

With the publication of this announcement of the Department of Health's (DOH) intent to solicit proposals for a Medicaid Administrative Services (MAS) contractor, DOH is formally entering a restricted period. This advertisement is NOT announcing the release of a Request for Proposals.

Pursuant to State Finance Law §§139-j and 139-k, this notification includes and imposes certain restrictions on communications between DOH and a vendor during the procurement process. A vendor is restricted from making contacts from the earliest notice of intent to solicit proposals through final award and approval of the Procurement Contract by DOH and, if applicable, the Office of the State Comptroller ("restricted period") to other than designated staff unless it is a contact that is included among certain statutory exceptions set forth in State Finance Law §139-j (3) (a). Designated staff, as of the date hereof, are identified below.

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The Department will NOT respond to questions or comments regarding this notification. The upcoming solicitation will include an opportunity for questions and answers.

## PURPOSE

Subject to federal approval, the New York State (the State) Department of Health (the Department) intends to solicit proposals for a Medicaid Administrative Services (MAS) contractor to provide fiscal agent and administrative services for the State's Medicaid Program, in a manner that complies with federal certification requirements for a Medicaid Management Information System (MMIS). These services will cover the Medicaid fee-for-service (FFS) program, selected administrative components of its Medicaid Managed Care (MC) program and selected non-Medicaid programs. The Department seeks a solution that represents a variation on historical MMIS procurements. To achieve this new approach, the Department intends to open the procurement to diverse vendors, including traditional MMIS vendors, Medicare Administrative Contractors (MACs), Administrative Services Organizations (ASOs), and commercial and Medicaid Managed Care Organizations (MCOs).

The selected contractor of the procurement will be expected to configure and supplement its existing infrastructure to provide selected health program administration services to the State, but will not bear health insurance risk for member coverage. Services are expected to include, but will not be limited to, the following:

1. Provider screening, enrollment, and recertification
2. Provider servicing, communication, and education
3. Member and provider call center functions
4. Claims adjudication, tracking of utilization thresholds and benefit limits, claims payment, and post-payment adjustment
5. Prior approval of certain services (transportation, Dental, Orthodontic, durable medical equipment, supplies, private duty nursing, high-tech radiology procedures, out of state inpatient and nursing home services, personal care services)
6. Pharmacy benefit management (PBM)
7. Program integrity and fraud prevention activities in coordination with appropriate oversight agencies
8. Facilitation of Electronic Health Records (EHR) incentive program
9. Specific benefit carve-outs for Medicaid members participating in the managed care program
10. Managed care plan capitation payments
11. Coordination of benefits (private third-party liability, Medicare dual-eligibles)
12. Grievance and appeals processes for members and providers, including fair hearings

The primary system functions for the resulting contract for services in support of the NYS FFS populations will be the performance of "mechanized claims processing and information retrieval" as defined in 42 CFR Part 433 Subpart C (see 433.112 and 433.116) and in the CMS SMM, Chapter 11, in addition to the Medicaid administrative functions identified in the RFP.

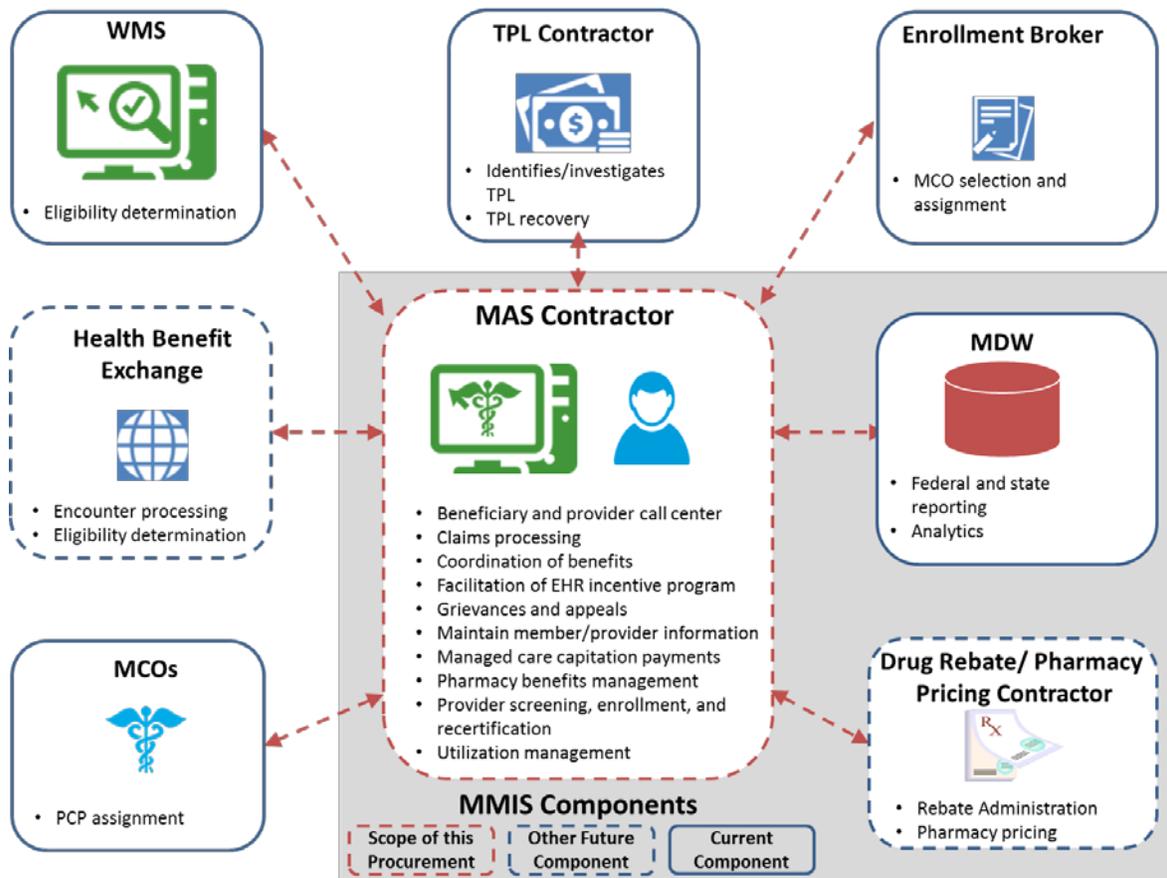
## PROCUREMENT SCOPE

The scope of this procurement does not represent the entire MMIS enterprise. The State’s MMIS is currently comprised of the electronic Medicaid system of New York (eMedNY) and the Medicaid Data Warehouse (MDW). The MMIS interfaces with the Welfare Management System (WMS), managed care organizations (MCO), the managed care enrollment broker, and the State’s third-party liability contractor to perform the functions required of an MMIS to support the Medicaid program.

Like the current environment, the future MMIS will be primarily comprised of the core MMIS and the MDW. This MAS procurement will consist of services and requirements that are largely a replacement of the areas currently covered by eMedNY.

The following graphic provides an overview of the future MMIS environment and interactions with other State systems. Components in the grey shaded box constitute the State’s future MMIS. The graphic depicts high-level interfaces that will be developed as part of the MMIS procurement.

### Current and Future components of MMIS



Additional description of the depicted State systems, their functions, and their interactions with the MMIS will be provided in the RFP.



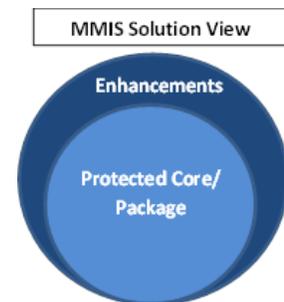
In addition to current Medicaid programs, the contractor will be expected to take over processing of Adult Cystic Fibrosis Assistance Program (ACFAP) claims, American Indian Health Plan (AIHP) non-clinic claims, as well as clinical review and administration functions for the State’s pharmaceutical programs including the Elderly Pharmaceutical Insurance Coverage (EPIC) Program, the New York Prescription Saver Program (NYPS), and the Preferred Diabetic Supply Program (PDSP).

**DEPARTMENT VISION**

Key aspects of the Department’s vision for the State’s Medicaid program include providing for and protecting the health of the State’s low-income and disabled citizens by supplying health insurance coverage and increasing health care access while improving quality and controlling costs. The Department’s vision is closely aligned with CMS and MITA goals and objectives, including the Seven Standards and Conditions.

To realize savings in both cost and speed of implementation, the Department expects the vendors to use a Service Oriented Architecture (SOA)-based design and leverage existing infrastructure and platforms for claims processing, customer service, care management and other services to a greater extent than in the traditional MMIS approach. To support leveraging of commercial off-the-shelf (COTS) solutions, the Department is increasing its flexibility on technical details to focus on achieving the outcomes provided in the RFP, within the confines of federal requirements for a certified MMIS.

The existing commercially-distributed software product(s) delivered by the contractor under the contract will be licensed to the Department in accordance with the contractor’s or other independent software vendor’s (ISV) standard license agreement, amended if necessary to satisfy federal and State requirements. The ownership rights of the contractor as well as conditions on license grant will be provided in detail with the published RFP. The scenarios below help to provide general guidance on ownership and federal financial participation (FFP):



	Description	Key Points
<b>Scenario 1</b>	Traditional MMIS vendor with existing Fiscal Agent/MMIS clients that transfers its custom developed core solution to NY	Core solution was federally funded and NY-specific enhancements would be funded at 90/10 FFP Ownership of the system and the enhancements would remain in the public domain
<b>Scenario 2</b>	Non-traditional vendor (e.g., Health Plan) with existing internally developed claims processing solution that will be leveraged for NY  - or -  Non-traditional or traditional MMIS vendor with a COTS solution for claims processing that will be configured for NY	Vendor to define the proprietary core solution; core package license is funded at 75/25 FFP Modifications/enhancements to core/package for NY and integration with NY systems funded at 90/10 FFP Enhancements for NYS that are federally funded at any level become part of the public domain The State can purchase, lease, or rent the core/package solution upon end/termination of contract for use by successor Fiscal Agent



Regardless of whether the Department owns or licenses particular components of the system, it must have access to and oversight of all systems and records procured as part of the MAS procurement to ensure its ability to determine and enforce compliance with the requirements of the MAS RFP. A project facility must be secured by the vendor to house key project management and oversight personnel, both for the vendor and the State, and be located within 10 miles of the Albany Capitol building. Other facilities, such as call centers and systems facilities, may be located elsewhere.

The way these services are delivered can vary based on the business models of the proposing organizations. The organization that submits the response to the MAS RFP will be considered the prime vendor (prime). The prime will be the fiscal agent and has the option to subcontract various services that are required in the RFP to qualified vendors. An MCO that is providing risk-based capitated Medicaid services in NYS is not eligible to function as the fiscal agent under the RFP, nor can it submit a proposal as a primary vendor in response to the RFP because of the risk of conflicts of interest in having a vendor pay itself. An MCO that is providing risk-based capitated Medicaid services in the State can, however, serve as a subcontractor, so long as it is not involved with making capitation payments or any other conflicts of interest. Additional details regarding qualifications and specific task area restrictions on entities will be provided in the RFP.

The Department envisions multiple overlapping phases to complete the project requirements set forth in the RFP. These phases include Planning, Design/Development/Implementation (DDI), Operations, Certification, System and Operational Enhancements, and Transition. It is the Department's intent that various Medicaid system and operational components be staged into two releases. The following table illustrates major components that should be structured into two releases. Vendors will indicate their approach to address the release of all components.

Release 1 Components*	Release 2 Components*
<ul style="list-style-type: none"> <li>• Provider screening, enrollment, and recertification</li> <li>• Provider servicing, documentation, communication, and education</li> <li>• Provider call center (partial operations until claims also serviced by contractor)</li> <li>• Program integrity and fraud prevention activities (in coordination with the Office of the Medicaid Inspector General)</li> <li>• Pharmacy benefit management (PBM), EPIC and NYPS</li> <li>• MEIPASS - Electronic Health Records (EHR) incentive program</li> </ul>	<ul style="list-style-type: none"> <li>• Member call center</li> <li>• Claims processing (claims adjudication, tracking of utilization thresholds and benefit limits, claims payment, and post-payment adjustment)</li> <li>• Prior approval of certain services (Dental, Orthodontic, DME, supplies, private duty nursing, high-tech radiology procedures, out of state inpatient and nursing home services, personal care services)</li> <li>• Specific benefit carve-outs for Medicaid members participating in the managed care population</li> <li>• Coordination of benefits (private third-party liability, Medicare dual-eligibles)</li> <li>• Grievance and appeals processes for members and providers including fair hearings</li> <li>• Capitation Payment</li> </ul>

\* Not exhaustive

A project schedule will be provided in the RFP. Interested bidders should be aware that it is a priority for the State to implement expeditiously, and it will seek a period of approximately twelve (12) months from contract signing to completion of Release 2. The contractor must be working towards CMS' MMIS certification from the start of the project, and must provide a certifiable system at the start of operations. It will also work with the Department and CMS through the formal certification process after a minimum of six (6) months of successful Operations for the complete contracted solution.

The successful vendor must also work to attain successively higher MITA maturity levels. The scope of work (SOW) for the contractor will be primarily organized by MITA 3.0 business areas, but it also includes some additional areas that do not fit within MITA. The SOW sections provided in the RFP will include: project management, technical architecture, business relationship management, care management, contractor management, eligibility and enrollment management, financial management, member management, operations management, performance management, plan management, and provider management. System and administration functions under the resulting contract for services will include assisting the Department's effort to achieve a higher MITA maturity model standing. MITA 3.0 is a framework established by CMS to help guide state Medicaid enterprises as they operate and work to improve their business and technical operations. For more information on the MITA framework please visit: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/MITA/Medicaid-Information-Technology-Architecture-MITA-30.html>

## **PROCUREMENT APPROACH**

The State will select a contractor using the Best Value methodology, which seeks to award contracts for services to the vendor that optimizes quality, cost and efficiency among responsive and responsible vendors. Best Value is defined in Article XI, Section 163j of the NYS Finance Law.

The Department intends to award a five (5) year contract with the option to renew for three (3) additional one (1) year periods at the sole option of the State. It is anticipated that the initial five (5) year period would begin in December, 2013 and include all project planning, DDI, operations, certification, and operational enhancement tasks.

It is the Department's intention to require a Letter of Credit (LOC) in the amount of three percent (3%) of the total contract value for the successful vendor at contract signing.

The RFP and supporting materials are currently under review by CMS and must be approved by CMS before the Department can publish the RFP and solicit bids.