

SERVICES CONTRACT MODIFICATION

ITEM: 7-S-MOD **Agency Contact:** Anne Timmons
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DEPARTMENT/PROGRAM: Budget and Management (DBM)
Office of Personnel Services & Benefits/
Employee Benefits Division (OPSB/EBD)

CONTRACT ID: Audit Services for State Employees and
Retiree Benefits Program; ADPICS # Category 1: COF52245; Category 2: COF52247;
Category 3: COF52248; Category 4: COF52249; Category 5: COF52250

CONTRACT APPROVED: DBM Item 1-S (12/15/2010)

CONTRACTORS: *Category 1 (Medical), Category 3 (Mental Health) & Category 4 (Pharmaceutical):* ThomsonReuters (Healthcare) Inc., Ann Arbor, MI;
Category 2 (Dental): The Segal Company (Eastern States), Inc., Washington DC;
Category 5 (Flexible Spending): Claim Technologies Incorporated, Des Moines, IA

CONTRACT DESCRIPTION: Complete annual audits of the claims adjudication and payment functions, clinical functions and administrative performance of five plan categories, noted [above], in the State Employee [and] Retiree Health and [Welfare] Benefits Program.

MODIFICATION DESCRIPTION: Mod to change the definitions of the plan years and audit cycles to coincide with the State Employee and Retiree Health and Welfare Benefits Program Plan Years which recently changed from the State fiscal year (FY) to the calendar year (CY) beginning with CY2014 in order to audit the Short Plan Year (7/1/2013 to 12/31/2013) and Plan Years CY2014 and CY2015; and to extend the contract term by nine months to complete the audits.

ORIGINAL CONTRACT TERM: 4/1/2011 – 3/31/2016 (5 Years)

MODIFICATION TERM: 5/1/2014 - 12/31/2016

ORIGINAL CONTRACT AMOUNT: \$1,992,044 (*Category 1*)
\$ 100,000 NTE (*Optional services-Cat. 1*)
\$ 118,640 (*Category 2*)
\$ 258,828 (*Category 3*)
\$ 401,117 (*Category 4*)
\$ 187,236 (*Category 5*)
\$3,057,865 Total (5 Years)

MODIFICATION AMOUNT: \$244,952 (*Category 1*)
\$ 23,679 (*Category 2*)
\$ 26,790 (*Category 3*)
\$ 44,254 (*Category 4*)
\$ 31,093 (*Category 5*)

\$370,768 Total (2 Years, 8 Months)

PRIOR MODIFICATIONS: \$0 [(Mod #1: Amended Contract Language for Audits in Category 1: 10/27/2011 – 3/31/2016: Approved by DBM) & (Mod #2: New HIPAA Requirements: 9/23/2013 – 3/31/2015: Approved by DBM)]

REVISED CONTRACT AMOUNT: \$2,236,996 (*Category 1*)
\$ 100,000 NTE (*Optional services-Cat.1*)
\$ 142,319 (*Category 2*)
\$ 285,618 (*Category 3*)
\$ 445,371 (*Category 4*)
\$ 218,329 (*Category 5*)
\$3,428,633 Total (5 Years, 9 Months)

OVERALL PERCENT +/- (THIS MOD): +12.13%

ORIGINAL PROCUREMENT METHOD: Competitive Sealed Proposals

MBE PARTICIPATION: *Category 1: 20%; Category 2: 50%; Category 3: 15%; Category 4: 15%; Category 5: 20.79%*

MBE COMPLIANCE: *Category 1: 24%; Category 2: 58%; Category 3: 18%; Category 4: 18%; Category 5: 22%*

REQUESTING AGENCY REMARKS: Request for approval to modify the contracts to change the definitions of the plan years and audit cycles to coincide with the State Employee and Retiree Health and Welfare Benefits Program Plan Years which recently changed from the State fiscal year (FY) to the calendar year (CY) beginning with CY2014 in order to audit the Short Plan Year (7/1/2013 to 12/31/2013) and Plan Years CY2014 and CY2015; and, depending on the Category, to extend the contract term by five (Category 5) or nine (Categories 1-4) months to complete the audits.

The plan year change is necessary to accommodate certain federal reporting requirements under both healthcare reform (the Patient Protection and Affordable Care Act) and those for the Centers for Medicare and Medicaid (CMS).

FUND SOURCE: 100% Reimbursable

APPROP. CODE: Various

RESIDENT BUSINESS: No for all

Board of Public Works Action - This Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION