



COMMONWEALTH of VIRGINIA

DEPARTMENT OF MEDICAL ASSISTANCE SERVICES

600 East Broad Street, Suite 1300

Richmond, VA 23219

January 8, 2015

Dear Prospective Offeror:

The Department of Medical Assistance Services (DMAS) is soliciting proposals from qualified and innovative health care auditing firms for Behavioral Health provider auditing services. Duties of the Contractor shall include performing financial and clinical audits of providers who deliver, to include but not limited to: Therapeutic Day Treatment Services, Mental Health Skill-building Services, Intensive In-Home Services, Psychosocial Rehabilitation, Crisis Intervention, Crisis Stabilization, Mental Health Case Management, Virginia Independent Clinical Assessment Program (VICAP), Intensive Community Treatment, Outpatient Psychiatric, Therapeutic Foster Care, Day Treatment/Partial Hospitalization, Substance Abuse Services, Acute Inpatient Hospitalization, Community-Based Residential Services for Children and Adolescents under 21 (Level A), Therapeutic Behavioral Services (Level B), Residential Treatment Centers Level C in-state and out-of-state, Substance Abuse Residential Treatment for Pregnant Women, Substance Abuse Day Treatment for Pregnant Women, Substance Abuse Case Management, Substance Abuse Crisis Intervention, Substance Abuse Intensive Outpatient, Substance Abuse Day Treatment, and Opioid Treatment providers that participate in the Virginia Medicaid program. Additional provider classes or behavioral health services may be added or substituted at a later date as deemed necessary by DMAS. Specific details about this procurement are in the enclosed Request for Proposal (RFP) 2015-02.

Offerors must check eVA VBO at <http://www.eva.virginia.gov> for all official addendums or notices regarding this RFP. DMAS also intends to post such notices on the DMAS website at http://www.dmas.virginia.gov/Content_pgs/rfp.aspx however, eVA is the official and controlling posting site. The Commonwealth will not pay any costs that Offerors incur in preparing a proposal. As provided in the Virginia Public Procurement Act, the Department may reject any and all proposals received or cancel this RFP.

Potential Offerors are requested not to call this office. All issues and questions related to this RFP should be submitted in writing to the attention of Letitsa Melton, Contract Administrator, Program Integrity Division, Department of Medical Assistance Services, 600 East Broad Street, Suite 1300, Richmond, VA 23219, and should be submitted by email in MS Word format to RFP2015-02@dmas.virginia.gov

Offerors who wish to submit a proposal are required to submit a Letter of Intent (LOI) which must be received by the Department no later than **10:00 AM** eastern standard time on **January 20, 2015**. The LOI must be on the Offeror's letterhead and document their intent to submit a proposal in response to the RFP. The prior submission of a LOI shall be a prerequisite for submitting a proposal; proposals shall not be accepted from Offerors who have not submitted a LOI by the deadline specified above. LOIs may be emailed to the address listed above with original hard copy to follow via United States Postal Service, overnight delivery or courier service. All LOIs shall be addressed to:

Department of Medical Assistance Services
Attention: Christopher Banaszak
600 East Broad Street, Suite 1300
Richmond, VA 23219

Sincerely,

Christopher Banaszak

DMAS Contract Manager

**REQUEST FOR PROPOSALS
RFP 2015-02**

Issue Date: January 8, 2015

Title: Behavioral Health Provider Auditing Services

Period of Contract: An initial period of three (3) years from award of contract, with provisions for three (3) twelve- month extensions.

Commodity Code: 94620 and 91804

All inquiries should be directed in writing via email in MS Word Format to:
RFP2015-02@dmas.virginia.gov

Letitsa Melton, Contract Administrator
Program Integrity Division
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Deadline for submitting inquiries and Letter of Intent: 10:00 AM E.S.T., January 20, 2015

Proposal Due Date: Proposals will be accepted until **10:00 AM E.S.T., February 12, 2015**

Submission Method: The proposal(s) must be sealed in an envelope or box and addressed as follows:

“RFP 2015-02 Sealed Proposal”
Department of Medical Assistance Services
600 E. Broad Street, Suite 1300
Richmond, Virginia 23219
Attention: Christopher Banaszak

Facsimile Transmission of the proposal is not acceptable.

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.

In compliance with this Request for Proposal and pursuant to all conditions imposed herein or incorporated by reference, the undersigned proposes and agrees to furnish the services contained in their proposal.

Firm Name (Print)	F.I. or S.S. Number
Address	Print Name
Address	Title
City, State, Zip Code	Signature (Signed in Ink)
Telephone:	Date Signed
Fax Number:	E-Mail:
eVA Registration Offeror Number (Required):	eVA #:
State Corporation Commission ID Number (Required): (See Special Terms and Conditions)	SCC ID #:
Dun & Bradstreet D-U-N-S Number (Required):	DUNS#:
Check Applicable Status: Corporation: _____ Partnership: _____ Proprietorship: _____ Individual: _____ Woman Owned: _____ Minority Owned: _____ Small Business: _____ If Department of Small Business and Supplier Diversity (DSBSD) certified, provide certification number: _____	

Submit this completed form with Technical Proposal under Required Forms

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF MEDICAL ASSISTANCE SERVICES

REQUEST FOR PROPOSALS

FOR

**BEHAVIORAL HEALTH
PROVIDER AUDITING SERVICES**

RFP 2015-02

ISSUED: January 8, 2015

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RFP 2015-02 –Behavioral Health Provider Auditing Services for the Division of Program Integrity

1. PURPOSE AND DEFINITIONS

The Department of Medical Assistance Services, hereinafter referred to as the "Department" or "DMAS," is the single State agency in the Commonwealth of Virginia that administers the Medicaid program under Title XIX of the Social Security Act and the State Children's Health Insurance Program (known as FAMIS) and Title XXI of the Social Security Act for low-income people. These programs are financed by Federal and State funds and are administered by the State according to Federal guidelines. Information about the Virginia Medicaid Program is available at <http://www.dmas.virginia.gov/>.

The Department administers the Medicaid program to more than 800,000 members. Those members receive services through various delivery systems and care models as listed below:

Fee-for-Service and Managed Care: DMAS provides Medicaid to members through two programs: a program utilizing contracted managed care organizations (MCOs) and fee-for-service (FFS), which is the standard program for Medicaid and SCHIP (FAMIS). The Contractor shall be responsible for auditing both in-state and out-of-state providers that provide services to both Medicaid and FAMIS members in the fee-for-service program. The Contractor shall not be responsible for auditing providers that participate in managed care plans; however, this is subject to change at DMAS' discretion. The Contractor shall have access to the MCOs encounter data that may help identify trends in their data analysis efforts. (Unless otherwise indicated, the fee-for-service program is referred to as the Virginia Medicaid program in this document.)

Commonwealth Coordinated Care (CCC): Commonwealth Coordinated Care is an initiative to coordinate care for members who are currently served by both Medicare and Medicaid and meet certain eligibility requirements. The program is designed to be Virginia's single program to coordinate delivery of primary, preventive, acute, behavioral, and long-term services and supports. In this way, the member receives high quality, person centered care that is focused on their needs and preferences.

The goals of this initiative include: improved quality and health outcomes, streamlined Medicare and Medicaid requirements, increased accountability, reduced burden for members and providers, providing care in each individual's setting of choice, and reduced avoidable services. Supplementary benefits include care coordination, interdisciplinary care teams, and person-centered care plans.

Behavioral Health Services Administrator (BHSA): Behavioral Health service providers are managed by the Behavioral Health Services Administrator (BHSA). The BHSA is responsible for administering the Department's behavioral health benefits that are currently carved out of managed care on a statewide basis for Title XIX Medicaid members and Title XXI FAMIS and FAMIS Plus members to include care coordination, provider management, provider contracting and credentialing, and reimbursement of such behavioral health services.

BHSA provides a coordinated delivery model for the following members and services:

1. The BHSA manages the full spectrum of behavioral health and substance abuse treatment services for members who are not currently enrolled in one of the DMAS managed care organizations (MCOs) contracts.
2. BHSA manages the subset of behavioral health services that are excluded from the DMAS MCOs contracts, commonly referred to as MCOs carved-out services.

Governor’s Access Plan (GAP) for the Seriously Mentally Ill (SMI): Beginning January 1, 2015, the GAP will provide access to basic medical and behavioral health services for up to 20,000 uninsured adults with SMI through a demonstration program. DMAS will administer the program using existing partnerships. The three goals of the GAP demonstration program are to:

1. Improve access to health care for a segment of the uninsured population in Virginia with significant behavioral health and medical needs.
2. Improve primary health and behavioral health outcomes of participants in the GAP demonstration program.
3. Serve as a bridge to closing the coverage gap for uninsured Virginians.

Comprehensive Services Act (CSA): The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law that was enacted in 1993 that established a single state pool of funds to purchase services for at-risk youth and their families. The state funds, combined with local community funds, are managed by local interagency teams who plan and oversee services to youth. CSA funding can be utilized for Community-based Residential Services for Children and Adolescents under 21 (Level A), Therapeutic Behavioral Services (Level B), and Residential Treatment Centers Level C. For members eligible for CSA funding, the provider must report to the BHSA the locality that is fiscally responsible for the member receiving services that are covered in part by CSA funds.

Virginia Independent Clinical Assessment Program (VICAP) for Children’s Rehabilitative Services: DMAS requires an independent clinical assessment as a part of the service authorization process for certain Medicaid and FAMIS children’s behavioral health services. This includes children and youth up to age 21 enrolled in Medicaid and FAMIS fee for service or managed care programs. The BHSA contracts with the local Community Services Boards (CSBs) or the Behavioral Health Authority (BHA) (herein referred to as the “independent assessor”) to conduct the independent clinical assessment. The affected children’s services are Intensive In-Home (IIH), Therapeutic Day Treatment (TDT), and Mental Health Skill-building Services (MHSS) for individuals up to the age of 21. Each child or youth must have an independent clinical assessment prior to the initiation of the affected services mentioned above. Children and youth who are being discharged from residential treatment (DMAS Levels A, B, or C), or from a psychiatric inpatient hospitalization do not need an independent clinical assessment to access IIH, TDT, or MHSS. They are required to have an independent clinical assessment as part of any subsequent service reauthorization. The assessment is valid for 30 days. For Therapeutic Day Treatment services only, a new independent clinical assessment is not required when the member was enrolled in TDT services at the end of one school year and will begin TDT services again with the same provider the beginning of the next school year.

Medicaid State Plan Amendments: A Medicaid and CHIP (Children’s Health Insurance Program) state plan is an agreement between a state and the Federal government describing how that state administers its Medicaid and CHIP programs. It gives assurance that a state will abide by Federal

rules and may claim Federal matching funds for its program activities. The state plan defines groups of individuals to be covered, services to be provided, methodologies for providers to be reimbursed and the administrative activities that are underway in the state.

When a state is planning to make a change to its program policies or operational approach, states send state plan amendments (SPAs) to the Centers for Medicare and Medicaid Services (CMS) for review and approval. States also submit SPAs to request permissible program changes, make corrections, or update their Medicaid or CHIP state plan with new information.

The Commonwealth of Virginia, Department of Medical Assistance Services, is hereby soliciting proposals from qualified and innovative health care auditing firms to establish a contract through competitive negotiation for the following behavioral health provider services, to include but not limited to: Therapeutic Day Treatment Services, Mental Health Skill-building Services, Intensive In-Home Services, Psychosocial Rehabilitation, Crisis Intervention, Crisis Stabilization, Mental Health Case Management, Virginia Independent Clinical Assessment Program (VICAP), Intensive Community Treatment, Outpatient Psychiatric, Therapeutic Foster Care, Day Treatment/Partial Hospitalization, Substance Abuse Services, Acute Inpatient Hospitalization, Community-Based Residential Services for Children and Adolescents under 21 (Level A), Therapeutic Behavioral Services (Level B), Residential Treatment Centers Level C in-state and out-of-state, Substance Abuse Residential Treatment for Pregnant Women, Substance Abuse Day Treatment for Pregnant Women, Substance Abuse Case Management, Substance Abuse Crisis Intervention, Substance Abuse Intensive Outpatient, Substance Abuse Day Treatment, and Opioid Treatment providers that participate in the Virginia Medicaid program. Additional provider classes/services may be added or substituted at a later date as deemed necessary by DMAS. A qualified Contractor is one that can deliver the services requested in an efficient and effective manner while ensuring the highest standards of performance, integrity, clinical experience, customer service, and fiscal accountability.

Duration of Contract: The duration of the contract resulting from this RFP shall be 3 years from award of contract. This contract may be renewed by the Department for up to 3 successive twelve month periods under the terms of the current contract, upon written agreement of both parties at a reasonable time (approximately 90 days) prior to the expiration.

Number of Awards: The maximum number of Contracts to be awarded under this RFP is one.

1.1 RFP Objectives

- To provide a contract for comprehensive behavioral health provider auditing services as required by the Division of Program Integrity (PI) for all DMAS behavioral health service providers that participate in the Virginia Medicaid program. Additional service types may be added or substituted at a later date as deemed necessary by DMAS;
- To maximize efficiency and cost effectiveness in the Virginia Medical Assistance Program by identifying overpayments for behavioral health provider services that result from inappropriate billing by providers; as well as referring providers with fraudulent activities to the Medicaid Fraud Control Unit (MFCU);

- To identify patterns and trends in billing errors as well as a focus on non-compliance and clinical issues that will help DMAS improve its program management by avoiding future overpayments and improving health care management decisions;
- To obtain, through a contract with a health care auditing firm, a group of highly skilled, technically competent, ethical, and professional personnel trained in auditing standards and have subject matter expertise; and
- To ensure that the personnel assigned to the contract by the Contractor are trained in State and Federal Medicaid laws, regulations and Virginia Medicaid Service Authorization. Personnel shall consistently apply such laws and regulations when performing audits of selected Medicaid enrolled providers.

1.2 Definitions

The following terms when used in this RFP shall be construed and/or interpreted as follows, unless the context expressly requires a different construction and/or interpretation.

Annual: For the purposes of this contract, annual shall be defined as within 90 calendar days of the effective contract date and effective contract renewal date.

Appeals: Appeals by providers of identified overpayments resulting from audits that the Contractor has performed.

APSPM: The Agency Procurement and Surplus Property Manual, which is promulgated by the Department of General Services and available at <https://eva.virginia.gov/pages/eva-aspm-manual.htm> See 1 VAC 30-130-10.

Audit: Desk audit, on-site audit, or both performed by the Contractor to verify that the provider properly billed Virginia Medicaid for services rendered to members. In addition, the Contractor may contact members for verification of services rendered and contact related professionals for verification that services were ordered.

Behavioral Health Services Administrator (BHSA): An entity that manages or directs a behavioral health benefits program on behalf of the program's sponsor. The BHSA is responsible for administering the Department's behavioral health benefits that are currently carved out of managed care on a statewide basis for Title XIX Medicaid members and Title XXI FAMIS and FAMIS Plus members to include care coordination, provider management, and reimbursement of such behavioral health services which include community mental health rehabilitative services.

Business Days: Monday through Friday, 8:00 AM to 5:00 PM, Eastern Standard Time, unless otherwise stated.

Calendar Year: January 1 through December 31.

Commonwealth Coordinated Care: Pilot project between CMS and the Commonwealth of Virginia to combine the Medicare and Medicaid services for a specific population to better provide care coordination and services.

Claims Data: Files that contain payment data for services rendered to members in the fee-for-service program.

Comprehensive Services Act (CSA): The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law that was enacted in 1993 that established a single state pool of funds to purchase services for at-risk youth and their families. The state funds, combined with local community funds, are managed by local interagency teams who plan and oversee services to youth. CSA funding can be utilized for Community-based Residential Services for Children and

Adolescents under 21 (Level A), Therapeutic Behavioral Services (Level B), and Residential Treatment Centers Level C. For members eligible for CSA funding, the provider must report to the BHSA the locality that is fiscally responsible for the member receiving services that are covered in part by CSA funds.

Community-Based Residential Services for Children and Adolescents Under 21 (Level

A) Community-Based Residential Services for Children and Adolescents under 21 are a combination of therapeutic services rendered in a residential setting. This residential service will provide structure for daily activities, psycho-education, therapeutic supervision, and behavioral health treatment to ensure the attainment of therapeutic mental health goals as identified in the individual service plan. The child/adolescent must also receive at least weekly individual psychotherapy services in addition to the therapeutic residential services. Room and board costs are not included in the reimbursement for this service. Service Authorization is required for Medicaid reimbursement. Only programs/facilities with 16 or fewer beds are eligible to provide this service. This service does not include interventions and activities designed only to meet the supportive non-mental health special needs, including but not limited to personal care, habilitation, or academic-educational needs of the member.

Contract Modifications: Any changes or modifications to the Contract that are mutually agreed to in writing by the Contractor and the Department or are mandated by changes in Federal or State laws or regulations.

Contract: The signed and executed document resulting from this RFP, including all attachments or documents incorporated by reference.

Contractor: An individual or firm that has entered into an agreement with the Department to provide goods or services to the Commonwealth.

Crisis Intervention: Crisis intervention services are immediate mental health care, available 24 hours a day, seven days per week, to provide assistance to members experiencing acute mental health dysfunction requiring immediate clinical attention. The objectives are: to prevent exacerbation of a condition; to prevent injury to the member or others; and to provide treatment in the least restrictive setting.

Crisis Stabilization: Crisis stabilization services are direct mental health care to non-hospitalized members (of all ages) experiencing an acute crisis of a psychiatric nature that may jeopardize their current community living situation. The goals are to avert hospitalization or re-hospitalization; provide normative environments with a high assurance of safety and security for crisis intervention; stabilize members in psychiatric crisis; and mobilize the resources of the community support system, family members, and others for ongoing maintenance, rehabilitation, and recovery.

Department: The Virginia Department of Medical Assistance Services (DMAS).

Desk Review: Provider records are submitted by the provider in either electronic or paper format and the review is conducted at the Contractor's office or offsite location.

Effective Date: The date on which the contract is fully executed by all parties, which is the date of the last signature.

Encounter Data: Files that contain payment data for services rendered to members enrolled in a managed care program.

Encryption: A security measure process involving the conversion of data into a format that cannot be interpreted by outside parties.

Enrollment: The determination by local department of social services or central processing unit of an member's eligibility for Medicaid, FAMIS Plus or FAMIS and subsequent entry into the Virginia Medicaid Management Information System (VAMMIS).

Error Matrix: Matrix of common errors per service type.

Extrapolation: Methodology used to draw inferences or conclusions about an audit sample. The Department, or this Contractor, shall not utilize the extrapolation methodology.

Facility: Any premises that are owned, leased, used or operated directly or indirectly by or for the Contractor or its affiliates for purposes related to this RFP or that are maintained by a subcontractor to provide services on behalf of the Contractor.

FAMIS Enrollee: Persons enrolled in the Department's FAMIS program who is eligible to receive services under the State Child Health Plan under Title XXI, as amended.

FAMIS Plus Members: Children under the age of 19 who meet "medically indigent" criteria under Medicaid program rules, and who are assigned an aid category code of 90; 91 (under 6 years of age); 92 or 94. FAMIS Plus children receive the full Medicaid benefit package and have no cost-sharing responsibilities.

Fee-for-Service: A method of making payment for health services that specifies payment amounts for defined services, separate and distinct from managed care. The Contractor shall be responsible for auditing providers that participate in the Department's fee-for-service program and are enrolled with the BHSA.

Fiscal Year (State): July 1 through June 30.

Fraud: Intentional deception or misrepresentation made by a person or entity with the knowledge that the deception could result in some unauthorized benefit to a person or entity. It includes any act that constitutes fraud under applicable Federal or State law.

Global Analysis: A comprehensive review of the DMAS electronic claims database in an attempt to identify providers and members who potentially possess aberrant billing or utilization patterns.

Health Insurance Portability & Accountability Act of 1996 (HIPAA): Title II of HIPAA requires standardization of electronic patient health, administrative and financial data; unique health identifiers for individuals, employers, health plans, and health care providers, and security standards protecting the confidentiality and integrity of individually identifiable health information past, present, or future.

Intensive Community Treatment: Intensive Community Treatment (ICT) is an array of mental health services for adults with serious emotional illness who need intensive levels of support and service in their natural environment to permit or enhance functioning in the community. ICT has been designed to be provided through a designated multi-disciplinary team of mental health professionals. It is available either directly or on call 24 hours per day, seven days per week, 365 days per year.

Intensive In-Home: Intensive In-Home Services for children/adolescents under age 21 are intensive time-limited interventions provided typically but not solely in the residence of a child who is at risk of being moved into an out-of-home placement or who is being transitioned to home from out-of-home placement due to a documented medical need of the child. These services provide crisis treatment; individual and family counseling; and communication skills (e.g. counseling to assist the child and his parents to understand and practice appropriate problem solving, anger management, and interpersonal interaction, etc.); case management activities and coordination with other required services; and 24-hour emergency response.

Implementation Date: 30 days after the effective date of the contract.

Implementation Period: The period of time after contract is executed and the operational period.

Managed Care Organizations (MCOs): An entity that meets the participation and solvency criteria defined in 42 CFR Part 438 and has an executed agreement with the Department to provide services covered under the Medallion II and FAMIS programs. The Contractor shall not be responsible for auditing providers that participate in managed care plans.

Member: Any person identified by the Department as being eligible for Medicaid services.

Medicaid Fraud Control Unit (MFCU): Within the Virginia Office of the Attorney General, the

MFCU has the responsibility to conduct a statewide program for investigating and prosecuting fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of providers of medical assistance under the State Medicaid plan.

Medicare: A health insurance coverage program for people age 65 or older, people under age 65 with certain disabilities, and people of all ages with End-Stage Renal Disease (permanents kidney failure requiring dialysis or a kidney transplant).

Mental Health Skill-building Services: Mental Health Support Services are training and supports to enable members to achieve and maintain community stability and independence in the most appropriate, least restrictive environment. These services may be authorized for six consecutive months. This program shall provide the following services in order to be reimbursed by Medicaid: training in or reinforcement of functional skills and appropriate behavior related to the member's health and safety, activities of daily living, and use of community resources; assistance with medication management; and monitoring health, nutrition, and physical condition.

Mental Health/Hospital Utilization Review (MHUR): A surveillance and utilization control program within the Program Integrity Division. The MHUR unit routinely consults with the behavioral health provider auditing contract administrator in an effort to safeguard against unnecessary or inappropriate use of Medicaid services, prevent excess payments, and assess the quality of Medicaid services.

Monthly: For the purposes of contract reporting requirements, monthly shall be defined as the 15th day of each month for the prior month's reporting period. For example, January's monthly reports are due by February 15th; February's are due by March 15th, etc.

Offeror: The entity or firm that makes an offer in response to a Request for Proposal (RFP).

Office of Behavioral Health: Defines the policy for the providers, monitors the BHSa contract and approves the audit tools used by the provider auditing services Contractor.

On-site Audit: Contractor travels to provider's location(s) and conducts the audit of member records, scanning or copying only pertinent documentation to complete the audit at the Contractor's office or offsite location.

Operational Period: The period of time that proceeds the implementation period and ends at contract expiration and/or termination.

Outpatient Psychotherapy: Behavioral Health Services provided in a practitioner's office, mental health clinic, patient's home, or skilled nursing facility.

Preliminary Findings: Stage in audit process before the final report when the provider is allowed to submit additional information that may mitigate findings.

Program Integrity Division (PI): The Division within the Department that is responsible for provider audits and reviews and collaborates with the Medicaid Fraud Control Unit (MFCU).

Protected Health Information (PHI): Individually identifiable information, including demographics, which relates to a person's health, health care, or payment for health care. HIPAA protects individually identifiable health information transmitted or maintained in any form or medium.

Provider: An institution, facility, agency, person, corporation, partnership, or association enrolled, contracted and credentialed with the BHSa which accepts as payment in full for providing benefits the amounts paid pursuant to a provider agreement with the BHSa.

Provider Classes: All programs covered by DMAS and the BHSa are linked to a specific provider class type. The class type allows the providers to perform and be paid for services in the specific program designated in their provider agreement.

Psychosocial Rehabilitation: Psychosocial rehabilitation services are programs of two or more consecutive hours per day provided to groups of adults in a non-residential setting.

Residential Treatment Center Level C: A 24-hour-per-day specialized form of highly organized, intensive, and planned therapeutic interventions, which shall be utilized to treat severe mental, emotional, and behavioral disorders. All services must be provided at the facility as part of the therapeutic milieu.

Quarterly: For the purposes of contract reporting requirements, quarterly shall be defined as within 30 calendar days after the end of each quarter, unless otherwise specified by the Department.

Quarters: Calendar quarters starting on January 1, April 1, July 1, and October 1.

Recipient: See Medicaid Member, FAMIS Enrollee.

Secure Email: The generic term that usually applies to sensitive email being passed over the Internet in some form of encrypted format.

Shall: Indicates a mandatory requirement or a condition to be met.

Specialized Audits: An audit conducted on any Behavioral Health service type as designated by DMAS.

State: Commonwealth of Virginia.

State Plan Amendment: An agreement between a state and the Federal government describing how that state administers its Medicaid and CHIP programs.

Subject Matter Expert (SME): Individuals who have superior knowledge of clinical, technical and DMAS policy/procedures within a specific clinical or technical area.

Substance Abuse Day Treatment for Pregnant Women: Comprehensive and intensive intervention services in a central location lasting two or more consecutive hours per day, which may be scheduled multiple times per week for pregnant and postpartum women with serious substance abuse problems for the purposes of improving the pregnancy outcome, treating the substance abuse disorder, strengthening the maternal relationship with existing children and the infant, and achieving and maintaining a sober and drug-free lifestyle.

Substance Abuse Residential Treatment for Pregnant Women: Comprehensive and intensive intervention services in residential facilities, other than inpatient facilities, for pregnant and postpartum women with serious substance abuse problems for the purposes of improving the pregnancy outcome, treating the substance abuse disorder, strengthening the maternal relationship with existing children and the infant, and achieving and maintaining a sober and drug-free lifestyle.

Therapeutic Behavioral Services (Level B): Community based residential services for children and adolescents under 21. These programs are a combination of therapeutic services rendered in a residential setting. This service will provide structure for daily activities, psycho-education, therapeutic supervision and mental health care to ensure the attainment of therapeutic mental health goals as identified in the individual service plan (plan of care). The child/adolescent must also receive individual and group psychotherapy services in addition to the therapeutic residential services. Room and board costs are not included in the reimbursement for this service. Authorization is required for Medicaid reimbursement. Only programs/facilities with 16 or fewer beds are eligible to provide this service. This service does not include interventions and activities designed only to meet the supportive non-mental health special needs, including but not limited to personal care, habilitation or academic educational needs of the members.

Therapeutic Day Treatment: Therapeutic Day Treatment for Children/Adolescents shall be provided in sessions of two or more hours per day in order to provide therapeutic medication education and management; opportunities to learn and use daily living skills and to enhance social and interpersonal skills (e.g. problem-solving, anger management, community responsibility, increased impulse control and appropriate peer relations, etc.); and individual, group, and family psychotherapy/counseling.

Utilization Management: The process of evaluating the necessity, appropriateness, and efficiency of health care services against established guidelines and criteria.

Virginia Independent Clinical Assessment Program (VICAP): The VICAP assesses the clinical needs of children and youth up to age 21 enrolled in Medicaid and FAMIS fee for service or managed care programs. The Department of Medical Assistance Services (DMAS) requires an independent clinical assessment as a part of the service authorization process for certain Medicaid and FAMIS children’s behavioral health services.

Virginia Medicaid Management Information System (VAMMIS): The medical assistance eligibility, enrollment, and payment information system of the Virginia Department of Medical Assistance Services.

Virginia Medicaid Policy: Includes the State plan, regulations, manuals and Medicaid memoranda.

2. BACKGROUND

Virginia, like many other states, is working to identify ways to monitor and control health care spending for the Virginia Medical Assistance Program. An effective audit program designed to identify abusive provider billing practices, as well as a focus on non-compliance and clinical issues are some of the mechanisms the State has employed in an effort to contain costs and provide quality health care. Within DMAS, the Program Integrity Division (PI) is charged with the responsibility for protecting the Medicaid program from provider and member waste, fraud and abuse. PI management has elected to outsource the auditing of certain service types for behavioral health providers. PI seeks a Contractor to review both in-state and out-of-state behavioral health service providers that participate in the Virginia Medicaid program. Additional service types may be added or substituted at a later date as deemed necessary by DMAS. PI seeks a proposal to place its provider audit function at the cutting edge of efficiency and innovation. DMAS is dedicated to providing all medically necessary care for Medicaid and FAMIS members while addressing the need of Virginia taxpayers for fiscal responsibility. DMAS believes that a robust provider audit function is integral to meeting this goal and is a fundamental necessity in keeping spiraling health care costs associated with the program at bay. Additional information on the division is provided below.

2.1 Division of Program Integrity

PI is responsible for identifying abusive and potentially fraudulent billing practices as well as highlighting areas of clinical non-compliance. PI employs sophisticated data analysis software (JSURS - Java Surveillance and Utilization Review System) to identify providers who appear aberrant in relation to their peers. Aberrant providers are reviewed by desk and on-site audits. Providers who appear to have engaged in fraudulent activities are referred to the Medicaid Fraud Control Unit (MFCU) in the Attorney General’s office for further investigation.

Program Integrity (PI) is the collective term given to activities conducted by the Department of Medical Assistance Services (DMAS) to ensure taxpayers’ dollars are spent effectively and appropriately.

DMAS’ PI efforts are summarized in four major areas:

- **Prepayment** processes to enhance cost avoidance by preventing improper expenditures on services that are not medically necessary (Service Authorization), and providers who are not eligible to participate in Medicaid (Provider Exclusion). Prepayment programs

also ensure claims are paid according to DMAS policy (Claims Processing) and control over-utilization of Medicaid services by recipients (Recipient Monitoring Unit.)

- **Payment Integrity** processes that ensure DMAS pay only its share of recipient medical expenditures (Third-Party Liability) and that DMAS receives all of its pharmacy rebates.
- **Data Analysis and Provider Selection** processes that identify potential risk areas when deciding where to target program integrity resources.
- **Post-payment** processes that identify instances of improper provider billings and improper recipient enrollment through investigation of referrals and audits of paid claims, some of which are forwarded on for fraud prosecution.
- **See Appendix 1 (DMAS Program Integrity Efforts Flow Chart)**

2.2 Subject Matter Experts (SME)

Office of Behavioral Health

PID works closely with the Office of Behavioral Health (OBH). OBH defines the behavioral health policies for providers, monitors the BHSA contract and approves the audit tools used by the provider auditing services Contractor. OBH also provides guidance on the appropriate utilization of behavioral health services.

Mental Health/Hospital Utilization Review

Mental Health/Hospital Utilization Review (MHUR) is a surveillance and utilization control program within PI. The MHUR unit routinely consults with the behavioral health provider auditing contract administrator in an effort to safeguard against unnecessary or inappropriate use of Medicaid services, prevent excess payments, and assess the quality of Medicaid services. The MHUR unit also collaborates with the behavioral health provider auditing contract administrator to discuss audit tools consistency, and policies and regulations surrounding behavioral health services.

2.3 Behavioral Health Provider Enrollment Activities in VA Medicaid

Table 1 below shows a sample of Medicaid enrolled provider claims paid activity for state fiscal year (SFY) 2013. It should be noted that the number of providers presented in the table and their total reimbursement amounts may vary from year to year.

Table 2 identifies the number of audits to be conducted annually having a sample size of 30%-50% of the total claims paid to the provider during the specified audit period for all audits. (Reference ATTACHMENT VI, Schedule B.1 of the cost proposal.)

Table 1

Sample of Provider Enrollment Activities				
State Fiscal Year 2013				
Service Type	Total Unique Providers	Total Unique Recipients	Total Claims Count	Total Paid Amount
Therapeutic Day Treatment	344	13,621	647,431	\$143,294,945.00
Mental Health Case Management	40	33,035	256,204	\$83,648,292.00
Intensive In Home Services	302	9,307	204,737	\$86,717,110.00
Mental Health Support Services	327	18,962	946,186	\$226,704,606.00
Crisis Intervention	62	9,934	24,179	\$6,374,973.00
Crisis Stabilization	40	2,262	19,357	\$11,920,113.00
Psychosocial Rehab	61	4,910	247,577	\$31,180,045.00
Intensive Community Treatment	21	1,167	10,759	\$10,698,010.00
Residential Treatment Center Level C	27	1,650	18,996	\$89,999,899.00
Residential Treatment Facility Level A and B	73	823	12,179	\$14,647,287.00

Table 2

Provider Type	Audits
Therapeutic Day Treatment	15
Mental Health Case Management	5
Intensive In-Home Services	30
Mental Health Skill-building Services	15
Crisis Intervention	15
Crisis Stabilization	15
Psychosocial Rehab	10

Intensive Community Treatment	3
Residential Treatment Center Level C	8
Residential Treatment Facility Level A and B	9
Specialized Audits	5
Total	130

2.4 Appeals History

The table below shows a sample of provider appeals for state fiscal years (SFYs) 2008 through 2013.

Contract Year	Number of Audits	Informal Appeals per Service Type Audits	% of Informal Appeals	Formal Appeals per Service Type Audits	% of Formal Appeals
2008-2009	70	34	49%	14	41%
2009-2010	88	14	16%	4	3%
2010-2011	125	40	32%	4	1%
2011-2012	70	19	27%	2	<1%
2012-2013	70	6	0.08%	1	<1%

3. NATURE AND SCOPE OF SERVICES

The Contractor shall be responsible for auditing both in-state and out-of-state behavioral health service providers participating in the Virginia Medicaid program providing the following services, to include but not limited to: Therapeutic Day Treatment Services, Mental Health Skill-building Services, Intensive In-Home Services, Psychosocial Rehabilitation, Crisis Intervention, Crisis Stabilization, Mental Health Case Management, Virginia Independent Clinical Assessment Program (VICAP), Intensive Community Treatment, Outpatient Psychiatric, Therapeutic Foster Care, Day Treatment/Partial Hospitalization, Substance Abuse Services, Acute Inpatient Hospitalization, Community-Based Residential Services for Children and Adolescents under 21 (Level A), Therapeutic Behavioral Services (Level B), Residential Treatment Centers Level C in-state and out-of-state, Substance Abuse Residential Treatment for Pregnant Women, Substance Abuse Day Treatment for Pregnant Women, Substance Abuse Case Management, Substance Abuse Crisis Intervention, Substance Abuse Intensive Outpatient, Substance Abuse Day Treatment, and Opioid Treatment providers that participate in the Virginia Medicaid program. Additional provider classes or behavioral health services may be added or substituted at a later date as deemed necessary by DMAS.

Contract deliverables shall include developing a process utilizing subject matter expertise to identify providers who appear to be engaged in improper and abusive billing practices, reporting areas of clinical noncompliance and providing recommendations, to cure said noncompliance, completing both desk and on-site field audits, and performing other data

analysis activities as required. The Contractor shall be responsible for informing Medicaid providers and their associations, if applicable, of behavioral health services selected for audit. This notification shall include the purpose of the project, details of which services and regulations are going to be audited, type and format of audits and the timeline for completing the audits.

The Contractor shall inform the provider of, and report to DMAS, any discrepancies (such as abusive billing practices, and regulatory noncompliance, program discrepancies as it relates to licensure of the provider and its staff, discrepancies with staff and program certifications and clinical issues) found during the audits. Extrapolation methodologies shall not be allowed; only actual audit findings shall be accepted. The Contractor shall allow providers a 30day period to supply additional documentation they would like reviewed as a response to the preliminary audit findings. DMAS, in consultation with the Contractor, shall determine the service period to be audited.

Recovery efforts resulting from audit findings shall be performed by the Department. The Department will be responsible for managing any overpayments identified from the audits. The Contractor shall be responsible for sending the audit findings report and overpayment request letters to the providers, as well as handling responses to the preliminary audit findings and assisting in the appeal process. The Department reserves the right to accept or reject any of the proposed recommendations for recovery from the Contractor. If the Contractor's audit findings identify overpayments that require recovery efforts by the Department or reveal that recovery efforts are warranted, the Contractor shall be responsible for:

1. Providing DMAS with sufficient information to validate or substantiate the claims in question;
2. Notifying the provider of the recovery amount in claim level detail (upon approval from the Department);
3. Handling all responses to preliminary audit findings as mandated by the Department's policies and procedures regarding recoveries; and
4. If the recovery action leads to any appeal proceedings, the Contractor shall devote necessary staff, time and assistance to the Department to include, but not limited to, the review of records, preparation of documentation, representing DMAS at depositions, informal and formal appeals and hearings, and other litigation-related tasks as needed.
5. The Contractor shall work in consultation with Department staff and as necessary with legal review by the Office of the Attorney General. The Contractor must also provide professional, technical, and clerical support as well as other related services as needed for the duration of the contract.

All required services shall be included in the Offeror's proposal and related contract.

3.1 Program Administration

The Contractor shall be responsible for:

1. Ensuring that all assigned audit staff are familiar with the applicable State and Federal laws, regulations and policies governing the Virginia Medical Assistance programs and the BHSA;
2. Detecting patterns of overpayment abuse by specific providers using global analysis or error matrix;
3. Identifying clinical non-compliance;
4. Making referrals of suspected abuse to the PID;
5. Conducting DMAS approved audits of providers identified as receiving overpayments
6. Sending preliminary and overpayment letters;
7. Reviewing response to preliminary audit findings;
8. Handling responses to the preliminary audit findings and representing DMAS at appeal proceedings (the Contractor would work in consultation with Department staff and Department contractors, as well as in accordance with guidance from the Department and the Virginia Office of the Attorney General);
9. Making recommendations for preventative controls to DMAS or other State contractors;
10. Maintaining all auditing work papers (paper and electronic) and disposing of information in accordance with the Department's approved records retention plan. Reference section 11.2.
11. Providing and maintaining hardware and software needed to import DMAS' VAMMIS systems extracts, importing files from the BHSA in order to obtain claims and encounters data in accordance with all applicable privacy and security standards, as well as having data analytics analysis and software.

3.2 Goals of the Department

- A contract with a responsible and responsive health care auditing firm with direct subject matter and clinical expertise in behavioral health services.
- Identification and substantiation of overpayments received by providers due to abusive practices and regulatory and policy noncompliance.
- Identifying clinical non-compliance.
- Cost avoidance through provider education and enhanced system edits.

- Consistent application of audit/verification procedures and State and Federal laws and regulations and policies by trained and technically competent reviewers.
- Generation of recoveries without extrapolation that exceeds at least twice the proposed contract costs per fiscal year.

3.3 Project and Audit Plan

The Contractor shall provide a detailed project plan that will define the delivery time for each component activity of the contract. The Contractor shall provide a schedule indicating the dates audits shall be performed and completed.

In response to this RFP, the Offeror shall propose a post payment audit plan, including the audit methodology and error matrix and data analysis algorithms, to be used for all audits that will identify improper payments to providers. At a minimum, the audit plan description shall include the Offeror's approach to:

- a. Implementing a data analysis system to identify providers to be audited based on their payment and utilization patterns;
- b. Estimating the amount of time involved for each stage of the audit process based on their experience in performing audits;
- c. Conducting audits of provider claims;
- d. Reporting detailed findings back to the Department prior to notifying the provider; and
- e. Coordinating all of its auditing efforts with DMAS, DMAS contractors, other State and Federal agencies and contractors of the same that are performing audits or payment reviews of behavioral health service providers paid by the Department or its Contractors.

3.3.1 Identification of Improper Payments

With DMAS approval, the Contractor shall select providers to be audited and a sample of fee-for-service claims to be reviewed.

The Contractor shall analyze and review Medicaid fee for service and encounter data to identify improper payments. Offerors are encouraged to incorporate in their proposals new and proven techniques or approaches that have been found or are expected to be successful in identifying billing errors as well as clinical issues. The Contractor shall only identify Medicaid improper payments using the post payment claims review process and not a prepayment review process.

The Contractor shall identify providers that have received payments from the Department in error, as a result of fraud, duplicate payments or benefits, overpayments, or payments made for services not otherwise performed, or are otherwise ineligible under the law, regulations or, policies of the Virginia Medicaid program.

The Contractor shall not rely on the use of extrapolation for its findings. The Contractor shall have supporting evidence of a Medicaid overpayment for every claim that it identifies.

In response to this RFP, the Offeror shall describe its approach to ensuring identification and validation of improper payments. At a minimum, the description shall include the Offeror's approach to:

- a. Ensuring the thorough and accurate identification of overpayments and improper payments;
- b. Identifying overpayments for recovery from health care providers in other state Medicaid programs, workers' compensation carriers, health insurance companies and/or third party administrators; and
- c. Using electronic data analysis technology to be used for the claims analysis. Identify the essential elements for data analysis and review and provide any new techniques for accomplishing the purposes of this RFP.

3.4 Audit Requirements and Scope

The Contractor shall be responsible for selecting providers to be audited, for approval by DMAS, and determine the sample of fee-for-service claims records to be audited. If questionable billing practices and/or non-compliance and clinical issues are identified based on an audit of the provider's claims files, the Contractor may also audit the provider's encounter data for services processed by the BHSA, CCC, or if the provider participates in MCOs. The Contractor shall use the encounter data as an aid to identify trends which could indicate potential fraud in the fee-for-service network.

The Contractor shall also be responsible for the following activities: providing provider orientation of the audit process, conducting audits of Medicaid providers that may include either desk or on-site audits or both (the Contractor shall propose to DMAS which audit procedure is most appropriate to achieve the objective of the review); contacting members and providers for verification of services rendered; contacting related professionals for verification that services were ordered; reviewing records; conducting reviews of responses to preliminary audit findings and providing support during any resulting appeals litigation through document preparation and witness testimony.

The Contractor shall be required to analyze and review data to identify overpayments. Offerors are encouraged to incorporate in their proposals new and proven techniques or approaches that have been found or are expected to be successful in identifying billing errors. At a minimum, these services shall include, but are not limited to, the following:

1. Implementation of a data analytics system to identify providers to be audited based on their payment and utilization patterns.

The system should be capable of contrasting providers with their peers in order to profile billing and utilization patterns. The system should also be capable of producing both individual profiles and management reports (i.e. averages, standard deviations, and frequency distributions for each item reported). In addition, the

system should be capable of profiling providers under a variety of classification types, such as national drug codes (NDCs) or medical common procedural terminology codes (CPT). Contractors shall utilize a random sample for the data analysis and review and identify its analysis software.

2. For the services being audited, the Contractor must:
 - Prepare for the Department's approval an audit plan, audit methodology, and error matrix to be used for all audits of a specified service. The documents shall be due to the Department within 30 days of the implementation date. The Contractor should use their experience in performing such audits to estimate the potential time involved and timeframes for completion of audits. The methodology used shall be part of the Offeror's response to this proposal.
 - For each service type, the Department specifies that the Contractor shall perform the minimum number of audits per 12 month time period as stated in table 2 of section 2.3 of this RFP.
3. For the audits being conducted:
 1. Contractor must meet with the DMAS subject matter expert prior to performing the audits. Prior to performing the audits, the Contractor must ensure that the provider services manual(s), service regulations, and any Medicaid memo(s) have been reviewed and understood.
 2. Analyze and rank behavioral health services and their corresponding providers to determine the providers to be audited and the type of audit (desk or onsite) to be conducted.
 3. The Contractor must obtain DMAS approval of the list of providers that have been selected for audit.
 4. Generate and send DMAS approved letters to the providers notifying them of the impending audits.
 5. Perform desk and on-site audits of providers, as needed. Offerors shall propose, as part of their response to this RFP, how many audits they believe will be on-site or desk based on their prior experience auditing the services and service types in question. The Contractor shall conduct a minimum of 30% on-site audits.
 6. Audit a sample size of 30%-50% of total claims paid to the provider during the specified audit period for all audits.
 7. Select records based on the Contractors experience to audit using either random sampling or judgmental sampling techniques, not extrapolation.

8. The Contractor recommends the number of on-site and desk audits to be performed based upon the Contractor's research. The Department will make the final decision as to the number of on-site and desk audits that will be performed. When conducting an on-site audit, the Contractor must schedule a date in conjunction with the provider and confirm the date in writing at least 8 business days prior to the audit. When conducting a desk audit, the Contractor shall request documentation be submitted by the provider within 10 business days from the date of the requesting letter.
9. Hold an entrance interview with the audited provider at the commencement of the audit to inform the provider of the audit process. Entrance conferences for desk audits may be conducted by telephone.
10. Requests for medical records, staff qualification documentation, and licensing documents shall be in writing and directed to a specific person and confirmed address. Medical record documentation requests to providers via mail are sufficient for this process. The provider has the option to provide either copies of medical record documentation or to produce the records for inspection at their site. Copies of the medical records may be mailed out of state for audit. Medical records, staff qualification documentation, and licensing documents requested for audits shall be provided to the Department or its designated representative at the expense of the provider, including postage and copying expenses.
11. Perform an audit of necessary records within 30 calendar days after Contractor's receipt of those records (whether on-site or desk audit). Conduct an audit of claims data, medical records, staff qualification documentation, and licensing documents for any claims warranting a more detailed evaluation. This comprehensive claims audit shall be conducted by health professionals with experience in the relevant fields. The audit shall include review of the medical records from a comprehensive clinical perspective as well as from an administrative perspective. The Contractor shall propose the staff to conduct the medical record audits stating their experience in behavioral health care. The audits in question shall focus on behavioral health concerns, clinical and administrative. The need for physician reviewers should be minimal however a validly licensed MD shall be readily available.
12. Hold an exit interview with the audited provider at the conclusion of the audit to discuss proposed audit findings and adjustments. Exit conferences for desk audits may be conducted by telephone.
13. Prepare a preliminary findings report within 10 business days after completing an audit of the necessary medical records, staff qualification documentation, and licensing documents and submit to the Department.
14. The preliminary findings report shall identify each potential finding at the claim level with detailed error code descriptions citing appropriate manual and regulation citations

15. The preliminary report shall be in an electronic format that is able to be edited and manipulated by the Department. Once approved, by DMAS, the final copy shall be sent to the provider and sent to the Department in a format that cannot be edited.
16. Accept and review additional documentation submitted by the provider. Prepare a final overpayment audit report, approved by the Department, to providers within 30 business days following receipt of additional records detailing the response to the preliminary audit results.
17. Provide necessary testimony and defend every audit at all appeal proceedings resulting from the audits at no additional cost to the Department. The Contractor must defend every appealed audit by providing the necessary witness(es) to fully explain what action was taken, why and upon what basis in law and Medicaid policy. This requires preparation of the case summary, pre-hearing/conference discussions with the informal appeals agent and testimony at the informal conference. Additionally, if the case proceeds to the formal level, the Contractor's witness(es) shall meet with the formal appeal representative, review the documentary evidence submitted in the formal appeal documentary evidence, prior to its submission, and attends and testifies if necessary at the formal hearing. As the audit results are determined by the quality and quantity of audits performed by the Contractor, DMAS cannot predict the number of appeals that shall be filed or number of hours requiring these essential Contractor services.
4. For the purposes of managing the Contractor's performance, the Contractor must prepare a monthly report summarizing the effectiveness of its efforts.
5. The Contractor shall produce accurate audit reports within the timeframes. Audit reports containing a material error must be resubmitted to DMAS. A material error is any error set forth in the report that impacts the recommended overpayment amount, any procedural auditing defect that impacts the validity of the audit, validity of the audit findings, or recoverability of an overpayment. Material errors shall not include disagreement on judgment calls, errors based on incomplete or inaccurate information provided to the reviewers, so long as the decisions were made in consultation with Department representatives. The Contractor shall provide a corrected report within 10 days of the notification of the error.
6. The Contractor shall provide a detailed project plan that will define the delivery time for each component activity of the contract. The Contractor shall provide a schedule indicating the dates the audits will be performed and will advise DMAS of the completion of each audit. The total overpayment amount shall be reported to DMAS on a monthly basis. The Contractor shall use guidelines established by DMAS to determine the amount of the overpayment. As part of their response to this proposal, the Contractor shall describe typical discrepancies and overpayment types. Prior to reporting, DMAS will certify that the Contractor overpayment amount was established within the appropriate guidelines.

7. The Contractor shall also conduct two electronic Global Analyses annually. The Contractor, as part of their response to this RFP, shall propose two electronic Global Analyses reviews based on industry knowledge, experience or trends.
8. The Contractor shall accommodate and incorporate Departmental plans, policies and directives into its performance of the services required by this RFP and resulting contract. It is the Contractor's responsibility to be familiar with all applicable State and Federal laws, regulations, policies and requirements as pertinent to Medicaid and BHTSA requirements to ensure compliance.

3.4.1 Offeror Requirements

The Offeror shall, as part of the response to this RFP, elaborate on the skill and experience in using electronic data analytics technology proposed to be used for the claims analysis; and describe the skill and experience identifying overpayments for recovery from behavioral health care providers, other state Medicaid programs, workers' compensation carriers, health insurance companies and /or third party administrators for these service types. The Offeror shall list all relevant experience in the last three years.

The Offeror shall, as part of the response to this RFP, describe in detail the proposed approach for accomplishing the claims audit and analysis and clinical review, including the tasks, listed above. Identify the essential elements for data analysis and review and provide any new techniques for accomplishing the purposes of this RFP.

The Offeror shall submit with their proposal samples of their desk and on-site completed audits; describe alternative and/or additional steps that may be considered if a more in-depth audit is undertaken; and Include samples of a medical record request, preliminary letter, overpayment letter and informal appeal case summary.

3.5 Provider Notification-Findings Letters

Upon completion of the audit, the Contractor shall send letters approved by DMAS to providers informing them of both the preliminary and final audit results.

The preliminary letter shall clearly identify the potential discrepancies and document nationally recognized references and/or specific Departmental policy and regulations for each discrepancy. The letter shall explain the next steps of the audit process and detail the exit interview stage. The Contractor shall have a process to review any additional documentation that the provider submits in response to the preliminary letter and track any changes to the findings based on submission of additional documentation from providers.

As a second step, the Contractor shall issue an overpayment letter. The overpayment letter shall inform the provider of the amount identified as an overpayment and shall include a statement that the Department's Fiscal Division shall pursue measures of recovery after the 30-day time period including, but not limited to, offsetting future payments, and offer appeal

rights. Letters shall clearly identify the timeframes for requesting an appeal, identify pertinent expectation rules, and include details of where to file the appeal.

Upon issuance of the overpayment findings letter, the Contractor shall immediately prepare and submit an *Authorization to Collect* form to DMAS detailing the overpayment and related claims.

Each letter template shall be reviewed and approved by DMAS prior to implementation.

Offerors shall, as part of the response to this RFP, provide examples of preliminary and overpayment letters to be sent to a provider, and outline methods proposed to identify and communicate mechanisms available to providers seeking clarification and/or informal meetings with the Department and Contractor.

DMAS Fiscal Division will work with the BHSA to recover any identified overpayments.

3.6 Recovery/Collection

Recovery/collection efforts resulting from identified audit findings shall be performed by the Department. When audit findings result in recovery efforts by the Department or reveal that recovery efforts are warranted, the Contractor shall:

- Provide DMAS with sufficient information to validate or substantiate the claims in question;
- Notify the provider of the recovery amount in claim level detail;
- Accurately manage all processes mandated by the Department's policies and procedures regarding audits and recoveries; and
- If the audit action leads to any appeal proceedings, the Contractor shall provide necessary staff, time and assistance to the Department to include, but not limited to, the review of records, preparation of case summaries, preparation of testimony and appearance and testimony at depositions and hearings.

The Contractor shall also submit, according to DMAS file architecture, provider claims, and any other information to assist the Department in identifying and potentially adjusting claims data through VAMMIS. The Department reserves the right to accept or reject any of the proposed recommendations for recovery from the Contractor. Such services shall be included as part of the cost of this proposal and related contract.

3.7 Appeals Representation

Medicaid providers have the right to appeal adverse decisions to the Department. The Contractor shall inform providers of their right to appeal to the Department. The Contractor shall assist DMAS by presenting the Department's position in the administrative appeals process in conjunction with appeals of Contractor actions filed by providers. In addition to the reconsideration process, DMAS has two levels of administrative appeals generally referred to as the informal level and the formal level. At the informal level the Contractor prepares the DMAS appeal summary and represents DMAS at an informal conference with the provider before a DMAS employee Appeals Agent. At the formal level, the Contractor

assists DMAS staff counsel in preparing the case summary, complies with any subpoena or deposition requests that may be issued pursuant to the Virginia Administrative Process Act, and acts as a witness at a hearing before a hearing officer as appointed by the Virginia Supreme Court. Upon receipt of notification of an appeal by the Department, the Contractor shall prepare and submit appeal summaries to the DMAS Appeals Division, the DMAS Contract Administrator, and the provider involved in the appeal in accordance with required applicable regulatory requirements and timeframes. The appeal summary content and timelines are specified by appeal regulations. The Contractor shall comply with all State and Federal laws, regulations, and policies regarding the content and timeframes for appeal summaries. All documents, including appeal summaries, must be filed with the Appeals Division by 5:00 p.m. on the deadline date. Failure to submit appeals summaries within the required timeframe and/or that are found to fail to meet the applicable regulatory requirements shall result in the Contractor being liable for any costs that DMAS incurs as a result of the Contractor's noncompliance, including but not limited to the amount in dispute together with costs and legal fees. The Contractor shall attend and defend the Contractor's decisions at all appeal hearings or conferences, whether informal or formal, or whether in person or by telephone, or as deemed necessary by the DMAS Appeals Division. All appeal activities, including but not limited to, travel, telephone expenses, copying expenses, staff time, document retrieval and storage, shall be borne by the Contractor. Failure to attend or defend the Contractor's decisions at all appeal hearings or conferences shall result in the Contractor being liable for any costs that DMAS incurs as a result of the Contractor's noncompliance, including but not limited to the amount in dispute together with costs and legal fees as provided on Attachment VII (Performance Standards, Penalties, and Ligated Damages) of this RFP.

The Department's final administrative appeal decision may be appealed through the court system. However, the court review is limited to legal issues only. No new evidence is taken. During the court appeal process, DMAS and/or its counsel at the Office of the Attorney General may have a need to confer with the Contractor to gain further information about the appealed action. The Contractor shall respond to inquiries within the requested timeframes. The Contractor is also responsible for complying with the court's final order, which could possibly include a remand for a new hearing.

3.8 Referrals for Fraud (MFCU)

All cases where fraud is suspected or detected shall be referred, by the Contractor, to the Department for further referral to MFCU prior to any actions or recoupment efforts taking place. The Contractor shall provide cooperation and support to the MFCU on matters relating to specific cases involving detected or suspected fraud. Referrals shall be referred to the Department in a format to be determined by the Department.

3.9 Customer Service

The Contractor shall:

1. Provide professional, prompt, and courteous customer service to all provider questions.

2. Ensure that personnel conducting audits and responding to inquiries are fully trained and knowledgeable about Virginia Medicaid and BHSA standards and protocols.
3. Provide complete on-line access to the Department to all computer files and databases supporting the system for applicable programs.
4. Develop, maintain, and ensure compliance with Medicaid confidentiality procedures/policies, including current and future HIPAA requirements.

In response to this RFP, the Offeror shall describe its approach to implementing customer service to assist providers in ensuring the timely submission of sufficient documentation. Customer Service shall minimally include:

- a. Responding to providers and questions in a timely manner;
- b. Processing all incoming calls and correspondence in a timely manner;
- c. Installing and maintaining a database to track information on overpayments, correspondence with providers, and other useful information;
- d. Obtaining and storing correct provider addresses and points of contact;
- e. Accepting provider submission of medical records on CD/DVD, other electronic media or via facsimile; and
- f. Notifying providers of overpayment findings.

3.10 Internet Site

The Contractor shall host and maintain an up-to-date Internet site on the Contractor's server. The Department will oversee and approve all content before posting. The Contractor, at a minimum, will meet Virginia Information Technologies Agency (VITA) standards, which may be found on the VITA website at <http://www.vita.virginia.gov>. The Contractor's internet site must be compatible with the latest version and the version prior of Internet Explorer (IE), Firefox, Safari, and Chrome. The site shall contain information devoted to providers and provider associations. At a minimum, the site shall contain the following:

- i. Contractor contact names, telephone numbers, and addresses for individuals to contact with respect to services covered in this RFP
 - ii. Document audit process flow
 - iii. Example of findings reports and direction on how to read said reports
 - iv. Detailed information regarding how to submit payment to DMAS fiscal division and how to request each level of appeal
 - v. DMAS policy and Federal regulations that speak to recurring error findings, recent policy changes, provider memos, etc.
1. The Internet site shall be accessible and functional 24 hour/day, 7 days/week except for mutually agreed upon, maintenance periods; contain up-to-date information; and have operable links. When possible, maintenance periods shall be outside of normal business hours.
 2. Routine updates shall be made by the Contractor and, upon request, by DMAS at no cost to DMAS. The Contractor shall be able to quickly and easily update all site content. All site content and updates, shall be approved by DMAS prior to posting.

3.11 Reporting

The Contractor must maintain data necessary to complete and validate reports specified in this RFP. The Contractor shall submit accurate and complete management reports to DMAS at the following intervals: weekly, monthly, quarterly (cumulative), and annually, as specified herein, and on demand. The Contractor shall demonstrate experience in data accumulation and in writing reports that are well organized, clear concise and readable by laypersons. All reports, analyses, and/or publications developed under this contract will be the property of the Department. For ad hoc reports, the Contractor shall respond to all requests within three business days unless a timeframe is otherwise agreed to by the Department and Contractor.

The Department reserves the right to change reporting requirements and request ad hoc reports with sufficient notice.

3.11.1 Audit Reports

The Contractor shall produce accurate audit reports within the timeframes specified in the contract. Failure to complete audits within the scheduled timeframes may be cause for cancellation of the contract, unless there are documented delays that have been approved by the Department. Included with the report will be a summary of the audit findings and specific information about the audit (e.g. date, time, auditor name(s), etc.) all of which are also mailed to the provider after approval by DMAS. Audit reports found to contain an error must be resubmitted to DMAS. An error is defined as any error set forth in the report that impacts the recommended overpayment amount, any procedural auditing defect that impacts the validity of the audit, validity of the audit findings, or recoverability of an overpayment. Errors shall not include disagreement on judgment calls nor errors based on incomplete or inaccurate information provided to the reviewers, so long as the decisions were made in consultation with Department representatives. The Contractor shall provide a corrected report within 10 days of the notification of the error.

The audit report shall correlate with Virginia Medicaid and BHSA policies and procedures.

3.11.2 Monthly Progress Reports

The Contractor shall prepare and submit, in an editable electronic form, written progress reports on a monthly basis to DMAS. This report is due to the Department by the 15th day of each month. Report criteria shall be agreed on by the Department and Contractor. At a minimum, the following criteria shall be included:

- a. Status of major activities and tasks related to Contractor's project and work plan, including specific tasks completed for each part of the project;
- b. Number of claims analyzed, selected for more detailed audits, opened, pending and completed for the current month, contract to date and averages per month;
- c. Fraud and/or abuse issues identified;
- d. Overpayment amounts identified in the previous month, contract to date and average amount per month;
- e. Means by which overpayments were identified;

- f. Actions taken;
- g. Outstanding issues by Contractor and Department;
- h. Number of cases before the Department awaiting approval;
- i. Number of cases recommended for referral to Medicaid Fraud Control Unit (MFCU);
- j. Error codes identified by service type and service;
- k. Identification of cases where a response to preliminary review was received;
- l. Case status of response to preliminary review;
- m. Trends noted, provider specific and statewide;
- n. Number of appeal notifications received from DMAS;
- o. Case status of appeals;
- p. Miscellaneous: Problems encountered, etc.;
- q. Target dates for the completion of remaining tasks;
- r. Any potential delays in reaching target dates and the basis for such a conclusion;
- s. Any revisions to the overall project and audit schedule; and
- t. Any suggested program changes.

3.11.3 Quarterly and Annual Reports

The Contractor shall submit quarterly and annual reports, in an editable electronic format, summarizing all audit activity, i.e., statistical data, trending analysis, program changes, program accomplishments, appeal statistics, and policy recommendations, as applicable. The Contractor must submit a draft report and then modify the reports based on DMAS' comments and agreed upon specifications at no cost to the Department. The final report will then be submitted to Department staff and management. In a format that cannot be changed, an annual report will be due to the Department within 75 days after the end of each contract year. The Contractor shall present the annual report in person to Department staff and management. In response to this RFP, the Offeror shall submit a sample of a quarter and annual report.

3.11.4 Ad Hoc Status Reports

The Contractor shall develop a system for identifying and reporting the current or historical information for any service provided in the contract. The Contractor shall also provide such additional reports, routine and/or ad hoc in relation to the RFP (and resulting contract) requirements, in a format as agreed upon by the Department and the Contractor. The Department will incur no expense in the generation of such reports. The Contractor shall respond to all requests within 3 business days unless a timeframe is otherwise agreed to by the Department and Contractor.

3.11.5 Contract Monitoring Spreadsheet

The Contractor shall update the DMAS contract monitoring spreadsheet weekly. The Contractor is required to maintain all information contained within the spreadsheet and is not allowed to change data elements unless agreed upon by DMAS. The spreadsheet template/format is provided by DMAS.

3.11.6 Provider Complaints Tracking Report

The Contractor shall be responsible for receiving, responding and tracking all complaints as a result of the Contractor's services from any source under this contract. The Contractor shall respond to verbal complaints within 1 business day of receipt of the complaint. The Contractor shall respond to written complaints within 3 business days and shall:

- establish a system for handling all complaints, including documentation requirements; and
- establish documented, approved policies and procedures with stated timeframes for handling all complaints, including documentation requirements.

The Contractor shall maintain an electronic log of all complaints, with documentation of the complaint and action(s) taken to resolve the complaint. The Contractor shall compile a summary report and analyze complaints received on a monthly basis. A report shall be forwarded to the Department on a monthly basis and include the complaints received and the resolution in accordance with the specification and format approved by the Department.

3.11.7 Audited Financial Statements and Income Statements

The Contractor shall provide to the Department copies of its annual audited financial (or fiscal) statements no later than 90 calendar days after the end of their fiscal year.

3.11.8 Public Filings

The Contractor shall promptly furnish the Department with copies of all public filings, including correspondence, documents and all attachments on any matter arising out of this RFP.

3.11.9 Other Reporting Requirements

The Contractor shall make revisions in the data elements or format of the reports required in this RFP and resulting contract upon request of the Department and without additional charge to the Department. The Department shall provide written notice of such requested revisions. The Contractor shall maintain a data gathering and storage system sufficient to meet the requirements of this RFP. In response to this RFP, the Offeror shall include its standard reporting packages, including specialized tracking and reviewing reports.

3.12 Meetings

3.12.1 Kick Off Meetings

The Contractor shall lead a kick off meeting within 30 days of the contract execution date. The meeting shall introduce the project staff and provide project plans, goals and deliverables to DMAS management team.

3.12.2 Weekly Meetings

It is anticipated that the contract implementation period may require frequent coordination meetings. Weekly strategy/problem-solving meetings will be held initially with the contract administrator for the Department and the Contractor.

3.12.3 Quarterly Meetings

Quarterly face to face meetings may also occur with representatives from the Department when appropriate, to discuss issues, problems, suggested solutions, relevant findings, suggested program changes, trends and enforcement challenges due to regulation weaknesses. The Contractor shall conduct demonstrations for the Department of any new analysis tools and data analysis introduced during performance.

3.13 Delivery

Failure to complete audits within the scheduled timeframes may be cause for cancellation of the contract, unless there are documented delays that have been approved by the Department.

3.13.1 Staffing Requirements

3.13.2 Staffing Plan

The Contractor shall not have an employment, consulting or any other agreement with a person that has been debarred or suspended by any State or Federal agency from the provision of items or services that are significant and material to the entity's contractual obligation with the State. The Contractor is required to comply with the List of Excluded Individuals and Entities (LEIE) mandated by OIG-HHS requirements and report activities as specified by DMAS.

The staffing plan for this RFP shall be capable of fulfilling the requirements of this RFP. A single individual may not hold more than one (1) position unless otherwise specified. The minimum staff requirements are as follows:

1. A full-time administrator (Project Manager), dedicated 100% to the project, tasked with overall responsibility for all aspects of performance, including the coordination and operation of this RFP. The Project Manager shall have resource control authority within the organization for commitment of resources and to engage additional resources as needed for the Contractor to meet all contract requirements. This person shall be part of the project management team and must be approved by the Department, including upon replacement. Said designee shall be responsible for the coordination and operation of all aspects of the contract.

The Project Manager shall be the single contact accountable for contract performance, invoicing, data submission, and reporting to the Department. The Project Manager shall be available for coordination with the Department by telephone on a daily basis and for status and issue resolution meetings at least on a weekly basis.

2. The Contractor shall use qualified reviewers that are knowledgeable of Virginia laws and practice requirements related to professional standards, reimbursement, claims analysis, clinical review and medical record requests. A qualified, licensed person with clinical behavioral health experience must be available.
3. A Virginia licensed medical director shall be available for medical necessity determinations or peer to peer counseling as needed. This staff member may be a subcontractor.
4. A qualified attorney shall be available to review appeals summaries and provide guidance as needed. This staff member may be a subcontractor.
5. The Contractor shall include at least one full time staff member who is a Licensed Clinical Social Worker (LCSW) in the Commonwealth of Virginia.
6. The Contractor shall dedicate at least one staff member with three or more years of auditing and appeals experience to represent the Department in all appeals.
7. The Offeror, in response to this RFP, shall identify in writing the name and contact information for the Project Manager. Key contact persons shall also be provided for Accounting and Finance, Information Systems, and Appeal System Resolution, within 30 days of the contract execution. The Department reserves the right to require the Contractor to select another applicant for any of these positions. The Contractor must notify the Department of any changes in staff persons during the term of this RFP in writing within 10 business days.
8. If any individual of the project management team, as identified in the Contract, becomes unavailable for any reason, the Contractor shall advise the Department immediately, and shall provide an expected timeline for the re-hire. The Department reserves the right to approve rehires to project management level positions.

The Offeror, in response to this RFP, shall submit a detailed description of the staffing plan, which describes the types of personnel who shall be hired to implement the requirements in this RFP, how staff shall be compensated (hourly, wage, temporary, part-time), and how the staff shall be supervised. This plan shall also detail subcontractors and their role in this project.

The Offeror shall provide a functional organizational chart of the proposed project structure and organization, indicating the lines of authority for proposed staff directly involved in performance of this contract and relationships of the staff to each function of the organization. The organizational chart shall be submitted to DMAS annually at the start of each contract year and updated when there are significant staff changes.

The Offeror, in response to this RFP, shall include resumes of key personnel, such as the Project Manager and lead reviewers with subject matter expertise. If key personnel have not

been identified, the Offeror shall include a position description for each vacant position. The resumes of key personnel shall include:

- a. Experience with the Contractor, including applicable dates;
- b. Relevant education, experience, training, and licensure including applicable dates;
- c. Name, positions, titles, and telephone numbers of persons who can give information on the individual's experience and competence;
- d. Percentage of time to be devoted to this project; and
- e. A brief description of the individual's responsibility for each project referenced in a resume.

The Contractor is responsible for assuring that all persons, whether they are employees, agents, subcontractors, or anyone acting for or on behalf of the Contractor, are legally authorized to render service under applicable Federal and State law and/or regulations.

3.13.3 Licensure (or Required Registration)

The Contractor is responsible for ensuring that all persons, whether they are employees, agents, Subcontractors, or anyone acting for or on behalf of the Contractor, are legally authorized to render services under applicable State law and/or regulations. The Contractor Shall ensure that personnel who are professionally licensed and/or certified keep licensure and/or certifications current and provide proof of continued licensing and/or certification to the Contractor within 1 month of licensure/certification expiration.

3.13.4 Office Location

It is preferred that a contractor maintain a physical business office in Virginia. If this is not feasible, the Project Director shall be readily accessible to make on-site visits as needed at the request of the Department. Reviewers and data analysts may be located outside the state, but shall be required to be present, as needed, at relevant appeal proceedings and some Departmental meetings. Telephonic attendance is sufficient for most Departmental meetings, however, in-person attendance at appeal proceedings is required unless specifically waived in advance by the Department on a case-by-case specific basis. The organizational chart shall indicate reviewers located outside of Virginia.

The Offeror shall enumerate the geographical locations of its firm at the national, regional, and local levels, as applicable. Offeror shall identify all locations that will be used to support this contract and the operations handled from these locations (particularly note any Virginia-based locations that will be used). Offeror should clearly identify any overseas locations that may be used to support the resultant contract or any related transactions.

3.14 Subcontractors

3.14.1 Legal Responsibility

In accordance with requirements described in 42 C.F.R. § 455 Subpart B, and the State Medicaid Letter SMDL #08-003(available at <http://www.cms.gov/smdl/downloads/SMD061208.pdf>), the Contractor shall comply with all of the following Federal requirements. Failure to comply with accuracy, timeliness, and in accordance with the requirements of Federal and contract standards may result in refusal to execute this contract, termination of this Contract, and/or liquidated damages by the Department.

3.14.2 Contractor Owner, Director, Officer(s) and/or Managing Employees

- (a) The Contractor and its subcontractors shall not knowingly have a relationship of the type described in paragraph (b) of this section with:
 - (1) An individual or entity who is debarred, suspended, or otherwise excluded from participating in Federal health care programs, as listed on the Federal List of Excluded Individuals and Entities (LEIE) database at <http://oig.hhs.gov/exclusions/index.asp> or excluded from participating in procurement activities under the Federal Acquisition Regulation or from participating in non-procurement activities under regulations issued under Executive Order No. 12549 or under guidelines implementing Executive Order No. 12549.
 - (2) An individual who is an affiliate, as defined in the Federal Acquisition Regulation, of a person described in paragraph (a)(1) of this section.
- (b) The relationships described in this paragraph are as follows:
 - (1) A director, officer, or partner of the Contractor.
 - (2) A person with beneficial ownership of 5 percent or more of the Contractor's equity.
 - (3) A person with an employment, consulting or other arrangement with the Contractor for the provision of items and services that is significant and material to the Contractor's obligations under this contract with the Department.
- (c) Consistent with Federal disclosure requirements described in 42 C.F.R. § 455.100 through 42 C.F.R. and § 455.106, the Contractor and its subcontractor(s) shall disclose the required ownership and control, relationship, and financial interest information; any changes to ownership and control, relationship, and financial interest; and information on criminal conviction regarding the Contractor's owner(s) and managing employee(s). The Contractor shall provide the required information using the *Disclosure of Ownership and Control Interest Statement* (CMS 1513).
- (d) The Contractor and its subcontractor(s) shall perform, at a minimum, a monthly comparison of its owners and managing employees against the LEIE database to ensure compliance with these Federal regulations. The LEIE database is available at <http://oig.hhs.gov/exclusions/index.asp>
- (e) The Contractor shall report to the Department within 5 business days of discovery of any Contractor or subcontractor owners or managing employees identified on the Federal List of Excluded Individuals/Entities (LEIE) database and the action taken by the action taken by the Contractor.

- (f) Failure to disclose the required information accurately, timely, and in accordance with Federal and contract standards may result in refusal to execute this Contract, termination of this Contract, and/or liquidated damages by the Department.

3.14.3 Contractor and Subcontractor Service Providers

- (a) In accordance with §§ 1902(a)(39) and (41), 1128, and 1128A of the Social Security Act, 42 C.F.R. § 1002, and 12VAC 30-10-690 of the Virginia Administrative Code and other applicable Federal and state statutes and regulations, the Contractor (including subcontractors and providers of subcontractors) shall neither participate with nor enter into any provider agreement with any individual or entity that has been excluded from participation in Federal health care programs or who have a relationship with excluded providers of the type described in paragraph 1(b) above. Additionally, the Contractor and its subcontractor are further prohibited from contracting with providers who have been terminated from the Medicaid or FAMIS programs by DMAS for fraud and abuse. Additional guidance may be found in the Department's 4/7/09 Medicaid Memo titled, "Excluded Individuals/Entities from State/Federal Healthcare Programs."
- (b) The Contractor shall inform providers and subcontractors about Federal requirements regarding providers and entities excluded from participation in Federal health care programs (including Medicare, Medicaid and CHIP programs). In addition, the Contractor should inform providers and subcontractors about the U.S. Department of Health and Human Services-Office of the Inspector General (HSS-OIG) online exclusions database, available at <http://exclusions.oig.hhs.gov>. This is where providers/subcontractors can screen managing employees, contractors, etc., against the HHS-OIG website on a monthly basis to determine whether any of them have been excluded from participating in Federal health care programs. Providers and subcontractors should also be advised to immediately report to the Contractor any exclusion information discovered. The Contractor must also require that its subcontractor(s) have written policies and procedures outlining provider enrollment and/or credentialing process. The Contractor and its subcontractor(s) shall perform, at a minimum, a monthly comparison of its providers against the LEIE database to ensure that their contracted health care professionals have not been included on the Federal List of Excluded Individuals/Entities (LEIE) database, available at <https://oig.hhs.gov/exclusions/index.asp>. Federal health care programs include Medicare, Medicaid, and all other plans and programs that provide health benefits funded directly or indirectly by the United States.
- (c) The Contractor shall report to the Department within 5 business days of discovery of any network providers or its subcontractor providers that have been identified on the Federal LEIE database and the action taken by the Contractor.
- (d) Failure to disclose the required information accurately, timely, and in accordance with Federal and contract standards may result in sanctions by the Department in accordance with this subsection of the Contract.

3.14.4 Prior Approval

No portion of the work shall be subcontracted without the prior written consent of the Department. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Department with the names, qualifications and experience of the proposed Subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its Subcontractor(s) and shall assure compliance with all requirements of the contract.

Once a Subcontract has been executed by the participating parties, a copy of the fully executed Subcontract shall be made available to the Department at the Department's request.

3.14.5 HIPAA Requirements

To the extent that the Contractor uses one or more Subcontractors to provide services under this Contract, and such Subcontractors receive or have access to Protected Health Information (PHI), each such Subcontractor or agent shall sign a Business Associate Agreement with the Contractor that complies with HIPAA. The Contractor shall ensure that any agents and Subcontractors to whom it provides PHI received from the Department (or created or received by the Contractor on behalf of the Department) agree in writing to the same restrictions, terms, and conditions relating to PHI that apply to the Contractor pursuant to this Contract (Reference Section 11.15).

3.14.6 Notice of Subcontractor Termination

When a subcontract that relates to the provision of audit program services is being terminated between the Contractor and a subcontractor, the Contractor shall give at least 30 days prior written notice of the termination to the Department. Such notice shall include, at a minimum, the Contractor's intent to change, as well as any other pertinent information that may be needed. In addition to prior written notice, the Contractor shall also provide the Department with a transition plan, when requested, which shall include, at a minimum, information regarding how continuity of the project shall be maintained. The Contractor's transition plan shall also include provisions to notify impacted or potentially impacted providers of the change. The Department reserves the right to require this notice requirement and procedures for other subcontracts if determined necessary upon review of the subcontract for approval.

3.15 Policies and Procedures

The Contractor shall be required to accommodate and incorporate Departmental plans, policies and directives into its performance of the services required by this RFP and resulting contract. It is the Contractor's responsibility to be familiar with all applicable State and Federal laws, policies and requirements, and BHSAs policies and requirements to ensure compliance with such.

The Contractor shall comply with all DMAS policies, Contractor policies, Medicaid Memos, procedures and manuals, with all State and Federal laws, regulations and standards

as well as BHSA policies and requirements. In addition, the Contractor shall comply with all relevant joint signature memos and State Medicaid Director letters forwarded to the Contractor by the Contract Manager. The Contractor shall not apply a policy or procedure retroactively to claims processed prior to the effective date of the policy or procedure unless the policy or procedure indicates that it should be retroactively applied.

If an issue is brought to the attention of DMAS by any means and DMAS instructs the Contractor on the interpretation of any policy and/or regulation, the Contractor shall abide by DMAS' decision.

3.16 Contractor Responsibilities

- A. **Individuals Assigned:** The Contractor shall be required to assign dedicated staff with direct subject matter and health care audit expertise (including a dedicated project manager) to perform the audits on an on-going basis to ensure consistency of knowledge and application of DMAS policies and regulations during the contract period. The Contractor shall work closely with the Department's subject matter experts for interpretation and clarification of State regulations and Department manual requirements.
- B. The Contractor must specify the names, qualifications, professional level, and number of individuals assigned to this project. The Contractor shall demonstrate the capability to function independently of the Department in the performance of this contract.
- C. **Provider Training:** The Contractor shall be required to conduct provider and provider association training regarding the audit process.
- D. **Meetings:** The Contractor shall participate in all provider, provider association and stake holder meetings upon DMAS request.
- E. **Conferences with DMAS:** The Contractor shall be prepared to attend audit conferences as requested by DMAS. The Contractor shall bear the expense of these conferences. In some cases, the Contractor can attend the conference telephonically.
- F. **Exit Conference:** The Contractor shall hold an exit interview with the audited provider at the conclusion of the review to discuss preliminary audit findings, proposed adjustments, opportunities to submit additional information and appeals rights. Exit conferences for desk audits may be conducted by telephone. Exit conference must be documented by the contractor.

Work Papers: On request, the Contractor shall furnish to DMAS copies of all adjustments recommended and all audit work papers and correspondence for each provider audit. The Contractor shall be required to maintain and store all original work papers and correspondence.

- G. Management Reports: The Contractor shall provide to the contract administrator a written statement of those matters which came to the auditor's attention in the performance of the audit, including comments on the auditing procedures, systems of internal control, and any other matters which would reflect on the fairness of billing statements as reported by the provider.
- H. Confidentiality of Audit Procedures: The Contractor shall maintain the confidentiality of the provider, of the audit program steps and procedures, and of the data analyzed in the performance of the audits.
- I. Contractor's Time Requirements: The Contractor shall specify the lead time necessary for scheduling audits and a reasonable turnaround time must be stipulated (specify days or weeks). DMAS shall determine the reasonableness of these time frames. The audits, including response to preliminary review, must be completed in each contract year.
- J. Error Matrix: The Contractor shall provide to the Department an error matrix as well as auditing methodology and algorithms used in data analysis.
- K. Time Summary: The Contractor shall agree to submit to DMAS, a time summary of the total hours expended on each audit step or procedure, including time spent in systems administration, data analysis, and appeals at the conclusion of each audit.
- L. Upon the Contractor receiving any requests for Medicaid and/or FAMIS Member or services information from any individual, entity, corporation, partnership or otherwise, the Contractor shall notify DMAS contract administrator within 24 hours or on the next business day. In cases where the information requested by outside sources is releasable under the Freedom of Information Act (FOIA), as determined by DMAS, the Contractor shall provide support for copying and invoicing such documents at the Contractor's expense.
- M. Materials and Equipment: The Contractor shall be responsible for providing all computer equipment and software necessary to perform the services required under RFP 2015-02, including secure connectivity to DMAS in accordance with DMAS specifications. The Contractor shall furnish all material, labor, equipment and supplies necessary to perform their services. The Contractor shall provide postage, long distance phone service, travel expenses, and email for their staff; the Department shall not pay for incidental expenses related to the audit.
- N. Training: The Contractor shall be prepared to have staff members who are assigned to perform desk audits and/or field audits, to attend on-site training and orientation programs provided by DMAS, as the Contractor must have subject matter expertise with direct service and audit experience. DMAS anticipates the number of onsite hours of training will be minimal. Because the contract is fixed-fee, the Contractor shall not bill DMAS for staff time spent in such training and orientation programs.

- O. The Department shall have the option to review all written agreements between the Contractor and its agents and subcontractors prior to their implementation.

- P. Recovery efforts resulting from identified audit findings will be performed by the Department. When audit findings result in recovery efforts by the Department or reveal that recovery efforts are warranted, the Contractor is responsible for providing DMAS with sufficient information to validate or substantiate the claim for recovery. The Contractor should also submit provider claims, and any other information that would assist the Department in identifying and potentially adjusting claims data through the Virginia Medicaid Management Information System (VaMMIS) and the BHSA. The Department reserves the right to accept or reject any of the proposed recommendations for recovery from the Contractor.

- Q. Appeals: The Contractor shall provide necessary testimony and defend every audit at any appeal proceedings resulting from the audits at no additional cost to the Department. The Contractor must defend every appealed audit by providing the necessary witness (es) to fully explain what action was taken, why and upon what basis in law, state regulations and Medicaid and BHSA policy. This requires preparation of the informal appeal case summary, pre-hearing/conference discussions with the informal appeals agent and testimony at the informal conference. Additionally, if the case proceeds to the formal level, the Contractor's witness (es) shall meet with the formal appeal representative, review the documentary evidence prior to its submission, and attend the formal hearing. For further information, refer to Section 3.7 (Appeals Representation) of this RFP.

3.17 Scope of Work Modifications

DMAS will notify the Contractor of any revisions (additions or substitutions) to the service types subject to this RFP as soon as the Department has sufficient information to determine it has an impact on the Contractor. The Contractor, based on their experience, may propose service types to be audited as part of the proposal. Projected minimal audit quotas are subject to change based upon cumulative audit data. Any changes to the audit quotas shall be negotiated by the parties in good faith and considered a contract modification under section 10.15 of this RFP.

3.18 Performance Reviews

The Contractor shall cooperate with any performance reviews and audits conducted by the Department or its designated agent. Upon reasonable notice, the Department or its designated agent may conduct a performance review and audit of the Contractor to determine compliance with the RFP, all published regulations, contract requirements, and Medicaid Memorandums. Audits may result in penalties and/or sanctions for noncompliance. The Department or its designated agent reserves the right to audit the Contractor's performance at any time upon notice to the Contractor.

At any time, if the Department or its designated agent identifies a deficiency in performance, the Contractor will be required to develop and submit to DMAS a corrective action plan, within 5 days of notification, to correct the deficiency.

PROGRAM INTEGRITY COMPLIANCE AUDIT (PICA)

The Program Integrity Compliance Audit (PICA) is a compliance and valuation measure completed by PI to evaluate organization-level compliance and adherence to the terms of the contract and best practice models. Completion of the PICA requires electronic submission, to the Department, of any and all referenced materials (Policies and Procedures manuals, etc.) and documents at the Department's request. The Department may customize the PICA to reflect areas of particular importance or focus based on trends, previous PICA findings, or other Departmental concerns.

3.19 VAMMIS Access Requirements

3.19.1 Interfaces, Supporting Files, and VAMMIS Access Requirements

The Contractor must demonstrate the ability to interpret, map and load into the Contractor's electronic systems data received through data extracts from the Virginia Medicaid Management Information System (VAMMIS) operated by the Department's fiscal agent or other State Contractor. The Contractor may be required to provide data and other information to the Department (as required) to be used for monitoring and analysis. The Contractor must successfully test all aspects of data transference at least 30 days prior to contract implementation.

3.19.2 Connectivity to the Virginia Medicaid Management Information System (VAMMIS) and the BHS System

In response to this RFP, the Offeror must demonstrate the ability to interface with the VAMMIS system and through the DMAS fiscal agent to provide data and other information to DMAS. The Contractor interface with VAMMIS will include Medicaid participant enrollment information in standard EDI format. The Contractor shall have adequate personnel and resources in place to meet all standards and procedures regarding receipt, processing and transmission of program information as described in this RFP. All Contractor staff shall have access to equipment, software and training necessary to accomplish their stated duties in a timely, accurate, and efficient manner. The Contractor shall supply all hardware, software, communication and other equipment necessary to meet the requirements of this RFP. The Contractor shall allow sufficient time for installation, configuration, and testing of the data line and associated equipment prior to production.

The Contractor shall be responsible for providing connectivity to the VAMMIS. Any expenses, including equipment, services, etc., incurred in establishing and maintaining connectivity between the Contractor and the Fiscal Agent hosted VAMMIS system will be the responsibility of the Contractor.

It is the responsibility of the Contractor to ensure that bandwidth is sufficient to meet the performance requirements of this RFP. The Contractor will be granted access to VAMMIS through the web portal <https://www.viriniamedicaid.dmas.virginia.gov/wps/portal> with a secure sign on

controlled and managed by DMAS. This will enable the Contractor to view eligibility and other pertinent MMIS data as deemed necessary by DMAS. All employees supporting this contract must have access to the Internet.

The Department will ensure the Contractor and their staff receive VAMMIS training. The Contractor will also be granted read only access to the BHSA's systems. The Department will assist the Contractor with gaining access to the BHSA's systems and will ensure the Contractor and their staff receives training on the BHSA's systems.

3.19.3 Contractor Database and Processing System

In order to meet information system requirements and to support the timely provision of Departmental services, the Contractor shall operate a database maintained with the highest level of privacy and security as defined in HIPAA regulations. The database shall be capable of maintaining and recording individual protected health information (PHI) for the Department's program. Data stored in the database shall be kept current, based on updates received from the BHSA and the Contractor's claims processing system.

The Contractor's database and processing system shall ensure the timeliness and accuracy of data used in the business processes for final claims payment determination based on the Department's and the BHSA's rules and regulations. This system shall be capable of allowing for future growth and flexibility.

Although the Contractor shall maintain the database and processing system at their facility, DMAS and DMAS' authorized agents must have access to the Contractor's database to support the Virginia Medicaid program via a secured Internet access with related logon IDs and passwords. DMAS requires 8 access/licenses to the database and the various applications used by the Contractor at no additional cost to the Department. All data and other information used to maintain the Virginia Medicaid program is the property of the Department.

3.19.4 Provider Data

The Contractor shall receive and load provider eligibility information from the Department's fiscal agent, BHSA, and other State Contractors on a quarterly basis and as needed. This data will be a complete file replacement. An initial provider eligibility data load is to be completed during the implementation period, and all subsequent quarterly processing would replace this initial data. DMAS will provide the data in the specified file format and the format shall be non-negotiable. The Contractor shall provide a secure data transfer vehicle for receiving the data.

3.19.5 Member Data

The Contractor shall receive and load member eligibility information from the Department's fiscal agent, BHSA and other State Contractors on a quarterly basis and as needed. This data will be a complete file replacement. An initial member eligibility data load is to be completed during the implementation period, and all subsequent quarterly processing would replace this initial data.

DMAS will provide the data in the specified file format and the format shall be non-negotiable. The Contractor shall provide a secure data transfer vehicle for receiving the data.

3.19.6 Claims and Encounter Data

The Contractor shall receive and load paid claims and encounter data on a quarterly basis from the Department's fiscal agent, BHSA and other State Contractors. This data will include all paid claims and encounters processed within the determined period. No other claims data will be made available for relationship analysis. An initial data load is to be completed during the implementation period, and all subsequent processing would supplement this initial data load (but will not be a complete file replacement). The Offeror, as part of their response to this RFP, shall describe the number of months of historical data they will need to meet the terms of the contract. DMAS will provide the data in an existing file format and the format shall be non-negotiable. The Contractor shall provide a secure data transfer vehicle for receiving the data.

3.19.7 Systems Readiness Review and Access to Contractor's System

The Contractor shall work with the Department to ensure that the Contractor's processing system satisfies the functional and informational requirements of Virginia's auditing program. The Contractor shall assist the Department in the analysis and testing of the auditing information transfer prior to the date of implementation. The Contractor shall provide any software or additional communications network required for access at the Contractor's expense.

3.19.8 Secure Email

The Contractor shall provide secure email services between DMAS and the Contractor and any other entity where protected health information (PHI) is communicated. No direct connection of VPNs to DMAS shall be used for this purpose nor will DMAS use individual email certificates for its staff. DMAS will provide no special application server(s) for this purpose.

It is recommended that the routing of emails between DMAS and the Contractor shall support Secure SMTP over Transport Layer Security (TLS) RFC 3207 (or latest) over the Internet. The solution must include a method for secured industry standard email using strong encryption keys (greater than 128 bit) between DMAS and the Contractor throughout the contract term. TLS email encryption shall be maintained through the mail gateway. Bidirectional TLS email encryption must be tested and documented between DMAS and the Contractor's SMTP server. DMAS additionally has implemented functionality that allows for point-to-point TLS email encryption.

All expenses incurred in establishing a secure connectivity between the Contractor and DMAS, any software licenses required, and any training necessary shall be the responsibility of the Contractor.

3.19.9 Risk Management and Security

The Contractor, at a minimum, shall comply with VITA standards, which may be found on the VITA website at <http://www.vita.virginia.gov>. DMAS requires the Contractor to conduct a security

risk analysis and to communicate the results in a Risk Management and Security Plan that will document Contractors compliance with the most stringent requirements listed below:

- Section 1902 (a) (7) of the Social Security Act (SSA);
- 45 C.F.R. Parts 160, and 164 Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under the Health Information Technology for Economic and Clinical Health Act (HITECH) and the Genetic Information Nondiscrimination Act (GINA); Other Modifications to the HIPAA Rules; Final, January 25, 2013
- COV ITRM Policy SEC5519-00 (latest version);
- COV ITRM Standard SEC501-07 (latest version).
- At a minimum, the following specific security measures shall be included in the Risk Management and Security Plan Computer hardware controls that ensure acceptance of data from authorized networks only:
 - At the Contractor's central facility, placement of software controls that establish separate files for lists of authorized user access and identification codes;
 - Manual procedures that provide secure access to the system with minimal risk.
 - Multilevel passwords, identification codes or other security procedures that must be used by State agency or Contractor personnel;
 - All Contractor database software changes may be subject to the Department's approval prior to implementation; and
 - System operation functions must be segregated from systems development duties.

If requested, the Contractor agrees that the Plan will be made available to appropriate State and Federal agencies as deemed necessary by DMAS. If any changes to the Plan occur during the contract period, the Contractor shall notify the contract administrator at the Department within 30 days to the change occurring.

3.19.10 Disaster Preparedness and Recovery at the Processing Site

The Contractor shall have a Business Continuity/Disaster Recovery Plan for its processing system prior to implementation. If requested, test results of the plan must be made available to the Department. The plan must be tested before the effective date of the contract and must meet the requirements of the Department and of any applicable State and Federal regulations. The Contractor's Business Continuity/Disaster Recovery Plan must include sufficient information to show that it will comply with the following guidelines and standards:

- VITA website at the following link at https://www.vita.virginia.gov/uploadedfiles/vita_main_public/unmanaged/library/contingencyplanningguideline04_18_2007.pdf and the VITA templates for IT Contingency Planning IT Contingency Planning Guideline (SEC508-00) (4/18/07) and
- National Institute of Standards and Technology (NIST) website at <http://csrc.nist.gov/publications/nistpubs/800-34-rev1/sp800-34-rev1errata-Nov11-2010.pdf> NIST SP 800-34 Rev 1, May 2010, Contingency Planning Guide for Federal Information Systems (Appendix A System Templates for Moderate or High Impact Systems) and

- National Institute of Standards and Technology (NIST) website at <http://csrc.nist.gov/publications/nistpubs/800-66-Rev1/SP-800-66-Revision1.pdf> NIST SP 800-66-R1, October 2008, An Introductory Resource Guide for Implementing the Health Insurance Portability and Accountability Act (HIPAA) Security Rule and the following requirements of the HIPAA Security Rule Standards and Implementation specifications:
 - i. Contingency Plan § 164.308(a)(7)(i)
 1. Data Backup Plan § 164.308(a)(7)(ii)(A)
 2. Disaster Recovery Plan § 164.308(a)(7)(ii)(B)
 3. Emergency Mode Operation Plan § 164.308(a)(7)(ii)(C)
 4. Testing and Revision Procedures § 164.308(a)(7)(ii)(D)
 5. Applications and Data Criticality Analysis § 164.308(a)(7)(ii)(E)
 - ii. Facility Access Controls § 164.310(a)(1)
 1. Contingency Operations § 164.310(a)(2)(i)
 - iii. Device and Media Controls § 164.310(d)(1)
 1. Data Backup and Storage § 164.310(d)(2)(iv)
 - iv. Access Control § 164.312(a)(1)
 1. Emergency Access Procedure § 164.312(a)(2)(ii)

At a minimum, the following specific security measures shall be included in the Business Continuity/Disaster Recovery Plan:

- Documentation of emergency procedures that include the steps to take in the event of a natural disaster by fire, water damage, sabotage, mob action, bomb threats, etc. This documentation will include the capability to continue receiving calls, and other functions required in this RFP in the event that the central site is rendered inoperable. Additionally, the Contractor's business continuity/disaster recovery plan must include provisions in relation to the processing center telephone number(s);
- Employees at the site must be familiar with the emergency procedures;
- Smoking must be prohibited at the site;
- Heat and smoke detectors must be installed at the site both in the ceiling and under raised floors (if applicable). These devices must alert the local fire department as well as internal personnel;
- Portable fire extinguishers must be located in strategic and accessible areas of the site. They must be vividly marked and periodically tested;
- The site must be protected by an automatic fire suppression system;
- The site must be backed up by an uninterruptible power source system; and
- The system at the disaster recovery site must be tested and verified in accordance with VITA standards.

The Business Continuity/Disaster Recovery Plan document will be available to the Department upon request during implementation and at least 30 days prior to beginning operations. If any changes occur during the contract period, the Contractor shall notify the Department's contract administrator within 30 days prior to the change occurring.

3.19.11 Continuity of Operations

The Contractor shall be required to provide written assurances that they have a Continuity of Operations (COOP) Plan that relates to the services or functions provided by them under this contract. Key information to be included in the Contractor's COOP and used as an example can be found on the VITA website at <http://www.vita.virginia.gov/library/default.aspx?id=537#securityPSGs> for templates for Virginia Department of Emergency Management (VDEM) Continuity documents:

VDEM Continuity Plan Template

VDEM Guide to Identifying Mission Essential Functions and
Mission Essential Function Identification Worksheets

The COOP document shall be available to the Department at its request during implementation and at least 30 days prior to beginning operations. If any changes occur during the contract period, the Contractor shall notify the Department's contract administrator within 30 days prior to the change occurring.

3.19.12 Security Training

The Contractor shall be required to provide written assurances that they have a Security Training Plan that relates to the services or functions provided by them under this contract. The Security Training Plan document shall be available to the Department at its request during implementation and at least 30 days prior to beginning operations. If any changes occur during the contract period, the Contractor shall notify the Department's contract administrator within 30 days prior to the change occurring and provide documentation of the changes.

3.20 Implementation and Project Plan

Administration of Behavioral Health provider auditing services by the Contractor shall begin on June 1, 2015. Payment to the Contractor as provided in Attachment VI Schedules A and B of this Contract shall begin during the implementation period.

The Offeror shall submit a preliminary implementation plan as part of the response to this RFP. The plan shall include a detailed project schedule including the tasks and deliverables required to accomplish the work in the Offeror's proposal.

The Contractor shall submit, no later than 30 days after the award of the contract, a final detailed project plan demonstrating the Contractor's proposed schedule to begin the audit program. The final implementation plan shall include a schedule of the tasks and deliverables required throughout the project and shall identify all critical path and dependency tasks and milestones, and delineating the responsibilities of the Contractor and the Department. The Department may identify modifications and additional information or details for inclusion.

The Contractor shall submit to the Department for approval audit methodology and data analysis algorithms to be used for all audits of a specified service type. The Contractor shall also submit a master error matrix before commencing audits. The above-referenced submissions shall be approved by the Department prior to conducting audits. These documents will be due to the Department within 45 days of the contract's effective date. The Contractor shall use their

experience in performing such audits to estimate the potential time involved. The methodology used shall be part of the Offeror's response to this proposal.

The Department may make such reasonable investigations as deemed proper and necessary to determine the ability of the Contractor to perform the services and the Contractor shall furnish to the Department all such information and data for this purpose as may be requested. The Department reserves the right to inspect the Contractor's physical facilities, including any located outside of Richmond, prior to award to satisfy the Department that such Contractor is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

The Contractor shall be responsible for participating in and defining the details of the Operational Readiness Assessment Plan for its service package and shall be responsible for preparing and submitting its Operational Readiness Assessment Plan to the State for review and approval. The State may include providers in the operational readiness assessment.

Any changes required to the Contractor's processes as identified through readiness review activities shall be made by the Contractor prior to operations. Costs associated with these changes shall be borne by the Contractor. The Contractor's inability to demonstrate, to the Department's satisfaction and as provided in this section, that Contractor is fully capable of performing all duties under this contract no later than June 01, 2015 shall be grounds for the immediate termination of the Contract by the Department pursuant to the Department Special Terms and Conditions, 11.6 Termination.

All expenses incurred by the Contractor in performing the services required by this RFP, including but not limited to, audit costs, travel, copying, data access, and reporting, are the responsibility of the Contractor. The Contractor shall be required to establish and maintain a method of obtaining claims, provider and member data from the BHSA.

3.21 Transition upon Termination Requirements

At the expiration of this contract, or if at any time the Department desires a transition of all or any part of the duties and obligations of the Contractor to the Department or to another Offeror after termination or expiration of the contract, The Department shall notify the Contractor of the need for transition. Such notice shall be provided at least 60 calendar days prior to the date the contract will expire, or at the time the Department provides notice of termination to the Contractor, as the case may be. The transition process will commence immediately upon such notification and shall, at no additional cost to the Department, continue past the date of contract termination or expiration if, due to the actions or inactions of the Contractor, the transition process is not completed before that date.

If delays in the transition process are due to the actions or inactions of the Department or the Department's newly designated Offeror, the Department and Contractor will negotiate in good faith for the conduct of and compensation for transition activities after the termination or expiration of the contract. In the event that a subsequent Contractor is unable to assume operations on the planned date for transfer, the Contractor will continue to perform MIS operations on a month-to-month basis for up to 90 days beyond the planned transfer date at a fee that does not exceed the fees under the current contract. The Department will withhold final payment to the Contractor until transition to the new Contractor is complete.

3.21.1 Close Out and Transition Procedures

- a. Within ten (10) business days after receipt of written notifications by the Department of the initiation of the transition, the Contractor shall provide to the Department a detailed electronic document, containing the following:
 - i. The number of audits opened, pending and completed, identified by provider;
 - ii. Number and amount of identified overpayments for collection; and
 - iii. Information on any pending response to preliminary review and appeals.
- b. Within ten (10) business days after receipt of the detailed document, the Department will provide the Contractor with written instructions, which shall include, but not be limited to the following:
 - i. The packaging, documentation, delivery location, and delivery date of all records, data and review information to be transferred. The delivery period shall not exceed thirty (30) calendar days from the date the instructions are issued by the Department.
 - ii. The date, time and location of any transition meeting to be held among the Department, the Contractor and any incoming Contractor. The Contractor shall provide a minimum of two (2) individuals to attend the transition meeting and those individuals shall be proficient in and knowledgeable about the materials to be transferred.
- c. Within five (5) business days after receipt of the materials from the Contractor, the Department shall submit to the Contractor in writing any questions the Department has with regard to the materials transferred by the Contractor. Within five (5) business days after receipt of the questions, the Contractor shall provide written answers to the Department.
- d. All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance of this contract shall become the sole property of the Department. On request, the Contractor shall promptly provide an acknowledgment or assignment in a tangible form satisfactory to the Department to evidence the Department's sole ownership of specifically identified intellectual property created or developed in the performance of the contract.
- e. Electronically stored data must be destroyed in a Department approved method to ensure that the data is not being used past the term date. Per the Department's approved disposal procedures.

4. OPTIONAL SERVICES

If the Offeror is interested in offering additional service initiatives, information in the Offeror's technical proposal must describe the Offeror's abilities, experience, and method(s) for accomplishing the selected services for Section 4.1 MCO Encounter Data and Section 4.2 System Vulnerabilities described below at a reasonable cost to the Department. The Offeror's cost shall be submitted in the cost proposal (Attachment VIII), separate from the technical proposal, for each of these optional services. Optional Services will not be included in the scoring process.

4.1 MCOs Encounter Data

Offerors may describe innovations that can be implemented that would utilize the managed care organizations (MCOs), Commonwealth Coordinated Care (CCC) and/or BHS encounter data as

an aid to identify trends which could indicate potential fraud in the fee-for-service network. List all states, specifically state Medicaid programs as well as commercial business, where these innovations have been implemented and describe the quantitative evidence to support the outcomes and success.

4.2 System Vulnerabilities

Offerors may describe innovations that can be implemented that identify vulnerabilities within DMAS' payment systems. For any identified vulnerability, the Offeror may describe how it will assist DMAS in developing and implementing an Improper Payment Prevention Plan to help prevent similar overpayments from occurring in the future, and in making recommendations for preventive controls, to include system edits, to DMAS.

5. DMAS RESPONSIBILITIES

DMAS shall provide staff to provide direction and oversight for the Contractor to ensure the Contractor conducts audits within regulatory guidelines in an effort to make Medicaid programs more effective. DMAS shall meet with the Contractor representative on a weekly basis (which may be telephonically) to discuss the audit program. During such, issues including current provider investigations, project and audit plans, will be addressed. DMAS will:

- Provide data to be used for the Contractor to determine the sample.
- Review and approve Contractor's project plan, audit methodology, error matrix and data analysis algorithms.
- Review and approve any Contractor written policy, subcontracts and/or procedural communications to providers and others prior to release.
- Approve all letters that the Contractor sends to providers and associations informing them of the impending audits, the preliminary results of the audits, and the final results of the audits.
- Make the final decisions regarding all policy issues related to the auditing of the providers and the Virginia Medicaid program.
- Make the final determination regarding preliminary and overpayment findings, and audit costs.
- Collect any resulting overpayments, investigative expenses and/or fines. No fines or overpayments collected as a result of the audits shall be shared with the Contractor.
- Review and approve all desk and on-site audits before the Contractor performs these services.
- Provide on-going project review and contract evaluation to ensure contract compliance.
- Make the final determination regarding all policy issues and interpretations.
- Conduct on-going project oversight and management (to include announced and unannounced site visits to the Contractor) to ensure regulatory compliance. Monitor staffing levels and monitor contract performance standards.
- Provide contract monitoring to include: databases, file maintenance, data integrity, quality control.
- Meet with key personnel on a quarterly basis to discuss the monitoring report and any other issues related to the contract. Meeting frequency may be adjusted by the Department.
- Review and approve any provider and association education prior to release.

- Be the key representative of the program with regard to the media. All questions or other contact from the media received by the Contractor must be referred directly to the designated DMAS representative.
- Perform periodic audits of the Contractor's contractual compliance. Such audits will commence upon 30 days written notice by the DMAS Division of Internal Audit to the Contractor that DMAS will be conducting a review of enumerated aspects of the Contractor's contractual compliance. The scope and estimated duration of each review will be specified in writing.

6. CONTROLS

The Department reserves the right to limit, control, or excludes certain categories of recovery, members and/or medical services from the Contractor's scope of work, including, but not limited to, the following specific limits:

1. The Contractor shall not duplicate, but may supplement, the Department's efforts that result from activities of the Program Integrity Division, or the audits of other Department internal staff and contractors. Offerors shall incorporate in their proposals techniques or approaches to ensure that there will be no duplication between the work under this RFP and the work under existing contracts.
2. The Contractor shall not compromise or waive any claims without first receiving the written authorization of the director of the Program Integrity Division.
3. All demand notice templates shall be approved by the Department before the Contractor begins sending them to providers for recovery.
4. All cases where fraud is suspected or detected shall be referred to the Department for referral to MFCU prior to any actions or recoupment efforts taking place. The Contractor shall provide support to the MFCU on matters relating to specific cases involving detected or suspected fraud.
5. The director of the Program Integrity Division shall approve any unannounced on-site audit prior to the Contractor visiting a provider's site. Data analysis prior to Department review is permitted.

Offerors, as part of the response to this RFP, shall present a detailed specific plan regarding meeting compliance with each of the above requirements.

6.1 Annual Review of Controls

The Contractor shall provide the Department, at a minimum, a report from its external auditor on the effectiveness of its internal controls. If the report discloses deficiencies in internal controls, the Contractor shall include management's correction action plans to remediate the deficiency. If available, report shall be compliant with the AICPA Statement on Standards for Attestation Engagements (SSAE) No 16, Reporting on Controls at a Service Organization, Service

Organizations Controls (SOC) 2, Type 2 Report, and include the Contractor and its third-party service providers. The internal control reports shall be provided annually each June 1st for the preceding calendar year

6.2 Fraud and Abuse

The Contractor shall have internal controls and policies and procedures in place that are designed to prevent, detect, and report known or suspected fraud and abuse activities. Such policies and procedures must be in accordance with Federal regulations described in 42 C.F. R. Parts 455 and 456. The Contractor shall have adequate staffing and resources to investigate unusual incidents and develop and implement corrective action plans to assist the Contractor in preventing and detecting potential fraud and abuse activities.

6.3 Fraud and Abuse Compliance Plan

The Contractor shall have a written Fraud and Abuse compliance plan. The Contractor's specific internal controls, policies and procedures shall be described in a comprehensive written plan and be maintained on file with the Contractor for review and approval by the Department and as an annual Contract submission. The Plan must define how the Contractor shall identify and report suspected fraud and abuse by members, by prescribing practitioners, by subcontractors and by the Contractor. The Plan must be submitted annually and must discuss the monitoring tools and controls used to protect against theft, embezzlement, fraudulent marketing practices, or other types of fraud and program abuse. The Plan must additionally describe the type and frequency of training provided to prepare staff to detect fraud. All fraudulent activities or other program abuses shall be handled subject to the laws and regulations of the Commonwealth of Virginia and/or Federal law and regulation.

The Department shall provide notice of approval, denial, or modification to the Contractor within thirty (30) calendar days of annual submission. The Contractor shall make any requested updates or modifications available for review after modifications are completed as requested by the Department within (30) calendar days of a request. At a minimum the written plan shall:

- i. Ensure that all officers, directors, managers and employees know and understand the provisions of the Contractor's fraud and abuse compliance plan;
- ii. Contain procedures designed to prevent and detect potential or suspected abuse and fraud in the administration and delivery of services under this contract;
- iii. Include a description of the specific controls in place for prevention and detection of potential or suspected abuse and fraud, such as:
 - a. Service authorization;
 - b. Utilization management; and
 - c. Relevant subcontractor agreement provisions.
- iv. Contain provisions for the confidential reporting of plan violations to DMAS by members, prescribing practitioners and subcontractors;
- v. Contain provisions for the investigation and follow-up of any compliance plan reports;
- vi. Ensure that the identities of individuals reporting violations of the plan are protected;

- vii. Contain specific and detailed internal procedures for officers, directors, managers and employees for detecting, reporting, and investigating fraud and abuse compliance plan violations;
- viii. Require any confirmed or suspected prescribing practitioner or member fraud and abuse under State or Federal law to be reported to the Department;
- ix. Ensure that no individual who reports plan violations or suspected fraud and abuse is subjected to retaliation;
- x. Require the Contractor and all employees to be trained in recognizing and reporting adult and child abuse, neglect, and exploitation.

The Contractor shall:

1. Designate an officer or director in its organization who has responsibility and authority for carrying out the provisions of the fraud and abuse compliance plan.
2. Report incidents of potential or actual fraud and abuse to the Department within two (2) business days of initiation of any investigative action by the Contractor or within two (2) business days of Contractor notification that another entity is conducting such as investigation of the Contractor or its employees. All reports shall be sent to the Department in writing and shall include a detailed account of the incident, including names, dates, places, and suspected fraudulent activities.
3. Provide a comprehensive annual report to the Department of all incidents of potential or actual fraudulent activity and results.
4. Cooperate with all fraud and abuse investigation efforts by the Department and other State and Federal entities.

All Cases where fraud is suspected or detected shall be referred to the Department for referral to Medicaid Fraud Control Unit (MFCU). The Contractor shall provide support to the Department and MFCU on matters relating to specific cases involving detected or suspected fraud.

6.4 Operational Readiness

No later than June 1, 2015 the Contractor shall demonstrate, to the Department's satisfaction, that the Contractor is fully capable of performing all duties under this Contract, including demonstration of the following:

- The Contractor's staff has sufficient medical and program knowledge to make determinations of audit reviews and that the Contractor has hired and thoroughly trained its management and supervisory staff, including IM/IT and the specifics of the program policies, in accordance with the requirements outlined in this RFP; Contractor has developed a detailed plan for the hiring and training of all other staff required to perform all duties as outlined in this RFP;
- Contractor has trained its staff to audit providers participating in the Virginia Medicaid program using applicable State and Federal laws and regulations as well as DMAS provider manuals, BHSA manuals and requirements, and other State Contractors manuals and

requirements. Contractor has provided to the Department copies of the materials and methods to be used for training;

- Contractor has successfully completed the requirements listed in Section 3 of this RFP;
- Contractor has provided to the Department a detailed plan for educating providers and provider associations in the audit process;
- Contractor's telephone system is fully operational and staff training has been completed for a readiness review;
- Contractor's processing system, including but not limited to, all methods of submission, file transfers to and from the fiscal agent and all other IM/IT functions shall be successfully operational;
- Contractor shall test all interfaces with the Department prior to implementation; and
- Contractor has submitted an Operational Readiness Plan demonstrating compliance with the terms of the RFP.

The Contractor shall be responsible for participating in and defining the details of the Operational Readiness Assessment Plan for its service package and will be responsible for preparing and submitting its Operational Readiness assessment Plan to the Department for review and approval within 30 days of contract execution.

The Department will perform an operational readiness assessment with the Contractor.

Any changes required to the Contractor's processes as identified through readiness review activities shall be made by the Contractor prior to July 01, 2015. Outstanding items identified must be resolved prior to beginning operations. Costs associated with these changes shall be borne by the Contractor.

The Contractor's inability to demonstrate, to the Department's satisfaction and as provided in this Section, that Contractor is fully capable of performing all duties under this contract shall be grounds for the immediate termination of the Contract by the Department pursuant Section 11.6 Special Terms and Conditions of this RFP.

7. PAYMENTS TO THE CONTRACTOR

Payments to the Contractor will be made monthly at the contracted fixed flat fee. The overall annual total of payments to the Contractor for the contracted services shall be limited to the total amount agreed to by DMAS and the Contractor in the contract negotiations. The Department will not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive based on a percentage of any overpayments identified during the audits. Payments to the Contractor shall also be subject to the General Terms and Conditions and the Special Terms and Conditions of Sections 10 and 11, respectively, of this RFP.

7.1 Payment of Invoice

The Contractor will be paid monthly based on an accurate monthly invoice submitted by the 5th day of the following month. The invoice shall be sent via email to the DMAS contract administrator. The monthly invoicing from the Contractor must identify by provider and provider period or by

project and the type(s) of contractual services performed. The monthly invoice shall be itemized by type of activity, by provider, and by type of service and in total.

The payment of the invoice, by the Department, shall not prejudice the Department's right to object to or question any invoice or matter in relation thereto. Such payment by the Department shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

7.1.1 Payment Reductions

The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that are determined by the Department not to constitute proper remuneration for compensable services on the basis of audits conducted in accordance with the terms of this RFP.

8. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

This RFP is issued by the Virginia Department of Medical Assistance Services (DMAS or the Department). The Department will be the sole point of contact with all interested Offerors from the date of release of the RFP until the contract is fully executed and signed. Offerors should not contact any State employees other than the individuals indicated in this RFP.

If it becomes necessary to revise any part of this RFP, or if additional data are necessary for an interpretation of provisions of this RFP prior to the due date for proposals an addendum will be issued. Offerors must check eVA VBO at <http://www.eva.virginia.gov> for all official addenda or notices regarding this RFP. While DMAS also intends to post such notices on the DMAS website at http://www.dmas.virginia.gov/Content_pgs/rfp.aspx, eVA is the official and controlling posting site. If supplemental releases are necessary, the Department reserves the right to extend the due dates and time for receipt of proposals to accommodate such interpretations of additional data requirements.

Each Offeror responding to this proposal shall submit a separate Technical Proposal and a Cost Proposal in relation to the requirements described in this RFP. The following describes the general requirements and the specific requirements for the Technical Proposal and the cost proposal.

General Requirements for Technical Proposals and Cost Proposals

8.1 Overview

Both the Technical Proposal and the Cost Proposal shall be developed and submitted in accordance with the instructions outlined in this section. The Offeror's proposals shall be prepared simply and economically, and shall include a straightforward, concise description of the Offeror's capabilities that satisfy the requirements of the RFP. Although concise, the proposals should be thorough and detailed so that DMAS may properly evaluate the Offeror's capacity to provide the required services. All descriptions of services should include an explanation of proposed methodology, where applicable. The proposals may include additional information that the Offeror considers relevant to this RFP.

The proposals should be organized in the order specified in this RFP. A proposal that is not organized in this manner risks a lower score or elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed. The Department and the evaluators are not obligated to ask an Offeror to identify where a RFP requirement is addressed, and no Offeror should assume that it will have an opportunity to supplement its proposal or to assist the evaluators in understanding and evaluating its proposal.

8.1.1 Critical Elements of the Technical Proposal

The Offeror must cross reference its Technical Proposal with each requirement listed in Sections 3 and 6 of this RFP. In addition, the Offeror must assure that the following documentations are included in the proposal:

Implementation Plan: The successful Offeror shall implement the program described in this RFP no later than July 1, 2015. The Offeror shall provide a detailed implementation work plan, including deliverables and timelines, as part of the proposal. The Contractor shall provide a comprehensive report on the status of each subtask, tasks, and deliverables in the work plan to the Department every week during implementation. The Contractor shall not be compensated for any expenses incurred prior to the implementation date. The Contractor shall submit, no later than 30 days after the execution of the contract, a final detailed implementation plan demonstrating the Contractor's proposed schedule to implement the program no later than July 1, 2015. The plan must include a pre-testing of all programs. The implementation plan shall delineate each task, with milestones, and dates through the end of the first contract year. The Contractor and the Department will work together during the initial contract start-up to establish a schedule for key activities and define expectations for the content and format of Contract Deliverables for at least the first fiscal year. The Department may make such reasonable investigations as deemed proper and necessary to evaluate the Offeror's proposal to perform the services, and the Offeror shall furnish to the Department all such information and data for this purpose as may be requested. The Department reserves the right to inspect Offeror's physical facilities, including any located outside of Richmond, prior to award to satisfy questions regarding the Offeror's capabilities. If the proposal and supporting materials submitted by such Offeror fail to demonstrate to the Department that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein, the proposal may receive a lower score or be eliminated from consideration. Reference APSPM § 7.3(b).

Education: The Offeror must submit a detailed description of the Offeror's plan to educate provider and provider associations on the audit process. The plan must include education activities prior to and after implementation.

Staffing: The Offeror must submit a detailed description of the staffing plan, which describes the types of personnel who shall be hired, how staff shall be compensated (hourly, wage, temporary), and how the staff shall be supervised. The Contractor shall also notify the Department within ten (10) calendar days after any publicly announced acquisition agreement, pre-merger agreement, or pre-sale agreement impacting the Contractor's ownership.

Auditing: The Offeror must submit a description of how all activities will be audited and how processing center responses will be monitored to ensure accuracy of information provided to callers. This section must also describe a plan to ensure confidentiality of records.

Small Business Subcontracting Plan: The Offeror shall be required to submit a report on the planned utilization of Department of Small Business and Supplier Diversity (DSBSD) certified small businesses and small businesses owned by women and minorities under the contract to be awarded as a result of this solicitation. (Attachment II). Names of Virginia certified firms may be available from the Department of Small Business and Supplier Diversity at <http://www.sbsd.virginia.gov/>. **Offerors shall submit their Small Business Subcontracting Plans with their Cost Proposal submission.**

8.1.2 Cost Proposal

A. Required Services

The Offeror shall submit 1 cost proposal for required services that includes: a budget for Start-up and Implementation costs (the period between the date of contract execution and the date of the start of operations); and a budget for operations costs for each year of the contract (3 years). The Offeror shall submit costs using the format provided in Attachment VI.

B. Optional Services

The Offeror shall submit 1 cost proposal for each optional service using the format provided in Attachment VI.

Administrative costs for both required and optional services shall **not** include:

- Related party management fees in excess of actual cost
- Lobbying expenses
- Contributions
- State and Federal income taxes
- Administrative fees for services provided by a parent organization, which did not represent a pass through of actual costs
- Management fees relating to non-Virginia operations or operations in Virginia for other contracts
- Management fees paid for the sole purpose of securing an exclusive arrangement for the provision of services for specific Medicaid Individuals
- Administrative fee/royalty licensing agreements for services provided by a parent organization, which did not represent a pass through of actual costs
- Accruals for future losses
- Reserves based on estimates for bankrupt providers
- Unsupported expenses
- Expenses related to the preparation of the proposal

No cost information is to be included in any portion of the technical proposal.

8.2 Binding of Proposal

The Technical Proposal shall be clearly labeled “RFP 2015-02 Technical Proposal” on the front cover. The Cost Proposal shall be clearly labeled “RFP 2015-02 Cost Proposal” on the front cover. The legal name of the organization submitting the proposal shall also appear on the covers of both the Technical Proposal and the Cost Proposal.

The proposals shall be typed, bound, and page-numbered, single-spaced with a 12-point font on 8 ½” x 11” paper with 1” margins and printed on one side only. Offerors may use a larger size font for section headings and may use a smaller font size for footers, tables, graphics, exhibits, or similar sections, if necessary. Larger graphics, exhibits, organization charts, and network diagrams may also be printed on larger paper as a foldout if 8 ½” x 11” paper is not practical. Each copy of the Technical Proposal and each copy of the Cost Proposal and all documentation submitted shall be contained in single three-ring binder volumes where practical. A tab sheet keyed to the Table of Contents shall separate each major section. The title of each major section shall appear on the tab sheet.

The Offeror shall submit an original and six (6) copies of the Technical Proposal and 1 original of the Cost Proposal by the response date and time specified in this RFP. Each copy of the proposal shall be bound separately. This submission shall be in a sealed envelope or sealed box clearly marked “RFP 2015-02 Technical Proposal.” In addition, the original of the Cost Proposal shall be sealed separately and clearly marked “RFP 2015-02 Cost Proposal” and submitted by the response date and time specified in this RFP. The Cost Proposal forms in Attachment VI shall be used. The Offeror shall also submit one electronic copy (compact disc preferred) of their Technical Proposal in MS Word format (Microsoft Word 2007 or compatible format) and of their Cost Proposal in MS Excel format (Microsoft Excel 2007 or compatible format). In addition, the Offeror shall submit a redacted electronic copy in PDF format of their Technical Proposal and their Cost Proposal, in which the Offeror has removed proprietary and confidential information. Please note that, as described below, merely redacting information is not sufficient to comply *with Code of Virginia* § 2.2-4342 (F).

8.3 Table of Contents

The proposals shall contain a Table of Contents that cross-references the RFP submittal requirements: “Technical Proposal Requirements.” Each section of the Technical Proposal shall be cross-referenced to the appropriate section of the RFP that is being addressed. This will assist DMAS in determining uniform compliance with specific RFP requirements.

8.4 Submission Requirements

All information requested in this RFP shall be submitted in the Offeror’s proposals. A Technical Proposal shall be submitted and a Cost Proposal shall be submitted in the Offeror’s collective response. The proposals will be evaluated separately. By submitting a proposal in response to this RFP, the Offeror certifies that all of the information provided is true and accurate.

All data, materials and documentation originated and prepared for the Department pursuant to this RFP belong exclusively to the Department and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act and subject to *Code of Virginia* § 2.2-4342. Trade secrets or proprietary information shall be clearly marked in the proposal and reasons why the information should be confidential shall be clearly stated.

Trade secrets or proprietary information submitted by an Offeror are not subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror shall invoke the protections of § 2.2-4342(F) of the *Code of Virginia*, in writing, either before or at the time the data is submitted. The written notice shall specifically identify the data or materials to be protected and state the reasons why protection is necessary.

The proprietary or trade secret materials submitted shall be identified by some distinct method, such as highlighting or underlining, and shall indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The electronic redacted copy of the technical proposal and cost proposal shall have the proprietary and trade secret information removed or blocked out in its entirety so the content is not visible. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and, in the sole discretion of DMAS, may result in rejection and return of the proposal. **Attachment IV of this RFP shall be used for the identification of proprietary or trade secret information and submitted with the technical proposal.**

All information requested by this RFP on ownership, utilization and planned involvement of small businesses, small women-owned businesses and small minority-owned business (Attachment II) **shall be submitted with the Offeror's Cost Proposal.**

8.5 Transmittal Letter

The transmittal letter shall be on official organization letterhead and signed by the individual authorized to legally bind the Offeror to contract agreements and the terms and conditions contained in this RFP.

The organization official who signs the proposal transmittal letter shall be the same person who signs the cover page of the RFP and Addenda (if issued).

At a minimum, the transmittal letter shall contain the following:

1. A statement that the Offeror meets the required conditions to be an eligible candidate for the contract award including:
 - a) The Offeror must identify any contracts or agreements they have with any state or local government entity that is a Medicaid and/or Title XXI State Child Health Insurance Program prescribing practitioner or Contractor and the general circumstances of the contract or agreement. This information will be reviewed by DMAS to ensure there are no potential conflicts of interest;
 - b) Offeror must be able to present sufficient assurances to the State that the award of the contract to the Contractor will not create a conflict of interest between the Contractor, the Department, and its subcontractors; and
 - c) The Offeror must be licensed to conduct business in the State of Virginia.
2. A statement that the Offeror has read, understands and agrees to perform all of the Contractor responsibilities and comply with all of the requirements and terms set forth in this RFP, any modifications of this RFP, the Contract and Addenda;
3. The Offeror's general information, including the address, telephone number, and facsimile transmission number;

4. Designation of an individual, to include their e-mail and telephone number, as the authorized representative of the organization who will interact with DMAS on any matters pertaining to this RFP and the resultant Contract; and
5. A statement agreeing that the Offeror's proposal shall be valid for a minimum of 180 days from its submission to DMAS.

8.6 Signed Cover Page of the RFP and Addenda

To attest to all RFP terms and conditions, the authorized representative of the Offeror shall sign the cover page of this RFP, as well as the cover page of the Addenda (if issued) to the RFP; the Certification of Compliance with Prohibition of Political Contributions and Gifts during the Procurement Process form (Attachment III), and The State Corporation Commission form (Attachment V) and submit them along with the Technical Proposal.

8.7 Procurement Contact

The principal point of contact for this procurement in DMAS shall be:

Letitsa Melton
Contract Administrator
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219
Email: RFP2015-02@dmas.virginia.gov

All communications with DMAS regarding this RFP should be directed to the principal point of contact or the DMAS Contract Management Officer named in the cover memo. All RFP content-related questions shall be in writing to the principal point of contact. An Offeror who communicates with any other employees or Contractors of DMAS concerning this RFP after its issuance may be disqualified from this procurement.

8.8 Submission and Acceptance of Proposals

The proposals, whether mailed or hand delivered, shall arrive at DMAS no later than 10:00 A.M. EST on February 12, 2015. DMAS shall be the sole determining party in establishing the time of arrival of proposals. Late proposals shall not be accepted and shall be automatically rejected from further consideration. The address for delivery is:

Proposals may be sent by US mail, Federal Express, UPS, etc. to:

Attention: Christopher Banaszak
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, VA 23219

Hand Delivery or Courier to:

Attention: Christopher Banaszak

Department of Medical Assistance Services
7th Floor DMAS Receptionist
600 East Broad Street
Richmond, VA 23219

DMAS reserves the right to reject any or all proposals. Reference *Code of Virginia* § 2.2-4319. DMAS reserves the right to delay implementation of the RFP if a satisfactory Contractor is not identified or if DMAS determines a delay is necessary to ensure implementation goes smoothly without service interruption. Offerors must check the eVA VBO at <http://www.eva.virginia.gov> for all official postings of addendums or notices regarding this RFP. 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 Offerors must monitor.

8.9 Oral Presentation and Site Visit

At any point in the evaluation process, DMAS may employ any or all of the following means of evaluation:

- Reviewing Industry Research
- Offeror Presentations
- Site Visits
- Contacting Offerors References
- Product Demonstrations
- Obtain a Dun and Bradstreet Report on the Offeror
- Obtain a Securities Exchange Commission Report on the Offeror
- Requesting Offeror to elaborate on and/or clarify specific portions of their proposals.

No Offeror is guaranteed an opportunity to explain, supplement or amend its initial proposal. Offerors must not submit a proposal assuming that there will be an opportunity to negotiate, amend or clarify any aspect of their submitted proposals. Therefore, each Offeror is encouraged to ensure that its initial proposal contains and represents its best offer. Offerors should be prepared to conduct product demonstrations, presentations or site visits at the time, date and location of DMAS' choice, should DMAS so request.

DMAS may make one or more on-site visits to see the Offeror's operation of another contract. DMAS shall be solely responsible for its own expenses for travel, food and lodging.

8.10 Technical Proposal

The following describes the required format, content and sequence of presentations for the Technical Proposal:

8.10.1 Chapter One: Executive Summary

The Executive Summary Chapter shall highlight the Offeror's:

1. Understanding of the project requirements.
2. Qualifications to serve as the DMAS Contractor for the project.

3. Overall Approach to the project and a summary of the contents of the proposal.

8.10.2 Chapter Two: Corporate Qualifications and Experience

Chapter Two shall present the Offeror's qualifications and experience to serve as the Contractor. Specifically, the Offeror shall describe its:

1. Organization Status:
 - a) Name of Project Director for this Contract;
 - b) Name, address, telephone number, fax number, and e-mail address of the legal entity with whom the contract is to be written;
 - c) Federal employer ID number;
 - d) Name, address, telephone numbers of principal officers (president, vice-president, treasurer, chair of the board of directors, partners and other executive officers);
 - e) Name of the parent organization and major subsidiaries;
 - f) Major business services;
 - g) Legal status and whether it is a for-profit or a not-for-profit company;
 - h) A list of board individuals and their organizational affiliations;
 - i) Current organization chart; and
 - j) Any specific licenses and accreditation held by the Offeror.
2. Corporate Experience:
 - a) Offeror's overall qualifications to carry out a project of this nature and scope.
 - b) The Offeror shall describe the background and success of the Offeror's organization and experience in performing service authorization services and utilization review, specifically implementing State, local or regional programs.
 - c) The Offeror's knowledge of the Medicaid/FAMIS Plus and/or FAMIS member populations and the communities.
 - d) For each experience with operating, managing, or contracting for the provision of service authorization services or other human services, the Offeror shall indicate the contract or project title, dates of performance, scope and complexity of contract, and customer references (see below)
 - e) Any other related experience the Offeror feels is relevant shall be included.
 - f) The Offeror shall indicate whether the Offeror has had a contract terminated for any reason within the last five years.
 - g) The Offeror shall also indicate if a claim was made on a payment or performance bond. If so, the Offeror shall submit full details of the termination and the bonds including the other party's name, address, and telephone number.
3. References:
 - a) Two customers or participants who will substantiate the Offeror's qualifications and capabilities to perform the services required by the RFP.
 - b) Two customers or participants who can attest to the Offeror's experience with interface files for data loads.

The Offeror shall complete the Reference Form in Attachment I for each reference and contract, which includes the name, address, telephone number, contact person, and periods of work performance. It will be acceptable for an Offeror to use the same two (2) references for both 3.a and 3.b above.

4. Financial Stability:

The Offeror shall submit evidence of financial stability. The Offeror should submit one of the following financial reports:

- a) For a publicly held corporation, a copy of the most recent three years of audited financial reports and financial statements with the name, address, and telephone number of a responsible person in the Offeror's principal financial or banking organization; or
- b) For a privately held corporation, proprietorship, or partnership, financial information for the past three years, similar to that included in an annual report, to include, at a minimum, an income statement, a statement of cash flows, a balance sheet, and number of years in business, as well as the name, address, and telephone number of a contact in the Offeror's principal financial or banking organization and its auditor.

8.10.3 Chapter Three: Tasks and Technical Approach

The Offeror must cross reference its Technical Proposal with each requirement listed within this RFP. The Offeror shall fully describe how it intends to meet all of the tasks and technical proposal requirement listed. **DMAS does not want a "re-write" of the RFP requirements.** Specifically, the Offeror shall describe in detail its proposed approach for each of the required tasks and technical proposal requirements listed, including any staff, systems, procedures, or materials that will be used to perform these tasks. This includes how each task will be performed, what problems need to be overcome, what functions the staff will perform, and what assistance will be needed from DMAS, if any.

Note: DMAS welcomes new and innovative approaches to services. While fully addressing the objectives of this RFP, the Offeror may also include alternate approaches for DMAS consideration. Additional services can be addressed as long as a separate line item for the associated costs is submitted with the proposal.

8.10.4 Chapter Four: Staffing

The proposal shall describe the following:

1. Staffing Plan: The Offeror shall provide a functional organizational chart of the proposed project structure and organization, indicating the lines of authority for proposed staff directly involved in performance of this contract and relationships of the staff to each function of the organization. The staffing plan shall indicate the number of proposed FTEs by position and an estimate of hours to be committed to the project by each staff position. The plan shall also show the number of staff to be employed by the Contractor and staff to be obtained through subcontracting arrangements. Contact information must be provided for all key staff involved in the implementation and ongoing management of the program.

Offerors must submit 2 references for each proposed key staff individual, showing work for previous participants who have received similar services to those proposed by the Offeror for this contract. Each reference must include the name of the contact person, address, telephone number and description of services provided.

2. Staff Qualifications and Resumes: Job descriptions for all key staff on the project including qualifications, experience and/or expertise required should be included. Resumes limited to two pages must be included for key staff. The resumes of personnel proposed must include qualifications, experience, and relevant education, professional certifications and training for the positions they will fill.
3. Office Location: A description of the geographical location of the central business office, the billing office, the processing center and satellite offices, if applicable, shall be included. In addition, the hours of operation should be noted for each office as applicable to this contract.

8.10.5 Chapter Five: Project Work Plan

The proposal shall describe the following:

Work Plan and Project Management: The proposal shall include a project plan detailing the sequence of events and the time required to implement this project no later than July 01, 2015. The relationship between key staff and the specific tasks and assignments proposed to accomplish the scope of work shall also be included. A plan that clearly outlines the project timetable from beginning to end shall be included in the proposal. Key dates and key events relative to the project shall be clearly described on the chart, including critical path of tasks. The Offeror shall describe its management approach and how its proposed work plan will be executed.

Progress Reports: Upon award of a contract, the Contractor must prepare a written progress report, as well as telephonic meetings, every week or more frequently as necessary, and present this report to the Director, Division of Program Integrity or his designee. The report must include:

1. Status of major activities and tasks in relation to the Contractor's work plan, including specific tasks completed for each part of the project.
2. Target dates for completion of remaining or upcoming tasks/activities.
3. Any potential delays or problems anticipated or encountered in reaching target dates and the reason for such delays.
4. Any revisions to the overall work schedule.

8.10.6 Chapter Six: Required Forms:

This chapter shall contain the signatory documents as outlined in the RFP. These include the following:

1. RFP Cover Sheet
2. RFP Addenda (if issued)
3. Offerors Transmittal Letter
4. Certification of Compliance with Prohibition of Political Contributions and Gifts During the Procurement Process (Attachment III)
5. Proprietary/Confidential Information Identification Form (Attachment IV)
6. State Corporation Commission Form (Attachment V)

9. PROPOSAL EVALUATIONS

DMAS will evaluate the Technical and Cost Proposals received in response to this RFP in a fair and impartial manner provided for by the Virginia Public Procurement Act (Va. Code 2.2-4300, *et seq.*). The Evaluation Team will be responsible for the review and scoring of all Technical Proposals and the Office of Budget and Contract Management will review and score the Cost Proposals and Small Business Subcontracting Plans. This group will be responsible for making the final recommendation to award to the DMAS Director.

9.1 Evaluation of Minimum Requirements

DMAS will initially determine if each proposal addresses the minimum RFP requirements to permit a complete evaluation of the Technical and Cost Proposals. Proposals shall comply with the instructions to Offerors contained throughout this RFP. Failure to comply with the instructions may result in a lower score or elimination from further consideration. Reference APSPM §7.3(b). DMAS reserves the right to waive minor irregularities.

The minimum requirements for a proposal to be given consideration are:

Signature Sheets: RFP Cover Sheet, Addenda (if issued), Transmittal Letter, Certification of Compliance with Prohibition of Political Contributions and Gifts During the Procurement Process (Attachment III), Proprietary/Confidential Information Identification Form (Attachment IV), and State Corporation Commission Form (Attachment V): These forms shall be completed and properly signed by the authorized representative of the organization.

Closing Date: The proposal shall have been received, as provided in Section 8.8, before the closing of acceptance of proposals in the number of copies specified.

Mandatory Conditions: All mandatory General and Specific Terms and Conditions contained in Sections 10 and 11 shall be accepted.

Small Business Subcontracting Plan: Summarize the planned utilization of Department of Small Business and Supplier Diversity (DSBSD)-certified small businesses under the contract to be awarded as a result of this solicitation. (Attachment II). **The Small Business Subcontracting Plan is a requirement for all prime contracts in excess of \$100,000 unless no subcontracting opportunities exist and is a scored criterion and, if applicable, documents the Offeror and/or their planned subcontractors as a small business certified by the Department of Small Business and Supplier Diversity (DSBSD). Offerors are encouraged to populate the table with their plans to utilize small businesses from joint ventures, partnerships, suppliers, etc. Regardless of planned Small Business utilization, all proposals must have this attachment included in their Cost Proposal.**

DSBSD is the only Virginia agency authorized to certify small businesses, and DMAS will not question, re-evaluate, investigate, or otherwise look behind DSBSD's certification decisions. DMAS will evaluate the Small Business Subcontracting Plan in accordance with APSPM §7.2(j) and solely by checking, through DSBSD's website, the certification status as of the due date for receipt of proposals. To receive the maximum score for the Small Business

Subcontracting Plan criterion, the submitting Offeror must be a small business as certified by DSBSD.

9.2 Proposal Evaluation Criteria

The broad criteria for evaluating proposals include the elements below:

Criteria	Weights
1. Experience of the Offeror in administration of auditing services.	25%
a) Experience of the Offeror in working with indigent populations, particularly Medicaid/FAMIS Plus and FAMIS populations.	
b) Experience of the Offeror in performing services within the past year(s) to include a description of the type, size, and duration of previous experience.	
c) Demonstrated knowledge of Medicaid provider billing practices.	
2. Technical Proposal - Demonstration in the written proposal of the Offeror’s ability, facilities and capacity to provide all required services in a timely, efficient and professional manner.	25%
a) Clarity and thoroughness of the Offeror’s proposal in addressing the components of the RFP and implementing them as described and in a timely fashion.	
b) Proposed project management of the resources available to the Offeror for meeting the requirements of the RFP.	
c) Lead time necessary to begin an audit and the turn-around time to complete the audit.	
d) Work plan distribution of person hours for each audit type.	
3. Staffing - Experience and expertise of specific staff assigned to the contract.	15%
a) Prior experience of staff with similar projects.	
b) Qualifications of staff.	
c) Appropriateness of the relationship between staff qualifications and assigned responsibilities.	
4. Quality of References	5%
a) References who substantiate the Offeror’s qualifications and capabilities to perform the services required by the RFP.	
b) References who can attest to the Offeror’s experience with interface files for data loads.	

5. Small Business Subcontracting Plan - Attachment II	20%
6. Cost Proposal	10%
<p>a) The cost proposal – Attachment VI</p> <p>The Offeror with the lowest cost proposal shall be identified, and all other Offeror costs shall be evaluated in comparison to this price bid.</p>	

The cost proposal shall be evaluated and weighted but is not the sole deciding factor for the RFP. The lowest cost proposal shall be scored the maximum number of evaluation points for cost. All other cost proposals shall be evaluated and assigned points for cost in relation to the lowest cost proposal.

9.3 Signing and Execution of the Contract

The successful Offeror will be required to enter into a contract with the Department within seven (7) days of having received a Final contract document from the Department. If the Offeror fails to enter into a contract within seven (7) days, the State may withdraw the notice and select another Offeror, restart the procurement, or discontinue the procurement entirely.

10. GENERAL TERMS AND CONDITIONS

10.1 Vendors Manual

This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at www.eva.virginia.gov under “Vendors Manual” on the vendors tab.

10.2 Applicable Laws and Courts

This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth of Virginia. The Department and the Contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The Contractor shall comply with all applicable Federal, State and local laws, rules and regulations.

10.3 Anti-Discrimination

By submitting their proposals, Offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair

Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §2.2-4311 of the *Virginia Public Procurement Act* (VPPA), and any other applicable laws. If the award is made to a faith-based organization, the organization shall not discriminate against any individual of goods, services, or disbursements made pursuant to the contract on the basis of the individual's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000, the provisions in Sections 10.3.1 and 10.3.2. below apply:

10.3.1 During the performance of this contract, the Contractor agrees as follows:

- a) The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by State law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- b) The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
- c) Notices, advertisements and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

10.3.2. The Contractor shall include the provisions of 10.3.1 above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

10.4 Ethics in Public Contracting

By submitting their proposals, Offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

10.5 Immigration Reform and Control Act Of 1986

By entering into a written contract with the Commonwealth of Virginia (COV), the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods

and services in the COV, knowingly employ an unauthorized alien as defined in the Federal Immigration Reform and Control Act of 1986.

10.6 Debarment Status

By participating in this procurement, the vendor certifies that they are not currently debarred by the Commonwealth of Virginia or any Federal, State or local government from submitting a response for the type of goods and/or services covered by this solicitation,. Vendor further certifies that they are not debarred from filling any order or accepting any resulting order, or that they are an agent of any person or entity that is currently debarred by the Commonwealth of Virginia.

10.7 Antitrust

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

10.8 Mandatory Use of State Form and Terms and Conditions

Failure to submit a proposal on the official State form, in this case the completed and signed RFP Cover Sheet, may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

10.9 Clarification of Terms

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact Letitsa Melton at RFP2015-02@dmas.virginia.gov no later than 10:00 A.M. EST, January 20, 2015. Any revisions to the solicitation will be made only by addendum issued by the buyer.

10.10 Payment

1. To Prime Contractor:
 - a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the State contract number and/or purchase order number; social security number (for individual Contractors) or the Federal employer identification number (for proprietorships, partnerships, and corporations).
 - b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
 - c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which

public agency is being billed.

- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. Unreasonable Charges: Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges that appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the Contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges that are not in dispute (*Code of Virginia*, § 2.2-4363).

2. To Subcontractors:

- a. A Contractor awarded a contract under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 - (2) To notify the agency and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.
- b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary contract. A Contractor obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

3. Each prime Contractor who wins an award in which provision of a Small Business Subcontracting (SWAM) plan is a condition to the award, shall deliver to the Department, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the Small Business Subcontracting (SWAM) plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the Department or other appropriate penalties may be assessed in lieu of withholding such payment.
4. The Commonwealth of Virginia encourages Contractors and subcontractors to accept electronic and credit card payments.

10.11 Precedence of Terms

The following General Terms and Condition: *VENDORS MANUAL*, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEPARTMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

10.12 Qualifications of Offerors

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

10.13 Testing And Inspection

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

10.14 Assignment of Contract

A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth. Any assignment made in violation of this section will be void.

10.15 Changes to the Contract

Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract. **In any such change to the resulting contract, no increase to the contract price shall be permitted without adequate consideration, and no waiver of any contract requirement that results in savings to the Contractor shall be permitted without adequate consideration. Pursuant to *Code of Virginia*, § 2.2-4309, the value of any fixed-price contract shall not be increased via modification by more than 25% without the prior approval of the Division of Purchases and Supply of the Virginia Department of General Services.**
2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are

not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Department a credit for any savings. Said compensation shall be determined by one of the following methods:

- a. By mutual agreement between the parties in writing; or
- b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Department's right to audit the Contractor's records and/or to determine the correct number of units independently; or
- c. By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Department with all vouchers and records of expenses incurred and savings realized. The Department shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Department within thirty (30) days from the date of receipt of the written order from the Department. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Department or with the performance of the contract generally.

10.16 Default

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies, which the Commonwealth may have.

10.17 Insurance

By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the Contractor and any subcontractor will maintain this insurance coverage during the entire term of the contract and that all insurance coverage will be

provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers' Compensation - Statutory requirements and benefits: Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the Code of Virginia during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability: \$100,000.
3. Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability: \$1,000,000 combined single limit. (Required only if a motor vehicle not owned by the Commonwealth is to be used in the contract). Contractor must assure that the required coverage is maintained by the Contractor (or third party owner of such motor vehicle).

10.18 Announcement Of Award

Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA VBO (www.eva.virginia.gov) for a minimum of 10 days.

10.19 Drug-Free Workplace

During the performance of this contract, the Contractor agrees to:

1. Provide a drug-free workplace for the Contractor's employees;
2. Post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
3. State in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and
4. Include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "*drug-free workplace*" means a site for the performance of work done in connection with a specific contract awarded to a Contractor, the employees of who are

prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

10.20 Nondiscrimination of Contractors

An Offeror shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, status as a service disabled veteran, any other basis prohibited by State law relating to discrimination in employment or because the Offeror employs ex-offenders unless the Department has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

10.21 eVA Business-To-Government Vendor Registration, Contracts, and Orders:

The eVA Internet electronic procurement solution, website portal www.eVA.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with State agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet eprocurement solution by completing the free eVA Vendor Registration. All bidders or offerors must register in eVA and pay the Vendor Transaction Fees specified below; failure to register will result in the bid/proposal being rejected.

Vendor transaction fees are determined by the date the original purchase order is issued and the current fees are as follows:

- a. For orders issued July 1, 2014 and after, the Vendor Transaction Fee is:
 - (i) DSBSD-certified Small Businesses: 1%, capped at \$500 per order.
 - (ii) Businesses that are not DSBSD-certified Small Businesses: 1%, capped at \$1,500 per order.

For orders issued prior to July 1, 2014 the vendor transaction fees can be found at www.eVA.virginia.gov.

The specified vendor transaction fee will be invoiced, by the Commonwealth of Virginia Department of General Services, approximately 30 days after the corresponding purchase order is issued and payable 30 days after the invoice date. Any adjustments (increases/decreases) will be handled through purchase order changes.

10.22 Availability of Funds

It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

10.23 Set-Asides

This solicitation is set-aside for award priority to DSBSD-certified micro businesses or small businesses when designated “Micro Business Set-Aside Award Priority” or “Small Business Set-Aside Award Priority” accordingly in the solicitation. DSBSD-certified micro business or small businesses this include DSBSD-certified women-owned and minority-owned businesses when they have received the DSBSD small business certification. For purposes of award, bidders/offerors shall be deemed micro businesses or small businesses if and only if they are certified as such by DSBSD on the due date for receipt of bids/proposals.

10.24 Price Currency

Unless stated otherwise in the solicitation, Offerors shall state offer prices in US dollars.

10.25 Authorization to Conduct Business in the Commonwealth

The Contractor organized as a stock or non-stock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the *Code of Virginia* or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the *Virginia Public Procurement Act* shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section.

11. SPECIAL TERMS AND CONDITIONS

11.1 Access To Premises

The Contractor shall allow duly authorized agents or representatives of the State or Federal government, during normal business hours, access to Contractor’s and subcontractors’ premises, to inspect, audit, monitor or otherwise evaluate the performance of the Contractor’s and subcontractor’s contractual activities and shall forthwith produce all records requested as part of such review or audit. In the event right of access is requested under this section, the Contractor and subcontractor shall, upon request, provide and make available staff to assist in the audit or inspection effort, and provide adequate space on the premises to reasonably accommodate the State or Federal personnel conducting the audit or inspection effort. All inspections or audits shall be conducted in a manner as will not unduly interfere with the performance of Contractor or

subcontractor's activities. The Contractor shall be given thirty (30) calendar days to respond to any preliminary findings of an audit before the Department shall finalize its findings. All information so obtained will be accorded confidential treatment as provided under applicable law.

The Department, the Office of the Attorney General of the Commonwealth of Virginia (including the Medicaid Fraud Control Unit or MFCU), the Auditor of Public Accounts of the Commonwealth of Virginia, the U.S. Department of Health and Human Services, and/or their duly authorized representatives shall be allowed access to evaluate through inspection or other means, the quality, appropriateness, and timeliness of services performed under this Contract.

11.2 Access to and Retention of Records

In addition to the requirements outlined below, the Contractor shall comply, and shall require compliance by its subcontractors with the security and confidentiality of records standards with respect to the Department's confidential records.

11.2.1 Access to Records

The Department, the Office of the Attorney General of the Commonwealth of Virginia (including the Medicaid Fraud Control Unit or MFCU), the Auditor of Public Accounts of the Commonwealth of Virginia, the Centers for Medicare and Medicaid Services (CMS), State and Federal auditors, or any of their duly authorized representatives shall have access to any books, fee schedules, documents, papers, and records of the Contractor and any of its subcontractors.

The Department, the Office of the Attorney General of the Commonwealth of Virginia (including the Medicaid Fraud Control Unit or MFCU), the Auditor of Public Accounts of the Commonwealth of Virginia, the Centers for Medicare and Medicaid Services, State and Federal auditors, or any of their duly authorized representatives, shall be allowed to inspect, copy, and audit any of the above documents, including, medical and/or financial records of the Contractor and its subcontractors.

11.2.2 Retention of Records

The Contractor shall retain all records and reports relating to this Contract for a period of six (6) years after final payment is made under this Contract or in the event that this Contract is renewed six (6) years after the renewal date. When an audit, litigation, or other action involving records is initiated prior to the end of said period, however, records shall be maintained for a period of six (6) years following resolution of such action or longer if such action is still ongoing. Copies on electronic media or other appropriate media of the documents contemplated herein may be substituted for the originals provided that the media or other duplicating procedures are reliable and are supported by an effective retrieval system which meets legal requirements to support litigation, and to be admissible into evidence in any court of law. The records, regardless of format, remain the property of DMAS.

11.3 Confidentiality of Personally Identifiable Information

The Contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients will be collected and held confidential, during and following the term of this agreement, and unless disclosure is required pursuant to court order, subpoena or other regulatory authority, will not be divulged without the individual's and the agency's written consent and only in accordance with Federal law or the Code of Virginia. Contractors who utilize, access, or store personally identifiable information as part of the performance of a contract are required to safeguard this information and immediately notify the agency of any breach or suspected breach in the security of such information. Contractors shall allow the agency to both participate in the investigation of incidents and exercise control over decisions regarding external reporting. Contractors and their employees working on this project may be required to sign a confidentiality statement.

11.4 Audit

The Contractor shall retain all books, records, and other documents relative to this contract for six (6) years after final payment, or longer if audited by the Commonwealth of Virginia, whichever is sooner. The agency, its authorized agents and/or State auditors shall have full access to and the right to examine any of said materials during said period.

11.5 Award

Selection shall be made *of two or more* Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price, if so stated in the Request for Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the Department shall select the Offeror which, in its opinion, has made the best proposal, and shall award the contract to that Offeror. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (*Code of Virginia*, § 2.2-4359D). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document shall be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated.

11.6 Termination

This Contract may be terminated in whole or in part:

- a. By the Department, for convenience, with not less than ninety (90) days prior written notice, which notice shall specify the effective date of the termination,

- b. By the Department, in whole or in part, if funding from Federal, State, or other sources is withdrawn, reduced, or limited;
- c. By the Department if the Department determines that the instability of the Contractor's financial condition threatens delivery of services and continued performance of the Contractor's responsibilities; or
- d. By the Department if the Department determines that the Contractor has failed to satisfactorily perform its contracted duties and responsibilities.

Each of these conditions for contract termination is described in the following paragraphs.

11.6.1 Termination for Convenience

a. The Department may terminate this contract at any time without cause, in whole or in part, upon giving the Contractor notice of such termination. Upon such termination, the Contractor shall immediately cease work and remove from the project site all of its labor forces and such of its materials as DMAS elects not to purchase or to assume in the manner hereinafter provided. Upon such termination, the Contractor shall take such steps as owner may require to assign to the owner the Contractor's interest in all subcontracts and purchase orders designated by owner. After all such steps have been taken to DMAS' satisfaction; the Contractor shall receive as full compensation for termination and assignment the following:

- (1) All amounts then otherwise due under the terms of this contract,
- (2) Amounts due for work performed subsequent to the latest Request for Payment through the date of termination,
- (3) Reasonable compensation for the actual cost of demobilization incurred by the Contractor as a direct result of such termination. The Contractor shall not be entitled to any compensation for lost profits or for any other type of contractual compensation or damage other than those provided by the preceding sentence. Upon payment of the forgoing, owner shall have no further obligations to the Contractor of any nature.

b. In no event shall termination for the convenience of DMAS terminate the obligations of the Contractor's surety on its payment and performance bonds.

11.6.2 Termination for Unavailable Funds

The Contractor understands and agrees that the Department shall be bound only to the extent of the funds available or which may become available for the purpose of this resulting Contract. When the Department makes a determination that funds are not adequately appropriated or otherwise unavailable to support continuance of performance of this Contract, the Department shall, in whole or in part, cancel or terminate this Contract.

The Department's payment of funds for purposes of this Contract is subject to and conditioned upon the availability of funds for such purposes, whether Federal and/or State funds. The Department may terminate this Contract at any time prior to the completion of this Contract, if, in the sole

opinion of the Department, funding becomes unavailable for these services or such funds are restricted or reduced. In the event that funds are restricted or reduced, it is agreed by both parties that, at the sole discretion of the Department, this Contract may be amended. If the Contractor shall be unable or unwilling to provide covered services at reduced rates, the Contract shall be terminated.

No damages, losses, or expenses may be sought by the Contractor against the Department, if, in the sole determination of the Department, funds become unavailable before or after this Contract is executed. A determination by the Department that funds are not appropriated or is otherwise inadequate or unavailable to support the continuance of this Contract shall be final and conclusive.

11.6.3 Termination Because of Financial Instability

If DMAS determines that there are verifiable indicators that the Contractor will become financially unstable to the point of threatening the ability of the Department to obtain the services provided for under the Contract, DMAS shall require verification of the Contractor's financial situation. If from the information DMAS determines the Contractor will inevitably become financially unstable, DMAS may terminate the contract before this occurs. If the Contractor ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, or suffers or permits the appointment of a receiver for its business or assets, DMAS may, at its option, immediately terminate this Contract effective at the close of business on a date specified by the Department. In the event the Department elects to terminate the Contract under this provision, the Contractor shall be notified in writing, by either certified or registered mail, specifying the date of termination. The Contractor shall submit a written waiver of the licensee's rights under the Federal bankruptcy laws.

In the event of the filing of a petition in bankruptcy by a principal network provider or subcontractor, the Contractor shall immediately so advise the Department. The Contractor shall ensure that all tasks that have been delegated to its subcontractor(s) are performed in accordance with the terms of this Contract.

11.6.4 Termination for Default

The Department may terminate the Contract, in whole or in part, if the Department determines that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract and is unable to cure such failure within a reasonable period of time as specified in writing by the Department, taking into consideration the gravity and nature of the default. Such termination shall be referred to herein as "Termination for Default."

Upon determination by the Department that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract, the Contractor shall be notified in writing, by either certified or registered mail, of the failure and of the time period which has been established to cure such failure. If the Contractor is unable to cure the failure within the specified time period, the Department will notify the Contractor in writing within thirty (30) calendar days of the last day of the specified time period that the Contract, has been terminated in full or in part, for default. This

written notice shall identify all of the Contractor's responsibilities in the case of the termination, including responsibilities related to member notification, network provider notification, refunds of advance payments, return or destruction of Department data and liability for medical claims.

In the event that DMAS determines that the Contractor's failure to perform its duties and responsibilities under this contract results in a substantial risk to the health and safety of Medicaid/FAMIS Plus or FAMIS individuals, DMAS may immediately terminate this contract prior to providing notice to the Contractor.

If, after notice of termination for default, it is determined by the Department or by a court of law that the Contractor was not in default or that the Contractor's failure to perform or make progress in performance was due to causes beyond the control of and without error or negligence on the part of the Contractor or any of its subcontractors, the notice of termination shall be deemed to have been issued as a termination for the convenience of the Department, and the rights and obligations of the parties shall be governed accordingly.

In the event of termination for default, in full or in part, as provided for under this clause, the Department may procure or contract from other sources, upon such terms and in such manner as is deemed appropriate by the Department, supplies or services similar to those terminated, and the Contractor shall be liable for any costs for such similar supplies and services and all other damages allowed by law. In addition, the Contractor shall be liable to the Department for administrative costs incurred to procure such similar supplies or services as are needed to continue operations. In the event of a termination for default prior to the start of operations, any claim the Contractor may assert shall be governed by the procedures defined by the Department for handling contract termination. Nothing herein shall be construed as limiting any other remedies that may be available to the Department.

In the event of a termination for default during ongoing operations, the Contractor shall be paid for any outstanding payments due less any assessed damages.

11.7 Remedies for Violation, Breach, or Non-Performance of Contract

Upon receipt by the Department of evidence of substantial non-compliance by the Contractor with any of the provisions of this Contract or with State or Federal laws or regulations the following remedies may be imposed.

11.7.1 Procedure for Contractor Noncompliance Notification

In the event that the Department identifies or learns of noncompliance with the terms of this contract, the Department shall notify the Contractor in writing of the nature of the noncompliance. The Contractor shall remedy the noncompliance within a time period established by the Department and the Department shall designate a period of time, not less than ten (10) calendar days, in which the Contractor shall provide a written response to the notification. The Department may develop or may require the Contractor to develop procedures with which the Contractor shall comply to eliminate or prevent the imposition of specific remedies.

11.7.2 Remedies Available To the Department

The Department reserves the right to employ, at the Department’s sole discretion, any and all remedies available at law or in equity, including but not limited to, payment withholds and/or termination of the contract.

11.8 Payment

The Contractor shall be prepared to provide the full range of services requested under this RFP and resultant contract, on site and be operationally ready to begin work by the implementation date established by DMAS. Upon approval of the Contractor’s operational readiness and a determined start date, DMAS shall make payments as described in Section 7 of this RFP.

Each invoice submitted by the Contractor shall be subject to DMAS approval based on satisfactory performance of contracted services and compliance with all contract terms. The invoice shall contain the Federal tax identification number, the contract number and any other information subsequently required by DMAS

11.9 Identification of Proposal Envelope

If a special envelope is not furnished, or if return in the special envelope is not possible, the signed /proposal should be returned in a separate envelope or package, sealed and identified as follows:

From: _____

Name of Offeror

Due Date /Time

Street or Box Number

City, State, Zip Code

RFP Number

Name of Contract/Purchase Officer: _____

The envelope should be addressed as directed on Page 1 of the solicitation.

If a proposal not contained in the special envelope is mailed, the Offeror assumes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information

compromised, which may cause the proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

11.10 Indemnification

Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Contractor/any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the Department or to failure of DMAS to use the materials, goods, or equipment in the manner already and permanently described by the Contractor on the materials, goods or equipment delivered.

11.11 Small Businesses Subcontracting and Evidence of Compliance

- A. It is the goal of the Commonwealth that 42% of its purchases be made from small businesses. This includes discretionary spending in prime contracts and subcontracts. All bidders/offerors are required to submit a Small Business Subcontracting Plan. Unless the bidder/offeror is registered as a DSBSD-certified small business and where it is not practicable for any portion of the awarded contract to be subcontracted to other suppliers, the Contractor is encouraged to offer such subcontracting opportunities to DSBSD-certified small businesses. This shall include DSBSD-certified women-owned and minority-owned businesses when they have received DSBSD small business certification. No bidder/offeror or subcontractor shall be considered a small business unless certified as such by the Department of Small Business and Supplier Diversity (DSBSD) by the due date for receipt of bids or proposals. If small business subcontractors are used, the prime Contractor agrees to report the use of small business subcontractors by providing the purchasing office at a minimum the following information: name of small business with the DSBSD certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.
- B. Each prime Contractor who wins an award in which a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business subcontracting plan. Upon completion of the contract, the Contractor agrees to furnish the purchasing office at a minimum the following information: name of firm with the DSBSD certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies for non-compliance to include, but not be limited to, termination for default.

- C. Each prime Contractor who wins an award valued over \$200,000 shall deliver to the contracting agency or institution on a quarterly basis, information on use of subcontractors that are not DSBSD-certified small businesses. Upon completion of the contract, the Contractor agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, and type of product or service provided.

11.12 Prime Contractor Responsibilities

The Contractor shall be responsible for completely supervising and directing the work under this contract and all subcontractors that it may utilize, using its best skill and attention. Subcontractors who perform work under this contract shall be responsible to the prime Contractor. The Contractor agrees that it is as fully responsible for the acts and omissions of its subcontractors and of persons employed by it as it is for the acts and omissions of its own employees.

11.13 Renewal of Contract

This contract may be renewed by the Commonwealth for up to three successive one year periods under the terms and conditions of the original contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Commonwealth's intention to renew shall be given approximately 90 days prior to the expiration date of each contract period.

1. The contract price(s) for the additional one year shall not exceed the contract price(s) of the original contract, **in addition to any modifications**, increased/decreased by more than the percentage increase/decrease of the Services category under the Commodity and Services Group of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.
2. If during any subsequent renewal periods, the Commonwealth elects to exercise the option to renew the contract, the contract price(s) for the subsequent renewal period shall not exceed the contract price(s) of the previous renewal periods, in addition to any modifications, increased/decreased by more than the percentage increase/decrease of the Services category under the Commodity and Services Group of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.

11.14 Confidentiality of Information

By submitting a proposal, the Contractor agrees that information or data obtained by the Contractor from DMAS during the course of determining and/or preparing a response to this RFP may not be used for any other purpose than determining and/or preparing the Contractor's response. Such information or data may not be disseminated or discussed for any reasons not directly related to the determination or preparation of the Contractor's response to this RFP. This paragraph does not

apply to public records that would be required to be disclosed in response to a request pursuant to the Virginia Freedom of Information Act.

11.15 Business Associate Agreement (BAA)

The Contractor shall be required to enter into a DMAS-supplied Business Associate Agreement (BAA) with DMAS to comply with regulations concerning the safeguarding of protected health information (PHI) and electronic protected health information (ePHI). The Contractor shall comply, and shall ensure that any and all subcontractors comply, with all State and Federal laws and regulations with regards to handling, processing, or using the Department's PHI and ePHI. This includes but is not limited to 45 C.F.R. Parts 160 and 164 Modification to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under the Health Information Technology for Economic and Clinical Health Act and the Genetic Information Nondiscrimination Act; Other Modifications to the HIPAA Rules; Final Rule, January 25, 2013 and related regulations as they pertain to this agreement.

The Contractor shall keep abreast of any future changes to the regulations. The Contractor shall comply with all current and future HIPAA regulations at no additional cost to DMAS, and agrees to comply with all terms set out in the DMAS BAA, including any future changes to the DMAS BAA. The current DMAS BAA template is available on the DMAS website at

http://www.dmas.virginia.gov/Content_pgs/rfp.aspx

11.16 Obligation of Contractor

By submitting a proposal, the Contractor covenants and agrees that it has satisfied itself of the conditions to be met, and fully understands its obligations, and that it will have no right to cancel its proposal or to relief of any other nature because of its misunderstanding or lack of information.

11.17 Independent Contractor

Any Contractor awarded a contract under this RFP will be considered an independent contractor, and neither the Contractor, nor personnel employed by the Contractor, is to be considered an employee or agent of DMAS.

11.18 Ownership of Intellectual Property

All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance specific to this contract shall become the sole property of the Commonwealth. DMAS shall have open access to the above. On request, the Contractor shall promptly provide an acknowledgement or assignment in a tangible form satisfactory to the Commonwealth to evidence the Commonwealth's sole ownership of specifically identified intellectual property created or developed in the performance of the contract.

11.19 Subsidiary-Parent Relationship

In the event the Offeror is a subsidiary or division of a parent organization, the Offeror must include in the proposal, a signed statement by the chief executive officer of the parent organization pledging the full resources of the parent organization to meet the responsibilities of the subsidiary organization under contract to the Department. DMAS must be notified within ten (10) calendar days of any change in ownership as well as a letter explaining how the changes affect the Contractor's relationship with the Department. Any change in ownership will not relieve the original parent of its obligation of pledging its full resources to meet the obligations of the contract with DMAS without the expressed written consent of the DMAS Director.

11.20 Business Transactions Reporting

The Contractor shall also notify the Department within ten (10) calendar days after any publicly announced acquisition agreement, pre-merger agreement, or pre-sale agreement impacting the Contractor's ownership. Business transactions to be disclosed include, but are not limited to:

- a. Any sale, exchange, or lease of any property between the Contractor and a Party in Interest;
- b. Any lending of money or other extension of credit between the Contractor and a Party in Interest; and
- c. Any furnishing for consideration of goods, services (including management services) or facilities between the Contractor and a Party in Interest. Business transactions for purposes of this section do not include salaries paid to employees for services provided in the normal course of employment by the Contractor.

The Contractor shall advise the Department, in writing, within five (5) business days of any organizational change or major decision affecting its Medicaid business in Virginia or other states. This includes, but is not limited to, sale of existing business to other entities or a complete exit from the Medicaid market in another state or jurisdiction.

11.21 eVA Business-To-Government Contracts and Orders

The solicitation/contract will result in 1 purchase order(s) with the eVA transaction fee specified below assessed for each order.

- a. For orders issued July 1, 2011 thru December 31, 2013, the Vendor Transaction Fee is:
 - (i) DSBS-certified Small Businesses: 0.75%, capped at \$500 per order.
 - (ii) Businesses that are not DSBS-certified Small Businesses: 0.75%, capped at \$1,500 per order.
- b. For orders issued January 1, 2014, and after, the Vendor Transaction Fee is:
 - (i) DSBS-certified Small Businesses: 1%, capped at \$500 per order.
 - (ii) Businesses that are not DSBS-certified Small Businesses: 1%, capped at \$1,500 per order.

The specified vendor transaction fee will be invoiced by the Commonwealth of Virginia Department of General Services, approximately 30 days after the corresponding purchase order is issued and payable 30 days after the invoice date. Any adjustments (increases/decreases) will be handled through purchase order changes.

The eVA Internet electronic procurement solution, website portal www.eva.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The portal is the gateway for vendors to conduct business with State agencies and public bodies.

Vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution and agree to comply with the following: If this solicitation is for a term contract, failure to provide an electronic catalog (price list) or index page catalog for items awarded will be just cause for the Commonwealth to reject your bid/offer or terminate this contract for default. The format of this electronic catalog shall conform to the eVA Catalog Interchange Format (CIF) Specification that can be accessed and downloaded from www.eVA.virginia.gov. Contractors should email Catalog or Index Page information to eVA-catalog-manager@dgs.virginia.gov.

11.22 Compliance with VITA Standard

The Contractor shall comply with all State laws and regulations with regards to accessibility to information technology equipment, software, networks, and web sites used by blind and visually impaired individuals. These accessibility standards are State law (*see* § 2.2-3502 and § 2.2-3503 of the *Code of Virginia*). The Contractor shall comply with the Accessibility Standards at no additional cost to the Department. The Contractor must also keep abreast of any future changes to the Virginia Code as well as any subsequent revisions to the Virginia Information Technologies Standards. The current Virginia Information Technologies Accessibility Standards are published on the Internet at <http://www.vita.virginia.gov/library/default.aspx?id=663>.

11.23 Continuity of Services

- a) The Contractor recognizes that the services under this contract are vital to the Agency and must be continued without interruption and that, upon contract expiration, a successor, either the Agency or another Contractor, may continue them. The Contractor agrees:
 - (i.) To exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor;
 - (ii.) To make all Agency owned facilities, equipment, and data available to any successor at an appropriate time prior to the expiration of the contract to facilitate transition to successor; and
 - (iii.) That the Agency Contracting Officer shall have final authority to resolve disputes related to the transition of the contract from the Contractor to its successor.
- b) The Contractor shall, upon written notice from the Contract Officer, furnish phase-in/phase-out services for up to ninety (90) days after this contract expires and shall negotiate in good

faith a plan with the successor to execute the phase-in/phase-out services. This plan shall be subject to the Contract Officer's approval.

- c) The Contractor shall be reimbursed for all reasonable, pre-approved phase-in/phase-out costs (i.e., costs incurred within the agreed period after contract expiration that result from phase-in, phase-out operations) and a fee (profit) not to exceed a pro rata portion of the fee (profit) under this contract. All phase-in/phase-out work fees must be approved by the Contract Officer in writing prior to commencement of said work.

11.24 State Corporation Commission Identification Number

Pursuant to *Code of Virginia*, § 2.2-4311.2 subsection B, an Offeror organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 is required to include in its proposal the identification number issued to it by the State Corporation Commission (SCC). Any Offeror that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 or as otherwise required by law is required to include in its proposal a statement describing why the Offeror is not required to be so authorized. Indicate the above information on the SCC Form provided (Reference Attachment V- State Corporation Commission Form). Contractor agrees that the process by which compliance with Titles 13.1 and 50 is checked during the solicitation stage (including without limitation the SCC Form provided) is streamlined and not definitive, and the Commonwealth's use and acceptance of such form, or its acceptance of Contractor's statement describing why the Offeror was not legally required to be authorized to transact business in the Commonwealth, Shall not be conclusive of the issue and Shall not be relied upon by the Contractor as demonstrating compliance.

11.25 Subcontracts

No portion of the work shall be subcontracted without prior written consent of the Department. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Department with the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

11.26 Severability

Invalidity of any term of this Contract, in whole or in part, shall not affect the validity of any other term. DMAS and Contractor further agree that in the event any provision is deemed an invalid part of this Contract, they shall immediately begin negotiations for a suitable replacement provision to this RFP.

11.27 E-Verify Program

EFFECTIVE 12/1/13. Pursuant to *Code of Virginia*, §2.2-4308.2., any employer with more than an average of 50 employees for the previous 12 months entering into a contract in excess of \$50,000

with any agency of the Commonwealth to perform work or provide services pursuant to such contract shall register and participate in the E-Verify program to verify information and work authorization of its newly hired employees performing work pursuant to such public contract. Any such employer who fails to comply with these provisions shall be debarred from contracting with any agency of the Commonwealth for a period up to one year. Such debarment shall cease upon the employer's registration and participation in the E-Verify program. If requested, the employer shall present a copy of their Maintain Company page from E-Verify to prove that they are enrolled in E-Verify.

Attachment I

RFP 2015-02 Reference Form

Contract Name:	
Customer name and address:	
Customer contact and title:	
Contact Phone number:	
Scope of Services of Contract:	
Contract Type (fixed price, fee for service, capitation, etc):	
Contract Size (# of providers served , # of participants served, etc):	
Amount Recovered:	
Contract Period:	
Number of Contractor staff assigned to contract:	
Any legal or adverse contractual actions against the Offeror related to the project:	
Annual Value of Contract:	

Attachment II

Small Business and Subcontracting Plan

To Be Completed By Offeror and Returned With Your Cost Proposal

Note: The text of definitions section below comes directly from APSPM Annex 7-G. This text shall not be construed to reflect independent definitions or status decisions by the Department. Reference §9.1 of the RFP

It is the goal of the Commonwealth that more than 42% of its purchases be made from small businesses. All potential bidders are required to submit a Small Business Subcontracting Plan.

Small Business: "Small business (including micro)" means a business which holds a certification as such by the Virginia Department of Small Business and Supplier Diversity (DSBSD) on the due date for proposals. This shall also include DSBSD-certified women- and minority-owned businesses when they also hold a DSBSD certification as a small business on the proposal due date. Currently, DSBSD offers small business certification and micro business designation to firms that qualify under the definitions below.

Certification applications are available through DSBSD online at www.DSBSD.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____ **Date:** _____

Instructions

- A. If you are certified by the DSBSD as a micro/small business, complete only Section A of this form. This includes but is not limited to DSBSD-certified women-owned and minority-owned businesses when they have also received DSBSD small business certification.
- B. If you are not a DSBSD-certified small business, complete Section B of this form. For the offeror to receive credit for the small business subcontracting plan evaluation criteria, the offeror shall identify the portions of the contract that will be subcontracted to DSBSD-certified small business for the initial contract period in Section B.

Offerors which are small businesses themselves will receive the maximum available points for the small business participation plan evaluation criterion, and do not have any further subcontracting requirements.

Offerors which are not certified small businesses will be assigned points based on proposed expenditures with DSBSD-certified small businesses for the initial contract period in relation to the offeror's total price for the initial contract period.

Points will be assigned based on each offeror's proposed subcontracting expenditures with DSBSD certified small businesses for the initial contract period as indicated in Section B in relation to the offeror's total price.

Section A

If your firm is certified by the Department of Small Business and Supplier Diversity (DSBSD), provide your certification number and the date of certification):

Certification number: _____ Certification Date: _____

Section B

Populate the table below to show your firm's plans for utilization of DSBSD-certified small businesses in the performance of this contract for the initial contract period in relation to the bidder's total price for the initial contract period. Certified small businesses include but are not limited to DSBSD-certified women-owned and minority-owned businesses that have also received the DSBSD small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc. It is important to note that these proposed participation will be incorporated into the subsequent contract and will be a requirement of the contract. Failure to obtain the proposed participation percentages may result in breach of the contract

B. Plans for Utilization of DSBSD-Certified Small Businesses for this Procurement

Micro/Small Business Name & Address DSBSD Certificate #	Status if Micro/Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Involvement During Initial Period of the Contract	Planned Contract Dollars During Initial Period of the Contract (\$ or %)
Totals \$					

Attachment III

Certification of Compliance

Certification of Compliance with Prohibition of Political Contributions and Gifts During the Procurement Process

For contracts with a stated or expected value of \$5 million or more except those awarded as the result of competitive sealed bidding

I, _____, a representative of _____,

Please Print Name

Name of Bidder/Offeror

am submitting a bid/proposal to _____ in response to

Name of Agency/Institution

_____, a solicitation where stated or expected contract value is

Solicitation/Contract #

\$5 million or more which is being solicited by a method of procurement other than competitive sealed bidding as defined in § 2.2-4301 of the *Code of Virginia*.

I hereby certify the following statements to be true with respect to the provisions of §2.2-4376.1 of the *Code of Virginia*. I further state that I have the authority to make the following representation on behalf of myself and the business entity:

1. The bidder/offeror shall not knowingly provide a contribution, gift, or other item with a value greater than \$50 or make an express or implied promise to make such a contribution or gift to the Governor, his political action committee, or the Governor's Secretaries, if the Secretary is responsible to the Governor for an agency with jurisdiction over the matters at issue, during the period between the submission of the bid/proposal and the award of the contract.
2. No individual who is an officer or director of the bidder/offeror, shall knowingly provide a contribution, gift, or other item with a value greater than \$50 or make an express or implied promise to make such a contribution or gift to the Governor, his political action committee, or the Governor's Secretaries, if the Secretary is responsible to the Governor for an agency with jurisdiction over the matters at issue, during the period between the submission of the bid/proposal and the award of the contract.
3. I understand that any person who violates § 2.2-4376.1 of the *Code of Virginia* shall be subject to a civil penalty of \$500 or up to two times the amount of the contribution or gift, whichever is greater.

Signature

Title

Date

To Be Completed By Offeror and Returned With Your Technical Proposal

Attachment IV

Proprietary/Confidential Information Identification Form

To Be Completed By Offeror and Returned With Your Technical Proposal

Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of §2.2-4342F of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected including the section of the proposal in which it is contained and the page numbers, and states the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must include only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. In addition, a summary of such information shall be submitted on this form. The classification of an entire proposal document, line item prices, and/or total proposal prices as proprietary or trade secrets is not acceptable. If, after being given reasonable time, the Offeror refuses to withdraw such a classification designation, the proposal may be scored lower or eliminated from further consideration.

Name of Firm/Offeror: _____, invokes the protections of § 2.2-4342F of the *Code of Virginia* for the following portions of my proposal submitted on _____.

Date

Signature: _____ Title: _____

DATA/MATERIAL TO BE PROTECTED	SECTION NO., & PAGE NO.	REASON WHY PROTECTION IS NECESSARY

Attachment V

State Corporation Commission Form

Virginia State Corporation Commission (SCC) registration information. The Offeror:

is a corporation or other business entity with the following SCC identification number:

_____ **-OR-**

is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust **-OR-**

is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the Offeror in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from Offeror's out-of-state location) **-OR-**

is an out-of-state business entity that is including with this proposal an opinion of legal counsel which accurately and completely discloses the undersigned Offeror's current contacts with Virginia and describes why those contacts do not constitute the transaction of business in Virginia within the meaning of § 13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

****NOTE**** >> Check the following box if you have not completed any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for proposals (the Commonwealth reserves the right to determine in its sole discretion whether to allow such waiver):

To Be Completed by Offeror and Returned with Your Technical Proposal

Signature

Title

Date

**ATTACHMENT VI COST PROPOSAL
RFP # 2015-02**

Offeror’s Cost Details for Pricing Provider Auditing Services

Schedule A: Total Price

Item	Total Price
Implementation and Start-Up Cost (Total from Schedule B)	\$
Total annual cost for Year 1 (Total from Schedule B-1)	\$
Total annual cost for Year 2 (Total from Schedule B-1)	\$
Total annual cost for Year 3 (Total from Schedule B-1)	\$
Total Contract Price	\$
Note 1: <i>The Total Cost Proposal dollar amount will also be used for RFP 2015-02 Small Business Subcontracting Plan Scoring purposes.</i>	

Note 1: Reference Section **8.1.2** Cost Proposal for disallowable administrative costs.

Note 2: Startup/Implementation costs will be reimbursed 30 days after successful implementation as determined by DMAS.

COST PROPOSAL
RFP # 2015-02
START UP/ IMPLEMENTATION COST
Schedule B

Item	Price
A. Staffing (<i>by individual or staff category</i>)	\$
B. Facilities	\$
C. Hardware	\$
D. Software	\$
E. Supplies and Materials	\$
F. Telecommunications	\$
G. Website	\$
H. Equipment	\$
Other Costs (itemize: add more rows as necessary)	
A.	\$
B.	\$
Total Start Up/Implementation Costs¹	\$
¹ This amount shall be transferred to Schedule A in row labeled "Implementation and Start-Up Cost"	

Note 1: Reference Section **8.1.2** Cost Proposal for disallowable administrative costs.

Note 2: Startup/Implementation costs will be reimbursed 30 days after successful implementation as determined by DMAS.

**COST PROPOSAL
RFP # 2015-02**

OFFEROR'S COST DETAILS

Schedule B.1

Item	Year 1 Price	#FTE ¹ Year 1	Year 2 Price	#FTE ¹ Year 2	Year 3	# FTE ¹ Year 3	Total Price
Direct Costs²							
Staffing (<i>list by staffing category</i>)							
Benefits							
Temporary Labor							
Facilities							
Project Materials and Supplies							
Hardware							
Software							
Telecommunications							
Website							
Travel							
Other Direct Costs (itemize)							
Subcontracts (itemize)							
Indirect Costs³ (itemize)							
Facilities (<i>pro-rated share of rent, utilities, building services</i>)							
General Purpose Equipment							
TOTAL COSTS (Transfer to Schedule A)							

Note 1: Reference section 2.3 Table 2 when developing the cost proposal.

Note 2: List the number of full time equivalent (FTE) positions for each staffing category.

Note 3: Direct costs are costs that can be directly associated with the contract, relatively easily, with a high degree of accuracy. Travel, meals, and lodgings shall be included as a direct cost. Costs should not be allocated as direct if any other cost incurred for the same purpose has been listed as an indirect cost.

Note 4: Indirect costs are costs incurred for common or joint purposes and cannot be readily broken down and directly charged to the contract. Indirect costs typically include Facilities and general administration. Indirect costs shall be limited to the portion of services applicable to the contract. Reference Section **8.1.2** for disallowable costs.

**ATTACHMENT VI COST PROPOSAL
RFP # 2015-02**

OFFEROR'S COST DETAILS FOR PRICING - OPTIONAL SERVICES

(Reference Section 8.1.2)

Schedule C:

Total Price – MCO Encounter Data

Item	Total Price
Total annual cost for Year 1 (Total from Schedule C-1)	\$
Total annual cost for Year 2 (Total from Schedule C-1)	\$
Total annual cost for Year 3 (Total from Schedule C-1)	\$
Total Price	\$
<i>Optional services and costs are for information purposes only and will not be included in scoring of the proposal or evaluation process.)</i>	

Total Price – System Vulnerabilities

Item	Total Price
Total annual cost for Year 1 (Total from Schedule –C-21)	\$
Total annual cost for Year 2 (Total from Schedule C-2)	\$
Total annual cost for Year 3 (Total from Schedule C-2)	\$
Total Price	\$
<i>Optional services and costs are for information purposes only and will not be included in scoring of the proposal or evaluation process.)</i>	

As indicated any changes to audit quotas shall be negotiated by the parties in good faith and considered a contract modification under section 10.15 of this RFP.

If completed by the Offeror, this Optional Services form shall be returned with your Cost Proposal.

OPTIONAL SERVICES COST PROPOSAL
RFP # 2015-02
MCOs ENCOUNTER DATA

Schedule C.1 (Optional services and costs are for information purposes only and will not be included in scoring of the proposal or evaluation process.)

Item	Year 1 Price	#FTE ¹ Year 1	Year 2 Price	#FTE ¹ Year 2	Year 3	# FTE ¹ Year 3	Total Price
Direct Costs²							
Staffing (list by staffing category)							
Benefits							
Temporary Labor							
Facilities							
Project Materials and Supplies							
Hardware							
Software							
Telecommunications							
Website							
Travel							
Other Direct Costs (itemize)							
Subcontracts (itemize)							
Indirect Costs³ (itemize)							
Facilities (pro-rated share of rent, utilities, building services)							
General Purpose Equipment							
TOTAL COSTS (Transfer to Schedule X)							

Note 1: List the number of full time equivalent (FTE) positions for each staffing category.

Note 2: Direct costs are costs that can be directly associated with the contract, relatively easily, with a high degree of accuracy. Travel, meals, and lodgings shall be included as a direct cost. Costs should not be allocated as direct if any other cost incurred for the same purpose has been listed as an indirect cost.

Note 3: Indirect costs are costs incurred for common or joint purposes and cannot be readily broken down and directly charged to the contract. Indirect costs typically include Facilities and general administration. Indirect costs shall be limited to the portion of services applicable to the contract. Reference Section **8.1.2** for disallowable costs.

OPTIONAL SERVICES COST PROPOSAL
RFP # 2015-02
SYSTEM VULNERABILITIES

Schedule C.2 (Optional services and costs are for information purposes only and will not be included in scoring of the proposal or evaluation process.)

Item	Year 1 Price	#FTE ¹ Year 1	Year 2 Price	#FTE ¹ Year 2	Year 3	# FTE ¹ Year 3	Total Price
Direct Costs²							
Staffing (list by staffing category)							
Benefits							
Temporary Labor							
Facilities							
Project Materials and Supplies							
Hardware							
Software							
Telecommunications							
Website							
Travel							
Other Direct Costs (itemize)							
Subcontracts (itemize)							
Indirect Costs³ (itemize)							
Facilities (pro-rated share of rent, utilities, building services)							
General Purpose Equipment							
TOTAL COSTS (Transfer to Schedule X)							

Note 1: List the number of full time equivalent (FTE) positions for each staffing category.

Note 2: Direct costs are costs that can be directly associated with the contract, relatively easily, with a high degree of accuracy. Travel, meals, and lodgings shall be included as a direct cost. Costs should not be allocated as direct if any other cost incurred for the same purpose has been listed as an indirect cost.

Note 3: Indirect costs are costs incurred for common or joint purposes and cannot be readily broken down and directly charged to the contract. Indirect costs typically include Facilities and general administration. Indirect costs shall be limited to the portion of services applicable to the contract. Reference Section **8.1.2** for disallowable costs.

ATTACHMENT VII - PERFORMANCE STANDARDS, PENALTIES, and LIQUIDATED DAMAGES

A. SERVICE LEVEL AGREEMENT (SLA)

The Contractor shall meet or exceed the performance standards, described in Table 1 SLA during the term of the contract. If, in any calendar month, the Contractor fails to meet an SLA, there shall be a corresponding reduction, as stated in Table 1, in the Contractor’s monthly fixed price payment for each SLA that is not met.

Table 1 SLA

RFP Section(s) #	Service Area	Performance Standard	Penalty
§3.4	Preliminary Report	Contractor shall produce accurate preliminary reports within the timeframes agreed upon by DMAS and Contractor.	\$100 per calendar day for each day the preliminary report extends beyond the agreed upon timeframe.
§3.4	Overpayment Report	Contractor shall produce accurate overpayment reports within the timeframes agreed upon by DMAS and Contractor.	\$100 per calendar day for each day the overpayment report extends beyond the agreed upon timeframe.
§3.18	Corrective Action Plans	Failure to complete and comply with corrective action plans as required by the Department.	\$500 per calendar day for each day the corrective action is not completed and complied with as required

Maximum Payment Reduction

The maximum monthly payment reduction for not meeting SLAs for Behavioral Health Provider Auditing Services is 2% of the monthly fixed price payment. Each calendar month constitutes a separate period for measuring the number of failures to achieve SLAs. The Department will notify the Contractor, in writing, of the nature of the failure to meet performance standard(s) and

any assessed penalties that will result in a payment reduction. The Contractor shall adjust the invoice to reflect all assessed penalties.

If any failure to meet a Performance Standard is directly and solely attributable to (i) a force majeure event or (ii) actions or omissions of the Department or a breach by the Department of this contract, the Department shall not be entitled to receive penalties.

B. LIQUIDATED DAMAGES

1. It is understood and agreed by the Contractor that time is of the essence in the delivery of supplies, services, materials, or equipment of the character and quality specified in the Contract. In the event these specified services, materials, or equipment described in Table 2 Appeals are not delivered by the required dates or do not meet requirements, there will be deducted, not as a penalty but as liquidated damages, all costs described in Table 2; except that if the delivery be delayed by any act, negligence, or default on the part of the Commonwealth, public enemy, war, embargo, fire, or explosion not caused by the negligence or intentional act of the contractor or his supplier(s), or by riot, sabotage, or labor trouble that results from a cause or causes entirely beyond the control or fault of the contractor or his supplier(s), a reasonable extension of time as the procuring public body deems appropriate may be granted. Upon receipt of a written request and justification for any extension from the contractor, DMAS may extend the time for performance of the delivery of goods specified below, at DMAS’ sole discretion, for good cause shown.

Table 2 Appeals

RFP Section(s) #	Service Area	Performance	Damage
	Appeal Summaries	Failure to meet timeliness or content requirements for appeals summaries in accordance with law and DMAS regulations and policies may automatically trigger a default against the DMAS resulting in the obligation to approve the Provider’s full monetary claim, regardless of the merits of the Provider’s case.	Any default caused by the Contractor shall subject the Contractor to damages in the full amount of the Provider’s claim on appeal, together with any costs or legal fees assessed by the Hearing Officer or Court or as part of a negotiated settlement between DMAS and the provider due to the default.
	Contractor participation and	Failure to attend or defend the Contractor’s decisions at	Failure to fully comply with the regulatory requirements for attendance

RFP Section(s) #	Service Area	Performance	Damage
	attendance at provider appeal hearings.	provider appeal hearings.	<p>at hearings, to provide expert testimony to support adverse actions and production of documents may trigger a default against DMAS.</p> <p>Any default caused by the Contractor shall subject the Contractor to damages in the full amount of the Provider's claim on appeal, together with any costs or legal fees assessed by the Hearing Officer or Court or as part of a negotiated settlement between the Department and the provider due to the default.</p>

2. Payment of Liquidated Damages

All liquidated damages assessed by the Department shall be due and payable to the Department within 30 calendar days after Contractor's receipt of the notice of damages and, if payment is not made by the due date, the amount of liquidated damages may be withheld from future payments by the Department without further notice. It is agreed by the Department and the Contractor that the collection of liquidated damages by the Department shall be made without regard to any appeal rights the Contractor may have pursuant to this RFP; however, in the event an appeal by the Contractor results in a decision in favor of the Contractor, any such funds withheld by the Department will be immediately returned to the Contractor.

The Contractor shall be liable for all liquidated damages imposed by DMAS. Any dispute between the Contractor and any provider/subcontractor regarding responsibility for any events giving rise to the imposition of liquidated damages shall not relieve the Contractor of their liability for said damages.

APPENDIX 1

DMAS Program Integrity Efforts Flow Chart

