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**Q & A #2 to
Request for Proposals (RFP)
Audit Services for State Employee and Retiree Benefits Program,
050R7200018
August 18, 2006**

Ladies and Gentleman:

The numerical sequencing begins at question # 7; questions up to #6 were answered in Q&A #1. Received the following questions by email, which are answered below for all Offerors to the referenced RFP:

7. **Question:** Section 3.3.2 makes reference to both a "Draft Audit Report meeting with the State...." and to "...quarterly meetings..." with the State. Further, section 4.4.3 indicates the contractor will "Schedule and attend quarterly meetings with the State...." To the extent practical, will the State consider allowing the selected contractor to attend these meetings and make these presentations via telephone conference call with e-mail of related documentation, or will on-site attendance in person be mandatory for all meetings?

Answer: On-site attendance would be required for the Draft Audit Report discussion meetings between the Contract Auditor, the State and the State's TPAs. For the quarterly meetings between the Contract Auditor and the State, it is preferred that there be on-site attendance by at least one member of the team with conference call availability for other members.

8. **Question:** Are you discontinuing services with the current auditor, is this a periodic "re-bid," or is this a first time review?

Answer: This RFP is a resolicitation due to the expiration of the current contract on 9/30/06.

9. **Question:** If you are discontinuing services with the current auditor, how many years has the current auditor provided these services, what services has the current auditor provided, what has been the cost for each of these services, and what is the amount of the current contract with the current auditor?

Answer: See response to Questions 5 and 6 in Q&A #1.

10. **Question:** Are recent audit reports prepared by the current auditor available for review?

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Answer: Prior audit reports would be available for review by the successful Contractor.

11. **Question:** May you please provide the names of the entities invited to bid on this RFP, and the names of those entities that submitted inquiries or requested clarification of information on this RFP?

Answer: eMarylandMarketplace (eMM) and our vendor distribution list have the names. You have access to eMM and our vendor list is attached. We will not be providing the names of the entities making inquiries; however, by virtue of being on eMM or direct distribution, you will automatically receive all Q&As for this solicitation.

12. **Question:** The RFP does not indicate when a decision will be made for the winning bidder. What is the State's timeline for making this decision?

Answer: Each procurement has a number of independent variables making the completion date a moving target. In general, we hope to be able to make awards in connection with this solicitation before the end of the year.

13. **Question:** Are the performance guarantees in place with the State's vendors for the first year consistent with the 18-month period to be audited or are the guarantees separate for the first six months and then "renewed" or start again for the first full fiscal year basis?

Answer: Partly. The 18-month period audit should include a review and sample of two plan years; one for the short plan year 1/1/2005 through 06/30/2005 and one for plan year 7/1/2005 through 06/30/2006.

14. **Question:** Are there performance guarantees applicable to ERISA for the "short plan year" audit?

Answer: No.

15. **Question:** One of the performance guarantees involves Annual Hospital Records Claims Audit. Behavioral health organizations typically do not conduct these due to the nature and usually low dollar amounts of the ancillary charges incurred. Is this performance guarantee in place for your behavioral health TPA?

Answer: Performance Guarantees for both contract periods for the MHSA TPA are provided in the RFP as part of Attachment L.

16. **Question:** On page 24 (Section 3.4.1), how many years of prior results should be illustrated and compared to the current year's results?

Answer: Just one; the prior year's audit results.

17. **Question:** Under section 4.4.2.4, item C indicates "...a list of references for which similar actuarial and consulting services have been provided..." Instead of similar "actuarial and consulting services" does the State mean "audit services"?

Answer: Yes, the RFP should refer to audit services. This has been corrected the RFP via Amendment 2.

18. **Question:** In Section 1, the statement is made “statistical review of all claims processing elements”, yet the prescription drug audit section requests electronic audits of all claims processed during the audit timeframe. Which is correct?

Answer: For the prescription drug audit, the State is requiring a 100% review of electronic claims per RFP, Section 3.1.6.6(a).

19. **Question:** Based on the fact that the prescription drug audit may include two vendors and the Maryland Rx Program, will the State accept different pricing models based on the scope of the audit work?

Answer: If you mean your price as submitted in the financial proposal, no. The State wants your single best solution to the requirements as stated in the RFP. Please note the RFP, Section 1.17 does not permit multiple or alternate proposals. The State expects a single price, which accommodates your risk on one side and considers the competitive environment on the other side.

20. **Question:** On page 24, the listing of report requirements includes a “listing of claims audited to measure processing time”. If all claims, represented by the claims data provided by the State’s vendors, are used to measure processing time, would this requirement be waived? Additionally, release of specific claims data would be in violation of the confidentiality agreement signed with the administrators and potentially against HIPAA regulations. Will the State reconsider this requirement?

Answer: The State would not need a listing of all claims used to determine claim-processing time. The State would be looking for the results of the Audit Contractor’s review of claim processing time. We will amend the RFP accordingly.

21. **Question:** For the short plan year (1/1/2005-6/30/2005), does the State wish to audit this period separately (two statistical samples) or together (one statistical sample) with the new plan year (7/1/2005-6/30/2006) with the only exceptions being the FSA and pharmacy?

Answer: The audit should include a review and sample for the short plan year 1/1/2005 through 06/30/2005 and one for plan year 7/1/2005 through 06/30/2005.

22. **Question:** In the Pharmacy Contract Performance Guarantees, the category Member Complaints is listed twice. Is this intentional?

Answer: No, this was an error, it should have only been listed once.

23. **Question:** Is the State interested in services that could be offered that would be in addition to the services requested in the RFP? If so, should the pricing for these services be included in the total project fees or may these services be priced and submitted separately?

Answer: The State is interested in your single best solution. See the response to Question 19, above.

24. **Question:** Are technical proposals and financial proposals noted in 3.3.6A made part of the written contract for all Contractors, or are these separate documents? If separate documents, have the technical proposals and financial proposals been reviewed/audited to assure consistency with the written contracts?

Answer: Technical and financial proposals are not separate but part of each formal contract by reference. The entire contract, including all incorporated documents, will be made available to the contractor that will be auditing contract compliance.

25. **Question:** Does Section 3.3.6 Audit of Contract Terms extend to fully insured benefit plans? If so, should the term "negotiated fees" in Section 3.3.6 A be interpreted to include fully insured premiums?

Answer: Yes.

26. **Question:** Verify plans subject to the second bullet point noted in 3.3.6 A. (Note: the only capitated plans that appear to be subject to audit are two of the three POS plans described in section 3.1.5.3.).

Answer: Correct, currently only two of the three POS plans have some form of capitated arrangement.

27. **Question:** Pricing guarantees are noted in section 3.1.6 for the prescription drug plan. Is the pricing guarantee a contract provision to be considered under the scope of section 3.3.6 Audit of Contract Terms, or under section 3.3.4 Audit of Claims Processing?

Answer: Pricing guarantees may apply under both sections: (1) under section 3.3.6 to the extent that the PBM provided the State with all appropriate contracted pricing guarantees (drug ingredient cost, rebates, etc.) and (2) under section 3.3.4 in connection with all claims processing elements, such as co-pays, dispensing fees, etc. Each Offeror should provide a response as to what pricing arrangements it believes may apply and how the Offeror will verify such arrangements or guarantees as part of the services provided to the State.

28. **Question:** Attachment I includes a PBM contract with a term expiring 6/30/2011, which is noted as "TO BE AWARDED". Is this contract included in the 3.3.6? If yes, what is the expected award date?

Answer: Yes, please review the RFP, Section 3.1.6.3 and also Attachment J – 4a & 4b Prescription Drug Plan.

29. **Question:** Do the clinical requirements for the prescription drug audit work apply to the contract currently being administered by the "former" PBM or will these requirements be in place for the "new" PBM once the protest has been resolved?

Answer: Both

30. **Question:** Can the electronic documents sent to the State on CD be in Adobe Acrobat format rather than Excel or MS Word?

Answer: Yes. See Amendment 2.

31. **Question:** Is a copy of the RFP available in MS Word or Excel rather than Adobe Acrobat?

Answer: Yes. Any Offeror that would like a copy of the RFP in Word format (minus Attachment L which is only in .pdf format) should request an electronic version of the RFP from the Procurement Officer.

Date Issued: August 18, 2006

By <signed> .
Michael Howard
Procurement Officer

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Sources from Internet—No other info available but sent copy of RFP and on the list

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