

Award Fee Plan For

**Medicare Secondary Payer (MSP)
Business Program Operations Contractor
(BPOC)**

Contract Year: Date of Award–05/31/2013

BPOC Award Fee Plan

I. Overview

This document provides the Award Fee Evaluation Plan for the Medicare Secondary Payer (MSP) Business Program Operations Contractor (BPOC). The performance criteria contained within this plan will be used, along with other performance related information, to determine the amount of award fee that will be earned by the contractor.

The purpose of utilizing the award fee process is to motivate and reward contractor excellence in the performance of contract requirements critical to program success, while the contractor meets at least minimum acceptable performance levels in all other areas.

The award fee may be awarded in whole, in part, or not at all based on evaluated performance exceeding minimum contract requirements.

II. The Award Fee Plan

The award fee plan describes how the contractor will be evaluated and how the award fee will be administered. The plan identifies the criteria to be used to evaluate the contractor's performance as it relates to the award fee for the performance period. The plan also identifies the roles and responsibilities of those who will participate in the evaluations.

The Award Fee Plan:

- Is approved by the Contracting Officer, the Performance Evaluation Board (PEB), and the Fee Determining Official (FDO);
- Allocates the fee pool among performance categories;
- Specifies the evaluation cycle;
- Identifies the roles and responsibilities of those who will participate in the evaluation; and
- Describes criteria for evaluating the contractor's performance.

The FDO may unilaterally change the award fee plan prior to the beginning of an evaluation period. The contractor will be notified of changes to the plan by the Contracting Officer, in writing, before the start of the affected evaluation period. Changes to this plan that are applicable to a current evaluation period will be incorporated by mutual consent of both parties.

1.0 Fee Arrangement

The fee arrangement is negotiated based on the total estimated cost of the contract. There are regulatory limitations on total fee (cumulative base fee and award fee) for a Cost Plus Award Fee (CPAF) contract. The fee consists of two parts, the base fee and the earned award fee.

1.1 Base Fee. The base fee can be viewed as the minimum compensation for the resources a contractor uses or the investment it may undertake in order to perform the contract.

1.2 Award Fee. The award fee is the amount of fee set aside in the contract that is available to be earned by the contractor for exceeding minimum contract requirements. The contractor is not guaranteed a minimum amount of award fee. Consequently, some, none, or the entire

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maximum available award fee may be earned. The amount of the fee awarded to the contractor is unilaterally determined by the Government's evaluation of the contractor's performance which exceeds contract requirements.

- 1.3 Prerequisite for Eligibility for Award Fee.** In order to participate in the Award Fee program described in this document, the contractor must obtain at least a minimum score of "Green – Satisfactory" in each individual perspective/evaluation criterion for the most recent Contractor Performance Assessment Reporting System (CPARS) evaluation during the evaluation period.

2.0 Performance Evaluation Periods

Period	Period of Performance
Base Year	Date of Award – 5/31/2013

Please note however, that for the base year award fee evaluation period, the evaluation will begin with the first full month after the transition cutover and end with the last full month of the base year (i.e., October 1, 2012 – May 31, 2013). The final determination of the fee earned will be accomplished within 90 calendar days after the end of the base contractor year (i.e., 90 days after May 31, 2013).

3.0 Organizational Structure for Award Fee Administration

The award fee organizational structure is established for administering the award fee provisions of this contract. The organization consists of the following:

Fee Determining Official (FDO): The FDO is the Director, Financial Services Group in the Office of Financial Management (OFM). The responsibilities of the FDO are to:

- Approve the award fee plan and any significant changes;
- Review the PEB report, Contractor input, and other pertinent performance data; and,
- Make a final determination of award fee earned and payable for each evaluation period.

Performance Evaluation Board (PEB): The PEB is comprised of the Contracting Officer Representative (COR); Alternate COR; Contracting Officer (CO); Director, Division of Medicare Benefit Coordination, Director, Division of Medicare Debt Management; and Panel Chair. The responsibilities of the PEB are to:

- Review Performance Monitors' evaluation of the contractor's performance;
- Consider all evaluation information from pertinent sources;
- Prepare a report to the FDO on the recommendation of an award fee to be earned by the contractor; and,
- Substantiate the recommended award fee to the FDO.

The PEB report shall be delivered to the FDO 75 calendar days after the end of the evaluation period.

Performance Monitors: Performance Monitors are CMS staff that maintain written records of the contractor's performance in their assigned evaluation area(s) so that a fair and accurate evaluation is obtained. Performance Monitors will review and consolidate periodic monitoring information for

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inclusion in their performance monitor reports, which are due to the PEB no later than 45 calendar days after the end of the evaluation period.

Contractor Input: The contractor shall provide a written award fee performance evaluation self-assessment to the CO and COR within 30 calendar days of completion of the award fee evaluation period. The contractor should provide as much detail as is necessary to assist the evaluators in making their final determination; however, any written self-assessment shall not exceed 10 pages in length.

Notification to the Contractor: The Contractor shall receive written notification of the award fee determination within 90 calendar days of the end of the contract year.

III. AWARD FEE CATEGORIES - SCORING

1.0 Award Fee Categories:

The CMS will assess Contractor performance against stated metrics in the following areas:

- A. Contract Administration
- B. Customer Service Performance – Call Center
- C. Non Group Health Plan (NGHP) Demand Issuance
- D. Customer Service Performance – ECRS Assistance Requests (ARs)
- E. Customer Service Performance – Correspondence Processing
- F. Quality Assurance(QA) and Continuous Quality Improvement (CQI)

2.0 Distribution of Award Fee Pool:

The award fee will be distributed in the following manner for this evaluation period:

Performance Categories	Award Fee Pool Distribution – Medicare Integrity Program	Award Fee Pool Distribution – Program Management	Award Fee Pool Distribution – Part D
Contract Administration	10%	100%	10%
Customer Service Performance – Call Center	30%	0%	30%
NGHP Demand Issuance	20%	0	20%
Customer Service Performance – ECRS ARs	10%	0%	10%
Customer Service Performance – Correspondence	20%	0%	20%
QA and CQI	10%	0%	10%
Total	100%	100%	100%

In the event that an award fee metric is no longer applicable, CMS reserves the right to reallocate the award fee pool associated with that metric among the remaining award fee criteria and disperse accordingly.

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In addition, CMS will provide an overall adjectival rating for the contractor's award fee performance based on the percentage of award fee earned in compliance with the following chart:

Award Fee Adjectival Rating	Award Fee Pool Earned	Description
Excellent	91% - 100%	Contractor has exceeded all or almost all of the significant award fee criteria and has met substantially all cost, schedule, and technical performance requirements of the contract.
Very Good	76% - 90%	Contractor has exceeded many of the significant award fee criteria; and has met substantially all cost, schedule, and technical performance requirements of the contract.
Good	51% - 75%	Contractor has exceeded some of the significant award fee criteria; and has met substantially all cost, schedule, and technical performance requirements of the contract.
Satisfactory	No Greater Than 50%	Contractor has met all or almost all of the significant award fee criteria and has met substantially all cost, schedule and technical performance requirements of the contract.
Unsatisfactory	0%	Contractor has failed to meet either all or almost all of the significant award fee criteria; or substantially all cost, schedule and technical performance requirements of the contract.

3.0 Award Fee Process:

At the end of the award fee period, the COR reviews the work performed during the period. The COR and the CMS Performance Monitors evaluate the contractor's performance in accordance with the performance metrics and the Statement of Work (SOW). The COR and the CMS Performance Monitors make a recommendation regarding the percentage of fee to be awarded. This recommendation is subject to the CO's review of the contractor's performance of the contract.

This recommendation is provided to the PEB and, finally, the FDO. The FDO has the prerogative to change the recommendation. Within 90 days after the end of the evaluation period, the FDO will make a determination and an official letter will be issued by the CO stating the earned award fee.

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4.0 Performance Metrics:

The contractor shall be evaluated using the following evaluation criteria:

Award Fee Criterion 1: Contract Administration

This award fee metric measures overall contract management. CMS will consider at a **minimum** the contractor's performance in the areas of cost and project management.

Rating	Examples of factors CMS will consider (this is not an all-inclusive list):	Percentage of Award Fee Earned
Excellent	• The contractor demonstrated superior performance. • The contractor proactively proposes innovative and cost effective solutions to problems that are enacted. • The contractor focused on identifying and solving problems, with no negative impact to CMS. • The contractor is consistently under budget. If under budget, the contractor must demonstrate and provide documentation showing where and how cost savings were obtained. • Collaboration with other entities is evidenced by positive program improvements and problem-solving that has broad program benefit.	80% - 100%
Very Good	• The majority of the contractor's performance was clearly above average. • The contractor proactively proposes innovative and cost effective solutions to problems. • Problem solving only requires guidance and does not consume additional government resources. • The contractor exhibits cost savings. Documentation must be provided showing how cost savings were obtained.	60% - 79%
Good	• The contractor's performance exceeded Statement of Work standards. • Problem solving consumes minimal additional government resources. • Quality end results are consistently delivered according to schedule.	40% - 59%
Average	• The contractor's performance is consistent with the Statement of Work standards. Deliverables	0%

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Rating	Examples of factors CMS will consider (this is not an all-inclusive list):	Percentage of Award Fee Earned
	are submitted timely. The contractor submits accurate and timely invoices, as well as all, other necessary financial management reports/information in accordance with appropriate CMS instructions.	

The data source for this metric is the CO and COR who will evaluate on an ongoing basis.

Award Fee Criterion 2: Customer Service Performance – Call Center

This criterion measures the contractor's performance related to the Call Center. Eligibility for this criterion will be based upon the timeliness of handling calls received by the contractor to callers wishing to talk to a Customer Service Representative (CSR). The Average Speed of Answer (ASA) for callers should be within 5 minutes. Determination of the period of performance ASA will be determined by summing the average monthly ASA and dividing the result by the number months.

Rating	Factors Considered	Percentage of Award Fee Earned
Excellent	The average ASA for the entire period of performance was 3 minutes or less.	80% - 100%
Very Good	The average ASA for the entire period of performance was 4 minutes or less.	60% - 79%
Good	The average ASA for the entire period of performance was 5 minutes or less, and at least 4 months had an average ASA of 4 minutes or less	40% - 59%
Average	The average ASA for the entire period of performance was 5 minutes or less.	0%

Award Fee Criterion 3: NGHP Demand Issuance

This criterion measures the contractor's timeliness in issuing demand letters upon receipt of the first notification of settlement, judgment, award or other payment.

Rating	Factors Considered	Percentage of Award Fee Earned
Excellent	For cases previously established, upon receipt of the notification of a settlement, judgment, award or other payment from the beneficiary or their representative. The contractor issued a recovery demand letter to the appropriate debtor and copy all authorized individuals with valid addresses on file within twenty (20) calendar days from the receipt of the first	80% - 100%

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Rating	Factors Considered	Percentage of Award Fee Earned
	notice of the settlement, judgment, award, or other payment for 98-100% of the cases during the full evaluation period, and For cases not established, when the notice of the settlement, judgment, award, or other payment is received either by Section 111 Reporting or from the beneficiary and/or their representative, the contractor issued a recovery demand letter within ninety (90) calendar days from the receipt of the first notice of settlement judgment award, or other payment for 95% of the cases during the full evaluation period.	
Very Good	- For cases previously established, upon receipt of the notification of a settlement, judgment, award or other payment from the beneficiary or their representative. The contractor issued a recovery demand letter to the appropriate debtor and copied all authorized individuals with valid addresses on file within twenty (20) calendar days from the receipt of the first notice of the settlement, judgment, award, or other payment for 98% of the cases during 4 months of the evaluation period, and - For cases not established, when the notice of the settlement, judgment, award, or other payment is received either by Section 111 Reporting or from the beneficiary and/or their representative, the contractor issued a recovery demand letter within ninety (90) calendar days from the receipt of the first notice of settlement judgment award, or other payment for 98% of the cases during 4 months of the evaluation period.	60% - 79%
Good	- For cases previously established, upon receipt of the notification of a settlement, judgment, award or other payment from the beneficiary or their representative. The contractor issued a recovery demand letter to the appropriate debtor and copy all authorized individuals with valid addresses on file within twenty (20) calendar days from the receipt of the first notice of the settlement, judgment, award, or other payment for 98% of the cases during 3 months of the evaluation period, and - For cases not established, when the notice of the settlement, judgment, award, or other	40% - 59%

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Rating	Factors Considered	Percentage of Award Fee Earned
	payment is received either by Section 111 Reporting or from the beneficiary and/or their representative, the contractor issued a recovery demand letter within ninety (90) calendar days from the receipt of the first notice of settlement judgment award, or other payment for 95% of the cases during 3 months of the evaluation period.	
Average	- For cases previously established, upon receipt of the notification of a settlement, judgment, award or other payment from the beneficiary or their representative. The contractor issued a recovery demand letter to the appropriate debtor and copy all authorized individuals with valid addresses on file upon the receipt of the first notice of the settlement, judgment, award, or other payment as specified in the Statement of Work. - For cases not established, when the notice of the settlement, judgment, award, or other payment is received either by Section 111 Reporting or from the beneficiary and/or their representative, the contractor issued a recovery demand letter upon receipt of the first notice of settlement judgment award, or other payment as specified in the Statement of Work.	0%

Award Fee Criterion 4: Customer Service Performance – ECRS Assistance Requests

This criterion measures the contractor's timeliness related to the processing of ECRS Assistance Requests (ARs) within 100 calendar days of receipt. In order to be eligible for participation in the criterion, the contractor shall process at least 97% of all ECRS ARs within 100 days of receipt. Eligibility for this criterion will be based upon the level of service (timeliness) provided by the contractor for completing ECRS ARs. All ECRS ARs are to be completed within 100 calendar days of receipt.

Rating	Factors Considered	Percentage of Award Fee Earned
Excellent	90% of ECRS ARs are processed within 45 calendar days of receipt.	80% - 100%
Very Good	80% of ECRS ARs are processed within 45 calendar days of receipt.	60% - 79%
Good	90% of ECRS ARs are processed within 60 calendar days of receipt.	40% - 59%

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Rating	Factors Considered	Percentage of Award Fee Earned
Average	97% of ECRS ARs are processed within 100 calendar days of receipt.	0%

Award Fee Criterion 5: Customer Service Performance – Correspondence Processing

This criterion measures the contractor's timeliness related to the processing of all correspondence. In order to be eligible for participation in the criterion, the contractor shall process at least 97% of all correspondence (except checks) within 45 calendar days of receipt. Eligibility for this criterion will be based upon the level of service (timeliness) provided by the contractor for handling and resolving all correspondence.

Rating	Factors Considered	Percentage of Award Fee Earned
Excellent	90% of correspondence handled and processed within 30 calendar days of receipt.	80% - 100%
Very Good	80% of ECRS ARs are processed within 30 calendar days of receipt.	60% - 79%
Good	70% of correspondence handled and processed within 30 calendar days of receipt.	40% - 59%
Average	97% of correspondence handled and processed within 45 calendar days of receipt.	0%

Award Fee Criterion 6: Quality Assurance and CQI

This criterion measures the performance of the contractor's efforts related to quality assurance and continual quality improvement. The following factors will be used as a part of this measurement:

Rating	Examples of factors CMS will consider (this is not an all-inclusive list):	Percentage of Award Fee Earned
Excellent	- The contractor demonstrated superior performance related to quality assurance and CQI. - As a result of QA and CQI activities, the contractor proactively proposed at least 3 significant process improvement procedures that was approved and enacted. - Significant process improvement procedures were documented and clearly demonstrated the benefits of the improvement.	80% - 100%
Very Good	- The contractor's performance related to QA and CQI activities was clearly above average. - As a result of QA and CQI activities, the	60% - 79%

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Rating	Examples of factors CMS will consider (this is not an all-inclusive list):	Percentage of Award Fee Earned
	contractor proactively proposed at least 2 significant process improvement procedures that was approved and enacted. Significant process improvement procedures were documented and clearly demonstrated the benefits of the improvement.	
Good	- The contractor's performance related to QA and CQI activities exceeded SOW standards. - The contractor proactively proposed process improvements procedures as a result of QA and CQI activities.	40% - 59%
Average	The contractor's performance is consistent with the SOW standards related to QA and CQI activities. The contractor submits accurate and timely QA plans and reports in accordance with appropriate CMS instructions.	0%

The data source for this metric is the CO and COR who will evaluate on an ongoing basis.