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Deputy Secretary

**QUESTIONS AND RESPONSES # 3**  
**Project No. F10B8200014**  
**Dental Benefits Program**  
**June 12, 2008**

Ladies/Gentlemen:

This List of Questions and Responses #3, including question #86, 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.

86. *Attachment D -- Minority Business Enterprise Participation -- states that "an MBE subcontract participation goal of 0.5% of the total premium dollars collected for each functional area has been established for this procurement." Attachment D includes "Special Instructions for Completing Attachment D-2 Supplement." These instructions state that "when calculating the percentage of MBE participation for D-2, Offerors must use the following formula to calculate participation if the MBE subcontractor participation will be other than direct and exclusive to the State Contract."*

*The formula for Functional Area No 2 (DPPO) is:  
"Projected State Enrollment for DPPO ÷ (Total Non-State Enrollment Served at Offeror's Service Center + Projected State Enrollment for DPPO) = State's Share of Offeror's Book of Business."*

*The example given results in a figure of 32%.*

*The instructions state "This calculation and resulting pro-ration factor are to be included in the Offeror's Technical Proposal as an attachment to the completed D-2."*

*Our questions:*

*(A) How is this percentage figure in the example to be used?*

*If we contract with three MBEs, we understand that 0.5% of the contract or premium dollars would be shared among them. For instance, as stated in your response to question #83 in Questions and Responses #2, Company A might get 0.1% of total contract dollars,*

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*Company B is getting 0.2% of total contract dollars and Company C is getting 0.2% of total contract dollars.*

*We are unclear as to how the figure derived from the formula above (i.e., 32%) would be used in calculating MBE contract-dollar commitments.*

**RESPONSE:** The figure derived from the formula above (32%) is an example of how a contractor would calculate the reportable amount of payments to an MBE if the work the MBE is performing for the contractor is not directly and exclusively attributable to the State Plan (see RFP §1.10.2.2.1), or reportable on an allocable basis (see RFP §1.10.2.2.3).

(NOTE: Each Offeror shall calculate its own specific pro-rata percentages based on the population served at the Offeror's service center and the State Plan Population of 41,448 for DHMO or 46,886 for DPPO.)

This pro-rata factor is then used in the following manner:

If your subcontractor, Company A:

-Is to perform work projected to be 0.1% of the total premiums paid to your firm; and

-Is paid to date \$100,000 for work for your firm on a specific activity that is not direct and exclusive but supports your book of business. Therefore, the work is reported on a pro-rated basis at the 32% rate (using the example figure provided in the RFP),

Then:

-Calculate 32% of the \$100,000, which results in \$32,000 that will be counted towards your firm's overall commitment of 0.1% for Company A.

Thus:

If the premiums paid to your firm over the contract term amounted to \$50,000,000:

-Your overall MBE goal with Company A (i.e. 0.1%) in dollars is \$50,000.

-Your participation credit for work performed to date would be \$32,000.

-Your firm will still need to have Company A perform services that are counted - in a direct and exclusive, a pro-rated or an allocable manner – at an additional \$18,000 in order to achieve the contract goal of 0.1% for Company A.

Please refer to RFP §1.10.2 for additional detail regarding the three methods (direct and exclusive, pro-rated, and allocable) that payments to MBE subcontractors will be counted toward meeting the MBE commitments.

*(B) The formula uses a factor called "Total Non-State Enrollment Served at Offeror's Service Center." Does this figure represent enrollment served that is related only to our Maryland book of business (exclusive of Maryland State Employees) or does it relate to enrollment serviced in our service center for our entire book of business, including enrollment from other states (exclusive of Maryland State Employees)?*

**RESPONSE:** "Total Non-State Enrollment Served at Offeror's Service Center" relates to enrollment serviced in your service center for your entire book of business, including enrollment from other states (exclusive of Maryland State members covered under this contract). If you have services centers in different locations, you may consider and use the enrollment from your book of business that is served by the same service center that serves this State of Maryland contract, provided that all pro-rated MBE services are performed for that population and book of business.

For example, if you have two service centers, one in Maryland and one in California and the State of Maryland contract will be served from the Maryland service center, you may use the enrollment at the Maryland service center (exclusive of the Maryland State members covered under this contract) only in completing Attachment D. Therefore, if the Maryland service center has an enrollment (exclusive of the Maryland State members covered under this contract) of 500,000 and the California service center has an enrollment of 1,000,000, you may use 500,000 as "Total Non-State Enrollment Served at Offeror's Service Center" in the formula the must be completed.

**Reminder: Provide that enrollment figure on the worksheet calculation submitted with your Technical Proposal.**

*(C) In listing "how MBE participation will be attributable to State's Plan," could you please clarify what is meant by the terms "Full," "Pro-rated," and "Allocable"?*

**RESPONSE:** The terms you are referring to are found on Form Attachment D-2 in the RFP. These terms are further explained in the Dental Benefits RFP, Section 1.10.2.2.

- "Full" is defined in RFP 1.10.2.2.1 as how "Direct and Exclusive" MBE participation is to be reported. For example, MBE services that directly and exclusively support or serve the State contract.
- "Pro-rated" is defined in RFP 1.10.2.2.2 as "Pro-ration" and is how participation is to be reported if it is not "Direct and Exclusive" (reported in full) or "Allocable" (reported on an allocation basis). The "Pro-ration" method is to use the formula and percentage developed as described in the example (see also Response 86(A)). For example, MBE services that support and serve your book of business (i.e. the Maryland State contract and other contracts that you perform).
- "Allocable" is defined in RFP 1.10.2.2.3 as "Allocation" and is how participation is to be reported if it is not "Direct and Exclusive" or reported on a "Pro-ration" basis. Typically offerors will want to use "Allocable" in lieu of "Pro-ration" when the allocable amount is greater than what would be reported on a pro-ration basis.

**Please remember that offers are due on June 18, 2008, no later than 2:00 p.m.** If there are additional questions concerning this solicitation, please contact me via e-mail at [ggnall@dbm.state.md.us](mailto:ggnall@dbm.state.md.us) or by phone at (410) 260-7338 as soon as possible.

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By: Gabriel Gnall  
Procurement Officer