

# STATE OF MARYLAND

Request for Proposals

## **Audit Services for State Employee and Retiree Benefits Program**

Solicitation No. F10R7200018



**DEPARTMENT OF BUDGET & MANAGEMENT**

Issue Date: July 31, 2006

### NOTICE

Prospective Offerors who have received this document from the Department of Budget and Management's web site or eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them.

**Minority Business Enterprises are encouraged to respond to this solicitation**

**VENDOR COMMENTS**

In order to help us improve the quality of State proposal solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes and provide comments and suggestions regarding the enclosed solicitation. Please fax this completed form to the attention of Michael Howard at (410)-974-3274. Thank you for your assistance.

Solicitation No: F10R7200018  
Employee and Retiree Benefits Program

Entitled: Audit Services for Maryland State

I. If you have responded with a "no bid", please indicate the reason(s) below:

- Other commitments preclude our participation at this time.
- The subject of the solicitation is not in our business line.
- We lack experience in the work/commodities required.
- The scope of work is beyond our present capacity.
- We cannot be competitive. (Please explain below.)
- The specifications are either unclear or too restrictive (Please explain below.)
- Bid/proposal requirements, other than the specifications, are unreasonable or too risky. (Please explain below.)
- Time for completion is insufficient.
- Start-up time is insufficient.
- Bonding/Insurance requirements are prohibitive. (Please explain below.)
- Doing business with government is simply too complicated.
- Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory. (Please explain below.)
- Other: \_\_\_\_\_

II. Please explain your response further, offer suggestions, or express concerns. (Use back for additional information.)

REMARKS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OPTIONAL:  
Vendor Name: \_\_\_\_\_ Date: \_\_\_\_\_

Contact: \_\_\_\_\_ Phone: \_\_\_\_\_

Address or email: \_\_\_\_\_

THANK YOU!!!

**KEY INFORMATION SUMMARY SHEET**

**STATE OF MARYLAND  
Department of Budget and Management  
Request for Proposals**

**AUDIT SERVICES FOR  
STATE EMPLOYEE AND RETIREE BENEFITS PROGRAM**

**SOLICITATION NO: F107200018**

**RFP Issue Date:** July 31, 2006

**RFP Issuing Office:** Department of Budget and Management  
Employee Benefits Division (EBD)

**Procurement Officer:** Mr. Michael Howard  
Procurement Officer  
Office Phone: (410) 260-7518  
Fax: (410) 974-3274  
E-mail: [mhoward@dbm.state.md.us](mailto:mhoward@dbm.state.md.us)

**Proposals are to be sent to:** Department of Budget and Management  
45 Calvert Street, Room 142  
Annapolis, MD 21401  
Attention: Michael Howard

**Pre-Proposal Conference:** August 14, 2006, 10:00AM (Local Time)  
Department of Budget and Management  
201 W. Preston Street, Room L-3  
Baltimore, MD 21202  
For directions, see Attachment E

**Closing Date and Time:** **September 14, 2006 at 2:00 PM (Local Time)**

Prospective bidders who have received this document from the Department of Budget and Management's web site or eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this IFB, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the IFB or other communications can be sent to them. Contact the Procurement Officer to obtain an electronic file of the IFB in Microsoft software.

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## SECTION 1 - GENERAL INFORMATION

The Department of Budget and Management is issuing this Request for Proposals (RFPs) to obtain one or more qualified auditing firms to complete annual audits of the claims adjudication and payment functions, clinical functions, and administrative performance of the following plans in the State Employee and Retiree Health and Welfare Benefits Program:

### Category 1 - Medical Benefits Plans

- Preferred Provider Organization Plans (PPO)
- Point of Service Plans (POS)
- Health Maintenance Organization Plans (HMO)

### Category 2 - Dental Benefits Plans

- Point of Service Plan (DPOS)
- Health Maintenance Organization Plans (DHMO)

### Category 3 - Mental Health/Substance Abuse Benefits Plan

### Category 4 - Prescription Drug Benefits Plan

### Category 5 - Flexible Spending Accounts

The initial audit will cover an eighteen (18) month period covering two plan years. The State changed to a fiscal plan year effective June 30, 2005. The first plan year was a short plan year from January 1, 2005 through June 30, 2005. The second plan year (FY 2006) covered July 1, 2005 through June 30, 2006. Annual audits thereafter, to occur during contract periods two through five, will cover a twelve-month period, i.e. the benefit plan year July 1 through June 30, following the last audited plan year.

The State desires a statistical review of all claims processing elements through an audit of actual paid claims, in addition to a review of onsite operational procedures in place at the claims office.

Offerors may submit proposals to provide auditing services for any combination of or all Plan Categories. The State will award up to five contracts (one for each category) for the desired auditing services.

Hereafter, in this solicitation any time contract appears in the singular, it shall mean each of the five contracts to be awarded. The term of any contracts awarded will be approximately five years.

## 1.2 Abbreviations and Definitions

For purposes of this RFP, the following abbreviations or terms have the meanings indicated below:

- (a) **ACCOUNT MANAGER** means the individual identified by the Contractor as the primary contact for the State in the management of the contract issued pursuant to this RFP.
- (b) **AWP** means the average wholesale price of a drug.
- (c) **COBRA** means the Consolidated Omnibus Budget Reconciliation Act of 1986. Reference to this Act generally refers to the federal continuation of coverage requirements; the specific provisions that apply to the Program health benefit plans are codified in the Public Health Service Act, at 42 USC §§300bb-1 et. seq.
- (d) **COMAR** means the Code of Maryland Regulations.
- (e) **CONTRACTUAL EMPLOYEE** means a non-permanent employee of the State of Maryland who is not eligible for State subsidy of benefits.
- (f) **DBM** or **DEPARTMENT** means the Department of Budget and Management.
- (g) **DEPENDENT** means a spouse, natural child, stepchild, legally adopted child, or legal ward of an eligible member who is also eligible pursuant to COMAR 17.04.13.03A(11) for coverage under the Program and its associated benefits and insurance plans.
- (h) **EBD** means Employee Benefits Division within DBM.
- (i) **FIXED UNIT PRICE LABOR RATE.** Fully loaded hourly rates by labor category established in the Contract that include all direct and indirect costs and profit for the Contractor.
- (j) **FULLY LOADED RATES** means the billing rate of a labor category that includes all profit, direct and indirect costs. The indirect costs shall include all costs that would normally be considered general administrative and clerical costs and/or routine travel costs, or that are in any way allocated by the Contractor against direct labor hours as a means of calculating profit or recouping costs which cannot be directly attributable to a work order. General administrative and clerical costs cannot be billed to the State under this Contract.
- (k) **HIPAA** means Health Insurance Portability Accountability Act of 1996 and the regulations promulgated pursuant thereto, including the administration simplification provisions relating to the privacy and security of protected health information, the electronic exchange of health information, standard data transaction codes and code sets, and national unique identifiers. The terms “HIPAA Privacy Regulations” and “HIPAA

Security Regulations” refer to those implementing regulations found at 45 CFR Parts 160 through 164.

- (l) **LOCAL TIME** means time in the Eastern Time zone as observed by the State of Maryland.
- (m) **MAC** means maximum allowable cost as defined in the contract between the State and the Pharmacy Benefits Manager.
- (n) **MBE** means a Minority Business Enterprise that is certified as such by the Maryland Department of Transportation.
- (o) **MEDICAL RECORDS ACT** means the Maryland Confidentiality of Medical Records Act, Annotated code of Maryland, Health General Article, Title 4, subtitle 3.
- (p) **OFFEROR** means a vendor who responds to the RFP by submitting a proposal to provide the requested services.
- (q) **PHI** means protected health information, as that phrase is defined and used in the HIPAA statute and regulations (see also 45 CFR §164.501).
- (r) **PBM** means pharmacy benefits manager. In the context of the State Program, this refers to the contractor that administers the State’s employer-sponsored self-funded prescription benefits plan and the Maryland Rx Program.
- (s) **PLAN YEAR** means the 12-month period of benefit coverage beginning July 1 and ending June 30 of the next calendar year. The Plan Year for the State’s benefits plans coincides with the State’s fiscal year.
- (t) **PROGRAM** means the State Employee and Retiree Health and Welfare Benefits Program, administered by the Department. The Program is the collection of benefits plans sponsored by the State for its employees, retirees and their dependents. See Maryland Annotated Code, State Personnel and Pensions Article, §§2-501 et. seq.
- (u) **RFP** means this Request for Proposals for Consultant and Actuarial Services for State Employee and Retiree Employee Benefits Program.
- (v) **STATE** means the State of Maryland.
- (w) **SUBCONTRACTOR** means an organization or entity that the Offeror plans to utilize for the purposes of services covered under this contract.
- (x) **TPA** means a third party administrator, a contractor who processes claims and administers the self-funded plans offered through the Program.



(y) **TPA CONTRACTOR** means an organization that is contracted with the State to provide services in connection with a benefits plan administered through the Program. For purposes of this RFP, the phrase “TPA Contractor” includes Health Maintenance Organization contractors even though the HMOs are fully-insured.

The contract that results from this RFP shall be a combination of Firm Fixed Price contract for certain audit services pursuant to COMAR 21.06.03.02A and a Labor Hour contract for optional audit services pursuant to COMAR 21.06.03.05A.

The contract resulting from this RFP shall be for a period of about four years and seven months beginning on or about December 1, 2006 and ending on July 31, 2011. Each contract period shall coincide with the work period to complete all tasks in an audit cycle. The end date allows an extra month in the event the report for the last plan period, due on June 30, 2011, requires revision or correction. See Attachment J.

The sole point of contact at the State for purposes of this RFP, prior to the award of any contract, is the Procurement Officer at the address listed below:

Michael Howard  
Procurement Officer  
Department of Budget and Management  
45 Calvert Street, Room  
Annapolis, Maryland 21401  
Telephone #: 410-260-7518  
Fax #: 410-974-3274  
E-mail: mhoward@dbm.state.md.us

The individual responsible for day-to-day administration and management of the Contract issued pursuant to this RFP shall be the Contract Manager identified below:

Director  
Employee Benefits Division, Department of Budget and Management  
Room 510, 301 West Preston Street  
Baltimore, Maryland 21201  
Telephone#: 410-767-4710  
Fax #: 410-333-7122

The Department may change the Procurement Officer and/or the Contract Manager at any time during the pendency of the Contract by notice to the Contractor.

## **1.6 Pre-Proposal Conference**

A Pre-Proposal Conference will be held on August 14, 2006, at 10:00 AM, local time, at 201 W. Preston Street, Room L-3. Attendance at the Pre-Proposal Conference is not mandatory, but all interested Offerors are encouraged to attend in order to facilitate better preparation of their proposals. In addition, attendance may facilitate the Offeror's understanding and ability to meet the State's Minority Business Enterprise (MBE) goals.

The Conference will be transcribed. A copy of the transcript of the Pre-Proposal Conference will be made available to potential Offerors at a nominal charge directly from the transcription company. The identity of the company and details of how to obtain a transcript copy will be provided at the conference. In addition, as promptly as is feasible subsequent to the Conference, a summary of the Pre-Proposal Conference and all questions and answers known at that time will be distributed, free of charge, to all prospective Offerors known to have received a copy of this RFP.

If there is a need for sign language interpretation and/or other special accommodations due to a disability, it is requested that at least five days advance notice be provided. DBM will make reasonable efforts to provide such special accommodation.

eMarylandMarketplace is an electronic commerce system administered by the Maryland Department of General Services. In addition to using the DBM web site (<http://www.dbm.maryland.gov>) and other means for transmitting the RFP and associated materials, the solicitation and minutes of the pre-bid/proposal conference, Offeror questions and DBM responses, addenda, and other solicitation related information will be provided via eMarylandMarketplace.

This means that all such information is immediately available to organizations that subscribe to eMarylandMarketplace. Because of the instant access afforded by eMarylandMarketplace, recommend that all Offerors interested in doing business with Maryland State agencies subscribe to eMarylandMarketplace. The successful bidder/Offeror must register with e-Maryland Marketplace prior to contract award.

COMAR 21.02.03.06 requires that the successful Offeror under this solicitation pay a fee to support the operation of e-Maryland Marketplace. The applicable fee is based on total contract value (including base contract plus all options). A total contract value that is other than an even dollar amount will be rounded to the nearest dollar to determine the appropriate fee level. For example, a total contract value of \$50,000.49 will be rounded to \$50,000 and a Level 1 fee will apply. A total contract value of \$50,000.50 will be rounded to \$50,001 and a Level 2 fee will apply. A copy of COMAR 21.02.03.06 can be found on the website at [www.eMarylandMarketplace.com](http://www.eMarylandMarketplace.com).

The fee amount must be included within the rate or price of the proposal/bid and may not be quoted as a separate add-on price.

In order to receive a contract award, an Offeror must be registered on e-Maryland Marketplace. Contractors shall pay the fee as provided by COMAR 21.02.03.06 and in accordance with guidelines issued by the Maryland Department of General Services. These guidelines can be found on the website at [www.eMarylandMarketplace.com](http://www.eMarylandMarketplace.com).

The Procurement Officer prior to the pre-proposal conference will accept written questions from prospective Offerors. If possible and appropriate, such questions will be answered at the pre-proposal conference. (No substantive question will be answered prior to the pre-proposal conference.) Questions may be submitted by mail, facsimile, or preferably, by e-mail to the Procurement Officer. Questions, both oral and written, will also be accepted from prospective Offerors attending the Pre-Proposal Conference. If possible and appropriate, these questions will be answered at the Pre-Proposal Conference.

Questions will also be accepted subsequent to the Pre-Proposal Conference. All post-conference questions should be submitted in a timely manner to the Procurement Officer only. The Procurement Officer shall, based on the availability of time to research and communicate an answer, decide whether an answer can be given before the proposal due date. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all Offerors who are known to have received a copy of the RFP.

An unbound original and four (4) bound copies of each proposal (technical and financial) must be received by the Procurement Officer, at the address listed in Section 1.5 no later than 2:00 PM (local time) on September 14, 2006 in order to be considered. One (1) electronic version on CD of the Technical Proposal (in MS WORD) must be enclosed with the original Technical Proposal. An electronic version on CD of the Financial Proposal in MS Word or Excel format must be enclosed with the original Financial Proposal. Offerors must ensure that the CDs are labeled with the RFP title, RFP number and Offeror name, and are packaged with the original copy of the appropriate proposal (technical or financial).

Requests for extension of this date or time will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.03.02F, proposals received by the Procurement Officer after September 14, 2006 at 2:00 PM (local time) will not be considered. Proposals may not be submitted by e-mail or facsimile.

### **1.10 Duration of Offer**

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals or of Best and Final Offers (BAFOs), if requested. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

If it becomes necessary to revise this RFP before the due date for proposals, amendments will be posted on the DBM website and eMarylandMarketplace.com, and provided to all prospective Offerors who were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Amendments made after the due date for proposals will be sent only to those Offerors who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the proposal due date must accompany the Offeror's proposal in the Transmittal Letter accompanying the Technical Proposal submittal. Acknowledgement of the receipt of amendments to the RFP issued after the proposal due date shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

The State reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State of Maryland. The State also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations.

Offerors may be required to make oral presentations to State representatives. Significant representations made by an Offeror during the oral presentation must be reduced to writing. All written representations will become part of the Offeror's proposal and are binding if the contract is awarded. The Procurement Officer will notify Offerors of the time and place of oral presentations. Typically, oral presentations occur approximately two weeks after the proposal due date.

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

**1.15 Economy of Preparation**

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror's proposal to meet the requirements of this RFP.

Any protest or dispute related respectively to this solicitation or the resulting contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

Neither multiple nor alternate proposals will be accepted for any of the five individual categories listed in the RFP Section 1.1; however, an Offeror may submit separate proposals for any or all of the five categories.

An Offeror should give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland. (See Section 4.4.2.1)

Information, which is claimed to be confidential, is to be placed after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in its Financial Proposal. Offerors are advised that, upon request for this information from a third party, the State will make an independent determination whether the information must be disclosed (see COMAR 21.05.08.01).

The selected Offeror/Contractor shall be responsible for all products and services required by this RFP. Subcontractors must be identified, and a complete description of their roles relative to the proposals must be included in the Proposal. The selected Offeror retains the responsibility for all work performed by and any deliverable submitted by a subcontractor. Additional information regarding MBE subcontractors is provided in paragraph 1.23 below, and ATTACHMENT D.

If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, proposed services, description of the Offeror's ability to perform the scope of work, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's proposal must contain

an explicit statement that the parent organization will guarantee the performance of the subsidiary.



By submitting an offer in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the Contract, attached as ATTACHMENT A. Any exceptions to this RFP or the Contract must be clearly identified in the Executive Summary of the technical proposal. A proposal that takes exception to these terms may be rejected. (See Section 4.4.2.2)



A proposal submitted by an Offeror must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as ATTACHMENT B of this RFP.



All Offerors are advised that if a contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as ATTACHMENT C of this RFP. This Affidavit must be completed and submitted within five business days of notification of proposed contract award.



A Minority Business Enterprise (MBE) subcontractor participation goal expressed as a percent of the total fees paid to the Contractor for audits has been established for each category under this procurement as follows:

- Category 1 (Medical Benefit Plans): 20%
- Category 2 (Dental Benefit Plans): 10%
- Category 3 (Mental Health/Substance Abuse Benefit Plans): 15%
- Category 4 (Prescription Drug Benefit Plan): 15%
- Category 5 (Flexible Spending Accounts): 5%

The Contractors shall structure their award(s) of subcontracts under the contracts in a good faith effort to achieve the goal in such subcontract awards by businesses certified by the State of Maryland as minority owned and controlled. MBE requirements are specified in ATTACHMENT D of this RFP. Subcontractors used to meet the MBE goal of this RFP must be identified in the Offeror's proposal.

Questions or concerns regarding the MBE requirements of this solicitation must be raised before the opening of bids or receipt of initial proposals.

ATTACHMENTS D-1 and D-2 must be completed and submitted with each Offerors proposal. Failure to submit these completed attachments will eliminate an Offeror from further consideration.

A current directory of MBEs is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, and P.O. BOX 8755, BWI AIRPORT, MARYLAND 21240-0755. The phone number is 410-865-1269. The directory is also available at <http://www.mdot.state.md.us>. Select the MBE Program label. The most current and up-to-date information on MBEs is available via the web site.

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the contract if selected for contract award.

This contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

Before a corporation can do business in the State of Maryland it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. It is strongly recommended that any potential Offeror complete registration prior to the due date for receipt of proposals. An Offeror's failure to complete registration with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for contract award.

Offerors are advised that section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

- (a) In connection with a procurement contract a person may not willfully:
  - (1) falsify, conceal, or suppress a material fact by any scheme or device;
  - (2) make a false or fraudulent statement or representation of a material fact; or
  - (3) use a false writing or document that contains a false or fraudulent statement or entry of a material fact.
  
- (b) A person may not aid or conspire with another person to commit an act under subsection (a) of this section.

- (c) A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.



By submitting a response to this solicitation, the Offeror agrees to accept payments by electronic funds transfer unless the State Comptroller's Office grants an exemption. The selected Offeror shall register using the COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form. Forms are available from the Comptroller's Offices or website. Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption.



- 1.29.1** Potential Offerors should be aware that the State Ethics Law, State Government Article, § 15-508, might limit the selected Contractor's ability to respond to this solicitation, depending upon specific circumstances.
- 1.29.2** The successful Offeror will provide auditing services to the State and must do so impartially and without any conflicts of interest. The Contractor will be required to complete a Conflict of Interest Affidavit. A copy of this Affidavit is included as ATTACHMENT H of this RFP. If the Procurement Officer makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject an Offeror under COMAR 21.06.02.03B.

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## **SECTION 2 – OFFEROR MINIMUM QUALIFICATIONS**

Offerors must clearly state and demonstrate that they satisfy the stated experience qualification and provide evidence thereof. The primary evidence shall be in the form of a self-certification stated in the Executive Summary of the Technical Proposal. The references submitted in response to RFP Section 4.4.2.4 shall be used to validate the self-certification. The qualification is applicable to the primary Offeror and any subcontractors used by the Offeror for primary functions under the Scope of Work.

The Offeror making the proposal, and subcontractors used by the Offeror(s) for primary functions under the Scope of Work, must meet the following experience requirements in auditing health benefit plans for processing accuracy and contract compliance.

- Categories 1, 3 and 4 (Medical Benefits, Mental Health/Substance Abuse Benefits and Prescription Drug Benefits Plans): Three years experience since January 1, 2000
- Category 2 (Dental Benefits Plans): One year experience since January 1, 2000
- Flexible Spending Accounts: No experience requirement

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## SECTION 3 – SCOPE OF WORK

- 3.1.1** The State of Maryland Department of Budget and Management administers a comprehensive benefits program for State employees, retirees, and eligible dependents. The State Employees and Retirees Health and Welfare Benefits Program (Program) includes a mix of self-funded and fully insured medical, dental and prescription plans and group insurance plans for life, long term care and personal, accident and dismemberment and Health and Dependent Care Flexible Spending Account benefits. The State subsidizes the premiums for certain plans but the member pays the entire premium for other plans. Deductible and co-pay arrangements are also used for various plans. State's total benefit expenditures for FY 2007 are anticipated to be approximately \$1 billion.
- 3.1.2** In July 2005, the State switched from a calendar year benefits plan year to a benefits plan year based upon the State's fiscal year. The fiscal year runs from July 1 of one year to June 30 of the following year. A shortened plan year of January-June 2005 was followed by the implementation of the first benefits plan year on a fiscal basis beginning July 1, 2005-June 30, 2006. An annual Open Enrollment period is held prior to the beginning of each Plan Year, typically in May or June. Benefits elections for most plans are evergreen elections, but elections for Flexible Spending Accounts must be made during each Open Enrollment.
- 3.1.3 Eligibility and Payment for Coverage**
- 3.1.3.1 Eligibility for Program participation is governed by regulation codified at COMAR 17.04.13.03. Program benefits are available to permanent employees who work at least 50 percent of the standard workweek, retirees and eligible dependents with a State subsidy of certain applicable premiums. COBRA participants, employees on leave of absence without pay, contractual and part-time employees also may enroll in the plans offered through the Program; however, these Direct Pay Enrollees are not subsidized by the State and therefore pay the full premium cost. Satellite Account Employees participate in the State benefits program and may be subsidized by their employer, which in turn submits the full premium cost to the State.
- 3.1.3.2 The Program operates as an Internal Revenue Code Section 125 pre-tax benefits plan for active employee enrollees who are eligible for State subsidy. The State's Section 125 cafeteria plan does not use benefit credits or a flat employer contribution to all employees; the employer contribution is a percentage of the premium for certain plans. All other members (Direct Pay Enrollees and Satellite Enrollees) must pay premiums on a post-tax basis. However, all Program election and coverage benefits are otherwise administered as if Section 125 election and coverage provisions applied.

3.1.3.3 The active State Benefit Employee Enrollment Data by Plan and Coverage prepared for enrollment year of FY 2006 and enrollment month of May are found in ATTACHMENT G.

### **3.1.4 Program Benefits Plans**

3.1.4.1 Detailed descriptions of employee and retiree benefit plans are provided in the 2006-2007 Summary of Health Benefits Booklet. The booklet is issued annually to all eligible members during the annual Open Enrollment period. The Summary of Health Benefits Booklet may be accessed through the Department website at [www.dbm.maryland.gov](http://www.dbm.maryland.gov), using the link entitled "Employee Services."

3.1.4.2 The various benefits plans of the Program are described in limited detail below. These plans are part of the comprehensive benefits program that the State of Maryland provides for its active employees and retirees. The Program is also open to COBRA and other direct pay participants (e.g., part time and contract employees), as well as employees and retirees of participating Satellite units. (Satellite units are political subdivisions, agencies, commissions, or organizations permitted by law to participate in the Program.) Standardized deductible and co-pay arrangements are in effect for the various plans. Total benefits costs for the State for the plans listed above for the fiscal year 2006 were approximately \$914 million, inclusive of premium, administrative, capitated and claims payments.

### **3.1.5 Medical Benefits Plans**

3.1.5.1 Medical benefit plans offered include PPOs, POS, and HMOs. Each of the 3 types of plans provides a standard set of benefits. The administrators for the self-funded PPO and POS plans and insurers for the HMOs were procured during a competitive process held in 2004. Copies of the RFPs, including the plan design and a significant portion of the performance requirements for those contracts, are available on the Department's website ([www.dbm.maryland.gov](http://www.dbm.maryland.gov)), using the "Procurement & Contracts" and "Contract Library" links. The contracts for these health plans will expire on June 30, 2009.

3.1.5.2 Two PPO plans are offered to State employees and retirees. These PPO plans are administered by separate third party administrators (TPAs) and do not operate under managed care guidelines. Both PPO plans offer nationwide and statewide coverage and network access. Currently, enrollees pay 20% of the premium and the State pays 80%. The PPO plans are self-insured by the State. The State pays the TPAs an administrative fee to process claims and reimbursement of claims paid on behalf of State participants. The Contractor has certain performance guarantees that are to be met.

3.1.5.3 Three POS plans are administered by separate TPAs and are available in all regions of the State. Two of the POS plans are partially capitated and partially self-insured; the remaining POS plan is not capitated. Services that are covered

under the capitated rate vary among the POS plans. All three POS plans offer statewide coverage but access out-of-state is limited. Enrollees pay 17% of plan premiums, and the State pays 83%. The POS plan is self-insured by the State. The State pays these TPAs an administrative fee to process claims, capitated fees for certain services and reimbursement of claims paid on behalf of State participants. Performance guarantees are to be met as well.

3.1.5.4 The three HMO plans are fully insured. The HMO networks are limited in area and generally offer coverage for only emergency services out of state. The State pays 85% of premiums, and enrollees pay the remaining 15%. The State pays these Contractors premiums for their fully insured products. Performance guarantees are to be met. No claims audit is to be performed for these Contractors.

3.1.5.5 The PPO, POS, and HMO contracts awarded effective with the plan year beginning January 1, 2005 were modified only slightly to account for the change in the State's plan year to a fiscal year basis on July 1, 2005.

### **3.1.6 Prescription Drug Benefits Plan**

3.1.6.1 The prescription drug plan is self-funded and is administered by a PBM. The enrollees pay 20% of premiums, and the State pays 80%. Enrollees attain maximum benefits through use of a pharmacy network, generic medications when available, a drug formulary, MAC pricing and preferred drugs. The current plan includes an extensive national retail network as well as access to a voluntary mail order program and specialty pharmacies.

The current State plan also includes a number of managed access components, including:

- Prior Authorization
- Quantity Limitations; and
- Step Therapy Requirements

3.1.6.2 The contract for administration of the State's prescription drug plan was modified in terms of pricing guarantees and certain services effective July 1, 2005 and expired on June 30, 2006. The Contractor must take the different contract terms into consideration while performing the audit of the period January 1, 2005 through June 30, 2006.

3.1.6.3 In late 2005, the State issued an RFP for a PBM to provide pharmacy benefits and administer the Maryland Rx Program. As the result of a protest, the contract award has been delayed. As of July 1, 2006, the current incumbent PBM will administer the State's self-funded prescription drug plan in accordance with the terms of the 2005 RFP, with the exception of the Maryland Rx Program, until the protest is resolved. The new contract may be awarded during the middle of the

current plan year, thus resulting in the audit of two separate PBM contractors for the plan year July 1, 2006 through June 30, 2007.

3.1.6.4 The Maryland Rx Program is to be a purchasing pool for pharmacy benefits for the State Employee and Retiree Health and Welfare Benefits Program, local governments and private employers for employees in Maryland. These other entities will be entitled to participate in the purchasing pool and to secure pharmacy benefit management services from the PBM on the same terms and conditions as the State through contracts with the PBM, with certain exceptions noted in the RFP. The Maryland Rx Program will be implemented upon contract award. When the Maryland Rx Program is implemented, the pricing terms for the State (APW discounts, administrative fees, dispensing fees, etc) may be affected by aggregate enrollment in the Maryland Rx Program.

3.1.6.5 Effective July 1, 2006, the PBM contract includes a pricing model that provides the following components:

- (a) Pass-Through Pricing at Retail Pharmacies – For the retail component, the PBM shall pass-through the actual price the PBM has negotiated with the dispensing retail pharmacy; spread pricing with participating retail pharmacies shall not be permitted.
- (b) Pass-Through Pricing on Mail Order and Specialty Pharmacies – For the mail and specialty pharmacy components, pass-through actual acquisition pricing from wholesalers or manufacturers is not required; however, the drug ingredient cost charged to the State must be consistent with the pricing guarantees for claims processed at mail and specialty pharmacies.
- (c) Pass-Through Pricing on Other Items – For the retail, mail and specialty components, the PBM shall not retain any revenue (attributable to the State’s business) from pharmaceutical manufacturers or wholesalers including, but not limited to data fees, access fees, market share fees, rebates, formulary access fees, administrative fees or marketing grants.
- (d) Pricing Guarantees – For the retail, mail and specialty components, the PBM shall also guarantee a maximum amount for dispensing and administration fees, minimum percentage discounts off AWP by drug-type (brand and generic) and place of service (retail, mail and specialty pharmacies) and minimum guarantees per claim for rebates, including all revenue.
- (e) Transparency: For the retail, mail and specialty components, the PBM shall provide full transparency reporting. The reporting required for this is described in greater detail in the Request for Proposals for Pharmacy Benefits Purchasing Pool Management and Pharmacy Benefits Administration Services, No. F10R6200071, Section 3.4.1.7.

3.1.6.6 Effective July 1, 2006, the PBM contract also requires that the PBM contractor submit to and cooperate in the following audits:

- (a) To audit any data necessary to ensure the Contractor is complying with all contract terms, such audit rights to include but not be limited to:
  - 100% of electronic pharmacy claims data, which includes at least all NCPDP fields from the most current version and release (for retail and mail pharmacy claims);
  - Retail pharmacy contracts;
  - Data management, pharmaceutical manufacturer and wholesaler agreements;
  - Mail and specialty pharmacy contracts to the extent they exist with other Contractor(s);
  - Approved and denied utilization management reviews;
  - Clinical program outcomes;
  - Appeals (first level appeals may be conducted by the PBM contractor); and
  - Information related to the reporting and measurement of performance guarantees;
- (b) To audit post termination;
- (c) To audit more than once per year if the audits are different in scope or for different services; and
- (d) To perform additional audits during the year of similar scope if requested as a follow-up to ensure significant or material errors found in an audit have been corrected and are not recurring, or if additional information becomes available to warrant further investigation.

### **3.1.7 Dental Benefits Plans**

Preventive and diagnostic dental benefits are available to employees and retirees through three stand-alone fully-insured dental plans, including two Dental HMOs, and one Dental PPO with in-network and out-of-network benefits. Premiums for the three stand-alone dental plans are paid 50% by the employee and 50% by the State. The base period for the dental benefits plans contracts expires June 30, 2007, and the State has unilateral options to extend the contracts for an additional two years (to June 30, 2009). The State pays these Contractors premiums for their fully-insured products. Performance guarantees are to be met. No claim audit is to be performed for these Contractors.

### **3.1.8 Mental Health and Substance Abuse Benefits Plan**

3.1.8.1 HMO enrollees receive mental health and substance abuse services through their HMO plans, and the cost of these services is included in the HMO premiums.

3.1.8.2 For PPO and POS enrollees, mental health and substance abuse services are provided by a TPA under a managed care agreement. These services are self-funded by the State. The cost (administrative fees and premiums to cover anticipated claims costs) for mental health and substance abuse services is added to the PPO and POS premiums, and is shared between the State and enrollees in the same proportion as described above for those plans.

Members may choose to receive services through a participating TPA mental health provider, or receive reduced benefits by using non-participating mental health provider. The State pays the TPA an administrative fee to process claims and reimbursement of claims paid on behalf of State participants. The Contractor has certain performance guarantees that are to be met.

3.1.8.3 The current contract for these mental health plan TPA services was awarded for the plan year beginning July 1, 2006 and expires June 30, 2011. The same TPA contractor that was the incumbent on the contract ending June 30, 2006 was awarded the contract for the period beginning with the FY2007 plan year.

### **3.1.9 Flexible Spending Accounts**

3.1.9.1 The State offers active employees the opportunity to participate in a pre-tax Health Care Spending Account and/or Dependent Care Spending Account. A TPA administers the two accounts. The two Flexible Spending Accounts are entirely funded by the active employee. The current contract for the TPA services for these accounts was awarded effective July 1, 2005 and expires June 30, 2010.

3.1.9.2 The FSA TPA contractor for the period beginning January 1, 2005 and ending June 30, 2005 was a different contractor than the FSA TPA contractor awarded the contract for the period beginning with the FY2007 plan year. In performing the audit of the January 1, 2005 through June 30, 2006 period, the audit Contractor must take into consideration that two separate contracts and two separate contractors must be audited for the eighteen (18) month period.

3.1.9.3 The FSA Plan permits a grace period for the filing of health care reimbursements in the health care FSA plan only in accordance with Internal Revenue Service Notice 2005-42. The grace period extends from July 1 to September 15. It became applicable with the plan year beginning July 1, 2005.



The State requires an audit and review of the contract performance of the TPA Contractors that provide services in connection with the Program. The audit may be performed using different methodologies, including statistical sampling, so long as the State may rely upon and have adequate confidence in the audit findings.

The purposes of audit services are to:

- Ensure that the State receives the benefit of the contractual pricing arrangements with all Contractors (e.g. capitated fee maximums set in POS plans, AWP discounts for the prescription drug benefits plan;
- Ensure Contractor accountability for compliance with contractual requirements, including performance guarantees;
- Verify appropriate administrative procedures and control measures are in place;
- Confirm the accuracy of benefit payments to providers; and
- Improve quality of service through the review of clinical processes.

Please note that for purposes of this RFP, the phrase “TPA Contractor” includes Health Maintenance Organization contractors even though the HMOs are fully insured plans.

**3.3.1** Following is a description of the audits that will be required under the contracts resulting from this solicitation, which will include: (1) audits of administrative/operational procedures; (2) audits of claims; (3) audits of performance guarantees; (4) compliance with contract terms, including negotiated rates, fees etc.; (5) review of Contractor internal audits to include hospital bill or pharmacy audits for adequacy of program and verification that any recoveries were credited back to the State.; (6) audit of retail pharmacy contracts, data management, pharmaceutical manufacturer contracts to assure full pass-through of pricing, rebates and discounts to the State; and (7) clinical processes audits.

**3.3.2** In order to observe, monitor and manage the flow of audit work, the State requires audits and related work to be completed within a predetermined time frame. Included, as ATTACHMENT J to this RFP, is a table showing the audits required for each benefit plan and audit period. All audits for an audit period shall be complete no later than June 30<sup>th</sup> of the year after the end of the audit period except for the first 18-month audit period, which shall be complete by September 30, 2007. Also included, as ATTACHMENT K-1 thru K-5, are tables, which the contractor shall use to establish the time schedule for audit work. The blank schedules shall be filled in and submitted by the Contractor as part of its technical proposal in response to the RFP Section 4.4.2.3 and copies must also be submitted to the Contract Manager within 15 business days after the effective date of the contract. Events only need to be predetermined down to the level of a month and year. The elements of the schedule shall be:

- On site reviews with TPA Contractors. These reviews would constitute preparatory work and conduct of the audit. Please note that benefit plan providers may change over time.
- Draft audit reports (including the audited TPA Contractor’s response to draft audit findings).



- Draft Audit report meetings with the State, TPA Contractors and Contractor to discuss and coordinate audit findings
- Final audit reports (after discussions among the Department, the audit Contractor and the audited TPA Contractor).
- The audit Contractor's communications with the State must include monthly progress reports and quarterly meetings—the schedule need not include monthly meetings but should include quarterly meetings.

### **3.3.3 Audit of Administrative Procedures/Operational Audits**

A. The Contractor shall conduct audits of administrative procedures and operational audits that address at least the following issues:

- Staff assignments and division of responsibilities
- Transfer of eligibility data, to include verification of dependent status
- Third party recovery procedures
- Identification and recovery of erroneous payments. Ensure that any claims errors identified in the audit samples of previous audit reports have been credited or debited to the State's account. Ensure any systematic errors identified by previous audit reports have been corrected and retroactive adjustments made and credited to the State.
- Automated and manual claims processing functions
- Internal controls for accuracy of processing and payment
- Management of claims costs to ensure procedures supported maximized savings

The written report should comment on whether the Contractors' administrative policies and procedures are appropriate for the State's plan and offer recommendations to improve the overall efficiency of administrative and operational procedures.

The Contract Manager may add other review/audit areas but substantive additions shall be addressed by contract modification.

B. The administrative procedures/operational audit must be performed for the following categories:

- Category 1 (Medical Benefits Plans): all plans
- Category 2 (Dental Benefits Plans): all plans
- Category 3 (Mental Health/Substance Benefits Abuse Plan)
- Category 4 (Prescription Drug Benefits Plan)
- Category 5 (Flexible Spending Accounts)

### **3.3.4 Audit of Claims Processing**

A. The Contractor shall audit claims processing, using a statistical sampling methodology that provides at least a confidence level of 95%, in at least the following areas:

- Confirm claims are processed in accordance with the TPA contractor's established administrative procedures;
- Review and assess financial, procedural, and payment accuracy (e.g. identifying over and under payments to providers)
- Ensure that third party recovery procedures, including COB, are followed in accordance with standard insurance industry protocols
- Verify allowances are within appropriate fee schedules
- Verify that coverage is provided in accordance with State plan design (e.g. that services are not denied when they should be covered or covered when they should be denied, that Medicare-eligible retirees are provided with only Medicare A and B supplemental coverage, that FSA reimbursements are permitted by the applicable federal tax code provision, etc.)
- Identify error patterns or trends; identify causes, assess effects, and provide recommendations for corrections
- Confirm accuracy of benefit accumulators (*i.e.*, deductibles, out-of-pocket, maximums)
- Confirm that overpayments identified in prior audits have been credited to the State

B. The claims processing audit must be performed for the following categories:

- Category 1 (Medical Benefits Plans): PPO and POS plans only
- Category 3 (Mental Health/Substance Abuse Benefits Plan)
- Category 4 (Prescription Drug Benefits Plan)
- Category 5 (Flexible Spending Accounts)

### **3.3.5 Audit of Performance Guarantees**

Performance guarantees are in place for all benefit contract categories and are included as ATTACHMENT L. However, additional performance guarantees for some TPA Contractors may be instituted during this contract period.

A. The Contractor shall audit the TPA Contractors' compliance with the performance guarantees applicable to each TPA contract. The audit of performance guarantees may involve data or findings developed in connection with other audits to be performed of the respective TPA contractor. For example, the financial accuracy of claims payments is a performance guarantee in the PPO TPA contract. The audit Contractor shall recommend whether the liquidated damages associated with each performance guarantee should be assessed and in what amount.

B. The performance guarantees audit must be performed for the following categories:

- Category 1 (Medical Benefits Plans): all plans
- Category 2 (Dental Benefits Plans): all plans
- Category 3 (Mental Health/Substance Abuse Benefits Plan)
- Category 4 (Prescription Drug Benefits Plan)
- Category 5 (Flexible Spending Accounts)

### **3.3.6 Audit of Contract Terms**

A written contract is in place for all Contractors in each of the categories. Additional contractual agreements or modifications applicable to the TPA contractors may be instituted during this contract period.

A. The Contractor shall review the TPA Contract terms and conditions to ensure that TPA Contractors comply with all terms of the contract with the State. These audits shall include but not be limited to:

- Review contracts, technical proposals and financial proposals to ensure all pricing terms and negotiated fees are compliant with terms in contract
- Review and reconcile any contractual capitated arrangements and identify any recoveries due State
- Verify appropriate contracted administrative fees
- Audit pharmacy and pharmaceutical manufacturer agreements to verify that pricing in the prescription benefits plan properly flows through to the State

B. The contractual compliance audit must be performed for the following categories:

- Category 1 (Medical Benefits Plans): all plans
- Category 2 (Dental Benefits Plans): all plans
- Category 3 (Mental Health/Substance Abuse Benefits Plan)
- Category 4 (Prescription Drug Benefits Plan)
- Category 5 (Flexible Spending Accounts)

### **3.3.7 Review of Internal Audits**

A. The Contractor shall review internal audits conducted by TPA contractors to include but not be limited to:

- Review the TPA Contractor's internal audit controls to ensure proper controls are in place for improper billing, claims processing, fraud, etc.
- Verifying that hospital bill audits have been conducted in accordance with the contractual requirements
- Verify that pharmacy audits (desk audits and on-site audits) are conducted in accordance with contractual requirements and industry standards
- Verify appropriateness of the internal audit program(s), i.e. that it meets industry standards
- Verify that any recoveries identified through the TPA Contractor's internal audits have been credited back to the State

B. The review of internal audits must be performed for the following categories:

- Category 1 (Medical Benefits Plans): PPO and POS plans only

- Category 3 (Mental Health/Substance Abuse Benefits Plan)
- Category 4 (Prescription Drug Benefits Plan)
- Category 5 (Flexible Spending Accounts)

### **3.3.8 Clinical Audits**

A. The Contractor shall perform clinical evaluations of programs conducted by TPA Contractors. The evaluation shall compare the programs implemented and administered by the TPA Contractor to relevant industry standards, norms and benchmarks. The programs to be evaluated include but are not limited to:

- Utilization management programs (e.g. prior authorization, pre-certification, continued stay review and discharge planning functions);
- Case management and disease management programs, specifically addressing for each: case identification methodology and systems, member communications and proactive outreach mechanisms, diagnosis-focused programs, and return-on-investment/results monitoring capability, based on a review of policies and of a sample of cases utilizing the management program(s);
- For the prescription benefits plans, perform a review of managed access components, including:
  - Prior Authorization
  - Quantity Limitations; and
  - Step Therapy Requirements

B. The Clinical Audit must be performed for the following categories:

- Category 1 (Medical Benefits Plans): PPO and POS plans only
- Category 3 (Mental Health/Substance Abuse Benefits Plan)
- Category 4 (Prescription Drug Benefits Plan)



### **3.4.1 Reports for Individual Contracts Audited – Content Requirements**

The Contractor shall provide a detailed written report for each contract and TPA contractor audited. The audit Contractor shall submit the draft audit report to the respective TPA contractor for review and comment prior to submitting its findings to the State. Each report shall include at least the following elements:

- General statement of audit objectives
- List of the claim adjudication and administration procedures evaluated
- Summary of audit steps and sampling methodology
- Listing of all claims with errors, including a brief description and amount of error
- Total number and dollar value of claims processed during the audit period
- Summary of audit findings including:

- Total number and dollar value of claims examined
- Total number and percentage of claims with financial errors (dollar value broken down into over - and under-payments and combined for percentage of total claims paid)
- Total number and percentage of claims with administrative errors
- Listing of claims audited to measure processing time
- Results to applicable TPA Contractor performance guarantees
- Comments and recommendations for improving claims administration
- Copy of the TPA Contractor's response to the draft report and any modifications the TPA Contractor has implemented as a result of the audit
- Comparison of current year's audit with prior year results (for audits after the initial audit)
- Verification of recovery, adjustment of errors identified in prior audit reports
- List of pharmacy and pharmaceutical manufacturer agreements audited and representation of the size of the sample compared to the number of pharmacies in the network and manufacturers with which the PBM contractor has agreements
- Findings related to pricing guarantees and pass-through pricing requirements
- Results of internal audits
- Summary results of audits of applicable contract terms
- Clinical reviews

In addition, the audit Contractor should provide summary comments and recommendations for each audited TPA contractor to insure that the State receives high quality services in a cost effective, timely manner.

### **3.4.2 Standards and Acceptance Criteria for Audit Reports (Deliverables)**

When presented for acceptance, a written deliverable defined as a final document must satisfy the scope and requirements of the RFP for that deliverable. Final written audit reports shall not contain structural errors such as poor grammar, misspellings or incorrect punctuation, and must:

- Be submitted on or before the due date;
- Be presented in a format appropriate for the subject matter and depth of discussion;
- Be organized in a manner that presents a logical flow of the deliverable's content;
- Represent factual information reasonably expected to have been known at the time of submittal;
- Present information that is relevant to the portion of the deliverable in the submittal;
- Meet the content requirements of the RFP Section 3.4.1 as determined by the Contract Manager; and
- Be reviewed and accepted by the Contract Manager.

### **3.4.3 Status Reports/Meetings**

The Contractor shall submit the following status reports and comply with the following meeting requirements:

- Monthly progress reports to the State on the fifth day of each month
- Schedule and attend quarterly meetings with the State to provide status of audits

**3.5.1** The Contractor must be available to perform any additional optional audit-type services requested by the State on a task order basis. The State shall request a quote for hours in each of the labor categories in Section 3.5.2. If the hours are acceptable, the State will issue a task order to accomplish the described task. These optional services may include but are not limited to audits of large claims or disputed claims. Such additional services, if any, will be billed in addition to the fixed price for scheduled audits at the labor rates proposed in the Contractor's financial proposal.

**3.5.2** Labor Requirements for Optional Services

- A. All labor rates charged by the Contractor for the three services labor categories outlined in the price proposal (ATTACHMENT F), shall be fully loaded labor rates including direct and indirect charges. Reimbursement for administrative/clerical duties, travel, parking and mileage will not be paid under the terms of the Contract.
- B. Contractors must use the labor categories provided for auditing services as indicated. Proposed audit services personnel must meet the following minimum requirements for experience and proficiency to be eligible for these labor categories
- Principal/Partner - Must have a minimum of ten (10) years experience providing healthcare auditing services.
  - Senior Auditor - Must have a minimum of five (5) years experience providing healthcare auditing services.
  - Junior Auditor - Must have a minimum of one (1) year of experience providing healthcare auditing services.
- C. Offerors should note that all personnel who perform services in connection with fixed rate audits (see Section 3.3) need not meet the minimum requirements for the junior auditor labor category. In performing the necessary audits of the various plans, the Contractor may use accounting or other auditing personnel that do not have personal healthcare auditing experience, so long as their experience is relevant to the tasks they are assigned in connection with the audit. For example, an accountant may perform the audit of the financial accuracy of reimbursements provided in the FSA plans.

**3.6.1** The Contractor shall act as a business associate of the Department in its administration of the Program and its component benefits plans that are covered by HIPAA's privacy, security and administrative requirements.

- 3.6.2** The Contractor shall not use or disclose PHI except as permitted by this RFP and the Contract.
- 3.6.3** The Contractor shall implement and use appropriate and reasonable administrative, physical and technical safeguards to maintain the security of and to prevent use or disclosure of PHI other than (a) as provided in this RFP and the Contract, (b) permitted by the HIPAA Privacy Regulation for a Covered Entity, and (c) permitted by the Medical Records Act. In the event that the HIPAA Privacy Regulation and the Medical Records Act conflict regarding the degree of protection provided for PHI, the Contractor shall comply with the more restrictive protection requirements.
- 3.6.4** The Contractor shall report to the Department any use or disclosure of PHI that is not permitted by this RFP and the Contract within 10 days of when the Contractor becomes aware of such use or disclosure.
- 3.6.5** The Contractor shall use reasonable efforts to mitigate the effect of any use or disclosure of PHI known to Contractor that is not permitted by this RFP and the Contract.
- 3.6.6** The Contractor shall ensure that any agents, including subcontractors, to whom it provides PHI agree to the same restrictions and conditions that apply to the Contractor with respect to such PHI.
- 3.6.7** The Contractor shall maintain PHI make available to the Department any PHI in a Designated Record Set relating to an individual upon request of the Department to permit the Department to comply with an individual's request pursuant to 45 CFR §164.524.
- 3.6.8** The Contractor shall make available for amendment and amend PHI in a Designated Record Set at the request of the Department.
- 3.6.9** The Contractor shall document and track disclosures, including sufficient information as would be required to the Department to respond to a request for an accounting in accordance with 45 CFR §164.528, and provide an accounting of disclosures of PHI to the Department upon request.
- 3.6.10** The Contractor shall make internal practices, books and records, including privacy and confidentiality policies and procedures and PHI, available to the Department and the U.S. Department of Health and Human Services (DHHS), for purposes of determining whether the Department is compliant with the HIPAA Privacy Regulation in the administration of the Program.
- 3.6.11** Upon termination of the Contract, for any reason, the Contractor shall maintain all records created under the Contract as required by the Contract and shall extend the protections of this RFP and the Contract to the PHI contained in those records for so long as the Contractor maintains the PHI. All such records containing PHI shall be destroyed at the expiration of the record retention period required by the Contract.

- 3.6.12** Upon written request, the Contractor shall provide a quarterly certification to the Department that the Contractor's obligations under this RFP and the Contract have been met.
- 3.6.13** The Contractor shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that the Contractor creates, receives, maintains, or transmits in performing the Contractor's obligations under the Contract.
- 3.6.14** The Contractor shall ensure that any agent, including a subcontractor, to whom it provides electronic PHI agrees to implement reasonable and appropriate safeguards to protect such electronic PHI.
- 3.6.15** The Contractor shall report to the Department any security incident or privacy breach in connection with the Contractor's systems. In the event of a security incident, the Contractor shall take reasonable and appropriate steps in mitigation or remediation of the security incident and shall notify the Department of such steps.
- 3.6.16** The Contractor shall disclose PHI to the Department and to the Department's agents for the Department's use in treatment, payment and health care operations related to the Program.
- 3.6.17** The Contractor shall use and disclose the minimum amount of PHI necessary to provide the services required by the Contract.
- 3.6.18** The Contractor may disclose PHI as required by law in compliance with 45 CFR §164.512.
- 3.6.19** The Contractor may use and disclose PHI to conduct data aggregation services relating to the health care operations of the Program for use solely by the State or at the State's direction as permitted by 45 CFR §164.501 and §164.504(e)(2)(i)(B).
- 3.6.20** The Contractor may use and disclose PHI for the proper management and administration of the Contract or to carry out its legal responsibilities as permitted by 45 CFR §164.504(e)(4), provided that: (a) such uses and disclosures would be permitted by the HIPAA Privacy Regulation if the Contractor were a Covered Entity regulated by the HIPAA Privacy Regulation and (b) the Contractor obtains reasonable assurances from the person, agency, or entity to which such disclosures are made that all PHI will remain confidential and used or disclosed further only as required by law, for the purposes of the disclosure by the Contractor, and the person, agent or entity notifies the Contractor of any instances in which the confidentiality of the PHI has been breached.
- 3.6.21** The Contractor may use or disclose PHI to report violations of the law to appropriate State and federal authorities consistent with 45 CFR §164.502(j).



**3.6.22** In addition to the termination rights provided in the Contract, the Department may terminate the Contract, in accordance with the termination provisions of the Contract, for any breach of the HIPAA related privacy, security and administrative simplification provisions articulated in this Section 3.3.

**3.6.23** The Contractor shall agree to modify the Contract to permit both the Contractor and the State to comply with any additional HIPAA privacy, security, or administrative simplification requirements applicable to their relationship and the Contractor's obligations pursuant to this RFP and the Contract.

### **3.7.1 Retainage**

Ten percent (10%) of each applicable invoice shall be held by DBM as retainage. Disbursement of the total retainage will be dependent upon and occur within 30 days of Contractor's invoicing of the retainage (See below)

### **3.7.2 Invoice Format**

A. All invoices must include the following information:

- Name, address and federal tax identification number of the Contractor
- Remittance address
- Invoice period (i.e. the period during which services covered by the invoice were performed)
- Invoice date and invoice number
- Amount due
- The Category or Task Order being billed
- An expenditures report or detailed billing report that provides a description of the work performed
- An identification of the labor category under which each person was working (if for optional services)

B. A pre-authorized representative of the Contractor must sign each invoice. Invoices submitted without the required information will not be processed for payment until the Contractor provides the required information. The Contractor's Account Manager should be the authorized representative that signs each invoice, but the Contractor may choose a different individual, so long as the Contractor notifies the State of their representative's name, phone number and e-mail address within 15 business days of contract execution.

C. The Contractor shall submit monthly invoices that bill a comparable percentage of the total fixed price for the audits being performed as the amount of work actually performed during the month billed is to the total amount of work. All such payments are progress payments only.

- D. When all elements of a Category's scheduled audit(s) under the Contract have been completed for an audit period, the Contractor may submit an invoice to recover retained amount related to that Category. When all work under a Task Order (for optional services) has been completed, the Contractor may submit an invoice to recover retained amounts in connection with the Task Order.

### **3.7.3 Timing of Invoices**

The Contractor shall submit invoices on a monthly basis by the 15th of each month for the previous month.

In connection with any Optional Services that are billed on a fixed-rate hourly basis (See Section 3.5), the Contractor shall bill for the hours completed in the prior month.

### **3.7.4 Administrative and Travel Expenses**

Reimbursement for travel, parking and mileage will not be paid by the State under the terms of the Contract. The State will not pay for administrative or clerical services; such services must be accounted for in the Contractor's fully-loaded labor rates. Administrative and clerical expenses will not be paid by the State. The Contractor's fully-loaded rates must account for such services.

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### **3.8.1 Staffing**

3.8.1.1 The Contractor shall adequately staff this Contract such that the State's auditing needs are met, including, as appropriate, an account team.

3.8.1.2 The Contractor shall designate an Account Manager to serve as the primary contact for this Contract and for all billing/invoice matters.

3.8.1.3 The Contractor shall also designate additional key personnel to perform specific functions, such as:

- Audit Manager – Person(s) who oversee, supervise, monitor or approve the work of others performing auditing activities. Only personnel who have minimum of five (5) years experience providing auditing services relevant to the Category audit(s) being performed may fill this role.
- Lead Auditor – Individual(s) responsible for on site supervision of audit staff. Only personnel who have minimum of three (3) years experience providing auditing services relevant to the Category audit(s) being performed may fill this role.

3.8.1.4 The Contractor may use the same personnel for such functions, e.g. the Account Manager may also be the Audit Manager for the Category audit(s) performed by the Contractor. To the extent that more than one audit is required for the

Category for which the Contractor is awarded a Contract, each audit shall have an individual that fulfills the Lead Auditor role for each audit being performed. For any Optional Services, the Contractor may designate a lead staff person other than the Account Manager.

For example, Category No. 1 requires eight audits to be performed, across three different plan types. Due to the overlapping of organizations that administer the different plans (e.g. Carefirst of Maryland, Inc. administers a PPO plan, a POS plan and an HMO plan pursuant to contracts with the State), the eight required audits can be broken into various subgroups. As a result, an Offeror may propose to have one individual oversee the audits of all three plans administered by Carefirst. In the alternative, an Offeror may propose to have one individual oversee all PPO audits, regardless of TPA contractor.

As another example, Category No. 4 requires a number of audits to be performed of one PBM contractor. The different audits may be broken into different subgroups, such as the claims and pricing component audits while the pharmaceutical manufacturer agreement audits are performed by a different team lead by a different Lead Auditor.

### **3.8.2 Availability of Key Personnel**

Offerors shall ensure the key personnel identified in its proposal will be available to perform Contract requirements. Contractor key personnel shall not be reassigned to another task without the written concurrence of the State's Contract Manager for 180 calendar days from the Contract award date. If any key personnel leave the employment of the Contractor, or are approved for reassignment by the State's CM, the replacement must have equal or better qualifications than the incumbent and be approved by the State's CM.

### **3.8.3 Substitution of Key Personnel**

During the first 180 calendar days of the Contract performance period, no substitutions of key personnel will be permitted unless such substitutions are necessitated by extraordinary circumstances such as sudden illness, death, or as otherwise approved by the CM. In any of these events, the Contractor shall promptly notify the CM and provide the information required below. After the initial 180 calendar day period, all proposed substitutions of key personnel must be submitted in writing, at least 15 business days in advance of the proposed substitution, to the CM, with the information required in below. The CM must agree to the substitution in writing before such substitution shall become effective.

All proposed substitutes of key personnel must have qualifications at least equal to that of the person initially proposed by the Offeror and evaluated and accepted by the CM. The Contract shall bear the burden of illustrating this comparison. The resumes of the initially assigned key personnel shall become the minimum requirement for qualifications for the duration of the total Contract term. If one or more of the key personnel are unavailable for work under this Contract for a continuous period exceeding 15 business days during the performance of an audit, the

Contractor shall immediately notify the CM and propose to a replacement with key personnel of equal or better qualifications within 15 business days of notification. All substitutions shall be made in accordance with this provision.

All requests for substitutions must provide a detailed explanation of the circumstances necessitating the proposed substitution, a resume of the proposed substitute (See below), and any other information requested by the CM to make a determination as to the appropriateness of the proposed substitution. All proposed substitutes must have educational qualifications and work experience equal to or better than the resume initially proposed for other personnel; the burden of illustrating this comparison shall be the Contractor's.

Resumes shall be signed by all substituting individuals and their formal supervisor, and the official resume of the previous employee shall be provided for comparison purposes.

The State shall, at any time, have the right to require the Contractor to replace any of its key personnel assigned to this Contract if any such Contractor personnel are uncooperative, inefficient, unprofessional in their appearance or actions, or otherwise demonstrate an inability to perform the requirements specified in the RFP.



- 3.9.1** The State Ethics Law, State Government Article, §15-508, might limit the selected Contractor's ability to participate in future related procurements or to provide advice or consultation services to organizations or companies that do business with or plan to do business with the State, depending upon specific circumstances.
- 3.9.2** The Contractor will assist DBM in the management and auditing of various State contracts related to the State employee benefits program. The Contractor shall perform these duties impartially and without any conflict of interest. The Contractor's first priority in performing the duties of this Contract shall be the protection of the State's interests. To that end, any questions or clarifications as to the requirements of the underlying contracts being audited must be submitted to the Department for reply. The Contractor shall not undertake any interpretation of the underlying contracts without the express approval of the Contract Manager.
- 3.9.3** The Contractor shall provide periodic updates to the Department and the Procurement Officer, providing information such as that required by the Conflict of Interest affidavit attached as ATTACHMENT H, certifying whether a conflict of interest or potential conflict of interest exists. The Contractor shall notify the Department and Procurement Officer whenever the Contractor provides services to, contracts with, or receives any compensation or remuneration from an organization or company that provides services in connection with the Program.

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## SECTION 4 - PROPOSAL SUBMISSION FORMAT

Offerors must submit separate proposals for each Category in RFP Section 1.1 in two separate volumes:

- “Volume I – (TECHNICAL PROPOSAL)”
- “Volume II – (FINANCIAL PROPOSAL)”

If an Offeror intends to submit a proposal for more than one category, the Offeror shall submit a full and complete proposal, including every element of this RFP, Section 4, for each category.

Volume I-Technical Proposal must be sealed separately from Volume II-Financial Proposal but submitted simultaneously to the Procurement Officer (address listed on Key Information Summary and in Section 1.5). This is the only address to which proposals may be submitted. An unbound original, so identified, and four (4) bound copies of each volume are to be submitted. Hard copies must be a complete proposal containing all information contained on the CDs unless otherwise directed in Section 4.

Offerors must attach to the original Technical Proposal one (1) separate CDs containing an electronic version of Volume I- Technical Proposal (in MS Excel format and WORD, as appropriate). Offerors must also attach to the original Financial Proposal one (1) separate CDs containing an electronic version of the Volume II- Financial Proposal (in MS Excel format).

Please note that the Offeror must provide separate CDs for the Technical Proposal and the Financial Proposal, resulting in two (2) CDs attached to the proposal. The CDs containing the electronic responses should be placed in separate envelopes labeled “Offeror Response CDs – Volume “X” (“X” is Volume I or Volume II, as appropriate).

Each Offeror is required to submit a separate sealed package for each Volume, to be labeled “Volume I-Technical Proposal” and “Volume II-Financial Proposal” respectively. Each sealed package must bear the RFP title and number, name and address of the Offeror, the volume number (I or II), and the closing date and time for receipt of the proposals on the outside of the package. Please label the electronic media with Volume I-Technical Proposal and Volume II-Financial Proposal, as appropriate.

All pages of both proposal volumes must be consecutively numbered from beginning (Page 1) to end (Page “x”).

## **4.4 Volume I – Technical Proposal**

### **4.4.1 Transmittal Letter**

A transmittal letter must accompany the Technical Proposal. The purpose of this letter is to transmit the proposal and acknowledge the receipt of any addenda/amendments. The transmittal letter should be brief and signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

### **4.4.2 Format of Technical Proposal; Required Submissions**

Inside a sealed package described in Section 4.3, above, an unbound original, to be so labeled, four (4) copies and the electronic version shall be provided. Sections 2 and 3 of this RFP provide requirements and Section 4 provides reply instructions. The paragraphs in these RFP sections are numbered for ease of reference. In addition to the instructions below, the Offeror's Technical Proposals should be organized and numbered in the same order as this RFP. This proposal organization will allow State officials and the Evaluation Committee to "map" Offeror responses directly to RFP requirements by paragraph number.

The Technical Proposal shall include the following sections in this order:

#### **4.4.2.1 Title and Table of Contents**

The technical proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP. A table of contents for the technical proposal should follow the title page. Information, which is claimed to be confidential, is to be identified after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in the Offeror's Financial Proposal. An explanation for each claim of confidentiality shall be included.

#### **4.4.2.2 Executive Summary**

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled "Executive Summary" including how the Offeror meets the minimum qualifications outlined in Section 2.

The summary shall also identify any exceptions the Offeror has taken to the requirements of this RFP, the contract (ATTACHMENT A), or any other attachments. If there are no exceptions, the summary should so state.

Note: 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.

#### 4.4.2.3 Offeror Technical Response to RFP Requirements

In a concise manner, the Offeror shall address each requirement in Section 3 “Scope of Work” of this RFP and describe how the Offeror’s proposed services will meet those requirements. The Offeror should use the sub-headings provided by this RFP to organize the response (e.g. describe auditing capabilities in the Technical Proposal section noted as a response to Section 3.3.1. The response to the audit requirements for each Category should take into account the background information provided in Section 3.1.

The Offeror shall include a completed Attachment K-1 through K-5 as part of its response. Attachment K is explained in the RFP Section 3.3.2. The Attachment has a key at the bottom of each page which explains the coding that shall be entered in each of the columns.

If the State is seeking Offeror agreement to a requirement, the Offeror shall state agreement or disagreement. However, the Offeror should not merely rely on a stated agreement to perform the requested work; rather the Offeror should outline **how the Offeror can fulfill the requested tasks in a manner that best meets the State’s needs.**

#### 4.4.2.4 Corporate Experience and Capability

- A. The Offeror shall describe its overall experience and past performance in providing services similar to those solicited and the Category for which the Offeror is submitting a proposal.
- B. As part of its offer, each Offeror is to provide a list of all contracts with any entity of the State of Maryland that it is currently performing or which has been completed within the last 5 years. For each identified contract the Offeror is to provide in its Technical Proposal:
  - The State contracting entity
  - A brief description of the services/goods provided
  - The dollar value of the contract
  - The term of the contract
  - The State employee contact person (name, title, telephone number and if possible e-mail address)
  - Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was not exercised.

The Procurement Officer or a designee will contact the identified State agencies, or the most appropriate ones if many contracts are involved, to ascertain the Offeror’s level of performance of State contracts.

Information obtained regarding the Offeror's level of performance on State contracts will be considered as part of the experience and past performance evaluation criteria of the RFP.

- C. As part of its offer, each Offeror is to provide a list of references for which similar actuarial and consulting services have been provided, in the following categories:
- Three references including at least one from governmental accounts/clients
  - Three references from terminated accounts/clients

The references shall be structured to permit validation that the minimum qualifications shown in Section 2 have been met. In the event that an Offeror is submitting proposals for more than one Category, the Offeror may duplicate references but should attempt to provide references that may address the Offeror's capabilities in connection with each Category.

#### **4.4.2.5 Subcontractors**

- A. In the Technical Proposal (in addition to the requirements of Attachment D), Offerors must identify both MBE and non-MBE subcontractors and the role these subcontractors will have in the performance of the contract.
- B. A summary of the experience and expertise of the proposed subcontractors shall be provided as part of the Offeror's Technical Proposal.

#### **4.4.2.6 Staffing Plan, Personnel Qualification and Professional Experience**

The Offeror shall provide a staffing plan that describes how the Offeror intends to staff this Contract to meet the State's needs. The Offeror shall identify its proposed Account Manager and, to the extent applicable based on the Category to which the proposal applies, any other key personnel. As part of the staffing plan, the Offeror shall submit the resumes of the proposed key personnel to complete the work required by the Contract.

The Offeror shall provide a short summary of the professional experience, achievements and capabilities of those staff and personnel proposed to perform the requirements of the Contract. The resumes and staffing plan may also include a description of whether the proposed staff worked on the accounts submitted as references by the Contractor.

#### **4.4.2.7 Economic Benefit Factors**

- A. The Offeror shall describe the benefits that will accrue to the State of Maryland economy as a direct or indirect result of the Offeror's performance of the contract resulting from this RFP. The Offeror will take into consideration the following elements. **(Do not include any detail of the financial proposal with this technical information):**



- The estimated percentage of contract dollars to be recycled into Maryland's economy in support of the contract, through the use of Maryland subcontractors, suppliers and joint venture partners. Offerors should be as specific as possible and provide a percentage breakdown of expenditures in this category.
- The estimated number and types of jobs for Maryland residents resulting from this contract. Indicate job classifications, number of employees in each classification, and the aggregate Maryland payroll percentages to which the contract has committed at both prime and, if applicable, subcontract levels.
- Tax revenues to be generated for Maryland and its political subdivisions as a result of this contract. Indicate tax category (sales tax, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the contract.
- The estimated percentage of subcontract dollars committed to Maryland small businesses and MBEs.

B. In addition to the factors listed above, the Offeror should explain any other economic benefit to the State of Maryland that would result from the Offeror's proposal.

#### **4.4.2.8 Conflict of Interest**

Each Offeror must complete and submit a Conflict of Interest Affidavit with the Technical Proposal. A copy of this Affidavit is included as ATTACHMENT H of this RFP. If the Procurement Officer makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject an Offeror under COMAR 21.06.02.03B. In completing this affidavit, each Offeror should give special consideration to the existing contractual relationships the Department has (see ATTACHMENT I).

#### **4.4.2.9 Financial Capability and Statements**

The Offeror shall provide evidence that the Offeror has the financial capacity to provide the services by providing copies of the last two (2) year end abbreviated Profit and Loss (P&L) and Balance Sheets (independently audited preferred). The financial statements must be for the entity proposing to provide services under this RFP and not for any prospective owners or parent companies not directly involved in the provision of services.

The Offeror shall provide a list of applicable insurance the Offeror carries for liability purposes.

#### **4.4.2.10 Certification of Review of Contracts/RFPs.**

The requests for proposals that form the majority of the scope of work of the contracts to be audited in Categories 1 - 5 are posted on the Department's website ([www.dbm.maryland.gov](http://www.dbm.maryland.gov), using the links "Procurements & Contracts," "Contract Library" and "Employee Benefits Contracts"). Each Offeror may review these requests for proposals in order to be familiar with the contractual obligations to be audited. The State requires that the Offeror acknowledge that access to these public documents has been provided and that the Offeror reviewed the documents

to the extent the Offeror deemed necessary to prepare the Offeror's proposal (technical and financial). The Contractor to which a contract is awarded shall be required to be familiar with the TPA contracts to be audited.

#### **4.4.2.11 Summary of Required Technical Submissions**

- Transmittal Letter (Sec 4.4.1)
- Technical Proposal, Volume I (Sec 4.4.2.1 through 4.4.2.7 and 4.4.2.9) to include Attachment K
- Conflict of Interest Affidavit (Sec 4.4.2.8)
- Bid/Proposal Affidavit (Attachment B)
- MBE Forms (Attachment D-1 and D-2)
- Certification of Review of Contract/RFPs (Attachment M)



Under separate sealed cover from the Technical Proposal and clearly identified with the same information noted on the Technical Proposal, the Offeror must submit an original unbound copy, four (4) bound copies, and four (1) electronic copy (in MS Word format) in a separate envelope labeled as described in Section 4.2, of the Financial Proposal. The Financial Proposal must contain all cost information in the format specified in ATTACHMENT F.

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## SECTION 5 - EVALUATION CRITERIA AND SELECTION PROCEDURE

Evaluation of the proposals will be performed by a committee organized for that purpose. Evaluations will be based on the criteria set forth below.

The criteria to be applied to each technical proposal are as follows, listed in descending order of importance:

1. Offeror Technical Response to RFP Requirements (RFP Section 4.4.2.3)
2. Corporate Experience and Capability; and Subcontractors (RFP Sections 4.4.2.4 and 4.4.2.5)
3. Staffing Plan, Personnel, Qualification and Professional Experience (RFP Section 4.4.2.6)
4. Economic Benefit Factors (RFP Section 4.4.2.7)

All qualified Offerors will be ranked from the lowest to the highest price based on the total price proposed as shown in ATTACHMENT F. An Offeror must comply with the instructions provided in Attachment F.

Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible Offeror whose headquarters, principal base of operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and, the preference does not conflict with a Federal law or grant affecting the procurement contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.

## **5.5 Selection Procedures**

### **5.5.1 General Selection Process**

The contract will be awarded in accordance with the competitive sealed proposals process under Code of Maryland Regulations 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an Offeror to be not responsible and/or an Offeror's proposal to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals and the review of those proposals.

### **5.5.2 Selection Process Sequence**

- A. The first level of review will be an evaluation for technical merit. During this review oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform, and to facilitate arrival at a contract that will be most advantageous to the State. For scheduling purposes, Offerors should be prepared to make an oral presentation and participate in discussions within two to four weeks of the delivery of proposals to the State. The Procurement Officer will contact Offerors when the schedule is set by the State.
- B. Offerors must confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of discussions. Any such written clarification or change then becomes part of the Offeror's proposal.
- C. The financial proposal of each Offeror will be evaluated separately from the technical evaluation. After a review of the financial proposals of Offerors, the Procurement Officer may again conduct discussions.
- D. When in the best interest of the State, the Procurement Officer may permit Offerors who have submitted acceptable proposals to revise their initial proposals and submit, in writing, best and final offers (BAFOs).

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend award of the contract to the responsible Offeror whose proposal is determined to be the most advantageous to the State considering technical evaluation factors and price factors as set forth in this RFP. In making the most advantageous Offeror determination, technical factors will be given greater weight than price factors.

## **ATTACHMENTS**

**ATTACHMENT A—CONTRACT**

**ATTACHMENT B—BID/PROPOSAL AFFIDAVIT**

**ATTACHMENT C—CONTRACT AFFIDAVIT**

**ATTACHMENT D—MINORITY BUSINESS ENTERPRISE PARTICIPATION**

**ATTACHMENT E—PRE-PROPOSAL CONFERENCE RESPONSE FORM**

**ATTACHMENT F—PRICE PROPOSAL INSTRUCTIONS AND FORM**

**ATTACHMENT G— STATE BENEFIT EMPLOYEE ENROLLMENT DATA BY PLAN  
AND COVERAGE**

**ATTACHMENT H—CONFLICT OF INTEREST AFFIDAVIT/DISCLOSURE**

**ATTACHMENT I—CURRENT BENEFITS CONTRACTS**

**ATTACHMENT J—PLAN YEAR TO BE AUDITED**

**ATTACHMENT K—PROJECT TIME LINE**

**ATTACHMENT L—BENEFITS CONTRACTOR PERFORMANCE GUARANTEES**

**ATTACHMENT M—CERTIFICATION OF REVIEW OF CONTRACTS/RFPs**

**ATTACHMENT N—PROCUREMENT OFFICER’S CHECKLIST**

**AUDIT SERVICES CONTRACT  
CATEGORY \_\_\_\_\_**

THIS CONTRACT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2006 by and between \_\_\_\_\_ and the MARYLAND DEPARTMENT OF BUDGET AND MANAGEMENT.

IN CONSIDERATION of the promises and the covenants herein contained, the parties agree as follows:

**1. Definitions**

In this Contract, the following words have the meanings indicated:

- 1.1 “Contract” means this Contract for Audit Services, Category \_\_\_\_\_.
- 1.4 “Contractor” means \_\_\_\_\_ whose principal business address is \_\_\_\_\_.
- 1.5 “Contract Manager” means the individual identified in section 1.5 of the RFP or a successor designated by the Department.
- 1.6 “Department” means the Maryland Department of Budget and Management.
- 1.7 “Financial Proposal” means the Contractor’s Financial Proposal dated \_\_\_\_\_.
- 1.8 “Procurement Officer” means the individual identified in section 1.5 of the RFP or a successor designated by the Department.
- 1.9 “RFP” means the Request for Proposals for Audit Services for the State Employees and Retirees Benefits Program, No. F10R7200018 dated July 31, 2006.
- 1.10 “State” means the State of Maryland.
- 1.11 “Technical Proposal” means the Contractor’s Technical Proposal, dated \_\_\_\_\_.

**2. Scope of Work**

2.1 The Contractor shall provide audit services for the the Maryland State Employees and Retirees Health and Welfare Benefits Program by auditing the \_\_\_\_\_ [insert applicable category]. These services shall be provided in accordance with this Contract and the following exhibits, which are attached and incorporated herein by reference:

Exhibit A – The RFP.

Exhibit B – The Technical Proposal.

Exhibit C – The Financial Proposal.

Exhibit D – Contract Affidavit.

2.2 If there are any inconsistencies between this Contract and Exhibits A, B, C, and D, the terms of this Contract shall control. If there is any conflict among the Exhibits, Exhibit A shall control.

2.3 The Procurement Officer may, at any time, by written order, make changes in the work within the general scope of the Contract. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within thirty (30) days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a dispute under Article 8, Disputes. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

### **3. Time for Performance**

The Contractor shall begin providing services under this Contract upon the later of execution by the Department or December 1, 2006. Unless terminated earlier as provided in this Contract, the Contractor shall continue to provide services until July 31, 2011.

### **4. Consideration and Payment**

In consideration of the satisfactory performance of the work set forth in this Contract, the Department shall pay the Contractor in accordance with the terms of Exhibits A and C. Except with the express written consent of the Procurement Officer, payment to the Contractor for the services required pursuant to this Contract shall not exceed \$ \_\_\_\_\_ during the entire term of this Contract, including the fixed fee services and any optional audit services authorized by the State.

4.1 Invoices must be provided in the format and on the schedule identified in the RFP. Each invoice must reflect the Contractor's federal tax identification number, which is \_\_\_\_\_. The Contractor's e-MarylandMarketplace identification number is \_\_\_\_\_. Payments to the Contractor pursuant to this Contract shall be made no later than 30 days after the State's receipt of a proper invoice from the Contractor. Charges for late payment of invoices,

other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited. The final payment under this Contract will not be made until after certification is received from the Comptroller of the State that all taxes have been paid.

4.2 In addition to any other available remedies if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer pursuant to this Contract

4.3 Electronic funds transfer will be used by the State to pay the Contractor for this Contract and any other State payments due Contractor unless the State's Comptroller Office grants the Contractor an exemption.

## **5. Rights to Records**

5.1 The Contractor agrees that all documents and materials, including but not limited to, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, graphics, mechanical, artwork, computations and data prepared by the Contractor for purposes of this Contract shall be the sole property of the Department and shall be available to the Department at any time. The Department shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract. Nothing in this Article 5 shall abrogate or transfer any intellectual property rights of the Contractor in its proprietary information related to its methodologies, methods of analysis, ideas, know-how, methods, techniques and skills possessed prior to this Contract.

5.2 The Contractor agrees that at all times during the term of this Contract and thereafter, the works created and services performed under this Contract shall be "works made for hire" as that term is interpreted under U.S. copyright law. To the extent that any products created under this Contract are not works for hire for the Department, the Contractor hereby relinquishes, transfers, and assigns to the State all of its rights, title, and interest (including all intellectual property rights) to all such products created under this Contract, and will cooperate reasonably with the State in effectuating and registering any necessary assignments.

5.3 The Contractor shall report to the Department, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all data delivered under this Contract.

5.4 The Contractor shall not affix any restrictive markings upon any data and if such markings are affixed, the Department shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

5.5 Upon termination of this Contract, the Contractor, at its own expense, shall deliver any equipment, software or other property provided by the State to the place designated by the Procurement Officer.



## **6. Confidentiality**

Subject to the Maryland Public Information Act and any other applicable laws, including the Health Insurance Portability and Accountability Act, the Maryland Confidentiality of Records Act and the implementing regulations promulgated pursuant thereto, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law and the confidentiality provisions of the RFP. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

## **7. Non-Hiring of Employees**

No official or employee of the State of Maryland as defined under State Government Article section 15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract shall, during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

## **8. Disputes**

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Contract, the Contractor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

## **9. Maryland Law**

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland.

## **10. Nondiscrimination in Employment**

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

## **11. Contingent Fee Prohibition**

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the Contractor to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation or other entity, other than a bona fide employee, bona fide salesperson or commercial selling agency, any fee or other consideration contingent on the making of this Contract.

## **12. Nonavailability of Funding**

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

## **13. Termination for Cause**

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State of Maryland shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of

the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

#### **14. Termination for Convenience**

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract; provided, however, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A)(2).

#### **15. Delays and Extensions of Time**

The Contractor agrees to perform the work under this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

#### **16. Suspension of Work**

The State unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer or Contract Manager may determine to be appropriate for the convenience of the State.

#### **17. Pre-Existing Regulations**

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

#### **18. Financial Disclosure**

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, which requires that every business that enters into contracts, leases, or other agreement with the State of Maryland or its agencies during a calendar year under which the business is to receive in the

aggregate \$100,000 or more, shall within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of the State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

#### **19. Political Contribution Disclosure**

The Contractor shall comply with the Election Law Article, Sections 14-101 through 14-108, of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county or an incorporated municipality or their agencies, during a calendar year under which the person receives in the aggregate \$100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

#### **20. Retention of Records**

The Contractor shall retain and maintain all records and documents in any way relating to this Contract for six years after final payment by the State of Maryland under this Contract or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer's designee, at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section.

#### **21. Compliance with Laws**

The Contractor hereby represents and warrants that:

- A. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- B. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- C. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and
- D. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

## **22. Cost and Price Certification**

By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of a mutually determined specified date prior to the conclusion of any price discussions or negotiations.

The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon by the parties, was inaccurate, incomplete, or not current.

## **23. Subcontracting; Assignment**

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State of Maryland, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the State. Any such subcontract or assignment shall include the terms of sections 7, and 9 through 22 of this Contract and any other terms and conditions that the State deems necessary to protect its interests. The State shall not be responsible for the fulfillment of the Contractor's obligations to the subcontractors.

## **24. Indemnification**

24.1 The Contractor shall indemnify the State against liability for any costs, expenses, loss, suits, actions, or claims of any character arising from or relating to the performance of the Contractor or its subcontractors under this Contract.

24.2 The State of Maryland has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

24.3 The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

24.4 The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's performance under this Contract.

## **25. Administrative**

25.1 Procurement Officer. The work to be accomplished under this Contract shall be performed under the direction of the Procurement Officer and the Contract Manager. All matters

relating to the interpretation of this Contract shall be referred to the Procurement Officer for determination.

25.2 Notices. All notices hereunder shall be in writing and either delivered personally or sent by certified or registered mail, postage prepaid as follows:

If to the State:           State of Maryland  
                                  Department of Budget and Management  
                                  Director of Employee Benefits  
                                  301 W. Preston Street, Room 510  
                                  Baltimore, MD 21201

If to the Contractor:

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IN WITNESS THEREOF, the parties have executed this Contract as of the date hereinabove set forth.

CONTRACTOR

MARYLAND DEPARTMENT OF  
BUDGET AND MANAGEMENT

\_\_\_\_\_  
By:

\_\_\_\_\_  
By: Cecilia Januszkiewicz, Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

Approved for form and legal  
sufficiency this \_\_\_\_\_ day  
of \_\_\_\_\_ 2006.

\_\_\_\_\_  
Assistant Attorney General

APPROVED BY BPW: \_\_\_\_\_  
(Date)

\_\_\_\_\_  
(BPW Item #)



(Authorized Representative and Affiant)

**A. AUTHORIZED REPRESENTATIVE**

**I HEREBY AFFIRM THAT:**

I am the (title) \_\_\_\_\_ and the duly authorized representative of (business) \_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. AFFIRMATION REGARDING BRIBERY CONVICTIONS**

**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business’s contracting activities has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

**C. AFFIRMATION REGARDING OTHER CONVICTIONS**

**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders or any of its employees directly involved in the business’s contracting activities, has:

- (1) Been convicted under state or federal statute of:
  - (a) a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or
  - (b) fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;
- (2) Been convicted of any criminal violation of a state or federal antitrust statute;
- (3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961, et seq., or the Mail Fraud



Act, 18 U.S.C. §1341, et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, Section 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of the Section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsection (1) through (5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract; or

(8) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in Section B and subsections (1) through (7) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

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#### D. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension):

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#### E. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

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#### F. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

#### G. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

- (1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;
- (2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or Offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

#### H. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

#### I. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101—14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

#### J. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

#### I CERTIFY THAT:

- (1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.
- (2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:
  - (a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;
  - (b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;
  - (c) Prohibit its employees from working under the influence of drugs or alcohol;
  - (d) Not hire or assign to work on the contract anyone whom the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;
  - (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
  - (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
    - (i) The dangers of drug and alcohol abuse in the workplace;
    - (ii) The business' policy of maintaining a drug and alcohol free workplace;
    - (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
    - (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;
  - (g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §J(2)(b), above;
  - (h) Notify its employees in the statement required by §J(2)(b), above, that as a condition of continued employment on the contract, the employee shall:
    - (i) Abide by the terms of the statement; and

- (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;
- (i) Notify the procurement officer within 10 days after receiving notice under §J(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;
- (j) Within 30 days after receiving notice under §J(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:
  - (i) Take appropriate personnel action against an employee, up to and including termination; or
  - (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and
- (k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §J(2)(a)—(j), above.
- (3) If the business is an individual, the individual shall certify and agree as set forth in §J(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.
- (4) I acknowledge and agree that:
  - (a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;
  - (b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and
  - (c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

**K. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT**

**I FURTHER AFFIRM THAT:**

(1) The business named above is a (domestic \_\_\_ ) (foreign \_\_\_ ) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is (IF NOT APPLICABLE, SO STATE):

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

L. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

M. Repealed.

N. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Representative and Affiant)



COMAR 21.07.01.25

**A. AUTHORIZED REPRESENTATIVE**

I HEREBY AFFIRM THAT:

I am the \_\_\_\_\_(title) and the duly authorized representative of \_\_\_\_\_(business) and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT**

I FURTHER AFFIRM THAT:

(1) The business named above is a (domestic\_\_\_\_\_) (foreign\_\_\_\_\_) corporation registered in accordance with Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessment and Taxation is:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor Licensing and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

**C. CERTAIN AFFIRMATIONS VALID**

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgments contained in that certain Bid/Proposals Affidavit dated \_\_\_\_\_, 20\_\_\_\_, and executed by me for the purposed of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Authorized Representative and Affidavit)

State of Maryland  
DEPARTMENT OF BUDGET AND MANAGEMENT

**PURPOSE**

**COMAR 21.11.03** Provide maximum contracting opportunities be extended to certified minority business enterprises, and establishes.

The Prime Contractor shall structure its procedures for the performance of the work required in this contract to attempt to achieve the Minority Business Enterprise (MBE) goal stated in the Invitation for Bids (IFB) or Request for Proposals (RFP). MBE performance must be in accordance with this Exhibit, as authorized by Minority Business Enterprise Policies as set forth by 21.11.03 of the Code of Maryland Regulations (COMAR). Accordingly, the Contractor agrees to exercise all good faith efforts to carry out the requirements set forth in this Exhibit.

To meet the goal using MBE subcontractors, all Prime Contractors must:

- Identify work areas for subcontracting
- Solicit minority business enterprises through written notice or personal contact
- Help minority businesses meet bonding requirements or grant them a waiver of bonding requirements
- Identify their MBE subcontractors at the time they submit their bids or proposals

**MBE GOALS AND SUB GOALS**



MBE subcontract participation goals of the total contract dollar amount for each respective contract have been established for this procurement as follows:

- 20% percent for Category 1;
- 10% for Category 2;
- 15% for Category 3;
- 15% for Category 4; and
- 5% for Category 5

By submitting a response to this solicitation, the bidder or Offeror agrees that this dollar amount of the contract will be performed by certified minority business enterprises

OR



An overall MBE subcontract participation goal of \_\_\_ percent of the total contract dollar amount has been established for this procurement. This dollar amount includes:

- A sub-goal of \_\_\_ percent of the total contract dollar amount to be allocated to certified minority business enterprises classified as women-owned businesses.



- ❑ A sub-goal of \_\_\_ percent of the total contract dollar amount to be allocated to certified minority business enterprises classified as African American-owned businesses.

By submitting a response to this solicitation, the bidder or Offeror agrees that these dollar amounts of the contract will be performed by certified minority business enterprises as specified.

- ◆ A prime contractor — including an MBE prime contractor — must accomplish an amount of work not less than the MBE subcontract goal with certified MBE subcontractors. (COMAR 21.11.03.09B(2))
- ◆ A prime contractor comprising a joint venture that includes MBE partner(s) must accomplish the MBE subcontract goal with certified MBE subcontractors.

### **SOLICITATION AND CONTRACT FORMATION**

- ◆ A bidder or Offeror must include with its bid or offer:
  - (1) A completed Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1) whereby the bidder or Offeror acknowledges the certified MBE participation goal or requests a waiver, commits to make a good faith effort to achieve the goal, and affirms that MBE subcontractors were treated fairly in the solicitation process.
  - (2) A completed MBE Participation Schedule (Attachment D-2) whereby the bidder or Offeror responds to the expected degree of Minority Business Enterprise participation as stated in the solicitation, by identifying the specific commitment of certified Minority Business Enterprises at the time of submission. The bidder or Offeror shall specify the percentage of contract value associated with each MBE subcontractor identified on the MBE Participation Schedule.
    - a. **COMAR 21.11.03.09C(5) The failure of a bidder to complete and submit the MBE utilization affidavit and the MBE participation schedule shall result in a determination that the bid is not responsive.**
    - b. **COMAR 21.11.03.09C(6) The failure of an Offeror to complete and submit the MBE utilization affidavit and the MBE participation schedule shall result in a determination that the proposal is not susceptible of being selected for award.**
- ◆ Within 10 working days from notification that it is the apparent awardee or from the date of the actual award, whichever is earlier, the apparent awardee must provide the following documentation to the Procurement Officer.
  - (1) Outreach Efforts Compliance Statement (Attachment D-3)
  - (2) Subcontractor Project Participation Statement (Attachment D-4)
  - (3) If the apparent awardee has requested a waiver (in whole or in part) of the overall MBE goal or of any sub-goal as part of the previously submitted Attachment D-1, it must submit documentation supporting the waiver request that complies with COMAR 21.11.03.11.

- (4) Any other documentation required by the Procurement Officer to ascertain bidder or Offeror responsibility in connection with the certified MBE participation goal.

**NOTE: If the apparent awardee fails to return each completed document within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.**

#### MBE REPORTING INSTRUCTIONS

**Prime Contractor shall:**

1. Submit by the 15<sup>th</sup> of each month to the Department a separate report for each (Attachment D-5) Subcontractor. The report shall lists:
  - a) all payments made to the MBE subcontractor during the previous 30 days
  - b) **any unpaid invoices over 30 days old received from any certified MBE subcontractor, the amount of each invoice and the reason payment has not been made.**
2. Include in its written agreements with the MBE subcontractors as listed on the MBE Participation Schedule a requirement that those subcontractors submit monthly to the Department a report (**Attachment D-6**) that identifies the prime contract. The D-6 report shall lists:
  - a) all payments received from the Prime Contractor during the previous 30 days
  - b) any outstanding invoices to include number and date, and the invoice amount
3. Maintain such records as are necessary to confirm compliance with its MBE participation obligations. These records must indicate the identity of certified minority and non-minority subcontractors employed on the contract, the type of work performed by each, and the actual dollar value of work performed. **Subcontract agreements documenting the work performed by all MBE participants must be retained by the Contractor and furnished to the Procurement Officer on request.**
4. Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State's representatives verifying compliance with the MBE participation obligations. **Contractor must retain all records concerning MBE participation and make them available for State inspection for three years after final completion of the contract.**
5. At the option of the Procurement Agency, upon completion of the contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

## **Attachments**

- D-1 Certified MBE Utilization and Fair Solicitation Affidavit (must be submitted with bid or offer)
- D-2 MBE Participation Schedule (must be submitted with bid or offer)
- D-3 Outreach Efforts Compliance Statement (must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)
- D-4 Subcontractor Project Participation Statement (must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)
- D-5 Prime Contractor Paid/Unpaid MBE Invoice Report (must be submitted monthly by the Prime Contractor)
- D-6 Subcontractor Paid/Unpaid MBE Invoice Report (must be submitted monthly by the MBE subcontractor)

**Attachment D-1**  
Certified MBE Utilization and Fair Solicitation  
**Affidavit**

**This document shall be included with the submittal of the bid or offer. If the bidder or Offeror fails to submit this form with the bid or offer, the Procurement Officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award. (COMARS 21.11.03.09C(5) and 21.11.03.09C(6) )**

In conjunction with the bid or offer submitted in response to Solicitation No. F10R7200018, I affirm the following:



I acknowledge the overall certified Minority Business Enterprise (MBE) participation goals MBE subcontract participation goals of the total contract dollar amount for each respective contract have been established for this procurement as follows:

- 20% percent for Category 1;
- 10% for Category 2;
- 15% for Category 3;
- 15% for Category 4; and
- 5% for Category 5

I have made a good faith effort to achieve this goal.

OR

After having made a good faith effort to achieve the MBE participation goal, I conclude I am unable to achieve it. Instead, I intend to achieve an MBE goal of \_\_\_\_\_% and request a waiver of the remainder of the goal. If I submit the apparent low bid or am selected as the apparent awardee (competitive sealed proposals), I will submit written waiver documentation that complies with COMAR 21.11.03.11 within 10 business days of receiving notification that our firm is the apparent low bidder or the apparent awardee.

2. I have identified the specific commitment of certified Minority Business Enterprises by completing and submitting an MBE Participation Schedule (Attachment D-2) with the bid or proposal.
3. I acknowledge that the MBE subcontractors/suppliers listed in the MBE Participation Schedule will be used to accomplish the percentage of MBE participation that I intend to achieve.
4. I understand that if I am notified that I am the apparent awardee, I must submit the following documentation within 10 working days of receiving notice of the potential award or from the date of conditional award (per COMAR 21.11.03.10), whichever is earlier.
  - (a) Outreach Efforts Compliance Statement (Attachment D-3)
  - (b) Subcontractor Project Participation Statement (Attachment D-4)
  - (c) MBE Waiver Documentation per COMAR 21.11.03.11 (if applicable)

- (d) Any other documentation required by the Procurement Officer to ascertain bidder or Offeror responsibility in connection with the certified MBE participation goal.

If I am the apparent awardee, I acknowledge that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

- 5. In the solicitation of subcontract quotations or offers, MBE subcontractors were provided not less than the same information and amount of time to respond as were non-MBE subcontractors.

I solemnly affirm under the penalties of perjury that the contents of this paper are true to the best of my knowledge, information, and belief.

\_\_\_\_\_  
Bidder/Offeror Name

\_\_\_\_\_  
Signature of Affiant

\_\_\_\_\_  
Address

\_\_\_\_\_  
Printed Name, Title

\_\_\_\_\_  
Date



**Attachment D-2**  
**MBE Participation Schedule**  
*(for submission with bid or proposal)*

**This document shall be included with the submittal of the bid or offer. If the bidder or Offeror fails to submit this form with the bid or offer, the procurement officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.**

Prime Contractor (Firm Name, Address, Phone)	Project Description
Project Number	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	

**USE ATTACHMENT D-2 CONTINUATION PAGE AS NEEDED**

**SUMMARY**

**TOTAL MBE PARTICIPATION:** \_\_\_\_\_ %  
**TOTAL WOMAN-OWNED MBE PARTICIPATION:** \_\_\_\_\_ %  
**TOTAL AFRICAN AMERICAN-OWNED MBE PARTICIPATION:** \_\_\_\_\_ %

**ATTACHMENT D-2**  
 MBE Participation Schedule (continued)

Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/NAICS	
Percentage of Total Contract	

**Attachment D-3**  
**Outreach Efforts Compliance**  
**Statement**

In conjunction with the bid or offer submitted in response to Solicitation No. F10R7200018, I state the following:

1. Bidder/ Offeror took the following efforts to identify subcontracting opportunities in these specific work categories:
  
  
  
  
  
  
  
  
  
  
2. Attached to this form are copies of written solicitations (with bidding instructions) used to solicit certified MBEs for these subcontract opportunities.
  
  
  
  
  
  
  
  
  
  
3. Bidder/Offeror made the following attempts to contact personally the solicited MBEs:
  
  
  
  
  
  
  
  
  
  
4.  Bidder/Offeror assisted MBEs to fulfill or to seek waiver of bonding requirements. (DESCRIBE EFFORTS)
  
  
  
  
  
  
  
  
  
  
- This project does not involve bonding requirements.
  
  
  
  
  
  
  
  
  
  
5.  Bidder/Offeror did/did not attend the pre-bid/proposal conference  
 No pre-bid/proposal conference was held.

\_\_\_\_\_  
Bidder/Offeror Name

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



**ATTACHMENT D-4  
Subcontractor Project Participation  
Statement**

**Submit one form for each MBE  
listed on the MBE Participation Schedule**

Provided that \_\_\_\_\_ is awarded the State contract in conjunction with  
(Prime Contractor Name)  
Solicitation No.F10R7200018, it and \_\_\_\_\_,  
(Subcontractor Name)

MDOT Certification No. \_\_\_\_\_, intend to enter into a contract by which subcontractor shall:

(describe work) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- No bonds are required of Subcontractor
- The following amount and type of bonds are required of Subcontractor:

By: \_\_\_\_\_

Prime Contractor Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Subcontractor Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**ATTACHMENT D-5**

**Maryland Department of Budget and Management  
Minority Business Enterprise Participation  
Prime Contractor Paid/Unpaid MBE Invoice Report**

Report #: _____	Contract #:
Reporting Period (Month/Year): _____	Contracting Unit:
<b>Report is due by the 15<sup>th</sup> of the month following the month the services were provided.</b>	Contract Amount:
	MBE Subcontract Amt:
	Project Begin Date:
	Project End Date:
	Services Provided:

Prime Contractor:		Contact Person:	
Address:			
City:		State:	ZIP:
Phone:	FAX:		
Subcontractor Name:		Contact Person:	
Phone:	FAX:		
Subcontractor Services Provided:			
<b>List all payments made to MBE subcontractor named above during this reporting period:</b>		<b>List dates and amounts of any outstanding invoices:</b>	
	<u>Invoice#</u>	<u>Amount</u>	
1.			1.
2.			2.
3.			3.
<b>Total Dollars Paid: \$</b> _____		<b>Total Dollars Unpaid: \$</b> _____	

\*\*If more than one MBE subcontractor is used for this contract, you must use separate D-5 forms.

**\*\*Return one copy (hard or electronic) of this form to the following address (electronic copy with signature and date is preferred):**

MBE Officer Department of Budget and Management Procurement Unit 45 Calvert Street, 1 <sup>st</sup> Floor Annapolis, MD 21401 <a href="mailto:MBEOfficer@dbm.state.md.us">MBEOfficer@dbm.state.md.us</a>
---

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**ATTACHMENT D-6**  
**Minority Business Enterprise Participation**  
**Subcontractor Paid/Unpaid MBE Invoice Report**

Report#: _____ Reporting Period (Month/Year): _____ <b>Report is due by the 15<sup>th</sup> of the month following the month the services were performed.</b>	Contract # _____ Contracting Unit: _____ MBE Subcontract Amount: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____
---	--

MBE Subcontractor Name: _____																															
MDOT Certification #: _____																															
Contact Person: _____																															
Address: _____																															
City: _____	State: Maryland	ZIP: _____																													
Phone: _____	FAX: _____																														
<b>Subcontractor Services Provided:</b>																															
<b>List all payments received from Prime Contractor during reporting period indicated above.</b> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:40%; text-align: center;"><u>Invoice Amt</u></th> <th style="width:15%; text-align: center;"><u>Date</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr> <td colspan="2"><b>Total Dollars Paid: \$</b> _____</td> <td></td> </tr> </tbody> </table>		<u>Invoice Amt</u>	<u>Date</u>	1.			2.			3.			<b>Total Dollars Paid: \$</b> _____			<b>List dates and amounts of any unpaid invoices over 30 days old.</b> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:40%; text-align: center;"><u>Invoice Amt</u></th> <th style="width:15%; text-align: center;"><u>Date</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr> <td colspan="2"><b>Total Dollars Unpaid: \$</b> _____</td> <td></td> </tr> </tbody> </table>		<u>Invoice Amt</u>	<u>Date</u>	1.			2.			3.			<b>Total Dollars Unpaid: \$</b> _____		
	<u>Invoice Amt</u>	<u>Date</u>																													
1.																															
2.																															
3.																															
<b>Total Dollars Paid: \$</b> _____																															
	<u>Invoice Amt</u>	<u>Date</u>																													
1.																															
2.																															
3.																															
<b>Total Dollars Unpaid: \$</b> _____																															
Prime Contractor: _____ Contact Person _____																															

**\*\*Return one copy (hard or electronic) of this form to the following address (electronic copy with signature and date is preferred):**

MBE Officer Department of Budget and Management Procurement Unit 45 Calvert Street, 1 <sup>st</sup> Floor Annapolis, MD 21401 <a href="mailto:MBEOfficer@dbm.state.md.us">MBEOfficer@dbm.state.md.us</a>
---

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**ATTACHMENT E - PRE-PROPOSAL CONFERENCE RESPONSE FORM**

Project No. F10R7200018

Project Title: Audit Services for the State Employee and Retiree  
Benefits Program

A Pre-proposal Conference will be held on August 14, 2006 at 10:00 local time at:

Baltimore State Office Complex  
201 W. Preston St.  
Conference Room L-3, Main Lobby Level  
Baltimore, Md. 21201

Directions to the Pre-proposal meeting site:

From I-95: Exit I-395 North, exit Martin Luther King (MLK) Blvd, continue north on MLK to Eutaw Street. Left on Eutaw Street, one block to right on Preston Street. One block to left into Public Parking Lot. 201 W. Preston Street is directly across from the parking lot.

Please e-mail, Fax or return this form by 1:00 PM on Thursday, August 10, 2006 advising whether or not you plan to attend this Conference.

E-mail or fax this form to the Procurement Officer:

Mr. Michael Howard  
Office Phone: (410) 260-7518  
Fax: (410) 974-3274  
E-mail: mhoward@dbm.state.md.us

Please indicate:

\_\_\_\_\_ Yes, the following representatives will be in attendance:

- 1.
- 2.
- 3.

\_\_\_\_\_ No, we will not be in attendance.

\_\_\_\_\_  
Company/Firm/Vendor Name

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Contact Name

## ATTACHMENT F - PRICE PROPOSAL INSTRUCTIONS AND FORM

### General Instructions:

In order to assist Offerors in the preparation of their price proposal and to comply with the requirements of this solicitation, Price Instructions and Price Forms have been prepared. Offerors shall submit their price proposal on the forms in accordance with the instructions on the forms and as specified herein. Do not alter the forms or the price proposal shall be rejected. The Price Form is to be signed and dated, where requested, by an individual who is authorized to bind the Offeror to all proposed prices.

Offerors are required to record the fully loaded prices they are proposing for each listed item, and compute the total. The price forms are used to calculate the Offeror's TOTAL PRICE.

- A) All Fixed and Unit Prices for hourly rates must be clearly entered with dollars and cents, e.g., \$24.15
- B) All Fixed and Unit Prices must be the actual unit price the State shall pay for the proposed item per this RFP and may not be contingent on any other factor or condition in any manner.
- C) All calculations shall be rounded to the nearest cent, i.e. .344 shall be 34 and .345 shall be 35.
- D) All goods or services required or requested by the State and proposed by the Offeror at No Cost to the State must be clearly entered in the Unit Price and Extended Price with \$0.00.
- E) Every blank in the price sheet shall be filled in.
- F) Except as instructed on the forms, nothing shall be entered on the forms that alters or proposes conditions or contingencies on the prices or percentages.
- G) It is imperative that the prices included on the Price Proposal Forms have been entered correctly and calculated accurately by the Offeror and that the respective total prices agree with the entries on the Price Proposal Forms.

### Specific Instructions:

- A) At top of price sheet, fill in the Category which corresponds to the Price Proposal
- B) In Section 1:
  - Record for each specified audit cycle the proposed fixed price for audit services as outlined in the RFP
  - Add the columns for the five cycles and enter a total on the line 1A, Sub-total, Audit Services
- C) In Section 2:

- Record for each labor classification, enter the proposed fully-loaded hourly rate in column A.
- Multiply the proposed fully-loaded hourly rate in column A by the hours provided in column B and record the results for each labor classification, in the extended price column (column C).
- Add the extended price column and record the total on the line 2A, Sub-total, Consulting Services

D) In Section 3:

- Add line 1A Sub-total, Audit Services and line 2A Sub-total, Consulting Services and record the results on line #3, Total Evaluated Price Proposed. Total Evaluated Price Proposed will be the basis for establishing the financial ranking of all offers from lowest (Best Price) to highest (most expensive price).

**ATTACHMENT F - PRICE PROPOSAL FORM for F10R7200018**  
**CATEGORY NO. \_\_\_\_\_**

	\$
	\$
	\$
	\$
	\$
	\$

\*Note: The proposed Audit Cycle price may vary cycle-to-cycle depending on how an Offeror wishes to compensate for overhead, cost of labor, profit and inflation. Important to note the price proposed is all-inclusive and fully loaded with no other fees, surcharges, taxes or any other factor allowed as a supplemental charge for services.

	\$		\$
	\$		\$
	\$		\$
			\$
	\$		\$
	\$		\$
	\$		\$
			\$
	\$		\$
	\$		\$
	\$		\$
			\$

SECTION 2 (CONTINUED). PROPOSED PRICE, OPTIONAL AUDIT SERVICES—Audit Cycle 5			
	\$		\$
	\$		\$
	\$		\$
			\$

**\*\* Note:**

- (1) Hours are estimates; actual hours will be based on need.
- (2) If a task order begins in one year and is completed in a subsequent year, hourly rates will be paid based on the rate in effect at the start of the task order.
- (3) The Hourly Rate is the actual rate the State will pay for optional services and must be recorded in dollars and cents. The Hourly rate is all-inclusive and fully loaded with no other fees, surcharges, taxes or any other factor allowed as a supplemental charge for services.

	\$

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Company Tax ID #

\_\_\_\_\_  
Phone # & Fax #



**Enrollment data is provided for four groups within the Program:**

- |                                   |                                |
|-----------------------------------|--------------------------------|
| <b>1. Active State Employees</b>  | <b>3. Satellite Employees</b>  |
| <b>2. Retired State Employees</b> | <b>4. Direct Pay Enrollees</b> |

**The enrollment data for all four subgroups must be aggregated for the total enrollment in each plan.**

Department of Budget and Management

**Active Employee Enrollment Data By Plan and Coverage**

Prepared for Enrollment Year of 2006 and Enrollment Month of May 2006

Plan	Total Employee	Employee Only	Employee & Child	Employee & Spouse	Family	ESRD
Prescription	65732	25786	5268	13487	21191	
HMO-United Concordia Dental	22498	8558	1956	4382	7602	
PPO-United Concordia Dental	25372	10490	1962	5630	7290	
HMO-Dental Benefit Providers	12292	6057	1066	2041	3128	
PPO-Carefirst BCBS	27339	11979	2059	5917	7370	14
HMO-BlueChoice	6093	2749	552	932	1858	2
PPO-MLH-EAGLE	1970	781	88	577	524	0
POS-M.D.IPA Preferred	10324	3279	745	2346	3954	0
HMO-Kaiser Permanente	4415	2338	388	540	1149	0
POS-CareFirst BCBS	11427	4134	916	2301	4073	0
HMO-Optimum Choice	4108	1574	304	549	1681	0
POS-Aetna	4179	1704	345	638	1491	1
Medicare Grand Total	69855	28538	5397	13800	22100	20
PAD-100000	17795	10312			7483	
PAD-200000	7080	2965			4115	
PAD-300000	11106	4194			6912	
FSA-Dependent Care	621					
FSA-Health Care	4722					
FSA-DependCare and Healthcare	639					
Plan	Total Employee	Spouse	Child			
Life Insurance	72321	42566	16296	13459		

ATTACHMENT G - CONTINUED

Department of Budget and Management  
**Retiree Employee** Enrollment Data By Plan and Coverage  
 Prepared for Enrollment Year of 2006 and Enrollment Month of May

Plan	Total	Employee Only	Employee & Child	Employee & Spouse	Family	ESRD
Prescription	33486	17963	539	12847	12847	
HMO-United Concordia Dental	7888	4241	205	2779	663	
PPO-United Concordia Dental	7872	3829	156	3340	547	
HMO-Dental Benefit Providers	2554	1329	81	875	269	
PPO-Carefirst BCBS	19909	2606	180	1779	754	14590
HMO-BlueChoice	2191	393	38	284	157	1319
PPO-MLH-EAGLE	2609	196	14	209	54	2136
POS-M.D.IPA Preferred	3680	573	66	630	386	2025
HMO-Kaiser Permanente	622	136	11	56	47	372
POS-CareFirst BCBS	3737	511	48	459	239	2480
HMO-Optimum Choice	554	122	15	90	56	271
POS-Aetna	630	118	15	95	50	352
Medicare Grand Total	33932	4655	387	3602	1743	23545

Plan	Total	Employee	Spouse	Child
Life Insurance	8893	5646	2367	880

ATTACHMENT G - CONTINUED

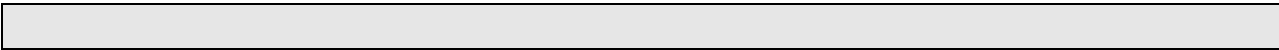
Department of Budget and Management  
**Satellite Employee** Enrollment Data By Plan and Coverage  
 Prepared for Enrollment Year of 2006 and Enrollment Month of May

Plan	Total	Employee Only	Employee & Child	Employee & Spouse	Family	ESRD
Prescription	1845	794	131	421	499	
HMO-United Concordia Dental	645	281	42	144	178	
PPO-United Concordia Dental	799	360	62	180	197	
HMO-Dental Benefit Providers	320	182	21	57	60	
PPO-Carefirst BCBS	776	322	45	189	179	41
HMO-BlueChoice	237	129	16	39	47	6
PPO-MLH-EAGLE	59	26	3	12	12	6
POS-M.D.IPA Preferred	250	102	18	55	71	4
HMO-Kaiser Permanente	111	55	10	15	29	2
POS-CareFirst BCBS	371	161	24	66	117	3
HMO-Optimum Choice	308	182	18	49	59	0
POS-Aetna	154	63	13	33	42	3
Medicare Grand Total	2266	1040	147	458	556	65
PAD-100000	593	394			199	
PAD-200000	206	109			97	
PAD-300000	361	146			215	
FSA-Dependent Care	12					
FSA-Health Care	79					
FSA-DependCare and Healthcare	9					
Plan	Total	Employee	Spouse	Child		
Life Insurance	2331	1400	544	387		

ATTACHMENT G - CONTINUED

Department of Budget and Management  
**Direct Pay Employee** Enrollment Data By Plan and Coverage  
 Prepared for Enrollment Year of 2006 and Enrollment Month of May

Plan	Total Employee	Employee Only	Employee & Child	Employee & Spouse	Family	ESRD
Prescription	1268	807	35	259	167	
HMO-United Concordia Dental	445	278	15	85	67	
PPO-United Concordia Dental	684	445	21	129	89	
HMO-Dental Benefit Providers	201	131	11	38	21	
PPO-Carefirst BCBS	724	366	14	75	70	199
HMO-BlueChoice	166	118	4	12	27	5
PPO-MLH-EAGLE	89	35	1	13	10	30
POS-M.D.IPA Preferred	165	93	8	18	24	22
HMO-Kaiser Permanente	134	92	5	19	10	8
POS-CareFirst BCBS	252	150	9	33	42	18
HMO-Optimum Choice	109	74	1	14	18	3
POS-Aetna	93	59	1	15	12	6
Medicare Grand Total	1732	987	43	198	213	291
PAD-100000	169	134			35	
PAD-200000	48	23			25	
PAD-300000	88	49			39	
FSA-Dependent Care	Statistic cannot generate					
FSA-Health Care	Statistic cannot generate					
FSA-DependCare and Healthcare	Statistic cannot generate					
Plan	Total	Employee	Spouse	Child		
Life Insurance	469	339	91	39		



A. "Conflict of interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

B. "Person" has the meaning stated in COMAR 21.01.02.01B(64) and includes a bidder, Offeror, Contractor, consultant, or subcontractor or sub consultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a bid or offer is made.

C. The bidder or Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.

D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain in detail—attach additional sheets if necessary):

E. The bidder or Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the bidder or Offeror shall immediately make a full disclosure in writing to the procurement officer of all relevant facts and circumstances. This disclosure shall include a description of actions which the bidder or Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the contract has been awarded and performance of the contract has begun, the Contractor shall continue performance until notified by the procurement officer of any contrary action to be taken.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Representative and Affiant)



<b>Contractor Name, Description of Services &amp; ADPICS Number</b>	<b>Contract Manager</b>	<b>Contract Starting Date</b>	<b>Contract Ending Date</b>	<b>*Available Renewal Options</b>
<p>Contract to perform Third Party Administrative services for Flexible Spending Account Plans - Employee Benefit Health Care and Dependent Care programs Flexible Spending Accounts provide employees with pre-tax dollars to cover health care expenses not covered by insurance and dependent care expenses (i.e., day care).</p> <p><b>SHPS, Inc.</b></p>	<p>DBM/OPSB/EBD (410) 767-4710</p>	<p>7/1/05</p>	<p>6/30/10</p>	<p>None Rebid 2009</p>
<p>This contract provides for a Third party administrator to administer the Dental, DHMO &amp; DPOS Services for State employees and retirees. The dental benefits are available through two plan options 1) Dental Health Maintenance Organization (DHMO) plan and a Dental Point-of-Service (DPOS) plan.</p> <p><b>United Concordia DHMO/DPOS Dental Benefit Providers/DPOS</b></p>	<p>DBM/OPSB/EBD (410) 767-4710</p>	<p>1/1/05</p>	<p>6/30/07 with a (2) one year renewal option</p>	<p>2 Option #1 7/1/07 – 6/30/08  Option #2 7/1/08 – 6/30/09  Rebid 2007</p>

<b>Contractor Name, Description of Services &amp; ADPICS Number</b>	<b>Contract Manager</b>	<b>Contract Starting Date</b>	<b>Contract Ending Date</b>	<b>*Available Renewal Options</b>
<p>This contract provides for a Third party administrator to oversee the PPO Health Benefits Plan administration &amp; claims disbursement for State employees and retirees.</p> <p><b>CareFirst BCBS United Health Care – MLH Eagle</b></p>	<p>DBM/OPSB/ EBD (410) 767-4710</p>	1/1/05	6/30/09	<p>None</p> <p>Rebid 2008</p>
<p>This contract provides for a Third party administrator to oversee the POS Health Benefits Plan administration, capitation fee &amp; claims disbursement for State employees and retirees.</p> <p><b>CareFirst BCBS MD POS MDIPA Aetna QPOS</b></p>	<p>DBM/OPSB/ EBD (410) 767-4710</p>	1/1/05	6/30/09	<p>None</p> <p>Rebid 2008</p>
<p>This contract provides for a Third party administrator to oversee the Health Maintenance Organization Benefit Plans for State employees and retirees.</p> <p><b>Blue Choice Kaiser Optimum Choice</b></p>	<p>DBM/ OPSB/EBD (410) 767- 4710</p>	1/1/05	6/30/09	<p>None</p> <p>Rebid 2008</p>

<b>Contractor Name, Description of Services &amp; ADPICS Number</b>	<b>Contract Manager</b>	<b>Contract Starting Date</b>	<b>Contract Ending Date</b>	<b>*Available Renewal Options</b>
<p>This contract provides for a Third party administrator to administer the Rx Benefit Plan administration &amp; claims disbursements for State employees and retirees. The contract is to provide Pharmacy Benefit Manager (PBM) services. This will include comprehensive concurrent, prospective and retrospective drug utilization reviews for Maryland State employees and retirees.</p> <p><b>AdvancePCS a/k/a CaremarkPCS</b></p> <p>ADPICS # F10B0200045 Contract # F10R0200266 (7/19/2000)</p>	<p>DBM/OPSB/EBD (410) 767-4710</p>	<p>1/1/01</p>	<p>12/31/03</p> <p>Modification Contract Extended</p>	<p>3</p> <p>option #1 1/1/04- 12/31/04</p> <p>option #2 1/1/05- 12/31/05</p> <p>option #3 1/1/06- 12/31/06</p> <p>*Rebid in 2006</p>
<p>This contract calls for a third party administrator provide Pharmacy Benefit Manager (PBM) services, administer the Rx Benefit Plan administration and claims disbursements for the State plan, and to administer the Maryland Rx Program. This will include comprehensive concurrent, prospective and retrospective drug utilization reviews for Maryland State employees and retirees.</p> <p><b>TO BE AWARDED</b></p> <p>ADPICS # _____ Contract # _____ (7/19/2000)</p>	<p>DBM/OPSB/EBD 410-767-4610</p>	<p>To be determined</p>	<p>6/30/2011</p>	<p>None</p>



Contractor Name, Description of Services & ADPICS Number	Contract Manager	Contract Starting Date	Contract Ending Date	*Available Renewal Options
<p>The contract is to provide mental health and substance abuse insurance benefits for Maryland State employees and retirees enrolled in the PPO and Point-of-Service health insurance plans. The contract also provides Employee Assistance Plan (EAP) benefits to all active State employees.</p> <p><b>APS Healthcare</b> ADPICS # F10B0200001 Contract # F10R0200267 (7/19/2000)</p>	<p>DBM/OPSB/EBD (410) 767-4710</p>	<p>1/1/01</p>	<p>12/31/03</p>	<p>3 option #1 1/1/04- 12/31/04 option #2 1/1/05- 12/31/05 option #3 1/1/06- 12/31/06 *Rebid in 2006</p>
<p>The contract is to provide mental health and substance abuse insurance benefits for Maryland State employees and retirees enrolled in the PPO and Point-of-Service health insurance plans. The contract also provides Employee Assistance Plan (EAP) benefits to all active State employees.</p> <p><b>APS Healthcare</b> ADPICS # F10B6200017 &amp; 18 Contract Title: Behavioral Health Benefits Administration Services Contract (4/19/2006)</p>	<p>DBM/OPSB/EBD (410) 767-4710</p>	<p>7/1/06</p>	<p>6/30/2011</p>	<p>None *Rebid in 2010</p>

- All renewal options are for a period of one year, unless otherwise noted.



**ATTACHMENT J - PLAN YEAR TO BE AUDITED**

Plan Year to be Audited	1/1/2005 6/30/2006	7/1/2006 6/30/2007	7/1/2007 6/30/2008	7/1/2008 6/30/2009	7/1/2009 6/30/2010
<u>Audit to be performed &amp; completed</u>	<u>Contract start 9/30/2007</u>	<u>7/1/2007 6/30/2008</u>	<u>7/1/2008 6/30/2009</u>	<u>7/1/2009 6/30/2010</u>	<u>7/1/2010 6/30/2011</u>
* CareFirst BCBS	X	X	X	X	X
* UHC - MLH Eagle	X	X	X	X	X
* CareFirst BCBS	X	X	X	X	X
* UHC - MDIPA Preferred	X	X	X	X	X
* Aetna US Healthcare	X	X	X	X	X
* CareFirst BCBS	X	X	X	X	X
* UHC - Optimum Ch.	X	X	X	X	X
* Kaiser Permanente	X	X	X	X	X
* CareFirst BCBS	X	X	X	X	X
* UHC - MLH Eagle	X	X	X	X	X
* Aetna US Healthcare	X	X	X	X	X
* United Concordia	X	X	X	X	X
* United Concordia	X	X	X	X	X
* Dental Benefit Provid.	X	X	X	X	X
* Claims/Operational/PGs/Contract	X	X	X	X	X
* Clinical/Hospital bill audits	X	X	X	X	X
Caremark	Previous Terms		New Terms		
* Claims/Operational/PGs/Contract	X	X			
* Clinical/Rebates/Pharmacy Audits	X	X			
Potential New Vendor		New Terms			
* Claims/Operational/PGs/Contract		X	X	X	X
* Clinical/Rebates/Pharmacy Audits		X	X	X	X
* Claims/Operational/PGs/Contract	X	X	X	X	X
* Claims/Operational/Contract	X				



See following pages for Project Time Lines of the Five Audit Cycles.
















See the following pages for past and existing performance guarantees in TPA contracts.

## Request for PPO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment L-28: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
<p><i>It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the citizens of the State. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.</i></p>					
PG-1	Telephone Call Availability (if system unable to measure A, provide B):  Measurements must be State-specific or for only the service center handling the State account.	A) 90% of telephone calls are answered by a live service representative (with knowledge of State of Maryland account) within 60 seconds. The representative must be able to address the member's issue/question.	Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)	A) \$250 per second per quarter for each second second, or fraction thereof, over 60 seconds.	
		B) % of calls answered by a service representative (with knowledge of State of Maryland account) in 60 seconds. The representative must be able to address the member's issue/question.		B) \$250 per percentage point, or fraction thereof, below 90% per quarter	
PG-2	Telephone Call Abandonment Rate	Abandonment rate of less than 5%	Report Card	\$250 per percentage point per quarter over 5%	

# Request for PPO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-28: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
<b>PROCESSING</b>					
PG-3	Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information by <b>5:00 PM of the second business day after receipt</b> . If tape is received after 12 noon, record as having been received as of the next business day.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay ( <b>Please Note: 5:01 p.m. is considered late</b> )	
		Plan will process (paper) State enrollment information by 5 pm of 3rd business day after receipt.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay	
		*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.*			
PG-4	Vendor attendance at State plan management meetings and State-sponsored open enrollment meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings	\$500 for each scheduled meeting date that vendor fails to attend	

## Request for PPO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment L-28: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-5	Delivery of Quarterly Plan Performance Measurement Report Card to the State	Delivery to the State by 6:00 pm on the following dates:	Date-stamp of receipt by the State	\$50 per day for each calendar day that Report Card is not received	
		May. 1 - First Quarter (Jan.- March)			
		Aug. 1 - Second Quarter (April - June)			
		Nov. 1 - Third Quarter (July - Sept.)			
		Feb. 1 - Fourth Quarter (Oct. - Dec.)			
		* If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.			
PG-6	Delivery of Quarterly Utilization and Case Management Data Reports to State's Consultant (see Attachment 1-2)	Delivery of required utilization and care management reports by 6:00 pm on the following dates:	Documentation of receipt by State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	\$200 per calendar day of each calendar day the rate renewal reports are not received or are incomplete	
		1.) July 15 - First Quarter (January-March)			
		2.) October 15 - 2nd Quarter (April-June)			
		3.) January 15 - 3rd Quarter (July - September)			
		4.) April 15 - Fourth Quarter (October - December)			

# Request for PPO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-28: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-7	Delivery of Rate Renewal Reports	Delivery to the State and to the State's actuarial consultant of reports required for annual rate renewal process by 6:00 pm of the requested date. At a minimum, the renewal reports must include (but not be limited to) the following:	Date-stamp of receipt by the State and verification of completeness of required documentation	\$200 per day for each calendar day the data report is not received or is incomplete for the first 10 calendar days. \$300 per calendar day thereafter.	
		* projection of incurred claim costs for renewal year,			
		* estimate of IBNR reserves at end of current year; including the most recent 36 months of incurred/paid triangular reports			
		* complete documentation of the methodology and assumptions utilized to develop the projected costs			
		* disclosure of supporting data used in the calculations, including monthly paid claims and enrollment, large claims analysis, trend analysis, demographic analysis, etc.			
		* substantiation of any proposed increase in fixed costs via a thorough analysis of activities and costs covered by those fees			
		* explanations for any unusual trend results (high relative to the market, low relative to the market)			

# Request for PPO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-28: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-8	<p><b>Claims Standards:</b> <u>Financial Accuracy</u> Measures the gross dollars paid incorrectly (overpayments) plus underpayments) subtracted from total paid claim dollars, divided by total paid claim dollars within the audit sample</p>	99% of claim dollars processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	97%-98.99% accuracy: 2% of administrative fees; Less than 97%: 4% of administrative fees	
PG-9	<p><b>Claims Standards:</b> <u>Payment Accuracy</u> Measures the number of incorrect drafts of payments made on behalf of the State, subtracted from the total draft or payments transactions, divided by the total draft or payment transactions.</p>	97% of claims w/ benefit payments are processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	95%-96.99% accuracy: 2% of administrative fees; Less than 95%: 4% of administrative fees	
PG-10	<p><b>Claims Standards:</b> Processing Time</p>	<p>A) 90% of all claims are adjudicated within 10 business days; and 98% of all claims are adjudicated within 22 business days ( If system unable to measure A, provide B.)</p> <p>B) 90% of all claims are adjudicated within 14 calendar days; and 98% of all claims are adjudicated within 30 calendar days.</p>	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	For PPO and POS plans: If performance is less than the standards: 3% of administrative fees	

# Request for PPO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-28: Performance Guarantees

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.**

**Performance results will also be audited annually by the State's contract auditor.**

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
PG-11	Provision of claims and eligibility data to third party vendors.	Delivery of agreed-upon claims and eligibility data to third party disease management and/or utilization review vendors in the format and frequency required by the applicable vendor(s).	Date-stamp of receipt by the third-party vendor and verification of completeness of required documentation	\$200 per day of each calendar day the data is not received or is incomplete	
PG-12	Annual Hospital Records Claims Audit	Conduct hospital records (including clinical and billing issues) audits for every admission with paid claims in excess of \$25,000, subject to a minimum of 2% of all hospital claims. Audits are to be conducted on-site to ensure accuracy of billed charges in relation to the clinical services delivered.	Provide quarterly reporting of the number of audits conducted, the amount of recoveries to the State.	If performance is less than the standards: 2% of administrative fees	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date

**Request for POS Proposal for The State of Maryland**

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

**Attachment L-34: Performance Guarantees**

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card. Performance results will also be audited annually by the State's contract auditor.**

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
<p><i>It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the citizens of the State. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.</i></p>					
PG-1	<p>Telephone Call Availability (if system unable to measure A, provide B):</p> <p>Measurements must be State-specific or for only the service center handling the State account.</p>	<p>A) 90% of telephone calls are answered by a <b>live service representative (with knowledge of State of Maryland account)</b> within 60 seconds. The representative must be able to address the member's issue/question.</p>	<p>Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)</p>	<p>A) \$250 per second per quarter for each second, or fraction thereof, over 60 seconds.</p>	
		<p>B) % of calls answered by a <b>service representative (with knowledge of State of Maryland account)</b> in 60 seconds. The representative must be able to address the member's issue/question.</p>			
PG-2	Telephone Call Abandonment Rate	Abandonment rate of less than 5%	Report Card	\$250 per percentage point per quarter over 5%	



## Request for POS Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment L-34: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card. Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-3	Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information by 5:00 PM of the second State business day after receipt. If tape is received after 12 noon, record as having been received as of the next business day.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay <b>(Please Note: 5:01 p.m. is considered late)</b>	
		Plan will process (paper) State enrollment information by 5 pm of 3rd State business day after receipt.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay	
		*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.*			
PG-4	Vendor attendance at State plan management meetings and State-sponsored open enrollment meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings	\$500 for each scheduled meeting date that vendor fails to attend	

# Request for POS Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-34: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card. Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-5	Delivery of Quarterly Plan Performance Measurement Report Card to the State	Delivery to the State by 6:00 pm on the following dates:	Date-stamp of receipt by the State	\$50 per day for each calendar day that Report Card is not received	
		May. 1 - First Quarter (Jan.- March)			
		Aug. 1 - Second Quarter (April - June)			
		Nov. 1 - Third Quarter (July - Sept.)			
		Feb. 1 - Fourth Quarter (Oct. - Dec.)			
		* If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.			
PG-6	Delivery of Quarterly Utilization and Case Management Data Reports to State's Consultant (see Attachment I-2)	Delivery of required utilization and care management reports by 6:00 pm on the following dates:	Documentation of receipt by State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	\$200 per calendar day the rate renewal reports are not received or are incomplete	
		1.) July 15 - First Quarter (January-March)			
		2.) October 15 - 2nd Quarter (April-June)			
		3.) January 15 - 3rd Quarter (July - September)			
		4.) April 15 - Fourth Quarter (October - December)			

## Request for POS Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment L-34: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card. Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-7	Delivery of Rate Renewal Reports	Delivery to the State and to the State's actuarial consultant of reports required for annual rate renewal process by 6:00 pm of the requested date. At a minimum, the renewal reports must include (but not be limited to) the following:	Date-stamp of receipt by the State and verification of completeness of required documentation	\$200 per day for each calendar day the data report is not received or is incomplete for the first 10 calendar days. \$300 per calendar day thereafter.	
* projection of incurred claim costs for renewal year,					
* estimate of IBNR reserves at end of current year; including the most recent 36 months of incurred/paid triangular reports					
* complete documentation of the methodology and assumptions utilized to develop the projected costs					
* disclosure of supporting data used in the calculations, including monthly paid claims and enrollment, large claims analysis, trend analysis, demographic analysis, etc.					
* substantiation of any proposed increase in fixed costs via a thorough analysis of activities and costs covered by those fees					
		* explanations for any unusual trend results (high relative to the market, low relative to the market)			

# Request for POS Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-34: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card. Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-8	Claims Standards: <u>Financial Accuracy</u> Measures the gross dollars paid incorrectly (overpayments) plus underpayments) subtracted from total paid claim dollars, divided by total paid claim dollars within the audit sample	99% of claim dollars processed accurately	Self-reported	97%-98.99% accuracy: 2% of administrative fees; Less than 97%: 4% of administrative fees	
PG-9	Claims Standards: <u>Payment Accuracy</u> Measures the number of incorrect drafts of payments made on behalf of the State, subtracted from the total draft or payments transactions, divided by the total draft or payment transactions.	97% of claims w/ benefit payments are processed accurately	Self-reported	95%-96.99% accuracy: 2% of administrative fees; Less than 95%: 4% of administrative fees	
PG-10	Claims Standards: <u>Processing Time</u>	A) 90% of all claims are adjudicated within 10 business days; and 98% of all claims are adjudicated within 22 business days ( If system unable to measure A, provide B.)  B) 90% of all claims are adjudicated within 14 calendar days; and 98% of all claims are adjudicated within 30 calendar days.	Self-reported	For PPO and POS plans: If performance is less than the standards: 3% of administrative fees	

**Request for POS Proposal for The State of Maryland**

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

**Attachment L-34: Performance Guarantees**

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card. Performance results will also be audited annually by the State's contract auditor.**

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
PG-11	Provision of claims and eligibility data to third party vendors.	Delivery of agreed-upon claims and eligibility data to third party disease management and/or utilization review vendors in the format and frequency required by the applicable vendor(s).	Date-stamp of receipt by the third-party vendor and verification of completeness of required documentation	\$200 per day of each calendar day the data is not received or is incomplete	
PG-12	Annual Hospital Records Claims Audit	Conduct hospital records (including clinical and billing issues) audits for every admission with paid claims in excess of \$25,000, subject to a minimum of 2% of all hospital claims. Audits are to be conducted on-site to ensure accuracy of billed charges in relation to the clinical services delivered.	Provide quarterly reporting of the number of audits conducted, the amount of recoveries to the State.	If performance is less than the standards: 2% of administrative fees	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date

## Request for HMO Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment L-34: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages	Willing to Comply
<p><i>It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the citizens of the State. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.</i></p>					
PG-1	Telephone Call Availability (if system unable to measure A, provide B):  Measurements must be State-specific or for only the service center handling the State account.	A) 90% of telephone calls are answered by a live service representative (with knowledge of State of Maryland account) within 60 seconds. The representative must be able to address the member's issue/question.	Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)	A) \$250 per second per quarter for each second, or fraction thereof, over 60 seconds.	
		B) % of calls answered by a service representative (with knowledge of State of Maryland account) in 60 seconds. The representative must be able to address the member's issue/question.		B) \$250 per percentage point, or fraction thereof, below 90% per quarter	
PG-2	Telephone Call Abandonment Rate	Abandonment rate of less than 5%	Report Card	\$250 per percentage point per quarter over 5%	
PG-3	Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information by <b>5:00 PM of the second State business day after receipt</b> . If tape is received after 12 noon, record as having been received as of the next business day.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay ( <b>Please Note: 5:01 p.m. is considered late</b> )	
		Plan will process (paper) State enrollment information by 5 pm of 3rd State business day after receipt.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay	
*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.					

**Request for HMO Proposal for The State of Maryland**

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

**Attachment L-34: Performance Guarantees**

**Offeror will report results on all performance measurements quarterly per the requirements of the Report**

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages	Willing to Comply
PG-4	Vendor attendance at State plan management meetings and State-sponsored open enrollment meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings	\$500 for each scheduled meeting date that vendor fails to attend	
PG-5	Delivery of Quarterly Plan Performance Measurement Report Card to the State	<p>Delivery to the State by 6:00 pm on the following dates:</p> <p>May. 1 - First Quarter (Jan.- March)</p> <p>Aug. 1 - Second Quarter (April - June)</p> <p>Nov. 1 - Third Quarter (July - Sept.)</p> <p>Feb. 1 - Fourth Quarter (Oct. - Dec.)</p> <p>* If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.</p>	Date-stamp of receipt by the State	\$50 per day for each calendar day that Report Card is not received	
PG-6	Delivery of Quarterly Utilization and Case Management Data Reports to State's Consultant (see Attachment J-1)	<p>Delivery of required utilization and care management reports by 6:00 pm on the following dates:</p> <p>1.) July 15 - First Quarter (January-March)</p> <p>2.) October 15 - 2nd Quarter (April-June)</p> <p>3.) January 15 - 3rd Quarter (July - September)</p> <p>4.) April 15 - Fourth Quarter (October - December)</p>	Documentation of receipt by State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	\$200 per calendar day the rate renewal reports are not received or are incomplete	
PG-7		Delivery to the State and to the State's actuarial consultant of reports required for annual rate renewal process by 6:00 pm of the requested date. At a minimum, the renewal reports must include (but not be limited to) the following:	Date-stamp of receipt by the State and verification of completeness of required documentation	\$200 per day for each calendar day the data report is not received or is incomplete for the first 10 calendar days. \$300 per calendar day thereafter.	

**Request for HMO Proposal for The State of Maryland**

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

**Attachment L-34: Performance Guarantees**

Offeror will report results on all performance measurements quarterly per the requirements of the Report

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages	Willing to Comply
	Delivery of Rate Renewal Reports	<ul style="list-style-type: none"> <li>* projection of incurred claim costs for renewal year,</li> <li>* estimate of IBNR reserves at end of current year; including the most recent 36 months of incurred/paid triangular reports</li> <li>* complete documentation of the methodology and assumptions utilized to develop the projected costs</li> <li>* disclosure of supporting data used in the calculations, including monthly paid claims and enrollment, large claims analysis, trend analysis, demographic analysis, etc.</li> <li>* substantiation of any proposed increase in fixed costs via a thorough analysis of activities and costs covered by those fees</li> <li>* explanations for any unusual trend results (high relative to the market, low relative to the market)</li> </ul>			
PG-8	<p><b>Claims Standards:</b> <u>Financial Accuracy</u> Measures the gross dollars paid incorrectly (overpayments) plus underpayments) subtracted from total paid claim dollars, divided by total paid claim dollars within the audit sample</p>	99% of claim dollars processed accurately	Self-reported	Remedial action plan provided to and approved by the State.	



**Request for HMO Proposal for The State of Maryland**

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

**Attachment L-34: Performance Guarantees**

**Offeror will report results on all performance measurements quarterly per the requirements of the Report**

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b>	<b>Willing to Comply</b>
PG-9	Claims Standards: <u>Payment Accuracy</u> Measures the number of incorrect drafts of payments made on behalf of the State, subtracted from the total draft or payments transactions, divided by the total draft or payment transactions.	97% of claims w/ benefit payments are processed accurately	Self-reported	Remedial action plan provided to and approved by the State.	
PG-10	Claims Standards: Processing Time	A) 90% of all claims are adjudicated within 10 business days; and 98% of all claims are adjudicated within 22 business days ( If system unable to measure A, provide B.) B) 90% of all claims are adjudicated within 14 calendar days; and 98% of all claims are adjudicated within 30 calendar days.	Self-reported	Remedial action plan provided to and approved by the State.	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date

# Request for Dental Proposal for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-11: Performance Guarantees

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card and separately for each plan type.**

It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to participants in the State's plan. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option, for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.

Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages	Willing to Comply
PG-1 Telephone Call Availability (if system unable to measure A, provide B):  Measurements must be State-specific or for only the service center handling the State account.	A) 90% of telephone calls are answered by a <b>live service representative (with knowledge of State of Maryland account)</b> within 60 seconds. The representative must be able to address the member's issue/question.	Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)	A) \$250 per second per quarter for each second, or fraction thereof, over 60 seconds.	
	B) % of calls answered by a <b>service representative (with knowledge of State of Maryland account)</b> in 60 seconds. The representative must be able to address the member's issue/question.		B) \$250 per percentage point, or fraction thereof, below 90% per quarter	
PG-2 Telephone Call Abandonment Rate	Abandonment rate of less than 5%	Report Card	\$250 per percentage point per quarter over 5%	
PG-3  Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information <b>by 5:00 PM of the second State business day after receipt</b> . If tape is received after 12 noon, record as having been received as of <b>the next business day</b> .	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay ( <b>Please Note: 5:01 p.m. is considered late</b> )	
	Plan will process (paper) State enrollment information by 5 pm of 3rd State business day after receipt.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay	
	<b>*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.</b>			
PG-4 Vendor attendance at State plan management meetings and State-sponsored open enrollment meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings	\$500 for each scheduled meeting date that vendor fails to attend	

Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages	Willing to Comply
PG-5	<p>Delivery of Quarterly Plan Performance Measurement Report Card to the State</p> <p>Delivery to the State by 6:00 pm on the following dates:</p> <p>May. 1 - First Quarter (Jan.-March)</p> <p>Aug. 1 - Second Quarter (April - June)</p> <p>Nov. 1 - Third Quarter (July - Sept.)</p> <p>Feb. 1 - Fourth Quarter (Oct. - Dec.)</p> <p>* If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.</p>	Date-stamp of receipt by the State	\$50 per day for each calendar day that Report Card is not received	
PG-6	<p>Delivery of Quarterly Utilization Data Reports to State's Consultant (see Attachment J-1)</p> <p>Delivery of required utilization reports by 6:00 pm on the following dates:</p> <p>1.) July 15 - First Quarter (January-March)</p> <p>2.) October 15 - 2nd Quarter (April-June)</p> <p>3.) January 15 - 3rd Quarter (July - September)</p> <p>4.) April 15 - Fourth Quarter (October - December)</p>	Documentation of receipt by State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	\$200 per calendar day the rate renewal reports are not received or are incomplete	
PG-7	<p>Delivery of Rate Renewal Reports</p> <p>Delivery to the State and to the State's actuarial consultant of reports required for annual rate renewal process by 6:00 pm of the requested date. At a minimum, the renewal reports must include (but not be limited to) the following:</p> <p>* projection of incurred claim costs for renewal year,</p> <p>* estimate of IBNR reserves at end of current year, including the most recent 36 months of incurred/paid triangular reports</p> <p>* complete documentation of the methodology and assumptions utilized to develop the projected costs</p> <p>* disclosure of supporting data used in the calculations, including monthly paid claims and enrollment, large claims analysis, trend analysis, demographic analysis, etc.</p> <p>* substantiation of any proposed increase in fixed costs via a thorough analysis of activities and costs covered by those fees</p> <p>* explanations for any unusual trend results (high relative to the market, low relative to the market)</p>	Date-stamp of receipt by the State and verification of completeness of required documentation	\$200 per day for each calendar day the data report is not received or is incomplete for the first 10 calendar days. \$300 per calendar day thereafter.	

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages	Willing to Comply
PG-8	Claims Guarantee: Financial Accuracy Measures the gross dollars paid incorrectly (overpayments) plus underpayments) subtracted from total paid claim dollars, divided by total paid claim dollars within the audit sample	99% of claim dollars processed accurately	Self-reported	Remedial action plan provided to and approved by the State.	
PG-9	Claims Guarantee: Payment Accuracy Measures the number of incorrect drafts of payments made on behalf of the State, subtracted from the total draft or payments transactions, divided by the total draft or payment transactions.	97% of claims w/ benefit payments are processed accurately	Self-reported	Remedial action plan provided to and approved by the State.	
PG-10	Claims Guarantee: Processing Time	A) 90% of all claims are adjudicated within 10 business days; and 98% of all claims are adjudicated within 22 business days ( If system unable to measure A, provide B.) B) 90% of all claims are adjudicated within 14 calendar days; and 98% of all claims are adjudicated within 30 calendar days.	Self-reported	Remedial action plan provided to and approved by the State.	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-12: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
<p><i>It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the citizens of the State. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.</i></p>					
PG-1	<p>Telephone Call Availability (if system unable to measure A, provide B or C):</p> <p>Measurements must be State-specific or for only the service center handling the State account.</p>	<p>A) 90% of telephone calls are answered <b>by a live service representative (with knowledge of State of Maryland account)</b> within 60 seconds. The representative must be able to address the member's issue/question.</p>	<p>Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)</p>	<p>A) If performance is less than the standards: 0.5% of administrative fees per effective quarter</p>	
		<p>B) % of calls answered <b>by a service representative (with knowledge of State of Maryland account)</b> in 60 seconds. The representative must be able to address the member's issue/question.</p>		<p>B) If performance is less than the standards: 0.5% of administrative fees per effective quarter</p>	
		<p>C) Abandonment rate of less than 5%</p>		<p>C) If performance is less than the standards: 0.5% of administrative fees per effective quarter</p>	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-12: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
<b>PROCESSING</b>					
PG-2	Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information <b>by 5:00 PM of the second business day after receipt.</b> If tape is received after 12 noon, record as having been received as of the next business day.	Report Card - Vendor to maintain log for review by the State's contract auditor.	If performance is less than the standards: 0.5% of administrative fees per effective quarter ( <b>Please Note: 5:01 p.m. is considered late</b> )	
		*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.*			
PG-3	Vendor attendance at State plan management meetings and State-sponsored open enrollment meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings	If performance is less than the standards: 1% of annual administrative fees	

## Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment G-12: Performance Guarantees

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.**

**Performance results will also be audited annually by the State's contract auditor.**

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
PG-4	Delivery of Quarterly Plan Performance Measurement Report Card to the State	Delivery to the State by 6:00 pm on the following dates:	Date-stamp of receipt by the State	If performance is less than the standards: 0.25% of administrative fees per effective quarter	
		Nov. 1 - First Quarter (July - Sept.)			
		Feb. 1 - Second Quarter (Oct. - Dec.)			
		May 1 - Third Quarter (Jan. - March)			
		Aug. 1 - Fourth Quarter (April - June)			
		* If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.			
PG-5	Delivery of Annual Settlement, Utilization and Forfeiture Report	Delivery of required annual settlement report by 6:00 pm on the first day of December for the plan year ending the previous June 30.	Documentation of receipt by the State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	If performance is less than the standards: 1% of annual administrative fees	

## Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment G-12: Performance Guarantees

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.**

**Performance results will also be audited annually by the State's contract auditor.**

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
PG-6	<b>Claims Standards:</b> <b>Financial Accuracy</b> The ratio of reimbursements paid accurately to all reimbursements. This is determined by calculating the extrapolated weighted average dollar error in the sample and applying this to the population of processed claims.	99% of claim dollars processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	97%-98.99% accuracy: 1% of annual administrative fees; Less than 97%: 2% of annual administrative fees	
PG-7	<b>Claims Standards:</b> <b>Payment Accuracy</b> The ratio of the total number of reimbursements without either payment or processing errors to all reimbursements processed during the audit time period. This is determined by calculating the extrapolated weighted average number of reimbursements without payment or processing errors in the sample and applying this to the entire population of reimbursements.	95% of claims w/ benefit payments are processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	Less than 95%: 2% of annual administrative fees	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date



## Performance Guarantees – Pharmacy Contract in effect until June 30, 2006

Category	Contract Guarantee
System Availability	<ul style="list-style-type: none"> <li>▪ System will be available 99.9%.</li> <li>▪ 0.10% of annual administrative fees if system is not available.</li> <li>▪ Measured on an annual basis.</li> </ul>
Member Complaints	<ul style="list-style-type: none"> <li>▪ 95% of all member complaints are responded to within 10 days.</li> <li>▪ Measured on an annual basis.</li> </ul>
Calls Answered by Member Services	<ul style="list-style-type: none"> <li>▪ Average speed of answer should not exceed 25 seconds.</li> <li>▪ Remedy of 0.10% of annual administrative fees.</li> <li>▪ Measured on an annual basis.</li> </ul>
Call Abandonment Rate	<ul style="list-style-type: none"> <li>▪ Abandonment rate not to exceed 4%.</li> <li>▪ Remedy of 0.15% of annual administrative fees if standard is not met.</li> <li>▪ Measured on an annual basis.</li> </ul>
Customer Satisfaction Survey	<ul style="list-style-type: none"> <li>▪ 90% satisfaction rating.</li> <li>▪ Measured on an annual basis.</li> </ul>
Identification Cards Mailed to Members	<ul style="list-style-type: none"> <li>▪ 100% within 14 business days.</li> <li>▪ 0.10% of annual administrative fees if standard is not met.</li> <li>▪ Measured on an annual basis.</li> </ul>
Staffing Levels	<ul style="list-style-type: none"> <li>▪ Staffing levels for administering the State's plan will be maintained as stated in the RFP.</li> <li>▪ Measured on an annual basis.</li> </ul>
Management Reports	<ul style="list-style-type: none"> <li>▪ Management reports delivered within 45 days of the end of the reporting period.</li> <li>▪ Measured per reporting period.</li> </ul>
Financial Accuracy	<ul style="list-style-type: none"> <li>▪ Accuracy rate greater than 98.5% based on paid claims.</li> <li>▪ Measured on an annual basis.</li> </ul>
Total claims processing accuracy	<ul style="list-style-type: none"> <li>▪ Processing accuracy rate of 97% based on paid claims.</li> <li>▪ Measured on an annual basis.</li> </ul>
Claims turnaround time	<ul style="list-style-type: none"> <li>▪ 90% of claims processed within 14 business days; 98% of claims processed within 30 business days.</li> <li>▪ Measured on an annual basis.</li> </ul>
Requests for expedited reconsideration of denied cases	<ul style="list-style-type: none"> <li>▪ 95% of requests completed within one business day.</li> <li>▪ 0.10% of annual administrative fees if the standard is not met.</li> <li>▪ Measured on an annual basis.</li> </ul>
Member complaints	<ul style="list-style-type: none"> <li>▪ 95% of member complaints responded to within 10 business days.</li> <li>▪ 0.10% of annual administrative fees if standard is not met.</li> <li>▪ Measured on an annual basis.</li> </ul>

## Performance Guarantees – Mental Health Contract prior to July 1, 2006

Performance Standards	Criteria	Fee at Risk
#1 Provider Turnover	Less than 5% turnover of individual network practitioners annually	0.10% of administrative fees if > 5%
#2 Annual Customer Satisfaction Survey	90% of members will indicate satisfaction with plan	0.80% of administrative fees if < 90%
#3 Telephone Average Speed of Answer	All calls answered within 25 seconds on average annually	0.10% of administrative fees if > 25 seconds
#4 Telephone Abandon Rate	Abandonment rate of less than 4% annually	0.10% of administrative fees if > 4%
#5 Expedited Appeal of Denied Cases	Provide verbal response to member within one business day of the date of receipt of the appeal at least 95% of the time annually	0.10% of administrative fees if < 95%
#6 Complaint Resolution	Provide response to member within 10 business days of the date of receipt of the written or verbal complaint 95% of the time annually	0.10% of administrative fees if < 95%
#7 Scheduling of routine appointments	95% of requested routine appointments scheduled within 5 business days annually	0.10% of administrative fees if < 95%
#8 Inpatient pre-authorization crisis response	Respond within one hour to crisis call for inpatient services 95% of the time annually	0.10% of administrative fees if < 95%
#9 Staffing levels	Maintain 95% of agreed upon staffing levels for administering the State plan	0.05% of administrative fees if < 95%
#10 Delivery of CHAMP Data Reports to Solucient	Delivery to HCIA of the required data elements. All data elements are to be received by HCIA within 10 business days of the end of each calendar quarter	0.10% of administrative fees if data not received by HCIA for any calendar quarter
#11 Delivery of Management Reports to the State	Delivery to the State of all monthly, quarterly and annual reports as described in the Plan Performance Standards Definitions document	0.10% of administrative fees if any report is not received by State

Performance Standards	Criteria	Fee at Risk
#12 Financial accuracy	98.5% of claim dollars processed accurately annually	98.25%-98.49% accuracy: 1% of administrative fees 98%-98.24% accuracy: 2% of administrative fees 97.75%-97.99% accuracy: 3% of administrative fees < 97.74% accuracy: 5% of administrative fees
#13 Total claims processing accuracy	97% of all claims processed accurately annually	2% of administrative fees if < 97%
#14 Processing time	90% of claims are processed within 14 business days; and 98% of claims are processed within 30 business days annually	1% of administrative fees if < 90% for 14 business days and/or < 98% for 30 business days

# Request for Behavioral Health and EAP Proposal (RFP) for The State of Maryland effective 07/01/2006

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment L-17: Performance Guarantees

### Offeror will report results on all performance measurements quarterly per the requirements of the Report

*It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the citizens of the State. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.*

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-1	Telephone Call Availability (if system unable to measure A, provide B. Measurements must be State-specific or for only the service center handling the State account.	A) 90% of telephone calls are answered <b>by a live service representative (with knowledge of State of Maryland account)</b> within 60 seconds. The representative must be able to address the member's issue/question.	Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)	A) \$250 per second per quarter for each second second, or fraction thereof, over 60 seconds.	
		B) Percentage of calls answered <b>by a service representative (with knowledge of State of Maryland account)</b> in 60 seconds. The representative must be able to address the member's issue/question.		B) \$250 per percentage point, or fraction thereof, below 90% per quarter	
PG-2	Telephone Call Abandonment Rate	Abandonment rate of less than 4%	Report Card	\$250 per percentage point per quarter over 4%	
<b>PROCESSING</b>					
PG-3	Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information <b>by 5:00 PM of the second business day after receipt</b> . If tape is received after 12 noon, record as having been received as of the next business day.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay ( <b>Please Note: 5:01 p.m. is considered late</b> )	
		Plan will process (paper) State enrollment information by 5 pm of 3rd business day after receipt.	Report Card - Vendor to maintain log for review by the State's contract auditor.	\$500 for each calendar day of delay	
		*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.*			

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
PG-4	Vendor attendance at benefit coordinator training sessions, State plan management meetings and State-sponsored open enrollment fairs/meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings.	\$500 for each scheduled meeting date that vendor fails to attend.	
PG-5	Delivery of Quarterly Plan Performance Measurement Report Card and Management Information Report to the State	<p>Delivery to the State by 6:00 pm on the following dates:</p> <p>Nov. 1 - First Quarter (July - Sept.)</p> <p>Feb. 1 - Second Quarter (Oct. - Dec.)</p> <p>May 1 - Third Quarter (Jan. - March)</p> <p>Aug. 1 - Fourth Quarter (April - June)</p> <p>* If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.</p>	Date-stamp of receipt by the State.	\$50 per day for each calendar day that Report Card is not received.	
PG-6	Delivery of Quarterly Utilization and Case Management Data Reports to State's Consultant (see Attachment J-2)	<p>Delivery of required utilization and care management reports by 6:00 pm on the following dates:</p> <p>1.) January 15 - First Quarter (July - September)</p> <p>2.) April 15 - Second Quarter (October - December)</p> <p>3.) July 15 - Third Quarter (January-March)</p> <p>4.) October 15 - Fourth Quarter (April-June)</p>	Documentation of receipt by State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	\$200 per calendar day of each calendar day the rate renewal reports are not received or are incomplete	
PG-7	Delivery of Rate Renewal Reports	<p>Delivery to the State and to the State's actuarial consultant of reports required for annual rate renewal process by 6:00 pm of the requested date. At a minimum, the renewal reports must include (but not be limited to) the following:</p> <p>* projection of incurred claim costs for renewal year,</p>	Date-stamp of receipt by the State and verification of completeness of required documentation	\$200 per day for each calendar day the data report is not received or is incomplete for the first 10 calendar days. \$300 per calendar day thereafter.	

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
		* estimate of IBNR reserves at end of current year; including the most recent 36 months of incurred/paid triangular reports			
		* complete documentation of the methodology and assumptions utilized to develop the projected costs			
		* disclosure of supporting data used in the calculations, including monthly paid claims and enrollment, large claims analysis, trend analysis, demographic analysis, etc.			
		* substantiation of any proposed increase in fixed costs via a thorough analysis of activities and costs covered by those fees			
		* explanations for any unusual trend results (high relative to the market, low relative to the market)			
PG-8	Claims Standards: <u>Financial Accuracy</u> Measures the gross dollars paid incorrectly (overpayments) plus underpayments) subtracted from total paid claim dollars, divided by total paid claim dollars within the audit sample	99% of claim dollars processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	97%-98.99% accuracy: 2% of administrative fees; Less than 97%: 4% of administrative fees	
PG-9	Claims Standards: <u>Payment Accuracy</u> Measures the number of incorrect drafts of payments made on behalf of the State, subtracted from the total draft or payments transactions, divided by the total draft or payment transactions.	97% of claims w/ benefit payments are processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	95%-96.99% accuracy: 2% of administrative fees; Less than 95%: 4% of administrative fees	
PG-10	Claims Standards: Processing Time	A) 90% of all claims are adjudicated within 10 business days; and 98% of all claims are adjudicated within 22 business days ( If system unable to measure A, provide B.)	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	For PPO and POS plans: If performance is less than the standards: 3% of administrative fees	

	<b>Performance Indicator</b>	<b>Standard/Goal</b>	<b>Reporting Measurement</b> (subject to audit by State and/or contract auditors)	<b>Liquidated Damages</b> (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	<b>Willing to Comply</b>
		B) 90% of all claims are adjudicated within 14 calendar days; and 98% of all claims are adjudicated within 30 calendar days.			
PG-11	Provision of claims and eligibility data to third party vendors.	Delivery of agreed-upon claims and eligibility data to third party disease management and/or utilization review vendors in the format and frequency required by the applicable vendor(s).	Date-stamp of receipt by the third-party vendor and verification of completeness of required documentation	\$200 per day of each calendar day the data is not received or is incomplete	
PG-12	Scheduling of routine appointments	95% of requested routine appointments scheduled within 5 business days annually	Report card	0.10% of administrative fees if less than 95%	
PG-13	Inpatient pre-authorization crisis response	Respond within one hour to crisis call for inpatient services 95% of the time annually	Report card	0.10% of administrative fees if less than 95%	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name:

Authorized Representative:

Signature and Date

Witness:

Signature and Date



1. The Offeror, \_\_\_\_\_, hereby acknowledges that: (a) it has been provided with access by means of the Department's website ([www.dbm.maryland.gov](http://www.dbm.maryland.gov)), to the request(s) for proposals that form the scope of the work of the underlying contracts that will be audited pursuant to RFP No. F10R7200018 Audit Services for State Employees and Retirees Health Benefits Program; and (b) in order to protect the confidential and proprietary information of the State's contractors, access to the proposals submitted by the Department's contractors that perform the services to be audited will only be provided to the Contractor awarded an audit contract.
  
2. The Offeror certifies that it reviewed the following request(s) for proposals in the course of preparing its technical and financial proposals in response to RFP No. F10R7200018 Audit Services for State Employees and Retirees Health Benefits Program: (check applicable category)

\_\_\_\_\_ **Category No. 1:**  
Request for Proposals F10R4200126 for PPO plans (1/05 – 12/09)  
Request for Proposals F10R4200127 for POS plans (1/05 – 12/09)  
Request for Proposals F10R4200128 for HMO plans (1/05 – 12/09)

\_\_\_\_\_ **Category No. 2:**  
Request for Proposals F10R4100129 for Dental Benefits Plans (1/05 – 12/09)

\_\_\_\_\_ **Category No. 3:**  
Request for Proposals F10R6200016 for Behavioral Health/EAP Services (1/06 – 12/11)  
Request for Proposals F10B5200025 for Mental Health/Substance Abuse Plan and EAP Services (1/01 - 6/06)

\_\_\_\_\_ **Category No. 4:**  
Request for Proposals F10R6200071 for Pharmacy Benefits Purchasing Pool Management and Pharmacy Benefits Plan Administration Services (7/06 – 6/11)  
Request for Proposal F10B5200026 for Rx Prescription Benefits Plan (1/01 – 6/06)

\_\_\_\_\_ **Category No. 5:**  
Request for Proposals F10B9000049 for FSA Administration (7/04 – 6/05)  
Request for Proposals F10B5200052 for FSA Administration (7/05 – 6/11)



3. The undersigned represents and warrants that he/she has the authority to bind the Offeror to the provisions of this certification.

**OFFEROR NAME:** \_\_\_\_\_

\_\_\_\_\_  
By:  
Title:

\_\_\_\_\_  
Date



RFP	Requirement	Y/N	Remarks
4.2	Was Vol I sealed separately from Vol II but submitted simultaneously?		
4.2	Were there an unbound original and four copies of the Vol I-Technical Proposal?		
4.2	Was an electronic version submitted in MS Word format for Vol I enclosed in the original copy of the Tech Proposal?		
4.2	Was the electronic media labeled with the RFP title/number, Offeror name and Vol I?		
4.3	Were separate volumes labeled Vol I—Technical Proposal and Vol II—Financial Proposal, in sealed packages bearing RFP title & number, name/address of Offeror, and closing date/time on outside of the packages? Were tech proposal pages numbered consecutively?		
4.4.1	Was there a letter, which transmitted the technical proposal, acknowledged the receipt of addenda, and did an individual authorized to commit the Offeror to the services and requirements of the RFP sign the letter?		
4.4.2	Were proposals numbered to match numbering in RFP?		
4.4.2.1	Did the technical proposal begin with a title page bearing the name and address of the Offeror and the name and number of the RFP followed by a table of contents for the tech proposal? Was confidential info identified after title page?		
4.4.2.2	Is there a separate executive summary, which condenses and highlights the contents of the technical proposal?		
4.4.2.2	Does the executive summary identify any exceptions the Offeror has taken to the requirements of the RFP, the contract (Atch A) or any other attachments? And if not, does the Executive Summary so state?		
4.4.2.4	Does Corp Exp & Capabilities info include a description of past experience in providing similar services, MD contract history, and 6 references?		
4.4.2.5- .10.	Did the Offeror submit subcontractor info, a staffing plan, resumes, a personnel summary, econ benefit factors, Conflict of Interest affidavit, financial statements and the Review of Contracts affidavit?		
4.4.2.11	Did the Offeror provide a completed Bid/Proposal Affidavit (Atch B—with original of technical proposal only) and MBE Forms D-1 and D-2? Were all the blocks filled in and were the Affidavits signed?		