

**NEW YORK STATE DEPARTMENT OF HEALTH
HCRA COMPLIANCE AUDIT RFP
FREQUENTLY ASKED
QUESTIONS AND ANSWERS**

The responses to the following questions are intended to provide clarification concerning certain aspects of the Request for Proposals (RFP) for HCRA Compliance Audits.

ASSIGNMENT OF A PROJECT COORDINATOR

Question: Can the Department provide some clarification on the role of the project coordinator and their ongoing responsibilities?

Answer: The project coordinator should be the sole liaison between the Department and the contractor. The Department should be able to direct all questions, audit targets and other correspondence to one individual. This individual is expected to be available on a daily basis via telephone and E-mail and to coordinate bi-weekly audit status meetings to apprise the Department of audit issues and status.

Question: Does the Department anticipate that the project coordinator and audit team members be dedicated to these audits?

Answer: The Department does not anticipate that the audit team members are to be solely dedicated to these audits. However, a continual flow of reports is expected for review by Department personnel.

Question: Is there a central coordinator for all outside parties - providers/payors/TPAs?

Answer: It is up to the contractor to structure their audit teams appropriately. However, there must be a project coordinator who oversees all contractor operations.

CONFLICT OF INTEREST

Question: What would specifically constitute a conflict of interest in the Department's view?

Answer: Firms should comply with their corporate conflict of interest policies and applicable professional standards to determine whether compliance testing involving a specific provider/payor/TPA constitutes a conflict of interest.

Question: Would a firm be precluded from performing compliance testing involving an existing client?

Answer: The contractor would be precluded from performing compliance testing involving an organization that constitutes a conflict of interest under the firm's corporate policies and applicable professional standards. Prospective bidders are to delineate their plan to deal with such situations in their proposal.

Question: Before the bidding process, is there a need for prospective bidders to disclose if there are any employee relationships with a Department employee that may be viewed as a conflict of interest?

Answer: Yes.

Question: If an employee of a prospective bidder has such a relationship with a Department employee, does it disqualify the bidder from submitting a bid?

Answer: It would not necessarily disqualify the bidder from submitting a bid. The Department would restrict participation by staff in the opening, evaluation and selection process to individuals who do not have any relationships with personnel of firms submitting bids.

Question: If employees of our firm have spouses that work for one of the payors or providers, would that preclude our firm from being selected? Would we need to establish procedures that ensured the specific employees involved did not participate on the specific audits?

Answer: No, this will not preclude your firm from being selected. Your proposal should address how such conflicts of interest will be resolved.

OWNERSHIP OF WORKPAPERS/RETENTION OF RECORDS

Question: Who is the owner of the data/workpapers related to this project?

Answer: The Department shall be the owner of the data/workpapers. The contractor will retain the workpapers for a specified period and will provide the Department access to the workpapers as requested.

Question: How long is the contractor required to preserve audit-related records, data and correspondence relating to the audit services provided under the contract.

Answer: Appendix A Standard Clauses for NYS Contracts, Section 10 -- which pertains to records retention – is as follows:

The Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "the Records"). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of the Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. The State shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate State official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records

as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

FACTORS AFFECTING COST PROPOSALS

Question: What exact support is required by the Department beyond estimated hours and price per hour?

Answer: Since the Cost Proposal evaluation is based exclusively on price, only bid per audit type and category are required for the Cost Proposal. Information regarding estimated hours, level of effort, and scope of work should ***not*** be included in the Cost Proposal. Such information should be included in the Technical Proposal for consideration during the Technical Proposal evaluation. A bidder will not receive credit for information provided in the incorrect section of their proposal since the Cost and Technical portions of the proposal are required to be evaluated and scored separately.

Question: How will points be awarded for costs? Will points be given based solely on lowest fees or will hours and effort be considered?

Answer: The points allocated for the Cost Proposal evaluation will be awarded based on price only. Hours and effort will be considered as part of the Technical evaluation.

Question: How are expenses such as travel, telephone and hotel to be reimbursed?

Answer: All payments made under this contract will be on a price per audit basis and will be an all-inclusive rate of payment per audit. Accordingly, amounts for expenses such as those mentioned above should be factored into the bid amount per audit, with the exception of costs for (i) travel to and from audit assignment destinations located outside New York State, and in association with such travel (ii) meals and (iii) lodging, for those assignments that require such, which shall be subject to the same limitations which apply to New York State Management/Confidential (M/C) employees. These limitations including the current available rates may be found by accessing the following New York State Office of the State Comptroller's web site at:

<http://nysosc3.osc.state.ny.us/agencies/travel/travel.htm>

The contractor will be required to provide the same level of detail to support travel, meal and lodging expenses that a State employee is required to provide when seeking reimbursement for such expenses. These travel expenses shall be separately vouchered and submitted with the voucher for payment upon acceptance of the final audit report by the Department.

Question: Is the Department going to provide prospective bidders with a list of addresses for the payors/providers to be audited so that travel expenses can be factored into their cost proposals?

Answer: The Department will not be providing such a list; however, at least 90% of the audits will be in New York State and contiguous states.

Question: Is the contractor expected to develop a database that they need to describe the electronic data processing equipment and computer software to be utilized for, or is this description only required to ensure compatibility between the contractor and DOH?

Answer: The Department is not asking the contractor to develop a database; only an outline of their hardware and software capabilities. Compatibility between the hardware and software of the contractor and the hardware and software of the Department is not an issue.

Question: Payment will be based on "completed" audits. Could you define what defines "completed" and "final"?

Answer: For payment purposes, an audit will be deemed completed upon submission of the Final Audit Report and a New York State Standard Voucher (Form AC 92) by the Contractor and acceptance of such report and voucher by the State.

Question: Do written contracts exist with all outside payors/providers/TPAs? Do these contracts provide access to records of these parties?

Answer: Access to records may be a problem for some of these audits. Sanctions do exist that should encourage auditees to make records available. However, the Department recognizes that lack of records access or lack of an audit trail may require the contractor to utilize alternative procedures to determine compliance and calculate potential surcharge and assessment underpayments.

Question: Can we get a list of Providers and Payors who are potential audit targets for comparison to our client list to determine if we would submit a proposal?

Answer: No list of potential audit targets will be made available. However, the universe of payors and providers who are potential audit targets can be found on the HCRA Web site at the following address:

www.health.state.ny.us/nysdoh/hcra/hcrahome.htm

Question: Could you furnish the expected or estimated number of days incurred at each auditee's site by category definition and the number of hours incurred by each team member the Department would consider reasonable to complete the respective audits?

Answer: No.

Question: Who will select the audit targets?

Answer: The audit targets will be selected by the Department.

OTHER QUESTIONS

- Question: What type of equivalent financial data, in lieu of audited financial statements, should bidders include in their proposal to prove financial viability?
- Answer: A statement (such as a Dunn & Bradstreet report) that demonstrates the financial viability of the firm.
- Question: Where can we get copies of the Public Health Law sections 2807-(j), (s) & (t)?
- Answer: Copies of the Public Health Law can be found at the following Web site address:
www.senate.state.ny.us
- Question: Is there any specific schedule for initiating the payor/provider reviews?
- Answer: No. The RFP calls for the contractor to annually conduct approximately 30 audits annually. Scheduling will be mutually agreed upon by the contractor and the Department.
- Question: Will the Department disclose to bidders the details of its own experience in testing of providers and payors or that of the current HCRA compliance audit contractor?
- Answer: No.
- Question: Will the Department provide a walk through of a typical compliance audit including team responsibilities over planning, field work and report preparation?
- Answer: No.
- Question: Was the Department's decision to use a certified public accountant for this procurement based on liability or experience?
- Answer: The Department's decision was based on wording in the statute, which authorizes the allocation of funds for an audit function of a financial nature. Proposals will be accepted from certified public accountants since they have the breadth of knowledge and experience required to perform such audit services. In addition, CPA firms are bound by industry-wide professional auditing and accounting standards.

Question: What information will be available from the Department of Health related to each third party administrator, payor and provider?

Answer: A bidder's audit approach shall not be contingent upon receipt of any particular type of information and should be flexible enough to adapt to instances where certain information may not be available.

The Department's Web site is a valuable resource for additional information concerning HCRA. Available on the site are correspondence concerning HCRA policies and procedures, interpretations of assessable payments, billing examples, applications for direct pool payment election, payor and provider monthly pool reporting forms, and lists of electing payors and affected designated providers of services. It is important to note that although the provider list may be one of the tools that electing payors utilize to identify claims from HCRA designated providers, we have advised payors and providers that they should consider communicating their respective HCRA status through their billing and remittances processes because: 1) the provider lists do not distinguish surchargeable services from non-surchargeable services; 2) the lists may not include all designated provider satellite branches and subsidiaries; and 3) the lists do not identify designated provider billing arrangements with non-designated providers billing services. The Web site address for HCRA information is:

www.health.state.ny.us/nysdoh/hcra/hcrahome

Question: Does the Department's Web site identify all the affected third party administrators (TPAs) and payors?

Answer: The Department's Web site does not identify all affected payors and TPAs. It identifies all electing payors and TPAs. However, it does not identify exempt payors or affected payors/TPAs that have not elected to make surcharge and/or assessment payments directly to the pool.

Question: Our workers' compensation insurer and our disability benefits insurer do not have the required forms (C-105.2, U-26.3 or DB-120.1). Could you please provide us with either electronic or hard copies of the required forms?

Answer: These forms are available from either the Worker's Compensation Board, State Insurance Department or State Labor Department.

Question: Regarding the formal answers to questions, when will that information be distributed to prospective bidders?

Answer: In accordance with the schedule of events included in the RFP, such information will be posted by December 15, 2006, on the Department's Web site at:

www.health.state.ny.us/funding

Question: Would the contractor be functioning as an agent for the Department and will that be communicated to the payor/provider?

Answer: Yes. The contractor will be an independent contractor, as stated in Section G (5)(k), and will be performing functions for the Department as its agent in that capacity. Payors and providers will be so informed.

Question: Will there be consideration given to the successful bidder during the first quarter of the year for postponement of HCRA audits so that usual tax return and year end audits may be performed?

Answer: As stated earlier, the Department does not anticipate the audit team members to be solely dedicated to the HCRA audits. However, these audits are expected to be ongoing and a continual flow of reports is anticipated for review by Department personnel. Periodic gaps are to be avoided.

Question: Will there be more than one successful bidder awarded the HCRA Audits?

Answer: No, only one firm will be awarded the HCRA audits contract.