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QUESTIONS AND RESPONSES # 1
PROJECT NO. F10B1400010

**Consulting and Actuarial Services for the State Employee and Retiree Health and Welfare
Benefits Program**
May 13, 2011

Ladies/Gentlemen:

This List of Questions and Responses #1 is being issued to clarify certain information contained in the above named RFP. The statements and interpretations of contract requirements, which are stated in the following questions from potential offerors, are not binding on the State unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the vendor asking the question as to what the contract does or does not require.

Please note that many vendors submitted questions that were significantly similar or requested the same information. Duplicate questions of this type are not repeated in this Q&A. Therefore, a vendor may not see its question reproduced here exactly. Please read through all the Q&As carefully before re-submitting a question. Thank you.

1. **QUESTION:** Under 3.10.2 of Solicitation No. F10B1400010 (Consulting and Actuarial Services), the State of Maryland is requesting that the Contractor carry \$5,000,000 of Errors and Omissions Insurance. Would the State consider lowering the Errors and Omissions Insurance requirement to \$2,000,000?

RESPONSE:

The State requires this level of coverage to ensure that the State is adequately protected from a costly error caused by a Contractor.

2. **QUESTION:** It was noted during the April 26th pre-proposal conference that Maryland desires quality control and accuracy with actuarial calculations and reports delivered. How would Maryland view an additional quality control and peer review mechanism being performed by an independent MBE subcontractor company to audit calculations and help verify the numbers in the Actuarial reports being submitted as we have successfully performed this function for other state Actuarial contracts?

~Effective Resource Management~

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RESPONSE:

Quality control and accuracy are critically important. The Offeror considering an outside peer review/quality assurance firm should take care to ensure the capability of any potential subcontractor can meet or exceed the expectations of this Contract. As a reminder, the MBE goal of 13% is on the Consulting Services, not the Actuarial Services, as stated in the RFP. See RFP §1.23.

3. **QUESTION:** We acknowledge Maryland's pre-proposal meeting emphasis to focus MBE tasks and work on consultancy related duties. Is it acceptable for an MBE firm to review prime company actuary reports and calculation methods to assist MBE company to perform consultant duties? If yes, do you recommend that this Actuarial report review and analysis billing be accounted for under consulting hours or including it in the fixed Actuarial fee quote?

RESPONSE:

The review of reports and methods would be a decision made by the Prime contractor. We offer no recommendations. However, any work on the Actuarial components of this contract should be charged to the Actuarial Services.

4. **QUESTION:** Can you please provide more details as to frequency, volume and cost currently incurred to perform Market Research and Investigation scope described on page 27 of the RFP?

RESPONSE:

In section 3.2.7 of the RFP, it states that "The Contractor may be asked to conduct surveys using quantitative and qualitative methods". These requests would normally be made by Task Order. All details would be described at that time.

The annual Customer Satisfaction Survey, for example, involves the design, distribute and compilation of the results of a survey tool to be used across all plan elections and vendors for the medical, dental, , prescription, flexible spending accounts and behavioral health vendors. The survey requests information regarding customer satisfaction among a random sampling of participating retired and active State employees on the topics of, for example, customer service interaction, provider network access and distribution, claims payment timeliness and accuracy, and overall satisfaction with the vendor. This survey has historically taken approximately 12 weeks to complete. The sample size of the survey is approximately 30 to 35 thousand employees and retirees.

5. **QUESTION:** AON will be proposing on this solicitation and wondered if it is possible to get the attached RFP in a word or similar document vs. a PDF.

RESPONSE:

No, as a matter of policy, we distribute the RFP in PDF only.

6. **QUESTION:** Can you please provide a breakout of the hours estimated in the cost proposal. For example, in year 1 you estimate 4200 consulting hours. We are assuming that is approximately the number of hours anticipated for your consultants. Can you please breakdown the various projects that make up that estimate – such as PBM Marketing, Wellness Initiative, etc? We would like more details to make sure we staff the appropriate resources.

RESPONSE:

Please refer to attachment F – Price proposal Form. On line 2B, the estimated hours are listed for the first option year, a total of 4200 hours. Our historical breakdown of hours is as follows:

Project description	Estimated Hours
Actuarial Services	670
Analysis of Proposed Legislation	200
Medicare Part D	170
Pharmacy Directorship	400
RFP Solicitations	1200
GASB Services	410
Plan Design	100
Surveys	350
Data Warehouse	300
Health Care Reform legislation Analysis	200
Support of State Commissions	200

7. **QUESTION:** Do you have sample reports of the actuarial services performed under section 3.1?

RESPONSE:

No, these reports contain confidential and proprietary data.

8. **QUESTION:** Please provide for the last two fiscal years, actuarial fixed fees and consulting fees separately. Please provide the number of associated hours for each to support the invoice.

RESPONSE: We cannot disclose that information due to the proprietary nature of the fees.

9. **QUESTION:** What projects would you anticipate in the initial 12 months of the contract – 12/1/2011 through 11/30/2012?

RESPONSE:

Attachment H provides all the contracts and the expiration dates, which should give an idea as to upcoming RFPs. All other projects will be requested via the Task Order process.

10. **QUESTION:** Who is the current or previous consultant and are they eligible to bid again?

RESPONSE:

The current consultant is Gabriel, Roeder, Smith & Co. (GRS) of Irving, TX. Yes, they are eligible to propose again.

11. **QUESTION:** What annual fees were paid to the current or previous consultant for these services?

RESPONSE:

The DBM website at <http://dbm.maryland.gov/contractors/contractlibrary/Pages/BenefitsConsultantActuarial.aspx> has the contract information on the current contract with GRS. Also, please refer to the Response to question 8.

12. **QUESTION:** Can you provide the hourly rate of the last successful bidder for each of the employee categories in the RFP?

RESPONSE:

See response to Question 11. All publicly available information is provided on the DBM website at <http://dbm.maryland.gov/contractors/contractlibrary/Pages/BenefitsConsultantActuarial.aspx> regarding the current contract.

13. **QUESTION:** In the event that there are two proposals with equal technical and pricing, and one proposal has 13% or more MBE participation and one does not, which proposal will receive more favorable scoring?

RESPONSE:

COMAR 21.11.03.10(A)(1) provides that in the event of tie offers in which the evaluation of technical and price proposals is essentially equal, a procurement agency may award the contract, in accordance with COMAR 21.05.03.03F, in order to obtain certified MBE participation. However, with the competitive sealed procurement process, it is highly unlikely that two proposals will be ranked equally.

14. **QUESTION:** Can you provide us copies of consultant reports that were sent out during the last contract term?

RESPONSE:

No, these reports contain confidential and proprietary data.

15. **QUESTION:** The contract included in the RFP does not refer to a limitation of liability. Would the State be open to discussing the inclusion of a limitation on the Contractor's liability under this contract?

RESPONSE:

The standard policies of the State regarding Contracts will apply to this RFP. Please reference Section 10 of the Contract regarding the applicability of Maryland laws, and Section 25 of the Contract regarding Indemnification. A request to limit liability would not cause rejection of an offeror but would make such offer less advantageous to the State. Exceptions to terms and conditions of the RFP, the contract, or any other attachment may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award. See RFP Sections 1.20 and 4.4.2.2.

Remember offers are due on May 20, 2011 no later than 2:00 p.m. EDT. If there are additional questions concerning this solicitation, please contact me via e-mail at mpemberton@dbm.state.md.us or call me at (410) 260-7414 as soon as possible.

Date Issued: May 13, 2011

By

Mark Pemberton
Procurement Officer