

STATE OF NORTH CAROLINA
REQUEST FOR PROPOSALS

RFP #30-DMA-220-08

TITLE: Actuarial and Analytical Services for PACE, Community Care of NC,
and Piedmont Local Management Entity

USING AGENCY: NC Department of Health and Human Services
Division of Medical Assistance

ISSUING AGENCY: NC Department of Health and Human Services
Office of Procurement and Contract Services
Raleigh, NC 27603

ISSUE DATE: August 27, 2007

Sealed Proposals subject to the conditions made a part hereof will be received until **5:00 p.m. on October 2, 2007**, for furnishing services described herein.

Direct all inquiries concerning this RFP to:

Office of Procurement and Contract Services
Susan W. Lewis, Assistant Director
801 Ruggles Drive, Hoey Building
Raleigh, NC 27603
(919) 855-4086
Email: susan.lewis@ncmail.net

MAILING INSTRUCTIONS: Submit **three (3) originals, nine (9) copies and one (1) CD** of the fully executed "Technical Proposal" in one sealed envelope or package and **three (3) originals and nine (9) copies** of the "Cost Proposal" in another sealed envelope or package. Mark the front of each envelope or package with the name of the firm submitting the proposal, the RFP number specified above, and the submission date specified above. Proposals **will not** be accepted by electronic means.

Send proposal to the applicable address below: The address must appear on the envelope or package as shown below:

DELIVERED BY US POSTAL SERVICE	DELIVERED BY ANY OTHER MEANS
RFP NO. 30-DMA-220-08 NC Department of Health & Human Services Office of Procurement & Contract Services 2008 Mail Service Center Raleigh, NC 27699-2008	RFP NO. 30-DMA-220-08 NC Department of Health & Human Services Office of Procurement & Contract Services 801 Ruggles Drive, Hoey Building Raleigh, NC 27603-2001

Written Questions are to be submitted via e-mail to susan.lewis@ncmail.net no later than **2:00 pm, September 7, 2007**. Only written answers to submitted questions will constitute an official answer. A summary of all questions and answers will be posted as an addendum on the State's IPS web site on or before September 14, 2007 See <http://www.ips.state.nc.us/ips/pubmain.aspbid#>

NOTICE TO OFFERORS:

- **Addenda:** Offerors are cautioned that the requirements of this RFP can only be altered by a written addendum and that verbal communications from whatever source are of no effect.
- **Definition:** The phrases "Request for Proposal," "RFP," "IFB" and "Invitation for Bid" may be used interchangeably in this solicitation. The words "proposal" and "bid", and the words "offeror" and "vendor" may also be used interchangeably herein.
- **Terms and Conditions:** All proposals are subject to the provisions of the Request for Proposals, Special Terms and Conditions, Specifications and General Instructions. The State objects to and will not evaluate or consider any additional terms and conditions submitted with an offeror's response. Do not attach any additional terms and conditions. By execution and delivery of this document, the bidder agrees that any additional terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect.
- **Per Executive Order No. 6,** the Vendor must notify the Agency if any jobs related to the services offered in the RFP are to be outsourced to other countries. Include this information in your bid response.
- **E-Procurement:** This is not an e-procurement solicitation. General information on NC E-Procurement service can be found at <http://eprocurement.ncgov.com>. However, within two (2) days after notification of award of a contract, the Vendor must register in NC E-Procurement @ Your Service <http://Vendor.ncgov.com>.

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1.0 INTRODUCTION AND BACKGROUND

1.1 Introduction

The State of North Carolina, Department of Health and Human Services (DHHS), Division of Medical Assistance (DMA) has a need for actuarial and analytical services in the areas of capitated programs, waiver maintenance and Medicaid initiatives and policies.

As Medicaid in North Carolina continues its use of capitated programs for its recipients, the need for fair and reasonable capitation rates is essential. The Division requires Centers for Medicare & Medicaid (CMS) rules waiver amendment assistance and development of new service capitated rates for new services. In addition, the Division needs analysis of current policies and initiatives, reviews of Division proposed changes to current policies and reviews of new policies and initiatives to determine advantages and disadvantages.

1.2 Background

Medicaid is a health insurance program for certain low-income and needy people paid for with Federal, State, and county dollars. It covers more than one (1) million people in North Carolina including children, the aged, blind, and/or disabled, and people who are eligible to receive federally assisted income maintenance payments. DMA manages the Medicaid program in North Carolina. DMA has a medical assistance payment budget of over eight (8) billion dollars, processing over seventy two (72) million claims per year.

DMA, in conjunction with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS) and the Piedmont Local Management Entity (LME), has implemented CMS waivers under the authority of Sections 1915(b) and 1915(c) of the Social Security Act to provide capitated behavioral health services to Medicaid recipients in Cabarrus, Davidson, Rowan, Stanley and Union counties. The approved CMS waivers were implemented effective April 1, 2005, but subsequent Section 1915 (b) and 1915 (b/c) waiver renewals and modifications will be necessary as well as the maintenance and updating of capitated rates. The most up to date information about the new service definitions as well as the existing services can be found at the following link, <http://www.ncdhhs.gov/mhddsas/servicedefinitions/servdefupdates/index.htm>.

DMA has a need for actuarial and analytical services to assist in the development of a Program for the All-Inclusive Care for the Elderly (PACE) sites throughout North Carolina. PACE is a unique program that is:

- Community-based alternative for individuals age 55 and over who meet nursing facility level of care criteria. Most PACE participants are dually eligible for both Medicare and Medicaid benefits.
- Provides all required medical, restorative therapies, social, personal care, support, and ancillary services to participants for a monthly capitated fee from Medicare and/or Medicaid, depending on eligibility.
- Uses a multidisciplinary team to provide services at the PACE Center and to manage all aspects of care provided to each PACE participant.
- Provides in-home services and referral services to a network of contract community providers, including hospitals, nursing facilities, and specialty care physicians.

PACE requires actuarial services to set upper payment limits (UPLs) for nursing facility care and blended nursing facility and home and community-based service rates to meet complex CMS guidelines and the CMS requirement that capitation fees not exceed the blended UPL. The actuarial consults must also determine the capitation rates for two rating groups: (1) Medicaid Only and (2) Dually-Eligible. These UPLs and capitation rates must be update annually. The determination of PACE financial and medical eligibility will be performed by the State.

Community Care of NC (CCNC) is the Division's enhanced primary care case management program that manages greater than 750,000 recipients through 14 provider networks across the state. CCNC implements quality improvement strategies and cost containment initiatives like disease management to manage the coordination of care for these Medicaid recipients.

Finally, the Division is often asked to review/interpret the impact of various budget and policy issues. DMA needs assistance from the contractor to review, analyze and make recommendations on these issues. These issues typically deal with financial issues and managed care policies and typically require a short turn-around. Contract hours for these activities are called Ad Hoc hours.

1.3 Definitions of Abbreviations

AFDC – Aid to Families with Dependent Children

CMS – Centers for Medicaid and Medicare Services

CCNC – Community Care of NC

DHHS – Department of Health and Human Services

DMA – Division of Medical Assistance

DMH/DD/SAS – Division of Mental Health, Developmental Disabilities, Substance Abuse services

DOI – Department of Insurance

DSH – Disproportionate Share Hospital

DUR – Drug Utilization Review

EWS – Early Warning Systems

FFS – Fee for Service

GME – Graduate Medical Education

LME – Local Management Entity

MMIS – Medical Management Information System

PACE – Program of All-Inclusive Care for the Elderly

PMPM – Per Member Per Month

RFP – Request for Proposal

State Business Day - Monday through Friday, 8:00am – 5:00pm, except State Holidays

SFY – State Fiscal Year

SOW – Scope of Work

UPL – Upper Payment Limit

2.0 CONTRACT TERM

2.1 Contract Period

A contract awarded pursuant to this RFP shall have an effective date on which the Division's authorized agent signs the Offeror's proposal. The initial term shall be one (1) year, and shall expire upon the anniversary of the effective date unless otherwise stated in the Notice of Award, or unless terminated earlier. The State reserves the right to extend the Contract for an additional two (2) years in one (1) year increments.

2.2 Reimbursement Terms

The reimbursement terms in the winning proposal shall be binding upon the parties for the life of the Contract, which could be as long as three (3) years if the State exercises both options to extend. However, the State shall consider requests for increases in reimbursement in years two (2) and three (3) in the event of unusual, unforeseen circumstances. Requests for increases must clearly document the need for the increases. The State reserves the right to decline any such requests.

In no event shall the reimbursement rate in year two (2) exceed the reimbursement rates in year one (1) by more than the rate of inflation experienced during the twelve (12) months immediately preceding the Contractor's request for an increase, or five (5) percent, whichever is less.

In no event shall the reimbursement rate in year three (3) exceed the reimbursement rates in year two (2) by more than the rate of inflation experienced during the twelve (12) months immediately preceding the Contractor's request for an increase, or five (5) percent, whichever is less.

The applicable rate of inflation shall be the rate reflected in the "Consumer Price Index for All Urban Consumers (CPI-U): Selected Areas, All Items Index" as published by the United State Department of Labor, Bureau of Labor Statistics. A link to this index can currently be found at: <http://www.bls.gov/news.release/cpi.toc.htm>.

3.0 SCOPE OF WORK

The purpose of the Scope of Work is to outline the requirements, the special instructions, and the responsibilities of both the successful Offeror (hereinafter referred to as "Contractor") and the Division of Medical Assistance, (hereinafter referred to as the "Division") in the performance of this contract. After the contract is fully executed, the Contractor shall meet with the Division to discuss the proposed work plan and corresponding timeframes. Discussion will cover at a minimum rate setting approach, goal/objectives, deadlines, and potential concerns.

3.1 Developing Capitated Rates, PACE

The Contractor shall provide the following services to the North Carolina PACE program:

- 3.1.1 Review the current PACE methodology (in Appendix 2 of this RFP) for determining PACE UPLs and capitation rates and confirm that this methodology can be used for annual updates;
- 3.1.2 If necessary, modify the PACE methodology to meet CMS regulations and guidelines.
- 3.1.3 Maintain CMS approval of the PACE methodology, PACE UPLs, and PACE capitation rates for the term of this Contract;
- 3.1.4 Validate the current PACE UPLs and capitation amounts and update the UPLs and capitation rates for *Dual Eligibles* and *Medicaid Only* rating groups for SFY 2008-2009 and for each year thereafter for the term of the Contract;
- 3.1.5 Update fee-for-service claims costs for *Home and Community-Based Services* (HCBS), *Institutional Services*, and *HCBS/institutional Blended Services* for *Dual Eligibles* and *Medicaid Only* rating groups for SFY 2008-2009 and for each year thereafter for the term of the Contract;
- 3.1.6 Respond to all CMS inquiries and questions regarding the PACE rate-setting methodology, PACE UPLs, and capitation rates, and provide all required justifications, descriptions, changes, additional data, information, and modifications, requested or required by CMS;

- 3.1.7 Update the Medicaid PMPM payment trends for the services listed in Table 1 and Table 2 below for SFY 2008-2009 and for each year thereafter for the term of the Contract;
- 3.1.8 Provide any adjustments to the PACE UPLs and capitation rates that may be required as a result of changes in federal and state statutes, rules, regulations and policies; contract years; Medicare payments; scope of PACE covered benefits; demographic changes, trends, and other changes affecting PACE UPLs and capitation rates, as determined by Contractor, and
- 3.1.9 Assist the Division in developing rates based upon a predetermined set of services for a select set of Medicaid enrollees within defined Categories of Services, as listed in Appendix 3.

3.2 PACE Deliverables

The Vendor must submit the following PACE Deliverables to the Division on or before the dates specified:

- 3.2.1 Written review and validation of current PACE rate-setting methodology, UPLs and capitation rates for dual eligible and Medicaid only rating groups – Due to the Division November 15, 2007.
- 3.2.2 Update of PACE UPLs and capitation rates for dual eligible and Medicaid only rating groups for SFY 2007-2008 – Due to the Division December 10, 2007.
- 3.2.3 Update of Medicaid PMPM FFS payment trends for the services listed in Appendix 3 for SFY 2008-2009 – Due to the Division June 10, 2008.
- 3.2.4 Update of PACE UPLs and capitation rates for dual eligible and Medicaid only rating groups for SFY 2008-2009 – Due to the Division June 30, 2009.
- 3.2.5 Update of PACE UPLs and capitation rates for dual eligible and Medicaid only rating groups for SFY 2009-2010 – Due to the Division June 30, 2010.
- 3.2.6 Provide justification, information, data and actuarial certification of UPLs and capitation rates for dual eligibles and Medicaid only rating groups to CMS during the term of the Contract – As needed by the Division.

The dates noted above for specific deliverables may change, due to federal and/or State directives that are beyond the control of the Division. Due dates that deviate from the above noted schedule shall be agreed to in writing by mutual consent between the Division and the Contractor.

3.3 Community Care of North Carolina (CCNC) Cost Savings Analysis

- 3.3.1 The Contractor shall complete a cost effectiveness analysis for each state fiscal year (SFY 2007, SFY 2008 and SFY 2009) comparing the actual experience of the CCNC program against benchmarks developed by the Contractor. The SFY being analyzed should be adjusted to reflect pharmacy rebates, third party liability, cost settlements, and fraud and abuse recoveries that influence the overall cost of CCNC.
- 3.3.2 The Contractor shall update the benchmarks annually, from SFY 2003 forward, using claims experience and eligibility data for all CCNC covered categories of service. The Contractor shall review eligibility and benefits specific to the CCNC program, perform data adjustments, conduct processing lag completion to determine appropriate run-out of the claims data, and apply trends to the claims data to adjust for medical inflation over time. The historical data shall be trended forward to reflect the appropriate fiscal year being analyzed and compared to the actual CCNC program experience for the year being analyzed. The benchmarks for this analysis shall be developed for the Aid to Families with Dependent Children (AFDC) category of aid. The statewide benchmark shall reflect fee-for-service and CCNC programs combined for the fiscal year being analyzed.
- 3.3.3 The Contractor shall summarize savings into per member per month (PMPM) costs and present by rate cell and by categories of service for both the statewide and CCNC only benchmarks.

3.4 CCNC Deliverables

- 3.4.1 The Contractor shall create an annual cost effectiveness methodology report which details the methodology and the assumptions utilized in developing the cost effectiveness analysis. The report shall

include graphs and other exhibits depicting the PMPM and projected savings. The report is due to the Division no later than December 31 of each contract year.

3.5 Developing Capitated Rates, Piedmont LME

The Division implemented a capitated behavioral health program in the Piedmont Catchment Area effective April 1, 2005. The program operates under concurrent 1915(b)/(c) waivers in Cabarrus, Davidson, Stanly, Union, and Rowan counties.

- 3.5.1 The Contractor shall work on the following tasks with the Division, the Division of Mental Health, Developmental Disabilities, Substance Abuse Services (DMH/DD/SAS) and the Piedmont Local Management Entity (LME).
- 3.5.2 The rates are based upon a predetermined set of services for a select set of Medicaid enrollees within defined Categories of Aid, see Appendix 1.
- 3.5.3 Targeted Case Management is the only enhanced benefit service as defined by the DMH/DD/SAS service standards which is pending approval by CMS. The most up to date information regarding the service definitions can be found at the following link, <http://www.ncdhhs.gov/mhddsas/servdefinitions/servdefupdates/index.htm>.
- 3.5.4 The Contractor shall review rates annually in January. Built within the existing services are restrictions already in place. Rates established are based upon these services and enrollee restrictions.
- 3.5.5 Proposed rates with supporting documentation must be submitted to CMS for approval using raw data as a test for the proposed method. The Contractor shall continue with other duties while awaiting the CMS rate approval.
- 3.5.6 Once the proposed methodology is approved, the Contractor shall apply the methodology to relevant and available data in order to calculate capitation rate ranges for use in negotiating with comprehensive health plans or with partially capitated plans in NC.
- 3.5.7 The Contractor shall maintain a historical fee-for-service (FFS) claim and eligibility database to utilize in calculating capitation rates, recalculating annual rates for specific plans, geographical regions, eligibility groups and service plans.
- 3.5.8 The Contractor shall use traditional FFS, available encounter data, and utilization and expenditure data to analyze and develop tier and rate cell distinctions based upon recipient gender, age, State aid category, geographic region of residence, medical diagnosis/condition, risk adjustment factors, and any other appropriate factor at the direction of the Division. Current rate cells are based on gender, age, and State aid category.
- 3.5.9 The Contractor shall analyze supporting documentation such as cost reports and program expenditure reports on selected programs, in order to determine the reasonableness of current FFS rates.

3.6 Actuarial Assistance, Piedmont LME

The State is operating the Mental Health Reform Initiative under the authority of Section 1915(b) and (b/c) waivers. Under these waivers, the Mental Health Reform Initiative is subject to the CMS managed care regulations and the requirement that the rate paid on behalf of Medicaid recipients be developed on an actuarially sound basis.

3.6.1 Data Collection

- 3.6.1.1 The Contractor shall meet with Piedmont LME, the Division staff and the Fiscal Agent staff in order to provide a detailed description of the data that will be needed by the Contractor for the purpose of completing the requirements of the contract within the prescribed timeframes. Data will be taken from the NC paid claim files, the NC Medicaid Eligibility Information System, and other data sources as needed.

The Contractor will validate data received from the NC Fiscal Agent by determining whether incorrect claims can be corrected. Validation shall also be accomplished by comparing the data with data from other published data sources such as the quarterly eligibility and claims data sent to the Medicaid Statistical Information System (MSIS), formerly the HCFA-Form 2082, and other states' resources and experiences.

- 3.6.1.2 The Contractor shall meet with Piedmont LME to validate the accuracy of financial and encounter data that is submitted.
- 3.6.1.3 The Contractor shall compare the NC data with other states' data and determine national economic and health care trends.
- 3.6.1.4 The Contractor shall conduct research regarding capitation rate calculation methodologies employed by other states, including the advantages, disadvantages, and legal implications of those methodologies. The Contractor shall also provide information regarding the experience of other state Medicaid managed care programs, including the ability to relate to the impact on utilization and expenditures in other state Medicaid programs to the unique characteristics of the NC Medicaid program. The Contractor's research shall be conducted by phone, written correspondence and electronic means.
- 3.6.1.5 The Contractor shall adjust claims data as necessary based on identified assumptions that take into account missing claims data, changes in Medicaid policy, and changes in recipient behavior under a managed care program.
- 3.6.1.6 The Contractor shall create and maintain an electronic database that contains data the Division can use to identify and track trends and other information. Additionally, the Contractor shall use the electronic database to support desk and field audit work, and to conduct additional ad hoc analyses. The Contractor shall maintain this database in Foxpro[®] (Version 6.0 or later) or Microsoft Access[®] (Version 2002) and transfer it to the Division in a database format acceptable to the Division, at no cost to the Division, within ten (10) working days of a request. The Contractor shall maintain the database for four (4) years after the end date of this Contract.
- 3.6.1.7 At a minimum, this database shall contain the following:
 - Up to three (3) years (or as many as are available) of the most current cost report data by provider. The Division will provide the Contractor with a database with historical data as necessary and available.
 - Hospital cost reports, as initially filed and as settled, along with paid claims data utilized in the hospital cost report reviews.
 - Detailed cost information from the annual cost report used to accumulate facility cost information.
 - Adjustments and disallowances from the provider's original annual cost report as reported in the final audit report.
 - Facility-wide and Medicaid specific cost-to-charge ratios where applicable.

3.6.2 Base Data Development

- 3.6.2.1 The Contractor shall provide a program strategy and create a report/data book documenting capitated rate development which meets CMS requirements, see section 3.10. The data book that is currently in use provides Piedmont LME with historical data on the FFS cost and utilization patterns of Medicaid eligibles in the area. The data book is based on existing Mental Health services for years 2004, 2005, and 2006. The data book contains demographic, cost and utilization data for Cabarrus, Davidson, Rowan, Stanly and Union counties. See Appendix 1 for more specific information.
- 3.6.2.2 Contractor must have experience in data book and capitated rate development to meet CMS requirements.
- 3.6.2.3 Contractor shall provide a written statement of the methodology the Contractor intends to use to develop and deliver capitated rates.

3.6.2.4 The report/data book can differ in format from the existing one, but the content should address the program's development history and programmatic goals, including quality of care, cost containment, budget stability, and access to care and provider stability.

3.6.2.5 Due to the Mental Health Reform, the Division will provide to the Contractor resource information on topics such as legislative agendas, provider capacity, provider issues, safety net providers, information on what data sources are available including but not limited to State FFS data, Medical Management Information System (MMIS) reports, budget reports, enrollment forecasts and service trends.

3.6.3 Rate Development and Certification

3.6.3.1 The Contractor shall review and adjust the base FFS data then calculate FFS equivalent costs. Contractor shall derive FFS equivalent costs by adjusting all base years of FFS data on a common platform allowing an "apples to apples" comparison. The Contractor shall develop FFS equivalent costs by applying actuarial adjustments to historical data such as:

- Costs outside the MMIS system,
- Historical Program Changes,
- Impact of pharmacy rebates,
- Annual cost settlements,
- Claim lag complaint factors,
- DSH and GME payments,
- Historical trend, and
- Third party liability collections

3.6.3.2 After review and adjustment of base FFS data, the Contractor shall have a uniform data set that spans several years. The Contractor shall then perform several actuarial analyses, including:

- Identify trends in the risk characteristics of the target population,
- Isolate trends in individual service utilization separate from population growth,
- Reduce service (or substantial shifts in service) utilization by category of service,
- Isolate population trends in unit costs and make comparisons across different eligibility categories,
- Compare PMPM results against other states with similar benefit packages,
- Model the impact of benefit limitations by doing comparative analyses across states, and
- Calculate the impact of applying any cost sharing mechanisms.

3.6.3.3 From this analysis, the Contractor will prepare a data book including all base data, data adjustments, and program change assumptions. This data book will form the basis of Contractor's final rate development and will serve to document the base data used to meet CMS requirements. It can also be shared with the Piedmont LME.

3.6.3.4 Once the data adjustments have been made and the data book prepared, the Contractor shall adjust the base rates for the contractual medical management responsibilities of Piedmont LME, including an evaluation of the appropriateness of add-ons, such as administrative costs and risk reserve.

3.6.3.5 In addition, the Contractor shall adjust the rates for the impact of introducing care management techniques to be performed by Piedmont LME.

3.6.3.6 Applying these steps, Contractor shall produce the final rates on a PMPM basis.

3.6.3.7 The Contractor shall also produce a document summarizing the process used to produce the final rates and certifying that the rates produced are actuarially sound as required by CMS regulation. The Contractor shall complete this task no later than ninety (90) days following certification of the data outlined in sections 3.6 and 3.7.

3.6.4 Completion of Cost-Effectiveness Components of Waiver Renewals and Amendments

- 3.6.4.1 With Division oversight, the Contractor shall complete the required cost-effectiveness component of CMS waiver renewals including the base data compilation, enrollment projections, and the pre-print forms from CMS without error or ambiguity. These projections and forms must be revised to accommodate the current and future managed care regulations.
- 3.6.4.2 As CMS requires at least one ninety (90) day waiver review period, the Contractor shall complete waiver and rate work in sufficient time to insure that the 90 day waiver review period does not jeopardize the required rate effective date.
- 3.6.4.3 Contractor shall meet CMS Pro-like/Quality Improvement Organization requirements so that fees associated with quality oversight and monitoring may qualify for enhanced Federal match under a managed care waiver.

3.7 Technical Assistance, Piedmont LME

3.7.1 Completion of Non-Financial Components of Waiver Renewals and Amendments

- 3.7.1.1 The Contractor shall assist the Division in drafting the non-financial sections of waiver renewals and amendments and in responding to any inquiries from CMS on the program, and if necessary travel with the Division to CMS offices to discuss program and/or waiver issues. The Contractor must have experience with waiver preparation, submission, and modifications and experience with dealing with the CMS waiver process.
- 3.7.1.2 The Contractor shall assist the Division in responding to technical assistance requests related to the implementation and oversight of the Piedmont Behavioral Health Plan.

3.7.2 Contract Terms and Language

With Division oversight, the Contractor shall review and evaluate the existing contract between the Division and Piedmont LME and offer recommendations for revisions, as well as assist the state in drafting the new 2008 contract. The contract shall clearly define program requirements and specifications including minimum performance standards for each medical management function. The contract shall support the mission and goals of the Mental Health Reform Initiative and meet CMS requirements. The contract shall establish formal contractual obligations in ten (10) key operational areas:

- 3.7.2.1 Financial management and reporting requirements that incorporate financial solvency goals and licensure requirements,
- 3.7.2.2 Claims processing and standards,
- 3.7.2.3 Information system requirements,
- 3.7.2.4 Member services, including telephone response standards,
- 3.7.2.5 Network development,
- 3.7.2.6 Intake and referral processes,
- 3.7.2.7 Utilization review standards,
- 3.7.2.8 Member grievance and appeal,
- 3.7.2.9 Medical management requirements, and
- 3.7.2.10 Quality management requirements

3.7.3 Operations Oversight

With Division oversight, the Contractor shall develop a structured approach to monitor Piedmont's progress in implementation of the Corrective Action Plan, (a step-by-step plan of action and schedule for resolving weaknesses or deficiencies identified by an audit or review) including a detailed implementation plan, an implementation schedule, and a defined approach to monitoring and reporting progress, and a description of the action that will be taken if it appears that the Piedmont LME may miss key milestones. The Contractor shall work with the Division and Piedmont LME to develop and maintain a rigid implementation schedule. The Contractor shall review the implementation plan and schedules submitted by Piedmont LME, to determine whether a

sufficient level of detail has been provided and whether the plan and schedule are enforceable. If the information provided by Piedmont LME is not sufficient, the Contractor shall assist Piedmont LME in developing acceptable plans and schedules.

3.7.4 Operational Review

3.7.4.1 The Contractor shall conduct an annual on-site review to assess Piedmont LME's day-to-day operations as a Prepaid Inpatient Health Plan (PIHP).

3.7.4.2 The Contractor shall describe its proposed methodology for the operational readiness review and describe the objectives of the review, concentrating on key functional areas. The operational review shall build on the work already completed incorporating the financial, solvency, licensure, administrative, reporting, and program requirements. If necessary, the Contractor shall create a corrective action plan, based on the findings made by it during its annual on-site review.

3.8 Additional Terms and Conditions

3.8.1 Meetings

At the Division's request, the Contractor shall meet with the Division at the Division offices in Raleigh North Carolina (or another mutually agreeable site) to discuss problems encountered by the Contractor, to review progress, and/or to discuss approaches to problems.

3.8.2 Contract Administrator

The Contractor shall designate a single Contract Administrator to be the primary contact with the Division for all issues regarding this Contract. The Contractor's Contract Administrator shall be available by phone, facsimile, or e-mail, and shall respond to the State's inquiries within one (1) State Business Day.

3.8.3 Ad Hoc

The Contractor shall create ad hoc reports for the Division and shall invoice the Division for these reports at the hourly rate specified in the Contractor's Cost Proposal (*Attachment C*). Ad hoc projects shall be similar in scope to the capitation projects described in this RFP, but may contain research requirements and analysis outside of this area, depending on issues being considered. Ad hoc reports may include additional onsite review support.. The estimated number of hours for ad hoc reports is one thousand five hundred (1,500) hours per year.

3.8.3.1 Methodology for requesting Ad Hoc Reports:

3.8.3.2 The Division shall send a written request to the Contractor containing a SOW for the ad hoc report. The SOW for the report shall include a full description of all requested services, a list of all deliverables and a schedule of delivery.

3.8.3.3 The Contractor shall return the request to the Division with the contractor's suggested changes within one (1) State Business Day after the Contractor receives the request.

3.8.3.4 The Division shall accept or further modify the SOW and return it to the Contractor.

3.8.3.5 Once the Contractor and the Division mutually agree upon a SOW, the Contractor shall send a firm fixed price which shall be calculated by multiplying the Contractor's hourly rate, as submitted in the Contractor's cost proposal, by the time needed to perform the work, rounded to the nearest quarter hour.

3.8.3.6 All correspondence regarding the ad hoc reports shall be copied to the Division's Contract Administrator, as specified in RFP section 7.18.

3.8.3.7 The Division shall accept or reject the proposed price in writing.

3.8.3.8 When the Division and the Contractor have reached mutual agreement and have documented their agreement by an exchange of e-mail messages or some other written communication, the Contractor shall begin the work.

3.8.3.9 Absolutely no work shall begin or be billed by the Contractor on any ad hoc reports until the Contractor has received written approval from the Division.

3.8.3.10 The Division and the Contractor shall communicate while the report is being written in order to ensure that the report fulfills the Division's expectation.

3.8.3.11 The Contractor shall separately invoice the Division for each ad hoc report, and the Division shall pay the Contractor promptly after the Division receives and accepts all deliverables, including reports, as stated in the ad hoc SOW.

3.8.4 Invoicing

The Contractor shall submit an invoice to the Department by the 10th of the month following the end of each month in which billable work has been completed. Invoices shall identify hourly charges incurred for each deliverable. For each deliverable, total number of hours should be noted with the corresponding project team participants noted and their corresponding hourly rates. The Division reserves the right to request copies of timesheets of project staff in order to verify contract performance. Invoices should bear the correct purchase order number assigned to this contract. Invoices not bearing the correct purchase order number will result in slower than planned payments to the Contractor.

Contractor shall be reimbursed the hourly rate per deliverable as indicated in the cost proposal, *Attachment C*. The maximum billable amount for each deliverable shall be the hourly rate(s) multiplied by the maximum hours. The Contractor may bill hourly rates up to a maximum of seventy percent (70%) of the total cost. The balance of the total annual cost shall be billed once the Division receives and accepts the final individual deliverable. The remaining 30% of the total cost shall be paid by the Division net thirty (30) daysafter the receipt of the final invoice for the individual deliverable.

3.8.5 Status Reports

The Contractor shall submit written weekly status reports to the Division's Contract Administrator. Status reports shall describe, at a minimum, the Contractor's progress during the past week, problems encountered, anticipated progress for the next week, anticipated problems and approaches to those and any support actions or information requested of the Division, remarks or comments, including reasons for any projected deviation from each project piece's schedule, and a summary of activities to date. This weekly status reports will serve as only one method of on-going communication between the vendor and the Division.

3.8.6 Data Ownership

The Contractor agrees that data provided by the Division to the Contractor is owned by the Division and shall only be used for the purpose of supporting the SOW of this RFP. All data , speadsheets, formulas created in any form under this RFP shall become the property of the Division and shall be accessible by the Division at any time. All data associated with this contract shall be transferred to the Division and accepted by the Division prior to final payment to Contractor at the end of the contract terminus. Under no circumstances shall the Contractor share data with any other entity without prior written authorization by the Division Contract Administrator or designee. The Contractor shall grant to the Division a non-exclusive, right to software for a period of not less than four (4) years.

3.8.7 Travel

The Contractor shall be responsible for all travel expenses incurred by the Contractor.

3.8.8 Acceptance of Current Contractor's Work

The Contractor shall accept the work of the current Contractor (Mercer Government Human Services Consulting) as actuarially sound and proceed with the work/timeline as noted in section 3, Scope of Work.

3.8.9 Transition Plan

Nine (9) months prior to the end of this Contract, the Contractor shall provide the Division with a written turnover plan designed to insure a smooth turnover to the Contractor's successor. The Contractor shall take all reasonable action necessary to provide a minimally disruptive turnover. The Division's Contract Administrator shall approve this plan prior to its implementation.

At no additional cost to the division, the Contractor shall provide the Division with all electronic and/or paper files, including archived files, at contract end. The Contractor shall provide these files in a format that is accessible and transferable to, and owned by, the Division. The software used to access and view these files shall not be proprietary and shall not in any manner preclude access to the files by the Division. Final reimbursement by the Division shall be withheld pending receipt and acceptance of all data by the Division.

3.8.10 Actuary Methodology

The Contractor shall submit annually to the Division a complete actuarial methodology for each study conducted under this contract, including any ad hoc analysis.

3.9 State Agency (DMA)

The Division shall pay the Contractor as specified in Section 3.8.4.

The Division shall provide the Contractor with the records/data/files needed to perform the tasks described in this RFP.

Division staff shall be available for consultation with the Contractor during State Business Days at the Division's offices in Raleigh, NC via phone, fax, email, or in person for the purpose of discussing matters pertinent to the performance of the Contract.

3.10 Deliverables

	Task	Deliverable	Due to DMA
Developing Capitated Rates, (Piedmont Behavioral Health)	Piedmont Behavioral Health Rates	Data Book compilations	1/10/2008
		Provide Data Book to PBH	1/23/2008
		Discuss Data Book w/DMA & PBH	2/2/2008
		Calculate capitated rates effective 7/1/08 and discuss with DMA	2/23/2008
		Discuss rates with DMA & PBH	3/16/2008
		Rates to CMS for approval	4/10/2008
	Task	Deliverable	Due to DMA
PACE	PACE Review & Validation	Written review and validation of current PACE rate-setting methodology, UPLs and capitation rates for dual eligible and Medicaid only rating groups	11/15/2007
	Update Medicaid PMPM FFS	Update Medicaid PMPM FFS payment trends for the services listed in Appendix 3 for SFY 2008-2009	06/10/2008
	Update PACE UPLs & Capitated Rates	Update of PACE UPLs and capitation rates for dual eligible and Medicaid only rating groups for SFY 2008-2009	6/10/2008
		Update of PACE UPLs and capitation rates for dual eligible and Medicaid only rating groups for SFY 2009-2010	6/30/2009
		Update of PACE UPLs and capitation rates for dual eligible and Medicaid only rating groups for SFY 2010-2011	6/30/2010
	Ad Hoc	Reports and Financials To Be Determined	As Needed

	Task	Deliverable	Due to DMA
Community Care of NC	Cost-Effectiveness Methodology Letter	Written report detailing methodology and assumptions utilized in developing the cost effectiveness analysis	12/2007, 12/2008, 12/2009

	Task	Deliverable	Due to DMA
Actuarial Assistance (Piedmont Behavioral Health)	Collection of Data	Creation of Database	12/15/2007
Data Collection	Ad Hoc	Reports and Financials	As Needed
	Population Forecasting	Forecast Report	As Needed
Base Data Development & Certification	Summarize Historical Expenditure & Utilization Data	Historical Data Summary	4/2008
Rate Development	Develop Future Utilization Assumptions	Report on Utilization Assumptions	4/2008
PBH 1915(c) Waiver, Renewal and Waiver Amendments	Perform Technical Calculations	Waiver Cost Assumptions & Spreadsheets	12/2007
	Project Management – Strategic Assistance on Waiver Submission	Completed 1915(c) waiver submission to CMS	12/2007
	Develop Future Utilization Assumptions	Included in the Waiver Cost Assumptions & Spreadsheets	12/2007
PBH 1915(b) Waiver, Renewal and Waiver Amendments			
	Perform Technical Calculations	Waiver Cost Assumptions & Spreadsheets	12/2008
	Project Management- Strategic Assistance on Waiver Submission	Completed 1915(b) waiver submission to CMS	12/2008
	Develop Future Utilization Assumptions	Included in the Waiver Cost Assumptions & Spreadsheets	12/2008
	Task	Deliverable	Due to DMA
Technical Assistance (Piedmont Behavioral Health)	Development of Contract Terms & Language by reviewing draft risk contract renewal and contract amendments	Written comments	Within ten (10) state business days of receipt of draft from the Division.
	Annual on-site Operational Review of PBH	Written report of findings	July August 2008
	Oversight of Corrective Action Plan(s) if necessary (based on findings during annual Operations Review)	Written progress report(s) including recommendations on any follow-up actions that need to be taken by the Division	Monthly, at a minimum
	Research and technical guidance related to PBH's operation as a Medicaid managed care entity	Written report, or verbal if authorized by the Division	Within five (5) state business days of the request from the Division

4.0 QUALIFICATIONS OF VENDOR

Each of the following must be addressed in the proposal:

4.1 Judgments, Criminal Convictions, Investigations and Pending Litigation

The Offeror shall provide details of any pertinent judgment, criminal conviction, investigation or litigation pending against the Offeror or any of its officers, directors, employees, agents or subcontractors of which the vendor has knowledge, or a statement that there are none. The Agency reserves the right to reject a proposal based on this information.

4.2 Competency

The Offeror shall demonstrate competency in performing services defined in the Scope of Work, Section 3.0 of this RFP. Specifically, the Offeror shall demonstrate a successful history of providing similar services.

4.3 Subcontractor's Qualifications

The Contractor shall require subcontractors to comply with all provisions herein. The Contractor shall be held liable for any subcontractor's failure to comply with the terms of this RFP.

5.0 PROPOSAL REQUIREMENTS

All proposals shall be received by the issuing agency no later than the date and time specified on the cover sheet of this RFP. Each Offeror shall provide three (3) originals, nine (9) copies and one (1) CD each of the technical proposal documents and the cost proposal documents.

5.1 Technical Component of the Proposal:

The Technical Proposal shall consist of and be organized as follows:

5.1.1 Signed Execution Page (*Attachment B*) Where Services Will be Performed (*Attachment L*)

Unsigned proposals shall not be accepted.

5.1.2 Background Information

Background information indicating any qualifications, certifications, or experience that renders the Offeror capable of performing the tasks as stated above in the Statement of Work (SOW), Section 3.0. The narrative shall describe the Offeror's approach to actuarial and analytical services, (specifically in the areas of capitated programs, waiver maintenance and Medicaid initiatives and policies) noting specific past experiences. Examples shall be cited of approaches and initiatives that have been utilized with success by the Offeror.

5.1.3 Financial Information

Financial information including audited financial statements for the last three (3) years, or similar evidence of financial stability for the last three (3) years, including balance sheets and profit and loss statements and any related notes and Auditor's Report.

5.1.4 Competency

Competency and ability in performing the services defined in the SOW, Section 3.0. The Offeror shall describe its understanding of the Objective and SOW described in Section 3.0 of this RFP. This description shall include but not be limited to the following:

- 5.1.4.1 A work plan and schedule for accomplishing these tasks;
- 5.1.4.2 A discussion of any foreseen problems in the completion of any of the required tasks, and proposed solutions to these problems;
- 5.1.4.3 A staffing plan which clearly specifies the number, type, and time commitments of the individuals who will be assigned to this project. The Offeror must describe how it will staff the project by providing the name, resume and qualifications of each of the proposed team members, (including subcontractors), and by providing at least three (3) references for each.
- 5.1.4.4 Demonstrate knowledge of Value-based, cost effective, quality improvement initiatives/strategies initiated by other Medicaid States and third party insurers.
- 5.1.4.5 Demonstrate experience in UPL computations and capitated rate development to meet CMS requirements.

5.1.5 Experience

The Offeror shall describe all project experience in states with similar program operations. The Offeror shall provide the name, address, and telephone number of a client contact for each project in the last three (3) years and a list of references (minimum of 3, maximum of 5), including contact persons and telephone numbers, for whom work has been performed. If the Offeror has identified subcontractors in its proposal, then this information shall be supplied for each such subcontractor.

5.1.6 Disclosure of Pertinent Judgment, Criminal Conviction, Investigation, or Pending Litigation

The Offeror shall provide details of any pertinent judgment, criminal conviction, investigation, or litigation pending against the Offeror or any of its officers, directors, employees, agents, or subcontractors of which the vendor has knowledge, or a statement that there are none. The Division reserves the right to reject a proposal based on this information.

5.1.7 Attachments

All Attachments to this proposal, with the exception of **Attachment C**, Cost Proposal, shall be signed by the Offeror.

5.2 Cost Component of the Proposal, **Attachment C**

Each Offeror shall provide two (2) originals and nine (9) copies of **Attachment C**, Cost Proposal. The envelopes containing the Cost Proposal shall be clearly marked on the outside "Cost Proposal" and sealed. No cost information shall be included in the technical proposal. Cost Proposals submitted on any form other than **Attachment C** of this RFP may be cause for the Division to reject the entire offer.

5.3 Presentation/Demonstration

The Offeror may be contacted by the State to make a presentation regarding the Technical Component of its proposal during the evaluation period.

6.0 EVALUATION OF PROPOSALS

- 6.1** The State shall conduct a comprehensive, fair, and impartial evaluation of the proposals received in response to this request. All proposals shall be evaluated using a one-step, four-phase method.
- 6.2** The award of a contract to one Vendor does not mean that the other proposals lack merit.
- 6.3** The State reserves the right to reject any or all proposals.
- 6.4** The State reserves the right to negotiate with vendors if the offers received are not deemed advantageous to the State. If the option to negotiate is invoked by the State, the negotiations shall be conducted by the Division in accordance with the terms of 01 NCAC 05B and of this RFP and shall be documented in writing.
- 6.5** An Evaluation Committee shall be established to select an Offeror. Among its other duties, the committee shall perform corporate and personal reference checks. The State reserves the right to alter the composition of the Evaluation Committee, to assign professional staff to assist in the evaluation, and to assign other professional staff to act as observers during the evaluation and selection process.
- 6.6** The Offeror may be contacted by the State to make a presentation regarding their Technical Component during the evaluation period. Oral presentation shall be for the purpose of clarification only and new information or documentation that was not included in the proposal will not be accepted.
- 6.7** As provided by statute, award shall be based on the lowest and best bid (most advantageous to the State) as determined by consideration of the evaluation factors listed in Section 6.10, below.
- 6.8** Evaluations of proposals shall be conducted in four (4) phases:
- Phase 1 Initial Screening
 - Phase 2 Evaluation of Technical Requirements
 - Phase 3 Evaluation of Cost Proposals
 - Phase 4 Determination of Successful Proposal Based on the Combination of Technical and Cost Components of the Proposals
- 6.9 Phase 1 - Initial Screening.**
- 6.9.1** The DMA Contracting staff will screen each proposal to determine whether the bidder:
- 6.9.1.1 Signed the proposal;
 - 6.9.1.2 Signed and submitted copies of all addenda;
 - 6.9.1.3 Signed all attachments as required by business type; and
 - 6.9.1.4 Submitted the proposal on time.
- 6.9.2** The DMA Contracting Staff will forward a proposal to the Evaluation Committee if it finds that the bidder signed the proposal, signed and submitted copies of all addenda, signed all attachments as required by business type, and submitted the proposal on time.
- 6.9.3** The DMA Contracting Staff will not forward a proposal to the Evaluation Committee if it finds that the bidder failed to sign the proposal, failed to sign and submit copies of all addenda, or failed to submit the proposal on time.
- 6.9.4** The DMA Contracting Staff may, in its discretion, reject a proposal if any one or more attachments are not signed as required by business type.

6.10 Phase 2 - Evaluation of Technical Proposal

The Evaluation Committee shall evaluate each proposal against each of the four technical factors listed in the following table and shall award points within the limits shown in the right-hand column of the table. A proposal must receive a technical score of 40 or higher to advance to Phase 3 of the evaluation.

Maximum Possible Score for Each Technical Factor

Technical Factor	Maximum Possible Score
Understanding of SOW & Plan to Accomplish RFP Tasks	40
Experience & Qualification of Offeror	25
References	5
Maximum Possible Technical Score	70

6.11 Phase 3 - Evaluation of Cost Proposals

- 6.11.1 The State shall evaluate Cost Proposals for completeness and reasonableness. In awarding the Contract, the cost is important but is not an overriding consideration.
- 6.11.2 The State shall reject any Proposal where the Cost Proposal is incomplete or in which there are significant inconsistencies or inaccuracies.
- 6.11.3 The State shall determine low cost by normalizing the scores as follows:
For each Offeror's proposal, the State shall sum the costs in column D on **Attachment C**, obtaining a Grand Total.
The proposal with the lowest Grand Total shall receive a score of 30.
All other proposals shall be assigned a portion of the maximum score using the formula:
 $30 \times (\text{lowest cost proposal} / \text{cost proposal being evaluated})$.

6.12 Phase 4 – Determination of Successful Proposal

- 6.12.1 The Offeror whose proposal is deemed to be in the best interest of the State shall be recommended as the successful Contractor. This Offeror shall be recommended by the Evaluation Committee to DHHS Purchase and Contract with documentation to justify the recommendation. Ordinarily, the proposal with the highest combined technical and cost scores shall be deemed to be in the best interest of the State. In this procurement, the maximum possible combined score is 100 points (70 points for technical factors and 30 points for cost).
- 6.12.2 The Office of Procurement and Contract Services shall review the Evaluation Committee's recommendation and forward it (with a copy of the Technical and Cost Proposals) to the North Carolina Department of Administration, Division of Purchase and Contract for approval.
- 6.12.3 When the final approval is received, the State shall notify the selected Offeror. If the State rejects all proposals, it shall notify all Offerors. The State shall post the award on the State website at <http://www.state.nc.us/PandC/>. The posting will be under the RFP number.
- 6.12.4 The Contract between the Division and the selected Offeror shall be effective as of the date on which the Division's authorized agent signs the Offeror's proposal. The selected Offeror shall perform no work for the Division before that date.

7.0 GENERAL INFORMATION ON SUBMITTING PROPOSALS

7.1 EXCEPTIONS

All proposals are subject to the terms and conditions contained herein. All responses shall be controlled by such terms and conditions and the submission of other terms and conditions, price lists, catalogs, and/or other documents as part of an Offeror's response will be waived and have no effect either on this Request for Proposals or on any contract that may be awarded resulting from this solicitation. Offeror specifically agrees to the conditions set forth in the above paragraph by signature to the proposal.

7.2 CERTIFICATION

By executing the proposal, the signer certifies that this proposal is submitted competitively and without collusion (G.S. 143-54), that none of our officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and that we are not an ineligible vendor as set forth in G.S. 143-59.1. False certification is a Class I felony.

7.3 ORAL EXPLANATIONS

The State shall not be bound by oral explanations or instructions given at any time during the competitive process or after award.

7.4 REFERENCE TO OTHER DATA

Only information which is received in response to this RFP will be evaluated; reference to information previously submitted shall not be evaluated.

7.5 ELABORATE PROPOSALS

Elaborate proposals in the form of brochures or other presentations beyond that necessary to present a complete and effective proposal are not desired. In an effort to support the sustainability efforts of the State of North Carolina we solicit your cooperation in this effort.

It is desirable that all responses meet the following requirements:

- All copies are printed **double sided**.
- All submittals and copies are printed on **recycled paper with a minimum post-consumer content of 30%** and indicate this information accordingly on the response.
- Unless absolutely necessary, all proposals and copies should **minimize or eliminate use of non-recyclable or non re-usable materials** such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.
- Materials should be submitted in a format which allows for **easy removal and recycling** of paper materials.

7.6 COST FOR PROPOSAL PREPARATION

Any costs incurred by offerors in preparing or submitting offers are the offerors' sole responsibility; the State of North Carolina will not reimburse any offeror for any costs incurred prior to award.

7.7 TIME FOR ACCEPTANCE

Each proposal shall state that it is a firm offer which may be accepted within a period of 90 days following the beginning of the State's review. Although the contract is expected to be awarded prior to that time, the 90-day period is requested to allow for unforeseen delays.

7.8 TITLES

Titles and headings in this RFP and any subsequent contract are for convenience only and shall have no binding force or effect.

7.9 CONFIDENTIALITY OF PROPOSALS

In submitting its proposal the offeror agrees not to discuss or otherwise reveal the contents of the proposal to any source outside of the using or issuing agency, government or private, until after the award of the contract. Offerors not in compliance with this provision may be disqualified, at the option of the State, from contract award. Only discussions authorized by the issuing agency are exempt from this provision.

7.10 RIGHT TO SUBMITTED MATERIAL

All responses, inquiries, or correspondence relating to or in reference to the RFP, and all other reports, charts, displays, schedules, exhibits, and other documentation submitted by the offerors shall become the property of the State when received.

7.11 OFFEROR'S REPRESENTATIVE

Each offeror shall submit with its proposal the name, address, and telephone number of the person(s) with authority to bind the firm and answer questions or provide clarification concerning the firm's proposal.

7.12 HISTORICALLY UNDERUTILIZED BUSINESSES

Pursuant to General Statute 143-48 and Executive Order #150, DHHS invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled.

7.13 PROTEST PROCEDURES

When an offeror wants to protest a contract awarded by the Secretary of Administration or by an agency over \$25,000 resulting from this solicitation, they must submit a written request to the State Purchasing Officer at Purchase and Contract, 1305 Mail Service Center, Raleigh, NC 27699-1305. This request must be received in the Division of Purchase and Contract within thirty (30) consecutive calendar days from the date of the contract award. When an offeror wants to protest a contract awarded by an agency or university resulting from this solicitation that is over \$10,000 but less than \$25,000 for any agency, or any contract awarded by a university, they must submit a written request to the issuing Chief Procurement Officer at the address of the issuing agency. This request must be received in that office within thirty (30) consecutive calendar days from the date of the contract award. Protest letters must contain specific reasons and any supporting documentation for the protest. Note: Contract award notices are sent only to those actually awarded contracts, and not to every person or firm responding to this solicitation. Contract status and Award notices are posted on the Internet at <http://www.state.nc.us/pandc/>. All protests will be handled pursuant to the North Carolina Administrative Code, Title 1, Department of Administration, Chapter 5, Purchase and Contract, Section 5B.1519. (See Protest Information at <http://www.doa.state.nc.us/PandC/protests.pdf> for more information.

7.14 TABULATIONS

The Division has implemented an Interactive Purchasing System (IPS) that allows the public to retrieve bid tabulations electronically from our Internet web site: <http://www.state.nc.us/pandc/>. Click on the IPS BIDS icon, click on Search for Bid, enter the RFP number, and then search. Tabulations will normally be available at this web site not later than one working day after opening. Lengthy tabulations may not be available on the Internet, and requests for these verbally or in writing cannot be honored.

7.15 VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM

Vendor Link NC allows vendors to electronically register free with the State to receive electronic notification of current procurement opportunities for goods and services available on the Interactive Purchasing System. Online registration and other purchasing information are available on our Internet web site: <http://www.state.nc.us/pandc/>.

7.16 RECIPROCAL PREFERENCE

G.S. 143-59 establishes a reciprocal preference law to discourage other states from applying in-state preferences against North Carolina's resident Offerors. The "Principal Place of Business" is defined as the principal place from which the trade or business of the Offeror is directed or managed.

7.18 ADMINISTRATORS FOR THE CONTRACT

The Division's contract administrator is named below. The Contractor's contract administrator has been identified in the Contractor's proposal. The contract administrators are the persons to whom notices provided for in this Contract shall be given and to whom matters relating to administration or interpretation of this Contract shall be addressed. Either party may change its administrator or his or her address and telephone number by written notice to the other party.

Contract administrator for DMA for all issues regarding day-to-day activities as described in Section 3 of the RFP:

Christal Kelly
Division of Medical Assistance
1985 Umstead Drive, Kirby Building
2501 Mail Service Center
Raleigh NC 27699-2501
Phone (919) 855-4206
Fax (919) 715-2209

Contract administrator for DMA for all contractual issues covered in all Sections of the RFP:

Roger Odom
Division of Medical Assistance
3101 Industrial Drive, Suite 205
2501 Mail Service Center
Raleigh NC 27699-2501
Phone (919) 647-8484
Fax (919) 715-8468

7.19 CONTRACT DOCUMENTS

The Contract that is awarded as a consequence of this RFP shall consist of the following documents:

- ♦ The Addenda to this RFP, if any;
- ♦ This RFP; and
- ♦ The Contractor's Proposal.

In the event of a conflict between or among the terms of the Contract Documents, the term in the Contract Document with the highest precedence shall prevail. The Addenda to the RFP (if any) shall have the highest precedence, the RFP shall have the second highest precedence, and the Successful Offeror's proposal shall have the third highest precedence. These documents shall constitute the entire agreement between the parties and supersede all other prior oral or written statements or agreements.

7.20 INTERPRETATION OF CERTAIN PHRASES

This Request for Proposal serves two functions: (1) to advise potential Vendors of the parameters of the solution being sought by the State and (2) to provide (together with other specified documents) the terms of the contract resulting from this procurement. As such, all terms in the Request for Proposal shall be enforceable as contract terms in accordance with the General Terms and Conditions. The use of phrases such as "shall," "must," and "requirements" are intended to create enforceable contract conditions. In determining whether proposals should be evaluated or rejected, the State will take into consideration the degree to which Vendors have proposed or failed to propose solutions that will satisfy the State's needs as described in the Request for Proposal. Except as specifically stated in the Request for Proposal, no one requirement shall automatically disqualify a Vendor from consideration. However, failure to comply with any single requirement may result in the State exercising its discretion to reject a proposal in its entirety.

8.0 GENERAL TERMS AND CONDITIONS

Relationships of the Parties

Independent Contractor: The Contractor is and shall be deemed to be an independent contractor in the performance of this contract and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. The Contractor represents that it has, or shall secure at its own expense, all personnel required in performing the services under this agreement. Such employees shall not be employees of, or have any individual contractual relationship with, the Division.

Subcontracting: The Contractor shall not subcontract any of the work contemplated under this contract without prior written approval from the Division. Any approved subcontract shall be subject to all conditions of this contract. Only the subcontractors specified in the contract documents are to be considered approved upon award of the contract. The Division shall not be obligated to pay for any work performed by any unapproved subcontractor. The Contractor shall be responsible for the performance of all of its subcontractors.

Assignment: No assignment of the Contractor's obligations or the Contractor's right to receive payment hereunder shall be permitted. However, upon written request approved by the issuing purchasing authority, the State may:

- (a) Forward the Contractor's payment check(s) directly to any person or entity designated by the Contractor, or
- (b) Include any person or entity designated by Contractor as a joint payee on the Contractor's payment check(s).

In no event shall such approval and action obligate the State to anyone other than the Contractor and the Contractor shall remain responsible for fulfillment of all contract obligations.

Beneficiaries: Except as herein specifically provided otherwise, this contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors. It is expressly understood and agreed that the enforcement of the terms and conditions of this contract, and all rights of action relating to such enforcement, shall be strictly reserved to the Division and the named Contractor. Nothing contained in this document shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of the Division and Contractor that any such person or entity, other than the Division or the Contractor, receiving services or benefits under this contract shall be deemed an incidental beneficiary only.

Indemnity and Insurance

Indemnification: The Contractor agrees to indemnify and hold harmless the Division, the State of North Carolina, and any of their officers, agents and employees, from any claims of third parties arising out of or any act or omission of the Contractor in connection with the performance of this contract.

Insurance: During the term of the contract, the Contractor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the contract. As a minimum, the Contractor shall provide and maintain the following coverage and limits:

- (a) **Worker's Compensation** - The Contractor shall provide and maintain Worker's Compensation Insurance as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of \$500,000.00, covering all of Contractor's employees who are engaged in any work under the contract. If any work is sublet, the Contractor shall require the subcontractor to provide the same coverage for any of his employees engaged in any work under the contract.
- (b) **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$1,000,000.00 Combined Single Limit. (Defense cost shall be in excess of the limit of liability.)
- (c) **Automobile** - Automobile Liability Insurance, to include liability coverage, covering all owned, hired and non-owned vehicles used in performance of the contract. The minimum combined single limit shall be \$500,000.00 bodily injury and property damage; \$500,000.00 uninsured/under insured motorist; and \$25,000.00 medical payment.

Providing and maintaining adequate insurance coverage is a material obligation of the Contractor and is of the essence of this contract. The Contractor may meet its requirements of maintaining specified coverage and limits by demonstrating to the Division that there is in force insurance with equivalent coverage and limits that will offer at least the same protection to the Division. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The Contractor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as

they may conflict with existing North Carolina laws or this contract. The limits of coverage under each insurance policy maintained by the Contractor shall not be interpreted as limiting the Contractor's liability and obligations under the contract.

Default and Termination

Termination Without Cause: The Division may terminate this contract without cause by giving **30 days written notice** to the Contractor. In that event, all finished or unfinished deliverable items prepared by the Contractor under this contract shall, at the option of the Division, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials, minus any payment or compensation previously made.

Termination for Cause: If, through any cause, the Contractor shall fail to fulfill its obligations under this contract in a timely and proper manner, the Division shall have the right to terminate this contract by giving written notice to the Contractor and specifying the effective date thereof. In that event, all finished or unfinished deliverable items prepared by the Contractor under this contract shall, at the option of the Division, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials, minus any payment or compensation previously made. Notwithstanding the foregoing provision, the Contractor shall not be relieved of liability to the Division for damages sustained by the Division by virtue of the Contractor's breach of this agreement, and the Division may withhold any payment due the Contractor for the purpose of setoff until such time as the exact amount of damages due the Division from such breach can be determined. In case of default by the Contractor, without limiting any other remedies for breach available to it, the Division may procure the contract services from other sources and hold the Contractor responsible for any excess cost occasioned thereby. The filing of a petition for bankruptcy by the Contractor shall be an act of default under this contract.

Waiver of Default: Waiver by the Division of any default or breach in compliance with the terms of this contract by the Provider shall not be deemed a waiver of any subsequent default or breach and shall not be construed to be modification of the terms of this contract unless stated to be such in writing, signed by an authorized representative of the Department and the Contractor and attached to the contract.

Availability of Funds: The parties to this contract agree and understand that the payment of the sums specified in this contract is dependent and contingent

upon and subject to the appropriation, allocation, and availability of funds for this purpose to the Division.

Force Majeure: Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

Survival of Promises: All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitation.

Intellectual Property Rights

Copyrights and Ownership of Deliverables: All deliverable items produced pursuant to this contract are the exclusive property of the Division. The Contractor shall not assert a claim of copyright or other property interest in such deliverables.

Federal Intellectual Property Bankruptcy Protection Act: The Parties agree that the Division shall be entitled to all rights and benefits of the Federal Intellectual Property Bankruptcy Protection Act, Public Law 100-506, codified at 11 U.S.C. 365 (n), and any amendments thereto.

Compliance with Applicable Laws

Compliance with Laws: The Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and/or authority.

Equal Employment Opportunity: The Contractor shall comply with all federal and State laws relating to equal employment opportunity.

Health Insurance Portability and Accountability Act (HIPAA): The Contractor agrees that, if the Division determines that some or all of the activities within the scope of this contract are subject to the Health Insurance Portability and Accountability Act of 1996, P.L. 104-91, as amended ("HIPAA"), or its implementing regulations, it will comply with the HIPAA requirements and will execute such agreements and practices as the Division may require to ensure compliance.

Confidentiality

Confidentiality: Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Contractor under this agreement shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the Division. The Contractor acknowledges that in receiving, storing, processing or otherwise dealing with any confidential information it will safeguard and not further disclose the information except as otherwise provided in this contract.

Oversight

Access to Persons and Records: The State Auditor shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions in accordance with General Statute 147-64.7. Additionally, as the State funding authority, the Department of Health and Human Services shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions.

Record Retention: The Department of Health and Human Services' basic records retention policy requires all records to be retained for a minimum of three years following completion or termination of the contract. If the contract is subject to Federal policy and regulations, record retention will normally be longer than three years since records must be retained for a period of three years following submission of the final Federal Financial Status Report, if applicable, or three years following the submission of a revised final Federal Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving this contract has been started before expiration of the three year retention period described above, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period described above, whichever is later. Therefore, records shall not be destroyed, purged or disposed of without the express written consent of the Division.

Warranties and Certifications

Date and Time Warranty: The Contractor warrants that the product(s) and service(s) furnished pursuant to this contract ("product" includes, without limitation, any piece of equipment, hardware, firmware, middleware, custom or commercial software, or internal components, subroutines, and interfaces therein) that perform any

date and/or time data recognition function, calculation, or sequencing will support a four digit year format and will provide accurate date/time data and leap year calculations. This warranty shall survive the termination or expiration of this contract.

Certification Regarding Collection of Taxes: G.S. 143-59.1 bars the Secretary of Administration from entering into contracts with vendors that meet one of the conditions of G.S. 105-164.8(b) and yet refuse to collect use taxes on sales of tangible personal property to purchasers in North Carolina. The conditions include: (a) maintenance of a retail establishment or office; (b) presence of representatives in the State that solicit sales or transact business on behalf of the vendor; and (c) systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. The Contractor certifies that it and all of its affiliates (if any) collect all required taxes.

Miscellaneous

Choice of Law: The validity of this contract and any of its terms or provisions, as well as the rights and duties of the parties to this contract, are governed by the laws of North Carolina. The Contractor, by signing this contract, agrees and submits, solely for matters concerning this Contract, to the exclusive jurisdiction of the courts of North Carolina and agrees, solely for such purpose, that the exclusive venue for any legal proceedings shall be Wake County, North Carolina. The place of this contract and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to the validity, construction, interpretation, and enforcement shall be determined.

Amendment: This contract may not be amended orally or by performance. Any amendment must be made in written form and executed by duly authorized representatives of the Division and the Contractor. The Purchase and Contract Divisions of the NC Department of Administration and the NC Department of Health and Human Services shall give prior approval to any amendment to a contract awarded through those offices.

Severability: In the event that a court of competent jurisdiction holds that a provision or requirement of this contract violates any applicable law, each such provision or requirement shall continue to be enforced to the extent it is not in violation of law or is not otherwise unenforceable and all other provisions and requirements of this contract shall remain in full force and effect.

Headings: The Section and Paragraph headings in these General Terms and Conditions are not material parts of the agreement and should not be used to construe the meaning thereof.

Time of the Essence: Time is of the essence in the performance of this contract.

Key Personnel: The Contractor shall not replace any of the key personnel assigned to the performance of this contract without the prior written approval of the Division. The term "key personnel" includes any and all persons identified as such in the contract documents and any other persons subsequently identified as key personnel by the written agreement of the parties.

Care of Property: The Contractor agrees that it shall be responsible for the proper custody and care of any property furnished to it for use in connection with the performance of this contract and will reimburse the Division for loss of, or damage to, such property. At the

termination of this contract, the Contractor shall contact the Division for instructions as to the disposition of such property and shall comply with these instructions.

Sales/Use Tax Refunds: If eligible, the Contractor and all subcontractors shall: (a) ask the North Carolina Department of Revenue for a refund of all sales and use taxes paid by them in the performance of this contract, pursuant to G.S. 105-164.14; and (b) exclude all refundable sales and use taxes from all reportable expenditures before the expenses are entered in their reimbursement reports.

Advertising: The Contractor shall not use the award of this contract as a part of any news release or commercial advertising.

Statement of Financial Condition

Certifications With Regard To Financial Condition

Name of Bidder _____

Name of RFP _____

Date of RFP Issuance _____

Certifications

A check in the box to the right of each item indicates an affirmative response to the certification.

The undersigned certifies that the bidder organization is in sound financial condition and received an unqualified audit opinion for the latest audit of its financial statements. (Date of latest audit (_____))

☐

The undersigned certifies that the bidder organization has no outstanding liabilities to the Internal Revenue Service or other government entities.

☐

The undersigned certifies that the bidder organization is Not the subject of any current litigation or findings of Noncompliance under federal or state law.

☐

The undersigned certifies that the bidder organization has not been the subject of any past litigation or findings of any past litigation or findings of noncompliance under federal or state law.

☐

If one or more of the above boxes is not checked, please explain in the space below.

SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

TITLE: _____

EXECUTION OF PROPOSAL

By submitting this proposal, the potential contractor certifies the following:

- This proposal is signed by an authorized representative of the firm.
- All labor costs, direct and indirect, have been determined and included in the proposed cost.
- The potential contractor has read and understands the conditions set forth in this RFP and agrees to them with no exceptions.
- The offeror is registered in NC E-Procurement @ Your Service or agrees to register within two days after notification of contract award. The E-Procurement Service fee does not apply to this RFP.

OFFEROR: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

TELEPHONE NUMBER: _____ **FAX:** _____

FEDERAL EMPLOYER IDENTIFICATION NUMBER: _____

E-MAIL: _____

Principal Place of Business if different from above (See General Information on Submitting Proposals, Item 7.16)

Will any of the work under this contract be performed outside the United States?

☐ Yes

☐ No

(If yes, describe in technical proposal.)

BY: _____ **TITLE:** _____ **DATE:** _____

(Signature)

(Typed or printed name)

ACCEPTANCE OF PROPOSAL

NC Division of Medical Assistance

BY: _____ **TITLE:** _____ **DATE:** _____

THIS PAGE MUST BE SIGNED AND INCLUDED IN YOUR PROPOSAL.

Unsigned proposals will not be considered.

Cost Proposal

Offeror shall estimate the number of staff hours that will be required for each of the Deliverables as noted in the grid below.

In the column, "Names of Staff and Hourly Billing Rate" below, Offeror shall also denote their key personnel who will be contributing to each "Deliverable" and denote their corresponding billing rate. The pricing grid below does not allow ample space for this information, so the Offeror shall detail this information using what ever format they see fit and include it along with this Cost Proposal (**Attachment C**) in an envelop marked "Cost Proposal" and sealed.

No cost information shall be included in the technical proposal.

No technical information shall be included in the cost proposal.

Low cost will be determined by summing all Costs in Column D to obtain a Grand Total.

Incorrect calculations on Attachment C, Cost Proposal, may cause the Offeror's proposal to be rejected.

Any proposal that is incomplete or in which there are significant inconsistencies or inaccuracies will be rejected by the State. At the option of the State, Offerors may be contacted for clarification purposes during the evaluation period.

The state reserves the right to reject any or all proposals

Contractor shall be reimbursed the hourly rate per deliverable as indicated in the Cost Proposal.

The maximum billable amount for each deliverable shall be the hourly rate(s) multiplied by the maximum hours. Column A times Column B

The Contractor may bill hourly rates up to a maximum of seventy percent (70%) of the total cost, Column C.

The balance of the total annual cost shall be billed once the Division receives and accepts the final deliverable. The remaining 30% of the total cost shall be paid by the Division net thirty (30) days.

DMA reserves the right to request copies of timesheet of project staff in order to verify proof of contract performance.

			Column A	Column B	Column C	Column D	Column E
	Task	Deliverable	Name(s) of Staff	Hourly Billing Rate(s) per Staff Member	Total Maximum Hours Required to Complete Deliverable	Total Cost per Staff Member per Year	Deliverable Cost per Year
Developing Capitated Rates, Piedmont Behavioral Health (PBH)	Piedmont Behavioral Health Rates	Data Book compilations		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
	Provide Data Book to PBH					Total for Data Book Compilations per year	\$
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	

				Total for Providing Data Book to PBH per year	\$
Discuss Data Book w/DMA & PBH		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
				Total for Discussion of Data Book per year	\$
Calculate capitated rates effective '7/1/08 and discuss with DMA		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	
				Total for Calculation of Capitated Rates per	\$

[illegible]

						Total for Rates to CMS per year	\$
PACE	PACE Review & Validation	Written review and validation of current PACE rate-setting methodology, UPLs and capitation rates for dual eligible and Medicaid only rating groups		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
					Total for Written Review and Validation per year	\$	
Update Medicaid PMPM FFS	Update Medicaid PMPM FFS	Update Medicaid PMPM FFS payment trends for the services listed in Appendix 3 for SFY 2008-2009		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	

Ad Hoc	Reports and Financials To Be Determined		\$		\$	
--------	---	--	----	--	----	--

				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Ad Hoc Reports and Financial per year	\$
Community Care of NC	Cost-Effectiveness Methodology letter	Written report detailing methodology & assumptions utilized in developing the cost effectiveness analysis		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Written Report per year	\$
Actuarial Assistance, Piedmont Behavioral Health	Collection of Data	Creation of Database		\$		\$	
				\$		\$	

				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Creation of Database per year	\$
Data Collection	Ad Hoc	Reports and Financials		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Reports & Financials per year	\$
Population Forecasting		Forecast Report		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	

				\$		\$	
						Total for Forecast Report per year	\$
Base Data Development & Certification	Summarize Historical Expenditure & Utilization Data	Historical Data Summary		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Historical Data Summary per year	\$
Rate Development	Develop Future Utilization Assumptions	Report on Utilization Assumptions		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Report on Utilization Assumptions per year	\$

PBH 1915 '(c) Waiver, Renewal and Waiver Amendments	Perform Technical Calculations	Waiver Cost Assumptions & Spreadsheets		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Waiver Cost Assumption & Spreadsheets per year	\$
Project Management - Strategic Assistance on Waiver Submission	Completed 1915 (c) waiver submission to CMS			\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Completed 1915 (c) Waiver Submission per year	\$
Develop Future Utilization Assumptions	Included in the Waiver Cost Assumptions & Spreadsheets			\$		\$	

Project Management - Strategic Assistance on Waiver Submission	Completed 1915 (b) Waiver submission to CMS
--	---

				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for 1915 (b) Waiver Submission per year	\$
Develop Future Utilization Assumptions	Included in the Waiver Cost Assumptions & Spreadsheets			\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	
						Total for Waiver Cost Assumptions & Spreadsheets per year	\$
Technical Assistance, Piedmont Behavioral Health	Development of Contract Terms & Language by reviewing draft risk contract renewal and contract amendments	Written comments		\$		\$	
				\$		\$	
				\$		\$	
				\$		\$	

			\$		\$	
			\$		\$	
			\$		\$	
					Total for Written Comments per year	\$
Annual on-site Operational Review of PBH	Written report of findings		\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
					Total for Written Report per year	\$
Oversight of Corrective Action Plan(s) if necessary (based on findings during annual Operations Review)	Written progress report(s) including recommendations on any follow-up actions that need to be taken by the Division		\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	

			\$		\$	
					Total for Written Progress Reports per year	\$
Research & technical guidance related to PBH's operation as a Medicaid managed care entity	Written report, or verbal if authorized by the Division		\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
			\$		\$	
					Total forWritten Report per year	\$
GRAND TOTAL						\$

Attachment D

EXCERPTS FROM NC GENERAL STATUTES, Chapter 58

Chapter 58. Insurance.

§ 58-38-1. Title.

This Article is known and may be cited as the "Readable Insurance Policies Act." (1979, c. 755, s. 1.)

§ 58-38-5. Purpose.

The purpose of this Article is to provide that insurance policies and contracts be readable by a person of average intelligence, experience, and education. All insurers are required by this Article to use policy and contract forms and, where applicable, benefit booklets that are written in simple and commonly used language, that are logically and clearly arranged, and that are printed in a legible format. (1979, c. 755, s. 1.) ARTICLE 38.

§ 58-67-65. Prohibited practices.

(a) No health maintenance organization, or representative thereof - may cause or knowingly permit the use of advertising, which is untrue or misleading, solicitation, which is untrue or misleading, or any form of evidence of coverage, which is deceptive. For purposes of this Article:

- (1) A statement or item of information shall be deemed to be untrue if it does not conform to fact in any respect, which is or may be significant to an enrollee of, or person considering enrollment in, a health care plan.
- (2) A statement or item of information shall be deemed to be misleading, whether or not it may be literally untrue, if, in the total context in which such statement is made or such item of information is communicated, such statement or item of information may be reasonably understood by a reasonable person, not possessing special knowledge regarding health care coverage, as indicating any benefit or advantage or the absence of any exclusion, limitation, or disadvantage of possible significance to an enrollee of, or person considering enrollment in a health care plan, if such benefit or advantage or absence of limitation, exclusion or disadvantage does not in fact exist.
- (3) An evidence of coverage shall be deemed to be deceptive if the evidence of coverage taken as a whole, and with consideration given to typography and format, as well as language, shall be such as to cause a reasonable person, not possessing special knowledge regarding health care plans and evidences of coverage therefore, to expect benefits, services, premiums, or other advantages which the evidence of coverage does not provide or which the health care plan issuing such evidence of coverage does not regularly make available for enrollees covered under such evidence of coverage.

**Department of Health and Human Services
Division of Medical Assistance**

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY
EXCLUSION-LOWER TIER COVERED TRANSACTIONS**

(Note: The phrase "prospective lower tier participant" means providers under contract with the Department.)

1. By signing and submitting this document, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of the fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originates may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant will provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549, 45 CFR Part 76. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter any lower tier covered transaction with a person who is debarred, suspended, determined ineligible or voluntarily excluded from participation in this covered transaction unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this document that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency of which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non-procurement List.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized in paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension, and/or debarment.
10. The prospective lower tier participant certifies, by submission of this document, that neither it nor its principals is presently debarred, suspend, proposed for debarment, declared ineligible, nor voluntarily excluded from participation in this transaction by any federal department or agency.

11. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Signature

Title

Organization

Date

(Certification signature should be same as Contract signature.)

**Department of Health and Human Services
Division of Medical Assistance**

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

- I. By execution of this Agreement the Contractor certifies that it will provide a drug-free workplace by:
- A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - B. Establishing a drug-free awareness program to inform employees about:
 - (1) The dangers of drug abuse in the workplace;
 - (2) The Contractor's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - C. Making it a requirement that each employee engaged in the performance of the agreement be given a copy of the statement required by paragraph (a);
 - D. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the agreement, the employee will:
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
 - E. Notifying the Department within ten days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction;
 - F. Taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:
 - (1) Taking appropriate personnel action against such an employee, up to and including termination; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
 - (3) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (A), (B), (C), (D), (E), and (F).

II. The site(s) for the performance of work done in connection with the specific agreement are listed below:

1. _____
(Street address)

(City, county, state, zip code)

2. _____
(Street address)

(City, county, state, zip code)

Contractor will inform the Department of any additional sites for performance of work under this agreement.

False certification or violation of the certification shall be grounds for suspension of payment, suspension or termination of grants, or government-wide Federal suspension or debarment (Section 4 CFR Part 85, Section 85.615 and 86.620).

EXECUTED BY _____
CONTRACTOR

AUTHORIZED OFFICER

ADDRESS

DATE

(Certification signature should be same as Contract signature.)

Attachment G

**Department of Health and Human Services
Division of Medical Assistance**

**CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE
Certification for Contracts, Grants, Loans and Cooperative Agreements**

Public Law 103-227, Part C-Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000.00 per day and/or the imposition of an administrative compliance order on the responsible entity.

By signing and submitting this application, the Contractor certifies that it will comply with the requirements of the Act. The Contractor further agrees that it will require the language of this certification be included in any subawards that contain provisions for children's services and that all subgrantees shall certify accordingly.

Signature

Title

Agency/Organization

Date

(Certification signature should be same as Contract signature.)

Attachment H

**Department of Health and Human Services
Division of Medical Assistance**

CETIFICATION RGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federally funded contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form SF-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award document for subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) who receive federal funds of \$100,000.00 or more and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

Signature

Title

Agency/Organization

Date

(Certification signature should be same as Contract signature.)

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

1. Type of Federal Action: a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: a. Bid/offer/application b. initial award c. post-award	3. Report Type: a. initial filing b. material change For Material Change Only: year-quarter _____ date of last report _____
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4. Name and Address of Reporting Entity: Prime Subawardee Tier _____, if known: Congressional District, if known		5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, if known
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, if applicable: _____	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Entity (if individual, last name, first name, MI): (attach Continuation Sheet(s) SF-LLL-A, if necessary)		b. Individuals Performing Services (including address if different from No. 10a.) (last name, first name, MI):
11. Amount of Payment (check all that apply): \$ _____ actual _____ planned _____	13. Type of Payment (check all that apply): a. retainer b. one-time fee c. commission d. contingent fee e. deferred f. other; specify: _____	
12. Form of Payment (check all that apply): a. cash b. In-kind; specify: nature _____ value _____		
14. Brief Description of Services Performed or to be Performed and Date(s) of Services, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: (attach Continuation Sheet(s) SF-LLL-A, if necessary)		
15. Continuation Sheet(s) SF-LLL-A attached: Yes No		

16. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U. S. C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____
	Print Name: _____
	Title: _____
	Telephone No: _____ Date: _____

Federal Use Only	Authorized for Local Reproduction Standard Form--SF-LLL
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Attachment J

**NC Division of Medical Assistance
Conflict of Interest Policy for Private Not-for-Profit Agencies**

Agency staff persons are obligated to always act in the best interest of the organization. This obligation requires that any employee, in the performance of Agency duties, seek only the furtherance of the Agency mission. At all times, employees are prohibited from using their job title, the organization's name or property, for private profit or benefit.

A. The officers, employees, or agents of the Agency should neither solicit nor accept gratuities, favors, or anything of monetary value from contractors/vendors. This is not intended to preclude bona-fide Agency fund raising-activities.

B. No officer, employee, or agent of the Agency shall participate in the selection, award, or administration of a purchase or contract with a vendor where, to his knowledge, any of the following has a financial interest in that purchase or contract:

1. The officer, employee, or agent;
2. Any member of their immediate family;
3. Their partner;
4. An organization in which any of the above is an officer, director, or employee;
5. A person or organization with whom any of the above individuals is negotiating or has any arrangement concerning prospective employment.

C. Disclosure--Any possible conflict of interest shall be disclosed by the person or persons concerned.

D. Board Action--When a conflict of interest is relevant to a matter requiring action by the Board of Trustees, the interested person(s) shall call it to the attention of the Board of Trustees and said person(s) shall not vote on the matter. In addition, the person(s) shall not participate in the final deliberation or decision regarding the matter under consideration and shall retire from the room during the vote of the Board of Trustees. When there is a doubt as to whether a conflict exists, the matter shall be resolved by vote of the Board of Trustees, excluding the person(s) concerning whose situation the doubt has arisen.

E. Record of Conflict--The official minutes of the Board of Trustees shall reflect that the conflict of interest was disclosed and the interested person(s) was (were) not present during the final discussion or vote and did not vote on the matter.

Official Agency Title

Signature of Agency Official

Notary Public Signature and Official Seal

Date

Commission Expiration Date

**NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUSINESS ASSOCIATE ADDENDUM TO STANDARD CONTRACT**

This Agreement is made effective the ____ day of _____, 2007 by and between DIVISION OF MEDICAL ASSISTANCE (name of Division, Office or Institution) ("Covered Entity") and _____ (name of contractor) ("Business Associate") (collectively the "Parties").

1. BACKGROUND

- a. Covered Entity and Business Associate are parties to a contract entitled (identify contract) _____ (the "Contract"), whereby Business Associate agrees to perform certain services for or on behalf of Covered Entity.
- b. Covered Entity is an organizational unit of the North Carolina Department of Health and Human Services (the "Department") that has been designated in whole or in part by the Department as a health care component for purposes of the HIPAA Privacy and Security Rules.
- c. The relationship between Covered Entity and Business Associate is such that the Parties believe Business Associate is or may be a "business associate" within the meaning of the HIPAA Privacy and Security Rules.
- d. The Parties enter into this Business Associate Addendum to the Contract with the intention of complying with the HIPAA Privacy and Security Rules provision that a covered entity may disclose electronic protected health information or other protected health information to a business associate, and may allow a business associate to create or receive electronic protected health information or other protected health information on its behalf, if the covered entity obtains satisfactory assurances that the business associate will appropriately safeguard the information.

2. DEFINITIONS

Unless some other meaning is clearly indicated by the context, the following terms shall have the following meaning in this Agreement:

- a. "Electronic Protected Health Information" shall have the same meaning as the term "electronic protected health information" in 45 CFR 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- b. "HIPAA" means the Administrative Simplification Provisions, Sections 261 through 264, of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.
- c. "Individual" shall have the same meaning as the term "individual" in 45 CFR 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
- d. "Privacy and Security Rules" shall mean the Standards for Privacy of Individually Identifiable Health Information and the Security Standards for the Protection of Electronic Protected Health Information set out in 45 CFR part 160 and part 164, subparts A and E.
- e. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- f. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR 164.103.
- g. "Secretary" shall mean the Secretary of the United States Department of Health and Human Services or his designee.

- h. "Security Incident" shall have the same meaning as the term "security incident" in 45 CFR 164.304.
- i. Unless otherwise defined in this Agreement, terms used herein shall have the same meaning as those terms have in the Privacy and Security Rules.

3. OBLIGATIONS OF BUSINESS ASSOCIATE

- a. Business Associate agrees to not use or disclose electronic protected health information or other protected health information other than as permitted or required by this Agreement or as required by law.
- b. Business Associate agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information and other protected health information that it creates, receives, maintains, or transmits on behalf of Covered Entity, as required by the Privacy and Security Rules.
- c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of electronic protected health information or other protected health information by Business Associate in violation of the requirements of this Agreement.
- d. Business Associate agrees to report to Covered Entity (i) any use or disclosure of electronic protected health information or other protected health information not provided for by this Agreement of which it becomes aware and (ii) any security incident of which it becomes aware.
- e. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides electronic protected health information and/or other protected health information received from, or created or received by Business Associate on behalf of Covered Entity (i) agrees to be bound by the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information, and (ii) agrees to implement reasonable and appropriate safeguards to protect such information.
- f. Business Associate agrees to provide access, at the request of Covered Entity, to electronic protected health information and other protected health information in a Designated Record Set to Covered Entity or, as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR 164.524.
- g. Business Associate agrees, at the request of Covered Entity, to make any amendment(s) to electronic protected health information and other protected health information in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR 164.526.
- h. Unless otherwise prohibited by law, Business Associate agrees to make internal practices, books, and records, including policies and procedures concerning electronic protected health information and other protected health information, relating to the use and disclosure of electronic protected health information and other protected health information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy and Security Rules.
- i. Business Associate agrees to document such disclosures of electronic protected health information and other protected health information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of electronic protected health information and other protected health information in accordance with 45 CFR 164.528, and to provide this information to Covered Entity or an individual to permit such a response.

4. PERMITTED USES AND DISCLOSURES

- a. Except as otherwise limited in this Agreement or by other applicable law or agreement, if the Contract permits, Business Associate may use or disclose electronic protected health information and other protected health information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Contract, provided that such use or disclosure:
 - 1) would not violate the Privacy and Security Rules if done by Covered Entity; or
 - 2) would not violate the minimum necessary policies and procedures of the Covered Entity.
- b. Except as otherwise limited in this Agreement or by other applicable law or agreements, if the Contract permits, Business Associate may use electronic protected health information and other protected health information as necessary for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- c. Except as otherwise limited in this Agreement or by other applicable law or agreements, if the Contract permits, Business Associate may disclose electronic protected health information and other protected health information for the proper management and administration of the Business Associate, provided that:
 - 1) disclosures are required by law; or
 - 2) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- d. Except as otherwise limited in this Agreement or by other applicable law or agreements, if the Contract permits, Business Associate may use electronic protected health information and other protected health information to provide data aggregation services to Covered Entity as permitted by 45 CFR 164.504(e)(2)(i)(B).
- e. Notwithstanding the foregoing provisions, Business Associate may not use or disclose electronic protected health information or other protected health information if the use or disclosure would violate any term of the Contract or other applicable law or agreements.

5. TERM AND TERMINATION

- a. Term. This Agreement shall be effective as of the effective date stated above and shall terminate when the Contract terminates.
- b. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity may, at its option:
 - 1) Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement and services provided by Business Associate, to the extent permissible by law, if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 - 2) Immediately terminate this Agreement and services provided by Business Associate, to the extent permissible by law; or
 - 3) If neither termination nor cure is feasible, report the violation to the Secretary as provided in the Privacy and Security Rules.

c. Effect of Termination.

- 1) Except as provided in paragraph (2) of this section or in the Contract or by other applicable law or agreements, upon termination of this Agreement and services provided by Business Associate, for any reason, Business Associate shall return or destroy all electronic protected health information and other protected health information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to electronic protected health information and other protected health information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the electronic protected health information or other protected health information..
- 2) In the event that Business Associate determines that returning or destroying the electronic protected health information or other protected health information is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction not feasible. Business Associate shall extend the protections of this Agreement to such electronic protected health information and other protected health information and limit further uses and disclosures of such electronic protected health information and other protected health information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such electronic protected health information and other protected health information.

6. GENERAL TERMS AND CONDITIONS

- a. This Agreement amends and is part of the Contract.
- b. Except as provided in this Agreement, all terms and conditions of the Contract shall remain in force and shall apply to this Agreement as if set forth fully herein.
- c. In the event of a conflict in terms between this Agreement and the Contract, the interpretation that is in accordance with the Privacy and Security Rules shall prevail. In the event that a conflict then remains, the Contract terms shall prevail so long as they are in accordance with the Privacy and Security Rules.
- d. A breach of this Agreement by Business Associate shall be considered sufficient basis for Covered Entity to terminate the Contract for cause.

SIGNATURES

Covered Entity

Business Associate

WHERE SERVICE CONTRACTS WILL BE PERFORMED

In accordance with NC General Statute 143-59.4 (Session Law 2005-169), this form is to be completed and submitted with the Offeror's proposal/bid.

Issuing Agency: NC Department of Health & Human Services
Solicitation # RFP 30-DMA-220-08
Agency Contact Person & E-Mail Address: Susan.Lewis@ncmail.net
Solicitation Title / Type of Services: "Analytical & Clinical Services for PACE, Community Care and Piedmont LME"

OFFEROR: _____

City & State: _____

U.S. Location(s) from which services will be performed by the Contractor:

Service	City/Province/State	Country
_____	_____	_____
_____	_____	_____
_____	_____	_____

Location(s) from which services are anticipated to be performed outside the U.S. by the Contractor:
N/A

_____	_____	_____
_____	_____	_____

U.S. Location(s) from which services will be performed by Subcontractor:

Service	Subcontractor	City/Province/State	Country
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Location(s) from which services are anticipated to be performed outside the U.S. by the Subcontractor:
N/A

_____	_____	_____	_____
_____	_____	_____	_____

EXISTING DATA BOOK

The data book that is currently developed is based on existing Mental Health services for years 2004, 2005, and 2006.

1. Covered Populations

The Data Book is summarized according to the Categories of Aid (COA) listed below.

Category of Aid

- AFDC, Ages 3+
- Foster Children, Ages 3+
- Aged, Ages 65+
- Blind and Disabled, Ages 3-20
- Blind and Disabled, Ages 21+
- CAP-MR, All Ages

Category of Aid	Eligibility Code
AFDC	MICNN, AAFCN, MPWNN, MAFNN, MAFMN, MAFCN
Foster Children	HSFNY, HSFMN, HSFNN, HSFCY, IASCN
Aged	SAAQN, SAAQY, MAAQN, MAABN, MAAQY, MAANN, MAAMY, SAACN, SAACY, MAACY, MAAMN
Blind/Disabled	MADCY, SADQY, SADQN, MABCY, MABMN, MSBCN, MABBN, MADMN, MADNN, SADCN, MADQY, MADQN, MADBN, MABQY, MABQN, SADCY, MABNN, MSBQY, MSBBN, MSBQN, MSBBY,
CAP-MR	Waiver Recipients

Populations that remain FFS and are not covered under the capitation payment are as follows.

- Infants under the age of 3, except for those listed above
- Qualified Medicare Beneficiaries
- Specified Low-Income Beneficiaries
- State Children's Health Insurance Program (CHIP0 Children
- Legal and Illegal Aliens
- Refugees

2. Covered Services

The paid encounter claims for these services have been summarized using the following Categories of Service (COS).

Category of Service	Code	Type of Utilization
Inpatient	Revenue Code 182 or ICF_Inp_flag = "Inpatient"	Days
Community Based Services	H0036, H2022, H2033	Services
HRI Residential	H0019, H2020, S5145	Days
Case Management	T1017	Services
Outpatient	90801-90899, 96100, 96101, 96110, 96115, 96117, H0001, H0004, H0005, H0015, H0020, H0031, H2012, H2017, S9485, T1023, T1999	Services
ACTT	H0040	Services
CAP-MR	H2011, H2014, H2015, H2016, H2025, S5110, S5125, S5150, T1005, T2014, T2020, T2021, T2025, T2027	Services
ICF-MR	Revenue Code 101, 183 or ICF_Inp_flag = "ICF"	Days
Excluded Services	90782, A4554, H2022, H2033, S5165, T1023, T1999, T4521-T4524, T4529, T4530, T4533, W4617, YA254	

3. Adjustments To Be Reflected in Data Book

Completion Factors

Category of Service
Inpatient
CBS
HRI Residential
Case Management
Outpatient
ACTT
CAP-MR
ICF-MR
Total

Prepayments

Innovations Waiver Equipment

EXISTING UPPER PAYMENT LIMITS COMPUTATIONS

The UPL computations that were developed are based on utilized historical fee-for-service (FFS) data adjusted for the populations and services covered by the PACE program.

1. Covered Benefits

The PACE UPL encompasses a comprehensive benefit package, including nursing home (NH), long term care services, inpatient hospital, physician services, laboratory and x-ray services, pharmacy, transportation, durable medical equipment (DME), and hospice services. The benefits and services included in the PACE UPL include a comprehensive list of covered benefits and coordinated access services included in the PACE State Plan Amendment. Separate UPLs were developed for the following populations:

- Dually Eligible Individuals (Medicare and Medicaid), and
- Non-Dually Eligible Individuals (Medicaid only).

2. Base Data Source and Analysis

The following information was provided as FINAL April 27, 2006 per Mercer Government Human Services Consulting.

The State supplied Mercer with historical FFS data compiled from its data warehouse for April 1, 2002 through March 31, 2003 (Year 1), April 1, 2003 through March 31, 2004 (Year 2), and April 1, 2004 through March 31, 2005 (Year 3), by date of service. Claims and eligibility data were gathered for both the dually eligible (individuals with Medicare Part A/Medicare Part B) and the Medicaid-Only population. Claims for individuals under age 55 were excluded.

The MMIS data used in the analysis was verified to be, or as necessary, adjusted to be appropriated for UPL setting as described in the CMS PACE UPL checklist. In particular:

- Among the dual eligible population, claims and eligible counts for certain dual eligible categories were specifically excluded from the analysis. Those categories are: QMB only, QDWI, SLMB, Q11, and Q12. These dual eligible categories are not entitled to Medicaid services and thus are not included in the UPL calculations.
- Recipients enrolled in managed care programs, and their associated information, were not included in the analysis.
- Data that was not representative of the covered services under PACE were not included; in particular, spend-down amounts that represent patient liability were not included in the calculations.
- GME / IME and DSH payments are not included in the MMIS.
- MMIS data does not reflect rebates collected on pharmacy claims; thus it was appropriate to adjust the pharmacy data to reflect the impact of rebates. Mercer analyzed historical North Carolina Medicaid rebate information and made a downward adjustment of 19% to the base data pharmacy claims.
- Data represented claims as paid through September 30, 2005 (6 months of run out); as such was appropriate to conduct a completion analysis and adjust the base data to reflect claims incurred through the end of March 2005 but not yet paid as of September 30.

2.1 Frailty Status

Mercer utilized statewide data from two population groups to develop the PACE UPLs: individuals enrolled in HCBS waivers, classified by the State as CAP / DA, and individuals who require a nursing facility level of care. Each of these populations was analyzed separately and the results were combined to produce blended UPLs. The blend of the two frailty groups was based on their relative proportions within the FFS environment, producing a UPL that represents the expected cost to continue to serve those individuals under a FFS mode.

3. Base Data Development

Mercer requested, and was provided, three years of historical FFS data for the populations and services associated with the PACE program. For the purposes of UPL development, these three years of data needed to be combined into a single set of “credibility adjusted base data” as shown on Mercer’s rate sheets. The process Mercer used to arrive at the credibility adjusted data involved two steps: trending to a common point and applying credibility factors to blend the three years together. The goal of these steps is to obtain a single set of historical FFS base data to develop the UPLs.

3.1 Historical Trending to a Common Year

Before the three years of historical FFS data can be combined to form a single set of base data, the data for the two earlier years must be trended to a common point. Mercer considered the most recent year of historical FFS data, Year 3, as the common point and therefore trended Year 1 and Year 2 data to Year 3. The trends used to perform this step were based on a review of the summarized historical FFS quarterly data spanning these three years.

3.2 Blending

After trending the Year 1 and Year 2 data to Year 3, all three years of FFS data were blended together to form one set of base data. Mercer selected blending factors that gave equal weight to each of the three years of FFS data. The blending factors used in developing the PACE base data did not vary by category of service.

4. PACE UPL Development Adjustments

Once the base data was analyzed and determined appropriate and adjusted Mercer applied adjustments to determine the PACE UPL. The adjustments include:

- program changes; and
- trend.

4.1 Program Changes

CMS requires that the UPL methodology include the impact of any programmatic changes. These changes can represent either known or anticipated adjustments that take place between the base period and the target contract period.

The State provided Mercer with a list of program changes having a material impact on the cost, utilization, or demographic structure of the program. Mercer has relied on this list as being accurate and complete. Errors and omissions can have an impact, even materially, on the UPLs and their appropriateness. The following table describes the program changes made to the base data or considered for projection in the CY 06 PACE UPLs.

Under the Medicare Prescription Drug, Improvement, and Modernizations Act of 2003 (MMA), a prescription drug benefit will be provided by Medicare for the Medicare/Medicaid dual eligible population, effective January 1, 2006. Under this program, state Medicaid prescription drug expenditures for dual eligibles will be significantly reduced. Mercer reviewed historical dual eligible prescription drug expenditures obtained from the State for these populations, compared that utilization detail to the pharmaceuticals covered under Part D, and made an estimate of the impact of MMA to the Cy 06 UPLs for dual eligibles.

4.2 Trend

Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the expenses of health care services in a defined contract period. Typical components of trend include changes in population, technology, program design, service delivery, service costs, and utilization. The intent of a trend factor analysis is to account for any:

- variations between the base years and the contract period that would impact the rates to be paid in the contract period; and

Analytical & Clinical Services for PACE, Community Care and Piedmont LME

- other non-programmatic changes in the PACE program that would have a material impact on the reimbursement.

As part of the UPL development for the PACE program, Mercer developed annual per member per month (PMPM) trend rates by category of service. The base data was trended forward from the midpoint of the base period, October 1, 2004, to the midpoint of the contract period, July 1, 2006, which constituted 21 months. The primary source of these trends factors is an analysis of the historical experience, using various techniques including rolling 12-month averages. For reasonableness, Mercer reviewed trends from other national and regional sources. All of the data sources mentioned above were utilized in the final development of the annual PMPM trend factors.

5. Claim Costs and UPLs

As mentioned previously, the PACE program has two distinct rating groups for which the State will pay capitation: Dual Eligible and Medicaid Only. Within each of these categories, Mercer developed separate expected claims cost for institutionalized and community (HCBS) populations. The sub-populations are blended using the populations' relative mix in the FFS population to produce a UPL that represents the expected cost of providing services to these individuals if they remain in the FFS environment. The attached exhibits provide more detail about the development of these rates, including base data by category of service, trend and program change adjustments, and the resulting claim costs and blend percentages.

6. State Administration

The UPLs for the Dual Eligible and Medicaid Only rating groups include provision for the State's administrative expenses. Based upon a review of at the State's CMS 64 reports, Mercer increased the Dual and Non-Dual claim costs by 4.4 percent, to reflect the State's administrative costs.

DATA ELEMENTS FOR PACE AND UPLs AND CAPITATION RATES

Category of **Nursing Home and Community-Based (CAP/DA)**
Aid:

Eligibility: Medicaid Only

Dually Eligible

Category of Service	Blended Data			Adjustments		Projected FFSE CY 07		
	Util/1000	Unit Cost	PMPM	Annual Trend	Program Changes	Util/1000	Unit Cost	PMPM
Nursing Facility		\$	\$		%		\$	\$
Inpatient		\$	\$		%		\$	\$
Outpatient		\$	\$		%		\$	\$
Pharmacy		\$	\$		%		\$	\$
Physician		\$	\$		%		\$	\$
HCBS		\$	\$		%		\$	\$
Hospice		\$	\$		%		\$	\$
Home Health		\$	\$		%		\$	\$
Case Management		\$	\$		%		\$	\$
Other		\$	\$		%		\$	\$
TOTAL		\$	\$		%		\$	\$