COMMONWEALTH of VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
600 East Broad Street, Suite 1300
Richmond, VA 23219
May 23, 2017

Dear Prospective Respondent:

The Department of Medical Assistance Services (DMAS or the Department) is soliciting responses from organizations interested in providing input into DMAS' development of enhanced managed care financial reporting and cost monitoring strategies.

This is not a formal solicitation and the Department will not award a contract based on responses to this Request for Information (RFI 2017-01). The Department will use the responses to determine feasibility and potentially inform future improvement actions.

Organizations must check the eVA VBO at http://www.eva.virginia.gov for all official postings or notices regarding this RFI. Posting of such notices will also be done on the DMAS website at http://www.dmas.virginia.gov/Content_pgs/rfp.aspx but the eVA VBO is the official posting site.
Organizations are requested not to call this office. All issues and questions related to this RFI should be submitted in writing via email to the contact information provided.

If your organization is interested in providing input, you are invited to submit a response to the Department. Responses should be received by **5:00 PM E.D.T. on Monday, June 12, 2017.** Documents should be addressed per the instructions in RFI 2017-01.

The Commonwealth will not pay any costs that any organization incurs in preparing a response and reserves the right to reject any and all responses received.

Thank you for your interest and assistance with this important topic.

Sincerely,
Whitney Speece
DMAS Procurement & Contract Officer

REQUEST FOR INFORMATION
RFI 2017-01

Issue Date: May 23, 2017
Title: Managed Care Trend Analysis
Commodity Code(s): 95856, 91878, 94848 and 95259

All inquiries should be directed in writing via email in MS Word 2010 or compatible format to: MCTA@dmas.virginia.gov

Seon Rockwell, Director of Innovation and Strategy
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Deadline for submitting inquiries: 5:00 PM E.D.T. Friday, June 2, 2017

Response Due Date: Responses will be accepted until **5:00 PM E.D.T., Monday, June 12, 2017**

Submission Method: Responses should be emailed to the RFI contact above.

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

Respondents to this Request for Information (RFI) are hereby notified that all information, documentation, and any specific content or approaches included within RFI responses may be used in future solicitations. Organizations should not submit any proprietary, trade secret or confidential information in response to any aspect of this RFI. Organizations are responsible for ensuring this requirement is met and the Department will not be held responsible or liable for release of said material in response to subsequent FOIA requests.

Under no circumstances shall the Commonwealth, the Governor's Office, the Secretaries, or the Virginia Department of Medical Assistance Services be liable for, or reimburse, the costs incurred by respondents in preparing and submitting responses to this RFI.

1.0 PURPOSE

This is not a formal solicitation and the Department will not award a contract based on response to this RFI. This is strictly a means for the Department to obtain vendor input into the development of enhanced managed care financial reporting and cost monitoring strategies, which could further help the Department control managed care spending. Your response is not a commitment by your organization to provide the services as described, nor is it a commitment by the Department that any contracts resulting from subsequent RFPs issued by the Department will be awarded to your organization.

2.0 BACKGROUND

The Department is interested in ways to minimize unnecessary spending associated with managed care by implementing enhanced financial oversight practices. As Virginia Medicaid transitions its enrollees from fee-for-service to a managed care system, it is important to both focus on quality of care as well as to manage costs.

The Virginia General Assembly directed the Joint Legislative Audit and Review Commission (JLARC) to conduct a study regarding the cost-effectiveness of the Virginia Medicaid program. JLARC reviewed the Department's financial oversight of its managed care program, and recommended certain financial reporting and monitoring requirements to be included in its contracts with managed care organizations (MCOs). Specifically, JLARC recommended that the Department collect more detailed financial and utilization data to identify undesirable spending and utilization trends. DMAS would be able to use this data to set capitation rates and effectively monitor MCO spending. *See* JLARC Recommendations: Managing Spending in Virginia's Medicaid Program.

JLARC's recommendations have been incorporated in part in the 2017 Virginia Acts of Assembly, Chapter 836, (2016-18 Budget); as well as House Bill 2304 (HB 2304), amending Code of Virginia § 32.1-330.
Pursuant to this legislation, the Department seeks to implement the following six Projects:

PROJECT 1:

Financial Statement Reporting (*see* 2016-18 Budget, Item 310.U.1.b.; *for additional background information, see generally* JLARC Recommendation 18[*]): Effective January 1, 2018, MCO contracts must include a requirement for detailed financial and utilization reporting. The reported data shall include: (i) income statements that show expenses by service category; (ii) balance sheets; (iii) information about related-party transactions; and (iv) information on service utilization metrics.

[*] *In cases where the language of the JLARC Recommendation conflicts with the legislative language, the legislative language shall control.*

PROJECT 2:

Behavioral Health Utilization Metrics (*see* 2016-18 Budget, Item 310.U.1.c.; *for additional background information, see generally* JLARC Recommendation 32*): Effective January 1, 2018, upon the inclusion of behavioral health care in managed care, MCO contracts must include behavioral health-specific metrics to identify undesirable trends in service utilization.

PROJECT 3:

Monitoring Related-Party Spending (see 2016-18 Budget, Item 310.U.2.b.; for additional background information, see generally JLARC Recommendation 10*): For rate periods effective January 1, 2018 and thereafter, DMAS shall direct its actuary as part of the rate setting process to monitor medical spending for related-party arrangements and adjust historical medical spending when deemed necessary to ensure that capitation rates do not cover excessively high spending as compared to benchmarks. Related-party arrangements shall mean those in which there is common ownership or control between the entities, and shall not include Medicaid payments otherwise authorized in this item.

Stop Excessive Related-Party Spending (*see* 2016-18 Budget, Item 310.U.2.g.; *for additional background information, see generally* JLARC Recommendation 16*): For rate periods effective January 1, 2018 and thereafter, DMAS shall direct its actuary as part of the rate setting process to adjust calculations of underwriting gain and medical loss ratio by classifying as profit medical spending that is excessively high due to related-party arrangements.

PROJECT 4:

Report on MCO Spending Trends (*see* 2016-18 Budget, Item 310.U.3.; *for additional background information, see generally* JLARC Recommendations 19*, 20*, 30*, and 31*): The Department of Medical Assistance Services shall report to the General Assembly on spending and utilization trends within Medicaid managed care, with detailed population and service information and include an analysis and report on the underlying reasons for these trends, the agency's and MCOs' initiatives to address undesirable trends, and the impact of those initiatives. The report shall be submitted each year by September 1.

PROJECT 5:

MCO Utilization Control Review (*see* HB 2304.11; *for additional background information, see generally* JLARC Recommendation 28*): The Department of Medical Assistance Services shall develop a process that allows managed care organizations providing services through the managed care program to determine utilization control measures for services provided and includes

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monitoring of the impact of utilization controls on utilization rates and spending to assess the effectiveness of each managed care organization's utilization control measures.

PROJECT 6:

MCO Utilization Control Review for Chronic Conditions (*see* HB 2304.8; *for additional background information, see generally* JLARC Recommendation 26*): The Department of Medical Assistance Services shall regularly analyze its spending and service utilization on chronic conditions to better target opportunities for greatest improvement of outcomes and reduction in spending.

Reference links: https://budget.lis.virginia.gov/get/budget/3279/
http://lis.virginia.gov/cgi-bin/legp604.exe?171+ful+CHAP0749+pdf
http://jlarc.virginia.gov/medicaid-2016.asp

3.0 INFORMATION REQUEST

This Request for Information (RFI) is focused on understanding strategies, policies, tools, and trends that would enable DMAS to monitor MCO spending and service utilization, and enable DMAS to adjust managed care costs accordingly. DMAS is particularly interested in understanding more in the following areas, which can help serve as guidelines for the response to this RFI.

DMAS appreciates responses that address any or all of the questions outlined below. Please organize the response by answering the questions in sections A, B, C, and D for each project listed in Section 2.0 – Background, and one comprehensive summary for sections E and F. DMAS appreciates detailed responses when applicable. For the Projects that require DMAS to include specific requirements and/or deliverables in MCO contracts, respond as if your organization would be collecting and analyzing the data pursuant to that particular provision.

A. BEST PRACTICES:

1. Describe the methodology your organization would recommend to conduct financial monitoring and reporting, service utilization trends monitoring and reports, and trend analysis.
2. How would your organization recommend collecting the necessary data?
3. What data sources would be required? What data sources would be optional?
4. How would your organization recommend DMAS conduct the data and statistical analysis?
5. What are important considerations/dependencies in obtaining the information?
6. What considerations should be taken into account when defining the necessary metrics for measuring effectiveness of utilization control?
7. What specific population and service information would be most relevant for a report on spending and utilization trends?
8. How might DMAS best monitor utilization rate control measures set by a Managed Care

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Organization (MCO)?

B. Project Management

1. Describe how DMAS might approach each project. What sequence of activities and tasks would you recommend to achieve the project objectives?
2. What resources are necessary to achieve project objectives? What resources might your organization consider bringing to bear?
3. Describe the composition of a potential project team? What would be the ideal number of staff and designated responsibilities for each team member?
4. What would be a reasonable time frame to achieve the project objectives?
5. What are the potential challenges or risks for achieving the project objectives? Please be specific. Are there any challenges unique to Medicaid or managed care organizations?
6. What inputs (resources) and risks should be considered when estimating the range of project costs?
7. How would your organization best address the added complexity of working with MCOs to perform this project?
8. How might DMAS partner with an organization like yours to achieve the project objectives?
    i. How could DMAS structure the roles and responsibilities between:
        1. A contractor (i.e., your organization);
        2. The Department and its staff; and
        3. Other external entities, such as the actuary and the MCO.
    ii. What expertise would be needed from DMAS?

C. Strategy:

1. What are potential critical success factors for achieving the project objectives?
2. What are potential related policy and managed care program considerations?
3. How would your organization recommend approaching MCOs to obtain the data necessary to perform the project?
4. What alternative data sources should DMAS consider?
5. What are the most important considerations in developing a process for MCOs to determine utilization control measures?
6. What are the most important considerations for monitoring impact on utilization rates and spending to determine effectiveness of each MCO's utilization control measures?

D. Tools:

1. What key capacities would be necessary in the Department's and MCO's data management system, including data warehousing, data integration, and data quality capabilities.
2. What analytic tools should the Department explore or seek for this work?
3. What quality assurance activities should the Department require?

E. Experience:

1. Describe how your organization would approach the full set of six projects (if applicable). In what order would you suggest DMAS complete the projects?
2. Provide three project examples that reflect your experience across the projects. Each project example does not need to address all six project areas at once, but can be a representative example.
3. Describe your experience in conducting trend analysis.

4. Does your organization have previous experience working with financial monitoring and reporting requirements for managed care plans and service utilization reporting?
5. Does your organization have previous experience with rate setting for a managed care program?
6. Does your organization have experience defining behavioral health utilization measures and utilization control measures?

F. RESPONSES TO THE FOLLOWING ARE OPTIONAL:

1. What would be an estimated range of costs associated with each project?
   Please provide any other information that may be helpful to DMAS that was not addressed above.

4.0 KEY RESPONSE REQUIREMENTS

DMAS invites vendors and other entities with experience related to financial reporting and cost monitoring strategies to prepare and submit a response.

a. **Important Dates:** Questions regarding this RFI should be submitted to MCTA@dmas.virginia.gov no later than **5:00 PM E.D.T. on Friday, June 2, 2017.** Responses are due to the department no later than **5:00 PM E.D.T. on Monday, June 12, 2017**.

b. **RFI Contact:** The principal point of contact for this RFI at DMAS shall be:

Seon Rockwell, Director of Innovation and Strategy
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219
Email: MCTA@dmas.virginia.gov

All communications with DMAS regarding this RFI should be directed to the principal point of contact. All RFI content-related questions should be in writing via email to the principal point of contact.

c. **Length of Response:** Responses should be no more than 20 pages, excluding appendices. The Department may review linked resources beyond the page limits; however, limiting the number of additional linked references would be appreciated.

d. **Format and Number of Copies:** The responder shall email one copy in MS Word 2010 or compatible format by the response date and time specified in this RFI.

e. **Proprietary/Trade Secret/Confidential Information:** All data, materials and documentation originated and prepared for the Department pursuant to this RFI belong exclusively to the Department and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act (FOIA) (Va. *Code* § 2.2- 3700, *et seq.*). ***Therefore, an organization should not submit any proprietary, trade secret, or confidential information in its response to any aspect***

of this RFI. Organizations are responsible for ensuring this requirement is met and the Department will not be held responsible or liable for release of said material in response to subsequent FOIA requests.

f. **Submission and Acceptance of Responses:** The responses should arrive at DMAS no later than 5:00 PM. E.D.T. on Monday, June 12, 2017 and be emailed to the RFI contact above using subject line: "Managed Care Trend Analysis RFI."

   Organizations should check the eVA VBO at http://www.eva.virginia.gov for all official postings of addendums or notices regarding this RFI. DMAS also intends to post such notices on the DMAS website at http://www.dmas.virginia.gov/Content_pgs/rfp.aspx, but the eVA VBO is the official posting site that organizations should monitor.