



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF MEDICAL ASSISTANCE SERVICES

600 East Broad Street, Suite 1300

Richmond, VA 23219

August 10, 2015

### ADDENDUM No. 2 TO VENDORS:

Reference Request for Proposal: RFP 2015-03  
Dated: July 22, 2015  
Due: August 20, 2015

Below are updates that may delete, add, modify or clarify certain aspects of the aforementioned RFP. Please incorporate as necessary.

- 1) See Attachment 1 for mandatory pre-proposal conference attendance roster;**
- 2) See Attachment 2 for the Department of Medical Assistance Services response to questions/inquiries as submitted by potential Offerors.**

A signed acknowledgment of this addendum must be received by this office either prior to the due date and hour required or attached to your proposal response. Signature on this addendum does not substitute for your signature on the original proposal document. The original proposal document must be signed.

Sincerely,

A handwritten signature in cursive script that reads "Christopher Banaszak".

Christopher Banaszak  
DMAS Contract Manager

Name of Firm: \_\_\_\_\_

Signature and Title: \_\_\_\_\_

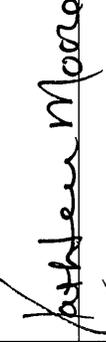
Date: \_\_\_\_\_

RFP 2015-03 Community MH Rehabilitative Services and Behavioral Health Provider Auditing Services

Mandatory Pre-Proposal Conference

August 3, 2015 10:00 AM

Attachment 1  
RFP 2015-03 Addendum 2

Firm Name and Address (PRINT CLEARLY)	Representative Signature/Name	Email Address (PRINT CLEARLY)
Public Consulting Group 5511 Capital Center Drive. Raleigh, NC 27606	 Eric Lau	elau@PCGUS.COM
MYERS AND STANFORD LC 4400 Cox Road Suite 110 Glen Allen, VA 23060	 Charles T. Smith, IV	CTSMITH@MSUC.COM
Health Care Excel 2401 Metropolitan Parkway H 220 Plainsfield, TN 37061	 Howard Adelson	hadelson@hce.org
HMS 808 Moorefield DR Richmond	 Kathleen Moore	kmoore@hms.com
Integrity Management Services 5911 Knagsenwa Village Hwy Alexandria, VA 22315	 Brian T. Pattison	bpattison@integritytym.com

RFP 2015-03 Community MH Rehabilitative Services and Behavioral Health Provider Auditing Services

Mandatory Pre-Proposal Conference

August 3, 2015 10:00 AM

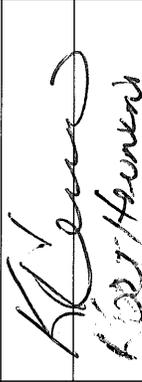
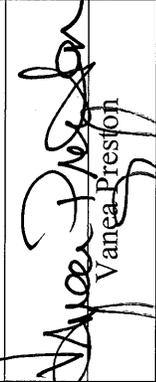
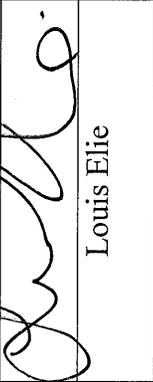
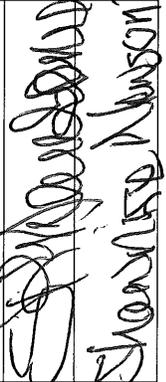
<b>Firm Name and Address (PRINT CLEARLY)</b>	<b>Representative Signature/Name</b>	<b>Email Address (PRINT CLEARLY)</b>
Health Mgmt Services 808 Moorfield Rd, Richmond Va 23275		Kathryn.Simpson@HMS.com

RFP 2015-03 Community MH Rehabilitative Services and Behavioral Health Provider Auditing Services

Mandatory Pre-Proposal Conference

*DMAS STAFF*

August 3, 2015 10:00 AM

Firm Name and Address (PRINT CLEARLY)	Representative Signature/Name	Email Address (PRINT CLEARLY)
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219	 Chris Banaszak	Chris.Banaszak@dmas.virginia.gov
Cavalier Reporting and Videography 677 Berkmar Circle Charlottesville, VA 22901	 Robert Hawkins	
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219	 Letitsa Melton	Letitsa.Melton@dmas.virginia.gov
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219	 Vanea Preston	Vanea.Preston@dmas.virginia.gov
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219	 Louis Elie	Louis.Elie@dmas.virginia.gov
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219		
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219		
Department of Medical Assistance Services 600 E. Broad Street, Suite 1300 Richmond, VA 23219	 Shanise Nunsom	Shanise.Nunsom@dmas.virginia.gov

**Attachment 2**  
**RFP 2015-03, Addendum 2**  
**Vendor Questions and Answers**

Question Number	Section	Question/Comment	DMAS Response
1.	3.4 pg 36	<p>Audit a sample size of 30%-50% of total claims paid to the provider during the specified audit period for all audits.</p> <p>Please confirm if the sample size is to be derived from total claims paid or from the total amount paid to the provider during the audit period for all audits.</p>	<p>The sample size is to be derived from the total amount paid to the provider during the audit period for all audits.</p>
2.	3.14.1 pg 48	<p>The Contractor team shall include a staff member who is a Licensed Clinical Social Worker (LCSW) in the Commonwealth of Virginia.</p> <p>Is DMAS agreeable to a Licensed Professional Counselor (LPC) being named in the proposal in lieu of a Licensed Clinical Social Worker (LCSW)?</p>	<p>No, the RFP requests that a Licensed Clinical Social Worker (LCSW) be named in the proposal. Given the broader field of focus provided by an LCSW it is preferable to have an LCSW named in the proposal.</p>
3.	10.14 pg 84	<p>Assignment Clause in General Terms and Conditions.</p> <p>Will the Department consider the following change to the Assignment clause as redlined? 10.14 Assignment of Contract <b>Except for an assignment to an affiliate of Contractor</b>, 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.</p>	<p>This is a mandatory use term and condition to be included in all written solicitations issued by state agencies. DMAS will not consider any revisions to this clause.</p>
4.	11.5 pg 90	<p>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.</p> <p>Please clarify if DMAS intends to award a contract to one vendor or two as the language in RFP is contradictory.</p>	<p>This is the <u>single award</u> clause as referenced in the Agency Procurement and Surplus Property, Manual (APSPM) under Appendix B, Section II, E. Based on this clause, DMAS only intends to award a contract to <b>one (1)</b> vendor. Further reading of the clause in the RFP indicates that the selection of two or more Offerors is in reference to the number of Offerors who will be taken into negotiations (see clause below).</p> <p>“Selection shall be made <i>of two or more</i> 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. <b>Negotiations shall be conducted with the Offerors so</b></p>

**Attachment 2**  
**RFP 2015-03, Addendum 2**  
**Vendor Questions and Answers**

Question Number	Section	Question/Comment	DMAS Response
			<p><u>selected</u>. Price shall be considered, but need not be the sole determining factor. <u>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</u>".</p>
5.	11.6.1 pg 91	<p>Termination for Convenience language</p> <p>Will the Department consider providing a right to terminate for convenience to the Contractor upon provision of substantial notice to the Department to allow adequate time to locate another Contractor designed to minimize any disruption to the Department as well as provide for thirty day's notice be given to Contractor in the event the Department terminates the contract without cause? Please see suggested redlined section below.</p> <p><b>11.6.1 Termination for Convenience</b></p> <p>a. The Department may terminate this contract at any time without cause, in whole or in part, upon giving the Contractor <b>thirty days (30) prior written notice</b> 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. <b>The Contractor may terminate this contract upon, without cause, in whole or in part, upon giving the Department one hundred twenty (120) days prior written notice of such termination.</b> 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.</p>	<p>The termination clause was drafted and approved by DMAS' legal counsel. DMAS will not consider any revisions to this clause.</p>
6.	11.1 pg 95	<p>Indemnification</p> <p>Will the Department consider revising the Indemnification section to be equitable to the Contractor and ensure that the indemnification obligation arises only in instances where there is negligence on the part of the Contractor and is <b>not</b> applicable where Contractor has fully complied with the Contract?</p> <p>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</p>	<p>The State is immune from every lawsuit except in those circumstances where sovereign immunity has been specifically waived by the General Assembly. The indemnity clause merely makes explicit what is implicit in sovereign immunity. The legislature has not waived the State's immunity with respect to tort actions, which are covered by the</p>

**Attachment 2  
RFP 2015-03, Addendum 2  
Vendor Questions and Answers**

Question Number	Section	Question/Comment	DMAS Response
		<p>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 <b>attributable to negligence or intentional misconduct on the part of Contractor and that such liability shall be reduced by that portion that is</b> not attributable to the <b>sole</b> 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.</p>	<p>immunity clause. DMAS has no authority to accept liability created by a contractor, since doing so would be a waiver of sovereign immunity. DMAS will not consider any revisions to this clause.</p>
7.	11.18 pg 97	<p>Ownership of Intellectual Property</p> <p>Will the Department modify this section to reflect that the resultant contract will be a service contract and that the ownership of intellectual property that the Department will acquire will be the papers, reports and other written materials created in the performance specific to this contract? Please see suggested redline.</p> <p>11.18 Ownership of Intellectual Property All copyright and patent rights to all papers, reports, <b>forms, or written materials, creations, or inventions</b> 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.</p>	<p>DMAS will not consider any revisions to this clause.</p>
8.	2.3 pg 30	<p>Was the 30%-50% sampling methodology used for the last contract period? If not, what sampling methodology was used?</p>	<p>The 30%-50% sampling methodology was not used for the last contract period. Ten percent of claims was the sampling methodology used for the last contract period. Going forward, the Department prefers to use the 30%-50% sampling methodology.</p>
9.	2.3 pg 30	<p>The RFP references "the specified audit period" for all audits. Will audit period(s) be one-year? If not, what will the length be of that audit period(s)?</p>	<p>Historically, the specified audit period for all audit contracts has been on year. It is anticipated that the audit period for this contract will also be one year. However, it is at DMAS' discretion to change the audit period as the need arises.</p>

**Attachment 2**  
**RFP 2015-03, Addendum 2**  
**Vendor Questions and Answers**

Question Number	Section	Question/Comment	DMAS Response
10.	3.3 pg 34	Does DMAS expect complete error matrices for each provider type to be submitted with the proposal, or only an example of an error matrix, as error matrix development is a task for the implementation period?	Complete error matrices for each provider type is expected to be submitted, if feasible. If an error matrix is still in development, it is expected that an example be provided with the proposal.
11.	3.3.1(b) pg 35	The contractor is asked to describe its approach to “identifying overpayments for recovery from health care providers in other state Medicaid programs, workers’ compensation carriers, health insurance companies and/or third party administrators.” Please confirm that the intent of this request is to describe the offeror’s approach to provider audits, and the reference to payors other than Medicaid is to account for the fact that an offeror’s approach may have been developed auditing claims paid by a non-Medicaid payor.	It is the intent of this request to have the offeror describe the offeror’s approach to provider audits in other Medicaid states. However, the Department realizes that some offerors’ experience is comprised of commercial business i.e. non-Medicaid claims; therefore, each offeror, if applicable, is asked to reference their audit approach or tools utilized with non-Medicaid claims/payors.
12.	3.4 pg 35	The first paragraph indicates that audits could be performed on encounter data. Will such audits be considered separate from the FFS audits?	Historically, the Department’s contractors have not conducted audits on encounter data. However, because the agency has full access to encounter data and due to the increase in managed care, it is always a possibility. At this time it has not been decided whether or not audits on encounter data will be considered separate from the FFS audits.
13.	3.4.1 pg 39	Is the requirement to “submit with their proposals samples of their desk and on-site completed audits” met by submitting “samples of medical record request, preliminary letter, overpayment letter and informal appeal case summary” for each type?	Yes, the requirement may be met by submitting samples of medical record requests, preliminary letters, overpayment letters, and informal appeal case summaries for each service type.
14.	3.11.7 pg 46	Not all entities, including CPA firms, will have audited financial statements. Please confirm that DMAS will accept non-audited financial statements in those circumstances.	DMAS confirms that non-audited financial statements will be accepted.
15.	6.1 pg 65	Some potential bidders, including CPA firms, may not have had their financial statements audited; thus, a review of internal controls may not have been	A peer review would be acceptable as it relates to the intent of this RFP.

**Attachment 2  
RFP 2015-03, Addendum 2  
Vendor Questions and Answers**

Question Number	Section	Question/Comment	DMAS Response
		performed. CPA firms do have periodic peer reviews. Would a peer review be acceptable as it relates to the intent of this RFP requirement?	
16.	General	Have previous audits included steps to assess “clinical compliance”?	Yes, clinical compliance was part of the former audit contract.
<b>Mandatory Pre-Proposal Conference Questions</b>			
17.	General	How many claims on average have been included in audits of the past year?	41,622 claims on average have been included in audits of the past year.
18.	General	What is the cost of the current contract?	The current contract cost is \$927,365.00 annually.
19.	General	What was the average number of ad hoc reports requested over the past 4 years?	Please refer to section 3.11 of RFP 2015-03 for information on reporting. On average there have been 3-4 ad hoc reports requested over the past 4 years.