

ADDENDUM THREE QUESTIONS and ANSWERS

Date: January 21, 2015

To: All Bidders

From: Michelle Thompson/Teresa Fleming, Buyers
AS Materiel State Purchasing Bureau

RE: Addendum for Request for Proposal (RFP) Number 4874Z1
to be opened January 26, 2015 at 2:00 p.m. Central Time

New Opening Date: February 4, 2015 at 2:00 p.m. Central Time

Questions and Answers

Following are the questions submitted and answers provided for the above mentioned Request for Proposal. The questions and answers are to be considered as part of the Request for Proposal. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

QUESTIONS	ANSWERS
<p>1. Section I. A. Schedule of Events, Page 1: Is there a Pre-Bid/Pre-Proposal Conference opportunity?</p>	<p>No, the State will not conduct a Pre-Bid/Pre-Proposal Conference.</p>
<p>2. Section I. A. Schedule of Events, Page 1: Contractor award and start dates indicate 3/2/15. Please confirm the start date of 3/2/15 refers to transition activities and not the start date of claims administration services that appears to be 7/1/15.</p>	<p>Per, Addendum Two – Revised Schedule of Events</p> <p>Yes, the start date is March 20, 2015. Claims administration services will begin on July 1, 2015.</p> <p>Per Attachment C, Cost Sheet, the approximate time between March 20, 2015 and July 1, 2015, the contractor will perform implementation duties which may include, conversion including analyzing and updating current claims.</p>
<p>3. Section III, Page 9: Are the boxes (Accept) or (Reject) required to initialed in ink or may initials be typed into the boxes?</p>	<p>The boxes may be either initialed in ink or electronically.</p>

QUESTIONS	ANSWERS
<p>4. Section III. Y. Early Termination, Page 21. Is the current contract period for services 7/1/13 to 6/30/15? Is the current contract terminating under an Early Termination clause? If yes, for what reason?</p>	<p>Yes, the current contract period for services is 7/1/13 to 6/30/15.</p> <p>No, the current contract was not terminated early.</p>
<p>5. Section III. YY. P Disaster Recovery Plan, Page 33. Can contractor submit a general overview of a Disaster Recovery Plan vs. submitting an extraordinary lengthy or proprietary disaster recovery plan?</p>	<p>Either a general overview or the entire plan is acceptable.</p>
<p>6. Attachment A Please provide number of claims per year, by claim type, for 2010, 2011, 2012, and 2014.</p>	<p>See Attachment 1, Claims Opened by Year</p>
<p>7. Attachment A Please provide the approximate total number of current open claims by claim type to evaluate staffing requirements.</p>	<p>Indemnity -551 Medical Only – 379 Report Only - 0</p>
<p>8. Attachment A Please provider the number of open/reopened claims by claim type per incident year to help proposer(s) understand the shelf life of State of Nebraska claims for proper staffing and pricing considerations.</p>	<p>See Attachment 2, Breakdown of Open Claims by Incident Year</p>
<p>9. Attachment A Medical Bill Review: Please provide a summary of 2014 # of Bills, Billed Charges, Fee Schedule Reductions, PPO Reductions, Specialty Review Reductions, and Total Allowed.</p>	<p>See Attachment 3, 2014 Medical Bill Review Summary</p>
<p>10. Attachment A Who currently performs bill review and PPO network access?</p>	<p>WellComp Managed Care Services currently performs bill review and PPO network access.</p>

QUESTIONS	ANSWERS
<p>11. Attachment A</p> <p>Please provide the name of the PPO Network currently used for the State.</p>	<p>First Health/Coventry provides the PPO Network currently used for the State.</p>
<p>12. Attachment A</p> <p>What are the current rates / fees for bill review (fee schedule reduction) and PPO Network Access (fee for reduction below fee schedule)?</p>	<p>\$15.50 is the current rate/fee per bill review and PPO Network Access.</p>
<p>13. Attachment A</p> <p>What were the total bill review fees and the total PPO network access fees for 2014?</p>	<p>\$304,307.60 is the total bill review fees and the total PPO network access fees for 2014.</p>
<p>14. Section IV. C. Project Description and Scope of Works - Project Requirements, Page 38: The State requires submission of SOC 1 Type II Audit report. Is a summary opinion letter from the auditor sufficient?</p>	<p>Yes, per IV. C. Project Requirements, 2, "The bidder must provide the two most recently completed SOC I Type II audit reports(s) for FY 2011-12 and FY2012-13. If the bidder did not complete a report for the two most recent years, the bidder may submit any documents that were completed in substitution of the required report(s)."</p> <p>SOC I Type II audit report(s) or any documents that were complete in substitution of the required reports must be submitted as part of the proposal response.</p> <p>See the response to question #42.</p>

QUESTIONS	ANSWERS
<p>15. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>What is the current staffing model for claims administration services?</p>	<p>See Attachment 4, Staffing Chart</p> <p>Attachment 4 is intended to be an example, not criteria for meeting the personnel requirements of this RFP. The State is not imposing any minimums or maximums on contractor personnel. All of the personnel are at full time status and one box equals one person.</p> <p>Per IV, D. Contractor Requirements, 1, a “Provide an adequate number of professionally trained claim staff including an on-site nurse case manager to assure excellence in all areas of services requested in this RFP and resulting contract. With the proposal response, the TPA must provide a copy of its proposed organizational chart with detailed descriptions of the staff titles for each position and the skills required to fill each of those positions...”</p>
<p>16. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>How many indemnity adjusters are dedicated to the State account? (Full time/Part Time)</p>	<p>See the answer to question 15.</p>
<p>17. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>How many medical only adjusters are dedicated to the State account? (Full time/Part Time)</p>	<p>See the answer to question 15.</p>
<p>18. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>How many dedicated supervisors?</p>	<p>See the answer to question 15.</p>
<p>19. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>How many dedicated or designated managers are assigned to the State? Please describe.</p>	<p>See the answer to question 15.</p>
<p>20. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>Does the on-site nurse currently reside at the TPA office?</p>	<p>Yes, the on-site nurse currently resides at the TPA office.</p>

QUESTIONS	ANSWERS
<p>21. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>Does the on-site nurse perform both telephonic and field case management?</p>	<p>Currently, the on-site nurse performs telephonic case management only.</p>
<p>22. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>Does the State use any other nurse case management services for field case management? If yes, approximately how many cases per year?</p>	<p>Yes, under 25 cases per year.</p>
<p>23. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>Is the State interested in telephonic reporting capabilities for employee injury reporting vs. on-line access reporting?</p>	<p>No, the State is not interested in the telephonic reporting capabilities in substitution of on-line capabilities. Telephonic capabilities may be in addition to online capabilities.</p>
<p>24. Section IV D. Contract Requirements 1.d. Page 38:</p> <p>How many on-site visits to State agencies does the State anticipate each year?</p>	<p>The State anticipates approximately 5 – 10 on-site visits to State agencies.</p>
<p>25. Section IV D. Contract Requirements 3.a. Page 39:</p> <p>How many users does the State require for on-line access?</p>	<p>Currently, the State has approximately 123 users. The state does not require a set number of users with on-line access. There are no minimum or maximum limits on the number of users.</p>
<p>26. Section IV D. Contract Requirements 3 e. Page 40:</p> <p>Is the State TPA completely paperless? If not, please describe.</p>	<p>Yes, the current State TPA is completely paperless.</p> <p>Per IV. D Contract Requirements, 3.e, “Correspondence and all other documentation or communications received by the TPA shall be date-stamped (either manually or electronically or both) on the day it is received and shall be documented in the file within 48 hours. If, after exhausting all possible investigation, correspondence or other documents cannot be matched with a claim file, the TPA will contact Risk for direction.”</p>

QUESTIONS	ANSWERS
<p>27. Section F – Deliverables: This indicates the State will compensation TPA quarterly in arrears. Contractor pays employees every other week for services performed. Contractor pays for real estate and other necessary office equipment and supplies monthly in advance. Will the State consider compensation monthly in arrears?</p>	<p>No, the State will not consider compensation monthly in arrears.</p>
<p>28. Section i. Summary of Proposed Personnel/Management Approach, Page 51: The RFP requests resumes of individual. Proposer will have to hire certain personnel upon contract award. Are job descriptions indicating educational and experience requirements satisfactory for positions not filled at time of proposal submission?</p>	<p>Yes, job descriptions indicating educational and experience requirements for positions not filled at the time of proposal submission is acceptable.</p> <p>However, all personnel are to be hired and performing job functions by contract execution.</p>
<p>29. Attachment C. Cost Sheet:</p> <p>Escrow amounts: The State is responsible for claims payments and obligations for the self-insured programs. Will the State provide a deposit to fund the escrow account to include approximately 2 months of claim payments? Funding for approximately two months of claim payments provides the Contractor with monies for one month of on-going payments, and monies for the second month while an invoice is generated and the State replenishes the account. The Contractor is not the obligated insurer (State) of claims, only a third party administrator making claim payments on behalf of the State.</p>	<p>Yes, the State will provide a deposit to fund the escrow account to include approximately 2 months of claim payments.</p>
<p>30. Attachment C. Cost Sheet:</p> <p>If the State does not provide a deposit for claims payment, is the State specifying that the TPA will have to fund \$1M to \$2M in advance to make payments on behalf of the State?</p>	<p>No, the TPA will not have to fund \$1M to \$2M in advance to make payments.</p> <p>See the answer to question 29.</p>

QUESTIONS	ANSWERS
<p>31. Attachment C. Cost Sheet:</p> <p>Are bill review fees (to fee schedule each bill) included in the fixed rate, or are bill review fees an allocated loss adjustment expense (ALAE)?</p>	<p>The bill review fees are an allocated loss adjustment expense.</p>
<p>32. Attachment C. Cost Sheet:</p> <p>Are PPO Network access fees (PPO discount fees for network access below the fee schedule) an allocated loss adjustment expense (ALAE)?</p>	<p>Yes, the PPO Network access fees are an allocated loss adjustment expense.</p>
<p>33. Attachment C. Cost Sheet:</p> <p>Is the full time on-site nurse included in the claims administration fees or does the on-site nurse charge hourly or case rate fees?</p>	<p>The nurse fee/charge must be included in the claims administration fees.</p>
<p>34. Attachment C. Cost Sheet:</p> <p>Are any nurse management fees, peer review, UR and other medical management fees, provided by any party other than the on-site nurse an allocated loss adjustment expense (ALAE)? If yes, who provides such services?</p>	<p>Yes, current TPA uses GENEX, O'Hara Managed Care and Wellcomp.</p>
<p>35. If the State responds to questions on 1/26/15, it leaves only three business days to prepare or modify a comprehensive, mindful proposal response in order to print, bind, and deliver proposals within the submission deadline. Will the State consider extending proposal submission date to Wed., 1/28/15?</p>	<p>Please see Addendum Two - Revised Schedule of Events.</p>

QUESTIONS	ANSWERS
<p>36. Section IV. D. (h), Page 39: This requires proposers to provide a SOC1 Type II audit report for each fiscal year of the contract. If the TPA has a different SOC1 cycle than the State's fiscal year, can the proposer provide two SOC1 reports that will cover the State's fiscal year?</p> <p>le: if the proposer has a 9/30 SOC1 period, can the proposer provide their 10/1/14-9/30/15 and 10/1/15-9/30/16 SOC1 reports for the State's 7/1/15-6/30/16 fiscal year?</p>	<p>Yes, the contractor can provide two SOC I Type II reports to cover 1 year.</p> <p>Per IV, D. Contractor Requirements, 1.h "...The State's fiscal year runs from July 1 through June 30 of each year. To ensure compliance with this section, the applicable report or reports must be received no later than November 30th following the close of that fiscal year..."</p> <p>See the response to question #42.</p>
<p>37. D(8)e. Page 43 Does the State involve an Excess Carrier as part of the Self-Insured program? If so, who?</p>	<p>No, the State does not involve an Excess Carrier as part of the self-insured program.</p>
<p>38. D(9)b. Page 44. Should the State change TPA's, it appears the intention is to move all legacy claims to the new TPA? If so, please provide the estimated total number of legacy claims being moved, broken out by claim type (IND vs MO).</p>	<p>Current Claim estimates are as follows:</p> <p>Indemnity – 551</p> <p>Medial Only – 379</p>
<p>39. D(10)a.(14). Page 44. Is the State currently utilizing a Nebraska Managed Care Organization as part of the Medical Cost Containment Process? If so, does the State wish to continue using an MCO?</p>	<p>No, the State is not currently utilizing a Nebraska Managed Care Organization as part of the Medical Cost Containment Process.</p>
<p>40. D(11)a. Page 46. What is the nature of the interface with Aon RiskConsole? Is it a one time feed or an ongoing inbound EDI to the TPA with outbound claim /financial data from the TPA to Aon RiskConsole?</p>	<p>Currently, there is no interface with Aon RiskConsole.</p>
<p>41. D(11)a. Page 46. Please provide more detail on the type of interface required with J.D. Edwards ERP software and what role the software plays in the claim management process.</p>	<p>Currently, there is no interface with J.D. Edwards ERP.</p>

QUESTIONS	ANSWERS
<p>42. Can you please advise us if a SOC I Type II audit must be provided to bid on this project? Alternatively, would the audit be due by November 30, 2016?</p>	<p>Yes, per IV, C. Project Requirements, 2 “The bidder must provide the two most recently completed SOC I Type II audit reports(s) for FY 2011-12 and FY2012-13. If the bidder did not complete a report for the two most recent years, the bidder may submit any documents that were completed in substitution of the required report(s).”</p> <p style="padding-left: 40px;">This is a bidder requirement that must be provided with the proposal response.</p> <p>Per IV, D. Contractor Requirements, 1, h “Provide the State SOC I Type II audit report(s) for the specific entity(s) proposing to the State as well as an annual audit report on the State’s claims. The State’s fiscal year runs from July 1 through June 30 of each year. To ensure compliance with this section, the applicable report or reports must be received no later than November 30th following the close of that fiscal year. Bridge Letters will not be considered adequate in fulfilling this condition. The contractor must provide three (3) copies of the reports to Risk annually.”</p> <p style="padding-left: 40px;">This is a contractor requirement that will be met by the awarded contractor on an annual basis.</p>

This addendum will become part of the proposal and should be acknowledged with the Request for Proposal.