

RFP for New York State Office of Health Insurance Programs (OHIP)

RFP # 0902131116

Actuarial and Consulting Services

Responses to Questions

1. Question: Please indicate why this contract is out to bid; for example, whether vendor reprocurement is required every X years (state number of years), dissatisfaction with the current vendor, or other reasons.

RFP Citation: General

The Department of Health is nearing the end of the current contract term and must reprocure the services.

2. Question: Please indicate whether the scope of services as outlined in Section 2 of the RFP are the same as those provided by the current actuarial consultant for the Department of Health, Division of Managed Care (DOH/DMC). In addition, please identify:

- a. the name of the firm that DOH currently uses for actuarial services,
- b. how long they have been your consultant,
- c. the amount of total billings for actuarial services for each of the past three years, subset by project and staff level if available,
- d. the current hourly rates by staff level,
- e. a copy of your contract with the actuarial consultant, and
- f. Please provide copies of actual bills for the past two years.
- g. Over the prior two contract years, what have total hours and fees been (separated into services and expenses by task, if possible) for the incumbent contractor?

RFP Citation: Section 2, page 11 and Cost Proposal, page 16

As a result of a competitive bidding process, the Department currently has a three year contract, with two one year renewal periods, with Mercer Government Human Services Consulting for actuarial services. The aggregate contract expenditures over the past 3 years have been an estimated \$3.6 Million to date. This figure is provided for informational purposes only. Past contract requirements and performance is no guarantee of future work or performance under a future contract. Since the current procurement is substantially different in scope from the prior engagement and stands on its own, bidders are encouraged to pay particular attention to the Proposed Tasks as further set forth in the RFP.

With respect to requesting copies of contract documentation under the Freedom of Information Law, those requests should be referred to the Records Access Officer of the New York State Department of Health as further set forth on the Department's website.

3. Please provide copies of final reports and actuarial certifications, as appropriate, for each project completed by your actuarial consultant over the past 2 years.

RFP Citation: Background

The Department does not believe it is relevant to provide its current actuarial certifications, as the RFP (pages 1-10) provides sufficient background on the State's managed care programs, including time frames for rate determinations. The RFP is seeking consulting services to assist the Department in meeting its requirements under the Balanced Budget Act, among other proposed tasks, including attestations of actuarial soundness and certification of plan rates. Bidders responding to the RFP should propose approaches and methods for the proposed tasks, as further described in the RFP, that demonstrate innovation, actuarial sophistication and analytical depth. The Department, in selecting a vendor through this RFP, will evaluate these and other features proposed by the responding bidders to assist the Department in its responsibility.

4. Question: What is the appropriate time and format for discussing contract language concerns? Please confirm that the offeror should outline any explicit exceptions or modifications to DOH's proposed contract language in its transmittal letter.

RFP Citation: Attachment XI

As discussed in Attachment I, any suggested changes to the contract language must be included in the Transmittal Letter. Subsequent to submission of bids, no requests for contract modifications will be considered.

5. Question: Please provide the expected number of onsite meetings and location of meetings with DOH staff or other parties.

RFP Citation: Cost Proposal, page 16

It is expected that most discussions with the actuarial consultant will take place through telephone conference calls. We expect 2-4 onsite meetings with the actuarial consultant per year for the duration of the contract. These on-site meetings will primarily involve having the actuarial consultant accompanying the Department managed care staff in meeting with the plans as a group to describe methodologies, new initiatives, and other relevant issues.

6. Question: Please describe data sources that have been used by your actuarial consultant in the development of capitation rates for the programs listed in the background section. Also describe the form in which the data are provided to the consultant (e.g., summarized tables, detailed claims records, something else.) If detailed data are provided, please describe the volume of data, the manner in which it is transmitted, and the general data format (e.g., ASCII file, SAS data set, other.) If data are provided in a summarized format, please describe the criteria used for producing the

summary reports and examples of the report formats that have been provided to the consultant. Please comment on the possibility of modifying the report formats to meet the specific analytic needs of this analysis.

RFP Citation: Background

The primary data sources used to develop capitation rates include Fee for Service data associated with recipients eligible to enroll in the respective program, monthly encounter data submitted by all plans participating in the Mainstream and FHPlus programs and each respective program's Medicaid Managed Care Operating Report (MMCOR) which is submitted on a quarterly basis. All the data are generally aggregated into applicable regions and premium groups relevant to the program and provided in Excel format. Report formats could be modified, subject to approval by the Department, depending on need and format availability.

7. Question: With regard to the risk assessment methodology currently in place for the Mainstream and Family Health Plus programs, do you license the software used for the analysis? If yes, how do you anticipate your consultant or DOH staff will have responsibility for running the software to obtain risk scores for each individual?

RFP Citation: Background, pages 5 through 7

No, the Department does not license the software used for the analysis. The Department staff will be responsible for the risk score data analysis.

8. Question: Is Minority and Women Business Enterprise subcontracting a requirement or a preference? Please describe the subcontracting arrangements and specific subcontracted services used under your current actuarial contract. Please also provide the name of the firms participating in the subcontracting arrangement(s).

RFP Citation: M/WBE Utilization Plan, Page 26

The State's goal for MWBE is 10% and includes MWBE subcontracting. It is expected that the winning bidder will make their best effort to support this goal. This is not an element of the methodology for scoring bids. The current actuarial contractor does not employ subcontractors.

9. Question: The NYS Empire State Development Corporation Division of Minority and Women-Owned Business Development has acknowledged a substantial backlog in processing applications for the New York State MWBE certification to the vendor community. For the purposes of evaluating this bid in terms of meeting goals for usage of M/WBE's, will DOH accept proposed minority or woman-owned business enterprise partners that have applied, but have not yet been fully approved, for MWBE certification in the State of New York?

RFP Citation: E15: M/WBE Utilization Plan for Subcontracting and Purchasing (pg. 26)

DOH will accept bids proposing subcontractors that have applied for, but have not yet received, MWBE certification. Again, this is not an element of the methodology for scoring bids.

10. Question: The RFP Attachment XII contains a section "Subcontracting Utilization Form" (page 82 in the RFP) which contains some portions that appear to require the bid to have been awarded and/or project work actually having been completed. Can DOH clarify specifically how this form should be completed by a bidder as part of its proposal in advance of bidder selection?

RFP Citation: E15: M/WBE Utilization Plan for Subcontracting and Purchasing (pg. 26)

This form should be completed as fully as possible, with particular attention to the "Subcontractors/Suppliers:" section. A contract number will not be available. Agency Contact information (Jonathan Mahar) is available on page ii of the RFP.

11. Question: As it is not listed in either the Technical or Cost Proposal sections and due to cost information requested in the forms, please confirm you are only expecting to receive M/WBE documents in the Cost Proposal response

RFP Citation: General

The MWBE forms should be included ONLY in the Cost Proposal, as they contain bid price information.

12. Question: You've asked for client references under each of the task descriptions. As we provide a broad range of services for our clients, the same reference can comment on our work on several of the tasks. What is your preference for providing the information regarding each reference and task combination? Specifically, would you prefer that the reference information be repeated under each relevant task, or that the information be summarized in one location with a comment under each item to "see Table X"?

RFP Citation: Attachment II

The reference information should be provided under each relevant task.

13. Question: If an offeror has an affiliate that is under common ownership and which is currently offering or intends to offer one or more benefit plans within New York that fall within the program descriptions contained in Sections B.1. (a.) through (f) of the RFP, what perceived conflicts might exist and what processes, safeguards, structures, policies and procedures would be considered to be part of an effective Organizational Conflict of Interest mitigation plan?

Question: The offeror has instituted several measures to safeguard the confidentiality of our relationship with DOH to avoid any conflicts of interest. Can DOH determine whether these measures adequately mitigate potential conflicts of interest?

RFP Citation: Section C.4.a

Offerers should follow the instructions provided in the RFP, including identifying all business relationships and ownership interests that may present a conflict of interest and describing how any potential conflict of interest will be avoided. Based on the information submitted in a bid proposal, the Department will make a determination on a case-by-case basis.

14. Question: The RFP indicates that "each offeror and the successful contractor shall ensure that its officers, employees, agents, consultants and/or sub-contractors comply with the requirements of the New York State Public Officers Law ("POL)". Can you provide a copy of the law or provide an internet link to the law? (Page 12, 4.b. and 4.c)

The Public Officer's Law can be accessed through the NYS Senate's website at <http://public.leginfo.state.ny.us/menuf.cgi>. On the search page, select "Laws of New York" under the "Search" heading and then select "PBO" under "Consolidated Laws".

15. Question: Is the Certified Public Accountant required to be certified in the State of New York? (Page 14, D. 1.1.c.)

No.

16. Question: The Acceptance of Deliverables and Payments does not provide any information. (Page 19, 2.c., Acceptance of Deliverables.) In the last RFP this section was provided. Is there information that should be included here?

This subheading was included in the RFP inadvertently. Information on acceptance of deliverables and payment may be found in Section C.3. Task Specifications (page 12) and Section E.5. Payment (page 22).

17. Question: In the RFP, page 23, 9. requires "the winning bidders for procurements involving consultant services must complete a "State Consultant Services Form A, Contractor's Planned Employment From Contract Start Date through End of Contract Term" in order to be eligible for a contract" and further "winning bidders must also agree to complete a "State Consultant Services Form B, Contractor's Annual Employment Report" for each state fiscal year included in the resulting contract." Yet the Bid Form, Attachment III, D. (page 36-37) indicates that bidders must submit the State Consultant Services Form A, Contractor's Planned Employment From Contract Start Date through End of Contract Term with their proposals. Is the State Consultant Services Form A, Contractor's Planned Employment From Contract Start Date through End of Contract Term and the State Consultant Services Form B, Contractor's Annual Employment Report required with submission of the bid or upon contract award?

Only State Consultant Services Form A is required as part of the bid. Form B should NOT be provided as part of the bid but will be required annually of the successful contractor.

18. Question: Please confirm that forms [documenting Workers' Compensation and Disability Benefits coverage] are not required for submission, but only after notification of award. (Page 26, F, Appendix E)

Documentation of Workers' Compensation and Disability Coverage will be requested from the successful bidder and are not required as part of the bid.

19. Question: You have listed in the Technical Proposal layout that you expect to see the Offeror's Questionnaire response in both Section 2 - Required Forms and Section 5 - Response to Offeror's Questionnaire, please confirm we do not need to submit the question in Section 2 - Required Forms.

RFP Citation: General

The Offeror's Questionnaire should be included only once, per item D.1.b. 5) on page 15 of the RFP.

20. Question: When identifying the Fellow or Associate in Section D 1.b of the RFP should the Offeror list all Fellows and Associates or only the primary Actuary?

RFP Citation: D1b1: Transmittal Letter (pg. 14)

We would like names of all individuals anticipated to perform services under the contract.

21. Question: Does the CPA listed in Section D 1.c of the RFP (transmittal letter) have to be certified in the State of New York?

RFP Citation: D1b1: Transmittal Letter (pg. 14)

See response to Question # 15.

22. Question: Please provide information around current financial monitoring tools and on-site monitoring techniques.

RFP Citation: Task 3: Assist in refinement of existing financial monitoring tools and on-site monitoring techniques. (pg. 32)

The Department monitors the financial solvency of health plans on a quarterly basis via a review of plans' financial reports, including revenue and expense statements and balance sheets. These reports measure the plans' compliance with minimum net worth

(contingent reserve) and cash escrow requirement, as described in Part 98, Subpart 98-1 of New York Codes, Rules and Regulations Title 10.

The Department compares the required reserves to the amounts reported on the plan's balance sheets quarterly. Failure to meet the reserve requirements results in the Department issuing a Statement of Deficiency and the plan must then submit a Plan of Correction that demonstrates how the reserve requirements will be met. Plans must also submit bank statements on an annual basis showing that the Deed of Trust escrow accounts area is fully funded.

23. Question: How often is the Offeror expected to provide technical assistance in evaluating individual plans? How many plans per year are expected to be analyzed?

RFP Citation: Task 4: Provide technical assistance in evaluating management agreements, contracts between related parties, and cost sharing and cost allocation methods as they impact on managed care plans. (pg. 33)

The contractor will be expected to provide technical assistance in evaluating individual plans, evaluating management agreements, contracts with related parties, and cost sharing and cost allocation methods. This technical assistance will be expected for the full period of the contract. We expect that the assistance will involve less than ten individual plans per year.

24. Question: How often is the Offeror expected to provide technical assistance in evaluating management agreements, contracts between related parties, and cost sharing and cost allocation methods?

RFP Citation: Task 4: Provide technical assistance in evaluating management agreements, contracts between related parties, and cost sharing and cost allocation methods as they impact on managed care plans. (pg. 33)

See Response to Question # 23.

25. Question: In addition to the MMCOR data, does DOH collect detailed managed care encounter data (i.e., detailed claim records from the managed care plans)? If so, please describe the data collected, years available, and any assessment of the completeness of the data?

RFP Citation: Section B.2

Yes, the Medicaid managed care program has been collecting encounter data from participating health plans since 1997. Encounter data represent the paid claims information for services provided to the enrollees of the managed care plans. Services include both procedures and diagnoses. A number of assessments are made to determine completeness of data. These include comparing the volume of each plan's encounter data to its previous year, comparing utilization rates for various categories

of service to the encounter data reported by plans in the previous year as well as to data reported in their MMCOR for the same period. Plan encounter data are also subject to audit by the Office of the Medicaid Inspector General. Statements of deficiencies are issued to plans with persistently under-reported data or incomplete data.

26. Question: Certified Public Accountant. Section D.1.b(1)(c) of the RFP asks the offeror to identify “the Certified Public Accountant assigned to the project”. In our experience in other states, a Certified Public Accountant (CPA) is not needed in Medicaid managed care rate setting. What does DOH expect the identified CPA will provide under this contract? Will DOH consider proposals that do not include CPA if the offeror can demonstrate all requested services can be provided without the assistance of the CPA?

RFP Citation: Section D.1.b(1)(c)

We expect at least one Certified Public Accountant to be available for the duration of the contract.

27. Question: You state that the regional average costs are developed using Medicaid Managed Care Operating Reports (MMCOR) submitted by each plan participating in the Mainstream and Family Health Plus programs. The MMCOR data are reported on an aggregate basis by region, premium group, and category of service. What procedures are used to validate the MMCOR reports? Are comparisons against detailed encounter data performed?

RFP Citation: Background, Section B.2

The MMCOR’s submitted to the Department go through extensive desk audits. Plans are notified of significant reporting errors or incompleteness and are required to re-file the MMCOR’s with the revisions. The Department does make comparisons on a consolidated basis, and will be further refining these analyses.

28. Question: Who currently calculates the capitation rates for each of the programs included under this contract?

The Department staff calculates the capitation rates.

29. Question: Please provide current rate setting documents including the methodology used for setting the capitation rates and actuarial certifications for each of these programs.

See Response to Question # 3.

30. Question: Is it expected that the first and second year rates will be the same for the proposal?

RFP Citation: D1c1: Cost Transmittal Letter (pg. 16)

Yes, we expect the same rates for Years 1 and 2.

31. Question: Will DOH provide an electronic version of the most recent actuarial rate setting reports for the following programs?

- Mainstream Medicaid Managed Care (including documentation of the CRG risk adjustment methodology)
- Family Health Plus (including documentation of the CRG risk adjustment methodology)
- Medicaid Primary Care Partial Capitation Provider Program
- MLTC Partial Capitation Program
- PACE
- Medicaid Advantage Plus
- Medicaid Advantage
- Family Health Buy-in Insurance Program

RFP Citation: Section B.2

The RFP (pages 1-10) provides sufficient background on the State's managed care programs, including time frames for rate determinations. The RFP is seeking consulting services to assist the Department in meeting its requirements under the Balanced Budget Act, among other proposed tasks, including attestations of actuarial soundness and certification of plan rates. Bidders responding to the RFP should propose approaches and methods for the proposed tasks, as further described in the RFP, that demonstrate innovation, actuarial sophistication and analytical depth. The Department, in selecting a vendor through this RFP, will evaluate these and other features proposed by the responding bidders to assist the Department in its responsibility.