



**State of Delaware**  
**Office of Management & Budget**  
**Statewide Benefits Office**

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**STATE EMPLOYEE BENEFITS COMMITTEE**

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**State of Delaware Request for Proposal for  
Cost Control and Program Integrity Review**

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**Addendum #1**

**January 28, 2016**

**OMB15004 – Med\_Audit**

**General Directions for All Addenda:**

- When a sentence or term specifically states a deletion and/or insertion, please make the changes to the *Request for Proposal* document for your bid response by using a strikethrough font and insertion so that the State can confirm that you are responding to the corrected version or additional requirement.
- If a term is deleted in its entirety without replacement language, please do not renumber the remaining items.
- So that there will be no confusion as to which version contains the correct terms, a revised RFP document with the changes will not be issued.

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**Proposals Due, or, Deadline for Bids**

The due date has been revised. **Bids are due on Friday, February 5, 2016, by 1:00 PM Local Time.**

**Introduction, Section C., Scope of Services – Contract Compliance Review, Part 1 – Medical Plans**

1. On Page 7, the bulleted statement regarding a Target Claims Selection is clarified to mean the sample size for each vendor for validation.
2. On Page 7, the phrase “95% confidence level” no longer applies so the first paragraph should be revised to read:

**Claim Sample** - Your proposal should clearly indicate the onsite claim review process. For example, is each sample reviewed for a single attribute or entirely from receipt through each step of processing for the following:

(continue with lettered list)

3. Throughout this section (Pages 6 – 8), any reference to FY13 data is deleted.

**Introduction, Section C., Scope of Services – Contract Compliance Review, Part 1 – Prescription Drug Program**

4. Throughout this section (Pages 8 – 10), any references to Commercial Plan FY13 data and Plan Year 13 (PY13) for EGWP are deleted.

## Introduction, Section E., Evaluation Process

5. Clarification of *Evaluation Criteria*, Page 12 - Because a vendor may submit a proposal for either or both programs, each program's proposals will be evaluated and scored separately.
6. Referencing *Evaluation Criteria – Cost* on Page 13, replace the second paragraph in its entirety as follows:

At the State's sole discretion, the Agency may review and compare a fixed rate offering, a contingency offer, or a blended pricing offer. A blended pricing offer is a fixed fee plus a rate cap expressed as a percentage with a maximum or "not to exceed" dollar amount. The State will also consider an offer if the vendor is proposing discounted pricing for the award of both programs. Final selection of the pricing to be negotiated and accepted will be subject to the best interest of the State.

## II. Terms and Conditions

7. Page 16, #5, *Fee Proposal*, is deleted in its entirety and replaced as follows:

Per the instructions on Appendix A, cost proposals are required on a fixed fee basis, contingency fee basis, or a blended pricing basis. A blended pricing offer is a fixed fee plus a rate cap expressed as a percentage with a maximum or "not to exceed" dollar amount. At its sole discretion, and as it serves the best interest of the State, the State reserves the right to negotiate for an award against either pricing basis if two separate offerings are proposed by the same vendor.

## Minimum Requirements

8. #1 and #2 on Page 27, please indicate which type of experience your organization and staff have, either medical and/or prescription. For #3, please specify if your client references are for the medical and/or prescription programs.
9. #3 on Page 27, replace "former clients within the last two years" with "clients you have served within the last three years".
10. #30 on Page 32, is deleted in its entirety and replaced as follows:

Please confirm you have submitted your fee proposal(s) identified as Appendix A.

11. Please **add** the following requirement as Minimum Requirement #31 on page 32:

### Performance Guarantees:

- a. If awarded the contract, please confirm your organization's commitment to enter into performance guarantees.
- b. Please confirm you have followed the instructions in the introductory paragraph and included the completed *Performance Guarantees* form, Appendix D, in your bid

package. We apologize for the error on the Total figure. Please change the Total from 4% to 10%. You must fill out the column labeled “% of Fees at Risk” so the total equals 10%.

- c. Please confirm your understanding that if the State does not respond to your proffered Performance Guarantees before the award of the contract, the State does not infer or imply acceptance by the State. As stated in the introductory paragraph on Appendix D and in the Terms and Conditions section at the top of Page 19, the State reserves the right to negotiate both financial and non-financial performance guarantees with the selected vendor.

#### **Appendix A – Fee Proposal (Page 50)**

12. Page 50, *Appendix A – Fee Proposal*, is deleted in its entirety and replaced with the attached *Appendix A (Revised)*. (You do not need to redline this page.)
13. In order to delete in their entirety Pages 51 – 54, the *Fixed Fee* and *Contingency Fee* forms, do not use the redline feature but please remove those pages from your bid response.

#### **Part 1 – Medical Contract Compliance Review**

14. Referencing #11 on Page 37, the introductory sentences are deleted in their entirety and replaced as follows:

Confirm the medical claims reviewed will include electronic testing of 100% of all claims with a sample for onsite validation restricted at Highmark Delaware and Aetna for each of the following:

(continue with lettered list)

15. Referencing Page 36, *Section F. Contract Compliance Reviews, #2* – the lettered list is deleted in its entirety and replaced as follows:
  - a. Highmark Delaware (previously Blue Cross Blue Shield Delaware)
  - b. Aetna (any location)
  - c. Highmark (any location)
16. On Page 37, Questions #13 and #15 are deleted in their entirety. (Please do not renumber the remaining items.)

#### **Part 2 – Prescription Drug Contract Compliance Review**

17. Referencing #4 on Page 43, the introductory sentences are deleted in their entirety and are replaced as follows:

Confirm the prescription drug contract compliance review will include testing of 100% of all claims with a sample for validation to be coordinated per Express Scripts’ policy for each of the following:

(continue with lettered list)

**Section V, *Technical Standards and Security Requirements*, and, Appendix K, *Non-Public Data Owned by the State of Delaware – State of Delaware Cloud and/or Offsite Hosting Mandatory Terms and Conditions***

18. *Attachment 3 - Cyber Liability Insurance*, Page 82 – This is a Clarification to the Sentence in Paragraph 2 Regarding *Level 4, 100,001 – 500,000* records:

The number of records will depend on the engagement for either or both the medical and prescription program. It also depends on the number of years of claims. This information will be provided during the contract negotiation process with the awarded vendor. (Again, cyber liability insurance is required only if the awarded vendor does not have encryption-at-rest capabilities.)

19. Referencing 3.a. on Page 48, the correct title of the document is *Critical Security Controls* and the correct link is <https://www.sans.org/criticalsecuritycontrols>.
20. Referencing the footnote #9 at the bottom of Page 65, delete the third sentence in its entirety and replace with:

An affirmative response means that, if awarded the contract, your organization will have the level of protection described in Attachment 3 in lieu of encryption at rest and will provide proof of coverage before the contract is executed.

21. Referencing #4.b. in Appendix K, *Non-Public Data Owned by the State of Delaware – State of Delaware Cloud and/or Offsite Hosting Mandatory Terms and Conditions*, the link in the text is incorrect because it does not reference “public” versus “non-public” data. The policy is at:

<http://dti.delaware.gov/pdfs/pp/CloudandOffsiteHostingTemplatePublic.pdf>

Additionally, all the data technology and security policies can be found at <http://dti.delaware.gov/information/standards-policies.shtml>

**APPENDIX A**  
**FEE PROPOSAL (REVISED)**

**Applicable to Both Medical and Prescription Reviews and Fixed Fee,  
Contingency Fee or Blended Pricing Offers**

1. Confirm your fees are presented on an “all inclusive” basis, including, but not necessarily limited to, data collection, other start-up requirements, the cost of any sub-contractors, travel expenses, *per diem*, salaries, and administrative overhead.

Response:

2. Confirm your understanding and acceptance that for both the medical and prescription audits, FY14 and FY15 will be run concurrently. Any references to a separate audit of FY13 data for the medical and commercial prescription program and Plan Year 2013 data for EGWP at the State’s discretion is no longer being considered.

Response:

3. Confirm your understanding that the term of the contract is a minimum of six (6) months from the date the contract is executed. The vendor must guarantee their rates until the Scope of Work is completed to the State’s satisfaction. At the State’s discretion, the contract may be extended for up to five (5) years.

Response:

4. Confirm your understanding that:
  - a. At the State’s sole discretion, the Agency may review and compare a fixed rate offering, a contingency offer, or a blended pricing offer.
  - b. A blended pricing offer is defined as a fixed fee plus a rate cap expressed as a percentage with a maximum or “not to exceed” dollar amount.
  - c. The State will also consider an offer if the vendor is proposing discounted pricing for the award of both programs.
  - d. At its sole discretion, and as it serves the best interest of the State, the State reserves the right to negotiate for an award against either pricing basis if two separate offerings are proposed by the same vendor.
  - e. Final selection of the pricing to be negotiated and accepted will be subject to the best interest of the State.

Response:

5. Confirm your understanding that best and final rates may not be requested after your bid submission. Please provide your best pricing for each program and a pricing for the award of both programs, if applicable.

Response:

6. Directions for Submitting your Fee Proposal:

- a. As a continuation of requirements #1 through #5 above, please detail your pricing offer per program(s) on this page as Appendix A.
- b. In your proposal, please indicate whether, upon request, if one trip to Dover, Delaware, for a presentation of your findings is included in your fee.
- c. **Blended Pricing:** A quote for a blended pricing fee would be a fee based **on the amount of recoveries that the State actually receives**. A blended pricing offer is defined as a fixed fee plus a rate cap expressed as a percentage with a maximum or “not to exceed” dollar amount. You must include complete details as to how the fee would be calculated and a schedule of payment. Details should include any variance in percentage charged and methods to recoup, track and report such validated savings to the State. Please add any additional information you would like to include to be able to clearly communicate your Blended Pricing fee proposal.
- d. **Fixed Fee:** Please confirm your acceptance that for a fixed fee proposal, your organization may bill at the following schedule.

|                              | Medical Program Review | Prescription Program Review |
|------------------------------|------------------------|-----------------------------|
| Completion of On-Site Review | 1/3 of Fee             | n/a                         |
| Delivery of Draft Report     | 1/3 of Fee             | 1/2 of Fee                  |
| Delivery of Final Report     | 1/3 of Fee             | 1/2 of Fee                  |

Please add any additional information you would like to include to be able to clearly communicate your Fixed Fee proposal.

- e. **Contingency Fee:** A contingent fee would be a fee expressed in a percentage and be based **on the amount of recoveries that the State actually receives**. A contingency fee could include a maximum fee amount. If a contingency fee is proposed, you must include complete details as to how the fee would be calculated and a schedule of payment. Details should include any variance in percentage charged and methods to recoup, track and report such validated savings to the State. Please add any additional information you would like to include to be able to clearly communicate your Fixed Fee proposal.