

**State of Delaware’s Request for Proposal for Cost Control and Program Integrity Review
 (“Delaware Audit RFP”)
 OMB15004 - Med_Audit**

Responses to Questions (Q&A)

January 28, 2016

No.	Reference:	Topic:	Question:	Answer:
1.	#7, Appendix A, Fee Proposal	Blending Pricing	Can individual audits (including electronic, random, sample, and/or operational components) only be priced at a fixed fee or contingency? No blended pricing is allowed?	Blended pricing will be considered. 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. Please refer to the addendum for more information and directions on how to submit a blended pricing quote.
2.		Target Date	Is the State willing to consider proposed completion dates greater than 6/26/16?	Yes, June 26, 2016, is a target date. In your compliance review plan (or implementation plan), please include the timeframe that you can meet. (This was discussed in the mandatory conference call.)
3.		Order of audit periods	In what order do you plan to perform the three audit periods? Would you consider combining any of the audit periods?	The decision has been made to perform FY15 and FY14 concurrently for both medical programs. FY13 will not be audited for either program. For the prescription program, FY13 for the commercial plan and Plan Year 13 (PY13) will not be audited for EGWP.
4.		Medical administrators	Do your medical administrators allow comprehensive audits with contingency fee payments?	We anticipate resistance to a contingency fee arrangement with each vendor reserving the right to approve the scope of service.

5.	#5, Appendix K, page 65	Cyber Liability Insurance	Will firms less than \$15 million in cyber insurance be automatically disqualified?	<p>The policy is that if your organization does not encrypt data at rest, you must describe the type(s) of security measures that are in place <i>and</i> provide coverage <i>only if you are awarded the contract</i> and then must provide proof prior to the execution of the contract.</p> <p>In the footnote it states: An affirmative response means that your organization has the level of protection described in lieu of encryption at rest. To be clear, that would be <i>will have if awarded the contract</i>.</p> <p>The number of records for the level of coverage required will vary between the medical and prescription claims and the number of years that are audited.</p> <p>(This was discussed in the mandatory conference call.)</p>
6.		Sample size	What is the sample size allowed by your administrators?	<p>The sample size is based on a single year or combination of two fiscal years. Maximum samples for the medical audits should anticipate a 200 to 250 claim sample dependent upon the vendor. The prescription drug audit can select up to 300 Commercial and 300 EGWP samples.</p>
7.	Page 7 and Page 37, F.11	100% review of claims versus a sample	Regarding the medical, it is (vendor's) practice to audit a statistically valid, random sample of medical claims. It appears that a 100% review of medical claims is a necessity (page 7), but then immediately addresses a targeted	<p>Referring to page 7, it is the State's intent and requirement that 100% of the claims be electronically reviewed and that a targeted claims selection be used as a validation. The</p>

			claims sample, and a statistically valid sample. Later, in Section IV of the RFP, #F.11, it appears to give the bidder the ability to opt out of providing a 100% review of the medical claims (page 37).	State has confirmed agreement to the 100% review with each vendor. Please see Addendum #1 for changes to Section IV, F.11, for clarification of this requirement.
8.		Sampling of claims proposal	(If) a bidder proposes only a random and targeted sample of the medical claims (as well as the other required services) will (the bid) be considered?	The six electronic review categories are required for each audit, with the understanding that the vendor must provide the required data fields to support this process. The State has confirmed each vendor's agreement to the 100% review with understanding that samples are required for validation; additionally, the medical audits require an onsite claims review.
9.	Page 7, Section C, first paragraph	Bidding on both plans	Would the RFP allow bidders to propose on the services related to only the Prescription Drug Program and not the Medical Plans? (In particular, if a 100% review is required of the medical plan.)	Yes, bidders are allowed to bid on both or either programs. Be sure to clearly indicate in your bid which program(s) you are bidding on. (This was discussed in the mandatory conference call.)
10.	Minimum Requirements, #3 Part 1 – Medical Contract Compliance Review, #34	References	There are two places asking for references in this RFP. Do references have to be former clients or can they be recurring/current clients as well? Do you want two separate sets of references?	There are three questions regarding references: a minimum requirement, and also in the Medical Program and Prescription Program sections (see specific references to the left.) References are requested for clients you served within the last three years; not necessarily former or current clients. Please see Addendum #1 for the change to the requirement.
11.			Question number 27 (page 38, Questionnaire Part 1 – Medical Compliance Review) seems to end	The question continues at the top of Page 39. We apologize for the awkward pagination. The question reads: Do you have a standing

			abruptly and is not complete. Is there additional relevant information missing?	agreement(s) (confidentiality, audit, non-disclosure) with Highmark and/or Aetna? If not, what has been your experience in negotiating those agreements with Highmark and/or Aetna? How long from notice to award will it take you to get signed agreements?
12.			How many unique prescription drug plan designs are included within the commercial business?	The State has one prescription plan design within the commercial business. The commercial business covers the active employees and non-Medicare retirees and dependents associated with these two populations. Information can be found at http://ben.omb.delaware.gov/script/index.shtml
13.			How many prescription drug plans are included within the CDH Plans? (It appears there are two – one for Aetna and one for Highmark, but we want to be certain we understand if there are unique CDH plan design under those divisions. For example: under CDH Active, they could have four plans which look similar however all with different accumulators.)	The State has one prescription plan design within the commercial business. The commercial business covers the active employees and non-Medicare retirees and dependents associated with these two populations. Information can be found at http://ben.omb.delaware.gov/script/index.shtml
14.	Page 65, #4.		Can we get a copy of the State’s “DTI Cloud and Offsite Hosting Policy”?	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 policies can be found at http://dti.delaware.gov/information/standards-policies.shtml
15.	Use of Subcontractors, Page 19		Per the Vendor Bid Conference, please confirm that subsidiaries and affiliate companies under a common parent company are not considered subcontractors for the purpose of this procurement.	Confirmed. However, subsidiaries of Highmark, Aetna and Express Scripts should not bid.
16.	C. Submission of Proposal, 1. Format, page 20		<p>Please confirm that the total forms to be included with the bid package include:)</p> <p>Appendix A Fee Proposal</p> <p>Appendix B State of Delaware Non-Collusion Statement</p> <p>Appendix D Performance Guarantees</p> <p>Appendix E Officer Certification Form</p> <p>Appendix F RFP Terms and Conditions Exception Tracking</p> <p>Appendix G (as applicable) Subcontractor Information Form</p> <p>Appendix H Employing Delawareans Report</p> <p>Appendix I Financial Ratings</p> <p>Appendix J Technology Exception Tracking Chart</p> <p>Appendix K Non-Public Data Owned by the State of Delaware - State of Delaware Cloud and/or Offsite Hosting Mandatory Terms and Conditions</p>	<p>All Appendices except G (Subcontractor Information Form), if it does not apply, need a response on the document itself and must be included in your bid package. For example, if you have no exceptions for Appendix C or J, there is a statement asking you to check a box acknowledging that.</p> <p>On the corresponding question requiring Appendix L, Confidentiality (Non-Disclosure) and Integrity of Data Agreement, you are asked to confirm that you agree to the terms or provide a redlined document with suggested changes.</p> <p>The only form that would not be provided if it doesn't apply is Appendix G, Subcontractor Information Form.</p>

			Appendix M (as applicable) Business Associate Agreement	
17.	Fee Proposal Form, Appendix A, page 50		Please provide volumes for number of employees, dependent, PPO, and HMO annually.	Please see the attached documents. Note that Aetna only has HMO and CDH Gold plans.
18.	C. Submission of Proposal, 1. Format, page 20		Where in the hard copy response should all completed Appendices be placed - within each section named or as a separate tabbed Attachment?	Please organize the Appendices as separate tabbed attachments.
19.	B. General Terms and Conditions, 4. Discrepancies, Revisions and Omissions in the RFP, Page 17	Should the vendor find discrepancies, omissions, unclear or ambiguous intent or meaning, or terms not appropriate to the services requested in the Scope of Services or Minimum Requirements the vendor shall notify the contact for this RFP, Laurene Eheman, electronically, and only electronically, at laurene.eheman@state.de.us, at least ten (10) business days before the proposal opening by using the RFP Terms and Conditions Exception Tracking, Appendix C.	With the mandatory meeting on 1/21, vendor questions due on 1/22, and the State providing answers to vendor questions on 1/27, is the State willing to modify the proposal due date to accommodate this ten (10) business day requirement? With current submission date, vendors must have submitted this form on 1/20, prior to the State's mandatory bid meeting (1/21) and vendor question submittal (1/22).	The ten day deadline is not subject to the date of a mandatory pre-bid meeting or conference call, nor a question and answer deadline. Also, during the mandatory conference call on Thursday, 1/21, it was stated that exceptions on Appendix C would be accepted until noon Friday, 1/22, the deadline for questions. It is the bidder's responsibility to review the requirements and adhere to the deadlines. At this point in the process, use Appendix C, Responses Exception Tracking, for exceptions you have to any of the requirements. The bid deadline has been moved to Friday, February 5, 2016, by 1:00 p.m. local time.
20.	C. Submission of Proposal, 1.		Please confirm that both hard copy and electronic (CD) proposals must include	The list on Page 21, Section C.1.c. is the documents that need to be submitted in

	Format, page 20		<p>the following completed sections to meet format requirements: Section III Minimum Requirements Section IV Questionnaire - Part 1 Medical (as applicable) Section IV Questionnaire - Part 2 Prescription (as applicable) Section IV Questionnaire - Part 3 HIPAA Compliance Section V. Technical Standards and Security Requirements Appendix A – Fee Proposal Appendices B, D, E, F, G, H, I, J, K, M (tabbed separately)</p>	<p>Word format <u>in addition</u> to a pdf copy. A complete electronic copy is a pdf copy of all documents plus Word documents in the list.</p> <p>Please refer to Appendix M, <i>Business Associate Agreement</i>, as an example. Minimum Requirement #24 asks you to confirm that, if awarded the contract, you will accept the terms as written. If your response is “confirmed” then the document doesn’t need to be included in your bid package. If, however, “you do not accept the terms as written, you must provide a redline of suggested changes”. Therefore, if you are submitting a redlined document of suggested changes for the State’s consideration, then that document would be included in your bid package.</p>
21.	III Minimum Requirements, Page 29	12. Please confirm your organization’s acceptance. For your response, if you do not accept this indemnity paragraph as written, you must provide a redline of suggested changes. Be advised that the State cannot agree to major changes.	Vendor shall indemnify and hold harmless the State, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys’ fees) directly arising out of (A) the negligence or other wrongful conduct of the vendor, its agents or employees, or (B) vendor’s breach of any material provision of this Agreement not cured after due notice and opportunity to cure, provided as to (A) or (B) that (i) vendor shall have been notified in writing by the State of any notice of such claim; and (ii) vendor shall have the sole control of the defense of any	<p>No, the State will not consider the addition of a limitation to liability as proposed. As stated in the requirement, the State cannot agree to major changes. If you submit your bid with the added term, your bid will be considered non-responsive and be rejected.</p> <p>(Please note, also, that the same indemnity term is in the Technical Standards and Security Requirements section, #2 on Page 47, with the added phrase “data security breaches or incidents”.)</p>

			<p>action on such claim and all negotiations for its settlement or compromise. <u>Vendor’s liability under this indemnity clause shall be limited to the lesser of the amount of fees paid to Vendor for the one year period preceding the event giving rise to the damages or \$XXX.</u></p> <p><i>Question:</i> Will the State consider the addition of limitation of liability to the Indemnity provision above similar to the proposed redlined version? If so, should the proposal be included in Appendix C of the Proposal or should the Vendor and the State negotiate the terms of an appropriate limitation of liability provision upon award?</p>	
22.	III. Minimum Requirements, Page 29	11. It is anticipated that the award will be made in early March and the execution and effective date of the contract must be completed expeditiously so that the work can begin as soon as possible. Please confirm that if you are awarded the contract you will negotiate and execute the contract within five (5) business days of the notice of award and will be able to complete the project(s) by the target date of June 26, 2016.	Given the aggressive timeframe for executing the contract within five (5) business days of the notice of award, will the State please provide the proposed contract that the awarded vendor will be expected to sign now such that Bidders have an opportunity to review in advance of the notice of award to determine if there are any contract terms or conditions that will need to be negotiated with the State within the five (5) day period prior to execution?	Terms #5 through #25 in the Minimum Requirements section are terms in the contract. Through the RFP process, it is the SEBC’s goal to identify any contractual terms that the parties may not be able to negotiate before finalists are chosen or an award is made. By stating each separately in the RFP, we find this is the quickest way to identify if there are critical terms that cannot be negotiated. We do not have the time to “pre-negotiate” a contract with all the bidders nor do we want to waste a bidder’s time if they are selected as a finalist and participate in an on-site interview but then later determine there are terms that cannot be negotiated.

23.	C. Submission of Proposal, Page 21		<p>Should this information be included on both the redacted and non-redacted electronic copy/CD?</p> <p>c. The following non-redacted documents must be included on the CD in Word format:</p> <ul style="list-style-type: none"> i. Section III. Minimum Requirements; ii. Section IV. Questionnaire – Part 1 - Medical Contract Compliance Review and/or iii. Section IV. Questionnaire – Part 2 - Prescription Drug Contract Compliance Review; iv. Section IV. Questionnaire - Part 3 - HIPAA Compliance; v. Section V. Technical Standards and Security Requirements; vi. Responses Exceptions Tracking – Appendix C; and vii. Performance Guarantees - Appendix D 	<p>Yes, refer to the responses in #16 and #20. Please call Laurene Eheman at 302-760-7060 if you have any further questions while you are compiling your documents.</p>
24.	C. Submission of Proposal, Page 22		<p>Please explain the electronic files submission: Will the separate Confidential and Proprietary documents with attorney cover letter detailed in the table on page 22 and the Complete bid with redacted sections (split up per Word Document and PDF) be included on the same CD?</p>	<p>Yes, that is correct. One CD with the attorney’s letter, non-redacted pages with the information referenced in the letter, and a complete bid with redactions. The second CD should contain the non-redacted complete bid.</p>
25.	V., Technical Standards and Security Requirements, 3. Security and	<p>a. Threats - The SANS Institute and the FBI have released a document describing the Top 20 Internet Security Threats. The document is available</p>	<p>With the update in the link, the requirement is altered as this article refers to controls rather than vulnerabilities. Should vendors indicate confirmation that all of the specified controls are currently in place</p>	<p>Since the requirement is a confirmation that “. . . any systems or software provided by the contractor are free of the vulnerabilities listed . . .”, a single confirm that all the controls are in place is sufficient.</p>

	Encryption, page 48	at www.sans.org/top20.htm for your review. The contractor confirms that any systems or software provided by the contractor are free of the vulnerabilities listed in that document. (A response that security threats are always changing is not acceptable.)	to protect data or is the requirement to provide a response per each control?	
26.	Background and Overview, Organization Description, pg. 9		Will the State please break down the number of 37,000 active employees, approximate retirees, non-State employees, and exact number of dependents within each plan?	Please see the attached documents. Note that Aetna only has HMO and CDH Gold plans.
27.			How many formularies are utilized for the commercial and EGWP lines of business?	Express Scripts NonPreferred Formulary is utilized for the commercial plan and the formulary for EGWP is approved by CMS. These can be found under the appropriate link at http://ben.omb.delaware.gov/script/index.shtml
28.			Does your contract with the PBM specify the audit rights for rebates? Does your PBM agreement contract allow for a review of ALL/EVERY manufacturer rebate contracts on site at the PBM?	The contract states the Express Scripts recommends that the number of manufacturer agreements should account for 50% of the total rebates.
29.			Our experience demonstrates that a customer of your size has dozens of	No, the State is not anticipating a 100% rebate review.

			manufacturer rebates contracts providing payment under the PBM agreement. Will you eliminate a vendor if the review consists of a highest dollar payment manufacturer contracts versus EVERY contract?	
30.			How many manufacturers would you like to review? 5 is approx. 50% of rebate dollars, 10 is approx. 65%, and 15 is approx. 75%.	The contract states the Express Scripts recommends that the number of manufacturer agreements should account for 50% of the total rebates.
31.			Does the State of Delaware expect the audits to be completed concurrently or in order of 2015, than 2014, and finally 2013? Does your PBM allow for concurrent audits?	All three vendors will allow a concurrent audit of FY14 and FY15 and the State has chosen to not audit FY13 for medical, FY13 for the commercial prescription plan, nor for Plan Year 2013 (PY13) for EGWP. Please see Addendum #1 for the change to this requirement.
32.			How many unique plan designs exist in the Commercial and EGWP pharmacy benefits?	The State has one prescription plan design and formulary for the commercial population and one for the EGWP populations. Information can be found at http://ben.omb.delaware.gov/script/index.shtml
33.	Page 36, Section IV.1.F.		Can the State clarify if the question regarding experience with BCBS, Aetna, and Express Scripts is meant to identify any potential conflicts of interest?	The question is intended to identify experience doing audits with Highmark, Highmark Delaware, Aetna and Express Scripts.
34.			Is there an incumbent vendor performing these services for OMB	No, there is not an incumbent vendor performing these services now. As explained during the mandatory conference call, the

			now? If so, what is the annual contract amount of the incumbent?	State Employees Health Plan Task Force requested an independent audit of claims and operational processes in order to better understand the reason for increasing costs and identify any potential savings from processing errors.
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