff expects to be on site.

III-H DISASTER RECOVERY

In the event of a natural disaster and unnatural disasters, including but not limited to hacking and acts of terrorism, the Contractor must have procedures for assuring that all pieces of work related to this contract are stored in multiple manners so that it may be accessed in the event of such a disaster. For example, backup files should be created on such things as letter files, spreadsheets, web page source files, etc. The Contractor shall provide an OVHA specific disaster recovery and business continuity plan that must be approved as part of the implementation phase. The Bidder should describe their general approach to disaster recovery and business continuity in their response to the RFP.

III-I POST IMPLEMENTATION

The Contractor shall be responsible for routine procedure and system maintenance in support of all aspects of operations described in the Work Statement over the term of the contract.

III-J REQUIRED REPORTS

OVHA will require standard reports and ad-hoc reports that support decision making. At a minimum, the Contractor must be able to provide:

1. Reports by:
 - a. claim type,
 - b. category of service,
 - c. provider type, or
 - d. service detail; e.g., drug at the NDC level or drug classidentifying numbers and percentage of claims paid incorrectly and dollar amount of potential costs/savings.
2. Detailed data sets of claims requiring adjustments, reversals, recoupments, and/or recovery that would quantify amounts paid incorrectly. Fields included in these data sets will be determined by OVHA in discussion with the Contractor.

Additional reports may be expected.

The Bidder should provide a sample report format in their response and propose the reports that it can produce that will be useful to OVHA in the audit and reprocessing/recovery process.

III-K PERFORMANCE STANDARDS

The contractor must:

1. Evaluate all claim types and categories of service as identified by OVHA for state fiscal years 2005 through 2010 (July 1 through June 30) according to the following time frames:
 - a. 2005-2006: No later than March 31, 2009
 - b. 2007-2008: No later than February 28, 2010
 - c. 2009-2010: No later than January 31, 2011

This schedule recognizes that in year 1 of this contract the bidder will require additional time familiarizing itself with OVHA claims and expects increasing expertise in year 2 and 3.

2. Produce the following reports:
 - a. Monthly status report due by the 10th of the following month. This is point in time monthly activity report by review period (2005-2006, 2007-2008, and 2009-2010) and claim type minimally reporting number of claims to be reviewed, number reviewed, number in error by error types, value of claims, and disposition of any claims adjusted, recovered, and/or underpaid. Final design of report will be determined by OVHA in discussion with the Contractor.
 - b. Review period (2005-2006, 2007-2008, and 2009-2010) report due by the 10th the month following the deadline for that review period. This is a summary report of review period activity by review period (2005-2006, 2007-2008, and 2009-2010) and claim type including number reviewed, number in error by error types, value of claims, and disposition of any claims adjusted, recovered, and/or underpaid. Final design of report will be determined by OVHA in discussion with the Contractor.
 - c. Additional reports as determined by OVHA in discussion with the Contractor within agreed upon time frames.
3. Provide timely response to OVHA and its designated staff within 2 business days.
4. Establish and maintain good working relations with OVHA and its contractors.
5. Assure all necessary and appropriate safeguards in the handling of OVHA data.
6. Prepare an OVHA specific disaster recovery plan and business continuity plan during the implementation phase of the contract and maintain it during the term of this contract. Assure backups of OVHA information and data no less than weekly.

SECTION IV

EVALUATION METHODOLOGY

Responses to this RFP shall be evaluated using a three-step process, as follows:

- Step I – Mandatory Proposal Requirements: OVHA has established certain mandatory requirements. Failure to meet any one of these requirements may result in disqualification.
- Step II – Merits of the Bidder and the Bidder’s Proposal: The Bidder shall be assigned a score based on its experience, the personnel assigned to the project, and the proposed approach and methodology. This score shall comprise 75% of the overall scoring methodology.
- Step III – Price Analysis: The Bidder shall be assigned a score based on the prices provided by the Bidder. This score, combined with the score described in Step II will be used to evaluate each bid, and to determine the Bidder or Bidders with the highest overall score. The price proposal shall comprise 25% of the overall scoring methodology.

These steps are described in more detail below.

Step I – Mandatory Proposal Requirements

THESE ARE BASIC SUBMISSION REQUIREMENTS. FAILURE TO MEET ANY ONE OF THE REQUIREMENTS LISTED BELOW MAY RESULT IN DISQUALIFICATION FROM BEING FURTHER CONSIDERED IN THIS BID PROCESS.

1. Minimum Capacity – The Bidder must describe and demonstrate that it has the capacity to fulfill the requirements and needs set forth in this RFP.
2. Minimum Experience – The Bidder must have at least twelve months of experience in the field of claims data analysis and post payment review and consulting. The Bidder must have administered at least two comparable projects.
3. Minimum Technical Requirements – The Bidder must demonstrate that its proposal includes the following elements:
 - a. An operational process that shall be in compliance with all Federal and State regulations and mandates, as described herein.
 - b. Capacity to interface with the OVHA and its staff and contractors.
 - c. An implementation timeline following execution of a contract that will ensure that the timeliness of the project.
4. The Bidder must accept the performance standards, corrective actions, and liquidated damages identified in this RFP. Performance standards are part of this RFP.
5. The Bidder must identify all owners and subsidiaries that own more than five percent (5%) of the Bidder.
6. The Bidder must identify all subcontractors and the scope of work for each subcontractor, as specified in Section II-B.
7. The Bidder must meet all other submission requirements.

Step II – Merits of the Bidder and the Bidder’s Proposed Project

Only proposals passing Step I shall be considered during Step II. The Step II review includes:

- Bidder capability, qualifications and experience
- Qualified staff
- Approach and methodology to data mining and analysis and post payment review
- Aptness and brevity of response

The Step II review will comprise 75% of the scoring methodology.

Step III – Cost Analysis

A description of how Bidders should structure the cost proposal is provided in Section II-H of this RFP.

As previously indicated, the Price proposal shall comprise 25% of the overall scoring methodology.

Since there will be no opportunity for Bidders to revise the pricing, and there will not be a Best and Final Offer (BAFO) process, the Bidder should carefully calculate and propose its prices for the services requested herein.

SECTION V

CONTRACTUAL SERVICES TERMS AND CONDITIONS

In addition to the required provisions that relate to all contracts with the State of Vermont, this section sets out additional provisions the bidders should be aware of in preparing their response to the RFP.

V-A TERM OF CONTRACT

The duration of the contract is three (3) years. There may be a one (1) year extension at the discretion of OVHA. Thus, the maximum term of the contract is four (4) years.

V-B CONTRACT ADMINISTRATOR

Upon approval of a Contract, and following execution of said Contract, the State of Vermont, Office of Vermont Health Access shall direct the Bidder to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by the State of Vermont, Office of Vermont Health Access.

The Contract Administrator and Project Manager for this project is:

Mary Day, Program Integrity Manager
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, VT 05495
Telephone: (802) 879-5940

An alternate project manager may be designated by OVHA.

V-C COST LIABILITY

The State of Vermont, Office of Vermont Health Access assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of any Contract resulting from this RFP. The total liability of the State of Vermont, Office of Vermont Health Access is limited to the terms and conditions of any Contract that results from this RFP.

V-D CONTRACTOR RESPONSIBILITIES

The Contractor shall be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State of Vermont shall consider the Primary Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, responses to this RFP should include *a list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities.*

OVHA reserves the right to approve subcontractors for this project and to require the Primary Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

The Contractor and any subcontractors must commit to the entire contract period stated within this RFP, unless a change of subcontractors is specifically agreed to by OVHA.

The Agreement between the Contractor and the State of Vermont, Office of Vermont Health Access will not be assignable to another party without prior written permission from the State of Vermont, Office of Vermont Health Access. The Contractor shall provide advance notice to OVHA on any intended sale of the contracting entity. OVHA will have the option of terminating the Contract with the Contractor upon the sale of the contracting entity.

V-E NEWS RELEASES

News releases pertaining to this document or the services, study, data, or project to which it relates, shall not be made without prior written OVHA approval and then only in accordance with the explicit written instructions from OVHA. No results of the project are to be released without prior written approval of OVHA and then only to persons designated.

V-F FREEDOM OF INFORMATION AND PRIVACY ACT / DISCLOSURE

All material submitted by Bidders becomes the irrevocable and sole property of OVHA. OVHA reserves the right to use all concepts, data, ideas, or configurations, presented in any proposal, whether or not the proposal is selected.

All materials relating to this procurement are subject to the terms of the Freedom of Information Act, the Privacy Act, and all rules, regulations, and interpretations of these Acts, including those from the Offices of the Attorney General of the United States; Health and Human Services, Centers for Medicare and Medicaid Services; and the State of Vermont. The Bidder, by submitting a proposal, agrees that the Privacy Act of 1974, Public Law 93-579, and the Regulations and General Instructions issued pursuant thereto, are applicable to this contract, and to all subcontracts hereunder. Should the Bidder's proposal include any materials that are proprietary and are to be treated confidentially, those materials must be clearly and separately identified.

V-G GRATUITIES OR KICKBACKS

The State of Vermont prohibits Gratuities and Kickbacks.

V-H RETAINAGE

The Bidder shall include an affirmative statement in the proposal agreeing to a retainage of ten percent (10%) of the total contract amount. Retainage may be made on each payment to the selected Bidder as described in this RFP.

Should the contract be terminated for any reason related to the Bidder's failure to perform Bidder duties to the satisfaction of the State of Vermont, Office of Vermont Health Access, this

Post Payment Review RFP

retainage shall revert to the State of Vermont, Office of Vermont Health as liquidated damages in addition to the other penalties and/or damages stated in this RFP or contract.

V-I APPROPRIATIONS

Since the contract extends into more than one fiscal year (July 1 to June 30), if appropriations are insufficient to support the contract, the State of Vermont may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.

V-J PENALTIES FOR PERFORMANCE STANDARDS' FAILURES

The Bidder must agree to abide by Performance Standards and Penalties.

The Bidder must at a minimum put at risk 10% of its administrative fees identified in II-H via a retainage.

Additional penalties are as follows:

Service Performance Standards	Guarantee	Description of Penalty and Frequency
1. Failure to analyze identified claim types or categories of service.	Analysis of all significant claim types and categories of service.	50% of the average monthly fee over the prior 6 months.
2. Failure to submit reports as required and on the required date .	Provide timely reports.	50% of the average monthly fee over the prior 6 months.
3. Failure to provide timely response to OVHA.	Response to OVHA and its staff within 2 business days.	\$250 per day for each day beyond 2 business days.
4. Inadequate communication or cooperation with OVHA staff or contractors.	Cooperation with OVHA staff and designated contractors.	Up to 50% of the average monthly fee over the prior 6 months.
5. Data breach.	No breach of data.	100% of average monthly fee over the prior 6 months, or cancellation of contract.
6. Failure to maintain the disaster recovery plan and business continuity plan. Failure to perform backups.	Maintain disaster recovery/business. Perform weekly backups.	\$250 for each failure.

ACRONYMS, DEFINITIONS AND TERMS USED

ACRONYMS

AHS	Vermont Agency of Human Services
CMS	Centers for Medicare and Medicaid Services
HIPAA	Health Insurance Portability and Accountability Act of 1996
MMIS	Medicaid Management Information System (claims payment system)
NDC	National Drug Code
OVHA	Office of Vermont Health Access
P&T Committee	Pharmacy and Therapeutics Committee
PA	Prior Authorization
PBA	Pharmacy Benefits Administrator
PDL	Preferred Drug List

DEFINITIONS

Claim: A bill rendered by a provider to a state Medicaid program for a service or product provided on behalf of a covered beneficiary.

Coordination of Benefits (COB): An administrative process that ensures that claims are paid appropriately based on plan liability when multiple third payers have responsibility for a claim.

Data Element: A specific unit of information having a unique meaning.

National Drug Code: The National Drug Code used to identify the specific drug on a claim.

Prior Authorization: The pre-claim submission approval that must be given to providers by a designated professional for specified services for a specified client.

Units: The specific quantity of a drug, product or service on a claim.

TERMS

The terms Bidders and Contractors may be used interchangeably throughout this RFP.

APPENDIX 1: CONTRACT ATTACHEMENTS C, E, AND F

Contract attachments C, E, and F can be accessed at:

<http://ovha.vermont.gov/budget-legislative/request-for-proposal-for-claims-data-analysis-and-post-payment-review-11-05-2007>

APPENDIX 2: VERMONT TAX CERTIFICATION

DATE: *(DATE)

**REQUEST FOR PROPOSAL
*(TITLE)**

Address

This form must be completed and submitted as part of the response for the proposal to be considered valid.

The undersigned agrees to furnish the products or services listed at the prices quoted and, unless otherwise stated by the vendor, the Terms of Sales are Net 30 days from receipt of service or invoice, whichever is later. Percentage discounts may be offered for prompt payments of invoices; however, such discounts must be in effect for a period of 30 days or more in order to be considered in making awards.

VERMONT TAX CERTIFICATE AND INSURANCE CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. subsection 3113, by law, no agency of the State may enter into extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. subsection 3113. In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/individual is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due to the State of Vermont as of the date this statement is made.

Bidder further certifies that the company/individual is in compliance with the State's insurance requirements as detailed in section 21 of the Purchasing and Contract Administration Terms and Conditions. All necessary certificates must be received prior to issuance of Purchase Order. If the certificate of insurance is not received by the Division of Purchasing and Contract Administration within five (5) days, the State of Vermont reserves the right to select another vendor. Please reference this RFQ# when submitting the certificate of insurance.

Insurance Certificate: Attached _____ Will provide upon notification of award: _ (within 5 days)

Delivery Offered _____ Days After Notice of Award Terms of Sale

Quotation Valid for _____ Days _____ Date: _____

Name of Company: _____ Telephone Number: _____

Fed ID or SS Number: _____ Fax Number: _____

By: _____ Name: _____
Signature (Bid Not Valid Unless Signed) (Type or Print)