

ADDENDUM TWO QUESTIONS and ANSWERS

Date: June 29, 2018

To: All Bidders

From: Nancy Storant, Buyer
AS Materiel State Purchasing Bureau

RE: Addendum for Request for Proposal Number 5868 Z1 to be opened July 11, 2018 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.

<u>Question Number</u>	<u>RFP Section Reference</u>	<u>RFP Page Number</u>	<u>Question</u>	<u>State Response</u>
1.	Section I, Part J	Page 3	How many copies of the Technical Proposal and Cost Proposal, respectively, are required in addition to the one (1) ORIGINAL Technical and one (1) separate ORIGINAL Cost proposal? Are any electronic (e.g., compact disk) copies required?	Bidders should submit one proposal marked on the first page: "ORIGINAL". If multiple proposals are submitted, the State will retain one copy marked "ORIGINAL" and destroy the other copies. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2.	Section I, Part V	Page 6	This part references "...evaluate proposals and award contract(s) in a manner...." (emphasis added). Is the State intending to select one vendor for the total/all SOWs or will the State make multiple awards to different vendors for different SOWs?	The State's intent is to award to a single contractor for RFP 5868 Z1. However, Section I. V. states that "The State reserves the right to evaluate proposals and award contracts in a manner utilizing criteria selected at the State's discretion and in the State's best interest."
3.	Section II, Part J	Page 10	Will the State consider a proposed mutually agreeable limit of liability for this contract (e.g., one times fees or a fixed dollar amount)?	No. The limitation of liability prohibition stems from the operation of Article XIII sections 1 and 3 of the State Constitution. Section 1 prohibits the State from extending the State's credit and Section 3 limits the State's cumulative indemnification on all State contracts to \$100,000 (since the State has thousands

				of contracts, effectively, we can indemnify no one). By agreeing to a limitation of liability the State, as a matter of law, could be violating both sections. If the State were damaged in the amount of \$5M, but we have agreed to a \$2M limitation of liability we are indemnifying the contractor for the other \$3M and since the State would have to pay the other \$3M we are extending the State's checkbook (credit) for the \$3M. Attorneys often argue that these sections do not address limitations of liability, and while it is true that they do not mention limitations of liability directly, oftentimes statutes have a second and third order effect that may or may not have been intended. The State's interpretation of its own law is that it is an issue, and we have to live with that interpret of our laws until a court tells us that we are wrong.
4.	Section V, Part B.4	Page 24	If Nebraska chooses to pursue a managed long term care initiative, will that optional work be considered under Scope of Work (SOW) 8 Special Projects?	Yes
5.	Section V	Pages 25-29	<p>Can the State please specify the current rating/upper payment limits (UPLs) periods (i.e., the 12-month period, which could be a calendar year, state fiscal year or other 12-month period) for which the applicable rates/UPLs are prospectively set for the following programs:</p> <ol style="list-style-type: none"> 1. Heritage Health 2. Program of All-Inclusive Care of the Elderly (PACE) 3. Dental Prepaid Ambulatory Health Plan (PAHP) <p>Does the State have any plans to change these current rating/UPL time periods to a different prospective time period in the foreseeable future?</p>	<p>The current rating period for Heritage Health Program is based on the Calendar Year (CY).</p> <p>The current UPL rating/contract period for the PACE program is for State Fiscal Year (SFY).</p> <p>The current rating period Dental Benefit Program is set from October-September.</p> <p>The State is exploring changing the rating period to align with Heritage Health program (CY).</p>
6.	Section V, Part C and Section VI,	Page 25 and Page	Section V Part C contains a list of items in a-j related to	The bidder should respond to each item in Section V.C.6.a-j

	Part A.3	33	<p>“minimum requirements to be performed.” However, in Section VI Part A.3 (page 33) the specific <u>Proposal Instructions</u> specify that the Technical Approach should consist of/address items a-e, which is similar to the 2013 RFP.</p> <p>To ensure the evaluation process is not “overly time consuming” (page 3), can the State please clarify/confirm that all Vendors are to structure their technical proposals to explicitly address the Technical Approach items a-e from page 33 in response to each scope of work (SOW), and that items a-j on page 25 are for general informational purposes to be incorporated in the technical response as applicable?</p>	separately, when applicable, while incorporating Technical Approach requirements in Section VI.A.3.
7.	Section V, Part C	Page 25	Can the State please provide the amounts paid in SFY 16-17 (i.e., July 2016 to June 2017) and SFY 17-18 year-to-date (July 2017 to June 2018) respectively, to the current Actuary for each SOW item in contract #55789 O4 and contract #58451 O4, respectively?	<p>Contract 55789 O4:</p> <p>FY 16-17 SOW 1: \$ 54,354.93 SOW 2: \$126,550.00 SOW 3: \$ 34,175.00 SOW 4: \$ 29,000.00 SOW 5: \$142,473.35</p> <p>FY 17-18 SOW 1: \$259,063.16 SOW 2: \$ 63,275.00</p> <p>Contract 58451 O4</p> <p>FY 16-17 SOW 2: \$120,326.79 SOW 3: \$102,416.12 SOW 4: \$352,200.54</p> <p>FY 17-18 SOW 2: \$368,448.06 SOW 3: \$194,698.88 SOW4: \$416,887.78</p>

8.	Section V, Part D, SOW 1	Page 25	<p>SOW 1 reads similarly to SOW 2 in terms of the steps to be completed except SOW 2 includes work to develop a new base data set. However, the Cost Proposal indicates that the State would pay for <u>both</u> SOW 1 and SOW 2 to be completed in the same year (in the year that the State undertakes SOW 2).</p> <p>Can the State please elaborate on the differences between SOW 1 and SOW 2 and why the Vendor might be paid for developing rates under both SOW 1 and SOW 2 in a given year if the only difference is developing the new base data step covered in SOW 2?</p>	<p>Rebasing of rates generally refers to using base data from a more recent time period to develop capitation rates along with updating assumptions and/or revisiting the variables that went into developing the original rates. Updating of rates involves adjusting existing rates to reflect the impacts of any program, benefit, population, trend, or other changes between the rating period of the existing rates and the rating period of the updated rates.</p> <p>The State does not intend to remove SOW 2 from this RFP.</p>
9.	Section V, Part D, SOW 1	Page 25	<p>Has the State already implemented a diagnostic-based risk adjustment process (e.g., Chronic Illness and Disability Payment System (CDPS), CDPS+Rx, Adjusted Clinical Groups (ACGs), Clinical Risk Groups (CRGs), Diagnostic Cost Groups (DCGs), Episode Treatment Groups/Episode Risk Groups (ETGs/ERGs), Medicaid DRGs, Diagnostic-related Groups (DRGs), Hierarchical Condition Categories (HCCs), Other)?.</p> <p>If so, what model was selected, when was it implemented, and how frequently are the risk scores updated to adjust managed care organization (MCO) payment rates (e.g., annually, semi-annually, quarterly)?</p>	<p>For calendar year 2018 capitation rates development, the State risk adjusted for certain populations by applying the following UCSD (a diagnostic classification system) risk score tools: Medicaid Rx, Chronic Illness and Disability Payment System (CDPS), Combined Chronic Illness and Pharmacy Payment System (CDPS+Rx) The CY2018 capitation rates are currently under CMS's review.</p> <p>Since this was just implemented in January 2018, the frequency of updating risk scores has not been determined.</p>
10.	Section V, Part D, SOW 1	Page 25	<p>Implementing diagnostic-based risk adjustment often requires running mock data runs, deciding on a number of policy issues, trainings/orientation with the Heritage Health MCOs, and other factors that can be a large one-time implementation cost until the process becomes a normal part of the workflow cycle. If a diagnostic-based risk adjustment process (e.g. CDPS, CDPS+Rx, ACGs, CRGs, DCGs, ETGs/ERGs, Medicaid Rx, DRGs, HCCs, Other) has not been implemented yet, in what plan year(s) is this development/implementation work expected to occur?</p>	<p>The State anticipates the diagnostic-based risk adjustment to be an integral part of SOW #1 Capitation Rate setting. For instance, as part of CY2018 rate setting process, the State risk adjusted for certain populations by applying the following UCSD (a diagnostic classification system) risk score tools: Medicaid Rx, Chronic Illness and Disability Payment System (CDPS), Combined Chronic Illness and Pharmacy Payment System (CDPS+Rx).</p> <p>The process of exploring/analyzing the possibility of changing and/or</p>

				adding new diagnostic-based risk adjustment methodology/software should be categorized under SOW #8, until adopted by the State, then implemented later under SOW #1 at no additional cost.
11.	Section V, Part D, SOW 1	Page 25	If risk adjustment is not already implemented, when the State decides to develop, test, implement, and operationalize a diagnostic-based risk adjustment model/process (e.g., CDPS, CDPS+Rx, ACGs, CRGs, DCGs, ETGs/ERGs, Medicaid Rx, DRGs, HCCs, Other) will those activities be considered a SOW 8 Special Project?	Please see response to Question #10.
12.	Section V, Part D, SOW 1	Page 25	Does the State require the Actuary to intake, process, and use detailed person-/claim-level encounter data (i.e., protected health information) to support rate development or is summary-level data provided by the State and/or the Heritage Health MCOs for use by the Actuary? If detailed protected health information-level data is required, will the State and/or your Medicaid Management Information System (MMIS) vendor provide detailed file layouts, data dictionaries, validation totals, and any other required elements to ensure the accuracy and completeness of the data provided to the Actuary?	At a minimum, claims and member data will be at the detail level. Additional data may be at the detail or aggregate level, as appropriate. It is required that the contractor will store and maintain the Nebraska data in a secure data warehouse. The managed care entities are contractually required to provide accurate, valid encounter data. The data will be a combination of FFS and encounter records. The provision of data will be decided by the State, after coordinating data sources with the contractor.
13.	Section V, Part D, SOW 1, Item 2.j	Page 26	SOW 1, item 2.j says "Develop or assist in development of rate methodology for any new program(s) that may be implemented during the contract period." If there are any new program(s) implemented during the contract period, will related rate development activities be considered a SOW 8 Special Project?	Please see response to Question #10. All new programs requested will be implemented through the Change Order process.

14.	Section V, Part D, SOW 1	Page 26	<p>Can the State please describe the expected process the State will use to arrive at final contract rates with each Heritage Health MCO during the contract period?</p> <p>For example, does the State conduct several meetings with each MCO to negotiate final rates or does the State make a “take it or leave it” offer to each MCO?</p> <p>How many meetings per rate cycle does the State anticipate will be needed with the Actuary and the MCOs to finalize rates?</p>	<p>Traditionally, over several on-site and webinar meetings, the actuary provides several rate options with their recommendation to the State. The actuary will then present the State's proposed rates to the MCOs. Feedback from the MCOs and the state are then evaluated which could result in additional rate presentations/discussions. The State will determine on the final rates with respect to SOW1.3.g</p> <p>The State anticipates 3-5 meetings with the MCOs per rate cycle to finalize rates. Additional meetings may be scheduled as necessary.</p>
15.	Section V, Part E, SOW 2 and Attachment A Cost Proposal	Pages 26-27 and Attachment A	<p>SOW 1 requires a price for every year of work and SOW 2 is only once during the initial 5 year contract period (and once per each optional 2-year renewal). It seems duplicative for SOW 2 to cover the full price of the entire rate development process (e.g., new base data, trend, program changes, assumptions, other) and in the same work year have SOW 1 cover the same rate development process/steps price excluding updating the new base data.</p> <p>Is SOW 2 limited to <u>only</u> to the price for work associated with developing a new/updated base data and all other Heritage Health rate development steps/processes are to be included in the price for SOW 1?</p>	<p>Rebasing of rates generally refers to using base data from a more recent time period to develop capitation rates along with updating assumptions and/or revisiting the variables that went into developing the original rates. Updating of rates involves adjusting existing rates to reflect the impacts of any program, benefit, population, trend, or other changes between the rating period of the existing rates and the rating period of the updated rates. CMS recommends a rebasing every 3-5 years. The initial contract term is five (5) years and rebasing is likely to occur. Rebasing may or may not be requested each optional renewal period but a pricing is required in the event rebasing is required.</p> <p>SOW 2 is only associated with Rebasing activities that are not included in SOW 1 Rate Setting activities and are priced separately.</p>

16.	Section V, Part E, SOW 2, Item 1	Pages 26-27	SOW 2, Item 1 "Policy and Financial Management Consulting Services" includes an array of very different activities. As it relates to avoiding an "overly time consuming" (page 3) effort to evaluate, does the State want Vendors to respond to each and every item in this list separately and incorporate the Technical Approach requirements a-e from page 33 in each item separately or can the Vendor respond to this group of services collectively?	Please see response to Question #6.
17.	Section V, Part E, SOW 2	Pages 26-27	SOW 2 includes several work topics under item 1 labeled "Policy and Financial Management Consulting Services". However, the Cost Proposal (Attachment A) does not include a separate line for "Policy and Financial Management Consulting Services" pricing. Therefore, are the "Policy and Financial Management Consulting Services" only to be done once per applicable contract period as noted in Attachment A like the other part of SOW 2?	<p>Yes, Policy and Financial Management Consulting Services are an integral part of SOW 2 and are only to be completed once per applicable contract period during the Rebasing.</p> <p>Although the State will separately score the Policy and Financial Management Consulting Services (Part E 1. a-j) from the Rebasing Activities (Part E. a.-g)., the bidder should submit a combined total pricing in Attachment A Cost Proposal for all services under SOW 2.</p>
18.	Section V, Part E, SOW 2 And Cost Proposal	Pages 26-27 and Attachment A	<p>SOW 2 includes "Capitation Rate Rebasing" and "Policy and Financial Management Consulting" services which are very different services with separate deliverables and likely separate timing. The Cost Proposal does not allow for separate pricing of these Policy and Financial Management Consulting services. Would the State be willing to allow for separate pricing of the Policy/Financial Management work as a subcomponent(s) to SOW 2 similar to the structure used in the Cost Proposal for SOW 1?</p> <p>If this approach is acceptable to the State, can the State please revise the Attachment A Cost Proposal form?</p>	Please see response to Question #17.

19.	Section V, Part E, SOW 2 And Cost Proposal	Pages 26-27 and Attachment A	<p>SOW 2, Item 1 "Policy and Financial Management Consulting Services" covers a diverse array of different activities in items a-j. From a Cost Proposal perspective, can the Vendor submit a dollar amount for this collective piece of work and then work collaboratively with the State to prioritize and decide which specific activity(ies) to undertake in the applicable plan year within the parameters of the work budget?</p> <p>What, if any, is the maximum budget for each plan year for all of the variety of activities listed in items a-j under the "Policy and Financial Management Consulting Services" in SOW 2?</p>	<p>Please see response to Question #17</p> <p>There is no established budget.</p>
20.	Section V, Part G, SOW 4	Page 27	<p>Nebraska's Medicaid State Plan indicates that the Programs of All-inclusive Care of the Elderly (PACE) capitation rates are set as a percentage of the Upper Payment Level (UPL). This is a common approach used by states to set their PACE capitation rates and avoids the need for states to incur the additional time/cost of developing separate PACE rates (which are not required by the Centers for Medicare and Medicaid Services (CMS) to be actuarially sound). Is the Actuary/Vendor responsible to set the PACE UPLs only (as indicated on Attachment A) and the rates will then be determined as a percentage of this UPL through negotiation with the respective PACE site(s)?</p> <p>If not, what is the process the</p>	<p>The contractor will be responsible for setting the PACE UPLs. The contractor will assist the State in determining the appropriate percentage of the UPL for the PACE final rates.</p>

			State expects of the Actuary/Vendor?	
21.	Section V, Part G, SOW 4	Page 27	<p>Is Immanuel Pathways the only current PACE site operating in Nebraska?</p> <p>Does Nebraska expect to implement additional PACE sites in geographic service/catchment areas outside of the geographic area(s) covered by the current structure of the PACE UPLs during this actuarial services contract period?</p>	<p>Yes</p> <p>No, not at this time.</p>
22.	Section V, Part G, SOW 4	Page 27	<p>Are PACE UPLs also required to be completed five months/150 days prior to their effective date?</p> <p>If not, when does the State prefer to receive the final PACE UPLs?</p>	<p>The PACE UPLs are not required to be completed five months/150 days prior to their effective date.</p> <p>The decision regarding the timeline of the submission of the final PACE UPLs will be made by the State with input from the contractor.</p>
23.	Section V, Part H, SOW 5	Page 27	<p>The CMS website does not list a current 1115 waiver for Nebraska. 1115 waivers usually require an extensive stakeholder process, strategy/planning sessions, complex budget neutrality calculations, concept papers, and potentially resource-intensive negotiations with CMS. What is the status of Nebraska's 1115 waiver and is it limited to a Substance Use Disorder (SUD) Waiver only?</p> <p>When is this 1115 SUD waiver expected to be submitted to CMS?</p>	<p>The State currently is in the process of drafting an 1115 waiver, limited to SUD services.</p> <p>The 1115 SUD waiver is only in the drafting phase and there is no official CMS submission</p>

			Has Nebraska completed the stakeholder process for the 1115 SUD waiver?	deadline. No, there is no stakeholder process completed at this time.
24.	Section V, Part I, SOW 6	Page 28	For the Dental Prepaid Ambulatory Health Plan (PAHP) program, item c in SOW 6 says "Develop a risk adjustment methodology". Since the State uses a single statewide Dental PAHP (per the State's 1915b waiver), what is expected from the Vendor in terms of a risk adjustment methodology for this SOW? If in the future, the State contracts with multiple, competing DBM PAHPs, would the State consider developing a dental-specific risk adjustment methodology as a Special Project under SOW 8?	No risk adjustment has been incorporated into the current Dental capitation rates, since this is the first contract year for the DBPM in Nebraska Medicaid. However, the State requires the contractor to identify or assess the risk differences across the dental population and recommend the appropriate risk score tools in developing the risk adjustment methodology. No, the dental specific risk adjustment activities are included in SOW 6 Dental Rate Setting.
25.	Section VI, Part A. 2.b	Page 30	Can the Vendor provide a web link to our public company's audited financial reports and statements or does Nebraska require these rather lengthy documents be included in an Appendix to the Technical Proposal?	No. Please provide documentation per the requirements of the RFP.
26.	Section VI, Part A.2.i	Page 32	Does the State expect references for all staff including office support staff/junior analysts proposed for this contract or is it acceptable to include references only for key staff: Principal, Consultant, and Analyst (meeting minimum requirements), actuaries, and project managers, etc.?	Bidders may submit references for only key staff members.
27.	Section VI, Part A.2.j	Page 32	This section indicates "Each Consultant or Analyst must have a minimum of five (5) years' experience in the SOW project they are assigned. The Bidder must identify the Consultant or Analyst assigned to each project." Is it acceptable to the State for each project to include staff that meet this minimum requirement but also include other staff with lesser experience to support the SOW project? This will allow the vendor to produce high quality work and still be cost effective for the State.	Yes

28.	Section VII, Part A and Attachment A	Page 34 and Attachment A	Given the potential 11 year duration of this contract, will the State work with the awarded Vendor to modify related SOWs or utilize SOW 8 – Special Projects to address significant State or Federal changes impacting the services required of this RFP?	All State and Federal regulation changes will be implemented through the Change Order process.
29.	Attachment A Cost Proposal and Section V, Part E, SOW 2	Attachment A and Page 26	In the Cost Proposal, SOW 2 – Capitation Rate Rebasing is specifically listed as happening “One (1) time for contract duration.” However, in the description of SOW 2 in Section V Part E on page 26 the RFP says “The rebasing activity will occur at least once annually.” Can the State please confirm/correct the language in Section V Part E SOW 2 on page 26 that the rate rebasing activity will occur once per contract period to align with the Attachment A Cost Proposal?	Rebasing will occur at least once per contract period. The last sentence in paragraph one (1) of Section V. E. is hereby amended to read as follows: The rebasing activity will occur at least once per contract period.
30.	Attachment A Cost Proposal	Attachment A	In the Cost Proposal, the line labeled “SOW 3 – 1915(b) Waiver” includes an “x” in every plan year. Given the waiver covers a two-year period, what work is the State expecting related to the waiver in each plan year?	The State does not anticipate an update every year given the waiver does cover a two year period however certain monitoring and activities are required to be performed on an ongoing basis.
31.	Attachment A Cost Proposal	Attachment A	In the Cost Proposal, the line labeled “SOW 5 – 1115 Waiver” includes an “x” in every plan year. Given most 1115 waivers cover a five-year period, what work is the State expecting related to the waiver in each plan year?	The State requires the contractor to accomplish activities including, but not limited to the monitoring, tracking, reporting of expenditures to meet 1115 Waiver budget neutrality and any State and/or federal compliance requirements regarding 1115 Waiver.

32.	Attachment A Cost Proposal	Attachment A	<p>SOW 6 requires a price for every year of work and SOW 7 is only once during the initial five year contract period (and once per each optional two-year renewal). It seems duplicative for SOW 7 to cover the full price of the entire Dental PAHP rate development process (e.g., new dental base data, trend, program changes, assumptions, other) and in the same work year have SOW 6 cover the same Dental PAHP rate development process/steps price excluding updating the new dental base data.</p> <p>Is SOW 7 limited to <u>only</u> to the price for work associated with developing a new/updated Dental PAHP base data and all other PAHP rate development steps/processes are to be included in the price for SOW 6?</p>	<p>Rebasing of rates generally refers to using base data from a more recent time period to develop capitation rates along with updating assumptions and/or revisiting the variables that went into developing the original rates. Updating of rates involves adjusting existing rates to reflect the impacts of any program, benefit, population, trend, or other changes between the rating period of the existing rates and the rating period of the updated rates.</p> <p>No, SOW 7 is only associated with Rebasing activities and are not included in SOW 6 Rate Setting activities and are priced separately.</p>
33.	R. EVALUATION OF PROPOSALS	4	Please provide examples of "such other information that may be secured and that has a bearing on the decision to award the contract."	If additional information or issues are identified during the reference check process the State reserves the right to investigate further or ask for clarification from the bidder.
34.	U. REFERENCE AND CREDIT CHECKS	6	Are reference and/or credit checks conducted at the corporate, individual employee level, or both?	Corporate level only
35.	REQUIRED INSURANCE COVERAGE CYBER LIABILITY	19	Are the complete definitions for the following publicly available and referenced in the context of the State of Nebraska or related division? "Breach of Privacy, Security Breach, Denial of Service, Remediation, Fines and Penalties"	The State of Nebraska has not defined these terms. The definitions would be based upon the insurance industry standard definitions.
36.	D. SOW 1 – CAPITATION RATE SETTING 1. Rate Data Analysis and Manipulation c. Analyze medical and pharmacy service utilization and cost profile patterns by category of service for all Managed Care cohorts	25	<p>What is the source of medical and pharmacy data?</p> <p>Is this encounter data?</p> <p>Is it provided directly by the State or Department, or a third party intermediary?</p>	<p>Truven/Advantage Suite and or MMIS are the source of medical and pharmacy encounter data.</p> <p>The decision regarding extracting encounter data will be made by the State with input from the contractor.</p>

37.	D. SOW 1 – CAPITATION RATE SETTING 3. Capitation Rate Finalization f. Attend, participate, and provide support in the Department's rate setting discussions and meetings with CMS.	26	How often does the Department anticipate having Contract resources onsite?	The State anticipates 3-5 onsite visits on an annual basis.
38.	E. SOW 2 – CAPITATION RATE REBASING 1. Policy and Financial Management Consulting Services a. Work collaboratively with the Department in the exploration of various Value Based Payment (VBP) models for the Department's Medicaid program as an alternative to the current reimbursement structure. Models include the use of Managed Care Organizations (MCOs), Accountable Care Organizations (ACOs), and Independent Practice Associations (IPAs) to incorporate shared savings, bundled payment mechanisms based on an episode of care rather than an individual visit, and other total cost of care models.	26	Does the Department implement an existing total cost of care (TCOC) methodology today? Does the Department desire to use technologies and algorithms that support alternative payment models such as PROMETHEUS® Analytics? Is there a different incumbent vendor providing this SOW rather than the incumbent actuary? What is required for the on-site plan audit reviews? What portion of the cost proposal do the Policy and Financial Management Consulting Services fall under?	No No, the State does not intend to utilize Prometheus as a payment (emphasis added) model. No. This decision will be made by the State with input from the contractor. Refer to SOW 2 in Section V.E.

39.	E. SOW 2 – CAPITATION RATE REBASING 1. Policy and Financial Management Consulting Services f. Develop dashboard reporting with benchmark comparisons by category of service for the Managed Care programs;	27	Does the Department currently use or desire to use (if not currently used) data visualization tools such as Tableau for dashboards and analytics reporting needs?	The State anticipates using data visualization tools for dashboards.
40.	h. Summary of Bidder's Corporate Experience i. Provide narrative descriptions to highlight the similarities between the bidder's experience and this RFP. These descriptions should include: e. Experience with risk adjusted rate setting techniques in general and specifically with various risk group models, such as the Clinical Risk Group (CRG), Hierarchical Condition Categories (HCCs), etc.	31	Does the Department currently use 3M (CRGs), HCCs or both for risk-adjustment? Is the Department evaluating or considering the use of other risk adjustment technologies (i.e. groupers)?	No, the State does not currently use 3M CRGs, or HCCs, but the State is currently exploring those and other risk-adjustment Technologies.
41.	Section I.C – Schedule of Events	Page 2	The RFP states that the contract will be awarded 9/1/18. Will the winning vendor be responsible for development of CY19 capitation rates, or will that be completed by the current vendor?	Current Contractor is responsible for CY19 Rate Setting.
42.	Section I	Page 3	Subsection J states "Proposal responses should include the completed Form A, "Bidder Contact Sheet"". The RFP does not specify where this should be included in the response. Does the State have a desired section for including Form A?	The State does not have a desired section to include Form A.
43.	Sections II-IV	Pages 7-23	Does the state require original signature initials indicating acceptance of contract terms, or is a digital signature sufficient?	The bidder can note their response in any way that they would like, either with a typed initial, check mark, or a "wet" original.

44.	Section V	Page 24	Subsection B.4 mentions an optional Long-Term Care Managed Care delivery system. Long-Term Care Managed Care is not mentioned in the subsequent Scope of Work sections. Is the winning vendor expected to perform Long-Term Care Managed Care rate setting work on behalf of the Department?	Please note that Section V.B.4, Long-Term Care Managed Care, indicates optional . The State currently does not have a Long-Term Care Managed Care Program. Should the State opt to implement such program, the awarded contractor would perform these services under SOW 8.
45.	Section V	Page 26	Subsection 3.g. notes that final rates must be submitted 150 days or 5 months prior to their effective date. Given CMS' requirement of rates being submitted 90 days in advance of the effective date, is the 150 days noted in the RFP reflective of when rates need to be finalized and submitted to the Department, or when they need to be submitted to CMS?	The 150 days noted in the RFP are prior to submission to CMS.
46.	Section V	Page 26	Subsection E notes that SOW 2- Capitation Rate Rebasing will occur at least once annually. The Cost Proposal indicates that SOW 2 will occur once during the contract duration. How often will this service be performed under the contract?	Please see response to Question #29
47.	Section VI	Page 32	Subsection A.2.j states "The proposed Principal must have a minimum of ten (10) years actuarial consulting experience in the public sector and must have a Bachelor's Degree in Actuarial Science...". Are degrees in related fields such as Mathematics and Statistics acceptable in place of an Actuarial Science degree? If not, can the Principal be an Associate or Fellow of the Society of Actuaries (ASA or FSA) and a Member of the American Academy of Actuaries (MAAA) to fulfill the Actuarial Science degree requirement?	Yes
48.	Cost Proposal	Attachment A	We do not see a specific section for the Long-Term Care Managed Care (optional) program noted in the RFP. Is it expected that any MLTSS rate setting work would be reimbursed via the hourly rates submitted in response to the Optional Services section of the cost proposal?	Please see response to Question #44.

49.	V.C Scope of Work (SOW)	26	For SOW 2 please confirm that Capitation Rate Rebasing and Policy and Financial Management Consulting Services are both included in the same scope of work.	Yes
50.	V.C Scope of Work (SOW)	25-26	How does the department differentiate between the project activities outlined in SOW 1 (Annual Capitation Rate Setting) compared to SOW 2 (Capitation Rate Rebasing)?	Please see answer to Question #8.
51.	Attachment A Cost Proposal	First page	Please confirm the frequency of Capitation Rate Rebasing. Attachment A reads "one (1) time for contract duration". For a five-year contract this is not compliant with CMS regulations. SOW 2 on page 26 also indicates that the rebasing project will occur at least once annually	Please see answer to Question #29.
52.	Attachment A Cost Proposal	First page	Please clarify how costs should be proposed for SOW 1 (Annual Capitation Rate Setting) and SOW 6 (Dental Rate Setting). There is an "x" indicated for each project task, as well as an "x" for the overall SOW line in the grid.	The proposed cost of the overall SOW 1 line (Capitation Rate Methodology Development Determination) should be reflective of the activities of developing the <u>methodology</u> (ies) framework for Capitation Rate Setting. Each project task aligns with other activities listed in SOW 1 and priced separately. The Capitation Rate Updates (2x or more per year) reflect the cost of some, but not all, of SOW 1 activities completed each additional time within the calendar year. The SOW 6 is structured the same way.
53.	VI.A.h. Summary of Bidder's Corporate Experience	31-32	The corporate overview section includes items related to risk adjustment, encounter data, prepaid inpatient health care, PACE, and Managed Long Term Care experience. Please provide clarification on whether the RFP response needs to address all of these items for the same 3 states in the narrative response, or whether the response may reference different states to highlight our experience in these areas.	The bidder may reference different States to highlight their experience in the narrative project response.
54.	General	N/A	Does the State have a proposed budget for this engagement?	No, the State does not have an established budget.
55.	I.R. Evaluation of Proposals	4	Can the State please clarify how the cost proposal will be evaluated? Specifically, will the combination	Refer to the Evaluation Criteria Part 4 – Cost Proposal Points for the initial contract period. Renewal Periods and the Hourly Rate will not be scored.

			<p>of the base years and all optional years be included in the evaluation as one combined cost?</p> <p>Additionally, how will the rate card submitted for the optional services be evaluated?</p>	
56.	V.C. Scope of Work	25	<p>Can the State please clarify which programs and populations are in scope of this contract and how many separate rate certifications are required?</p> <p>Additionally, how many rate amendments typically occur on an annual basis?</p>	<p>The covered programs are those approved through the Nebraska State Plan (Title XIX) in addition to the PACE and Waiver programs referenced in this RFP. The State's Medicaid program currently serves the following populations:</p> <ul style="list-style-type: none"> • Aged, Blind, and Disabled (AABD) • Children's Health Insurance Program (CHIP) • Family – Adults and Children (Family) • Foster Care/Wards (Foster Care) • Katie Beckett • Healthy Dual • Dual LTC • Non-Dual LTC • Dual Waiver • Non-Dual Waiver <p>Some cohorts are further split by age and/or gender when appropriate.</p> <p>The State has historically submitted two certification letters to CMS per calendar year.</p> <p>Rate adjustments are subject to State and Federal mandates.</p>
57.	V.C. Scope of Work	25	<p>Can the State please clarify the number of onsite meetings and/or visits that are anticipated for this engagement on an annual basis?</p>	<p>Please see the answer to Question #37</p>
58.	V.C. Scope of Work	25	<p>Can the State please clarify which of the requested services within this RFP are currently being performed by the incumbent vendor?</p>	<p>Refer to Contract 58451 O4</p>

59.	V.D. SOW 1 – Capitation Rate Setting	25	<p>In regards to risk adjustment:</p> <p>a. Can the State please confirm the risk adjustment methodologies to be utilized for the fiscal year 2019 rates?</p> <p>b. Does the State expect the contractor to utilize a consistent methodology?</p> <p>c. Will the State obtain the appropriate licenses for the risk adjustment software (if applicable)?</p>	<p>Nebraska Heritage Health Managed Care program's risk adjustment is fully risk adjusted (no phased in scores) capitation rates and on a prospective basis. The Risk adjustment methodologies aim to align MCO capitation rates with the relative health risk profiles of their membership mix. The State reserves the right to adjust risk scores for MCO's annually, semi-annually, or more frequently if warranted.</p> <p>The State anticipates reasonable changes to occur in the methodology with changes in the Managed Care program, policies, and membership. Changes to methodology would be approved by the State, actuarially sound, and approved by CMS as part of rate certification. The State will consider the feedback from the MCOs when making changes to the risk adjustment methodology.</p> <p>No – it is the responsibility of the contractor to purchase all necessary software to perform SOW in the RFP.</p>
60.	V.D. SOW 1 – Capitation Rate Setting	25	Can the State please comment on the quality of the available encounter data and the State's expectations of the credibility of the data being utilized for the upcoming rate development processes?	The Managed Care entities are contractually required to provide accurate, valid encounter data.

61.	V.D. SOW 1 – Capitation Rate Setting	25	<p>Can the State please clarify how the data will be made available to the vendor and what level of detail? Specifically,</p> <ul style="list-style-type: none"> a. Is it expected the vendor will store data in a data warehouse or access the necessary data for rate setting on State systems? b. Will the data provided include MCO encounters, fee-for-service, and/or other MCO financial data? c. Will the data provided by the State be aggregated? d. Does the State anticipate the data to include protected health information (PHI) and/or personally identifiable information (PII)? e. What frequency will the data be provided to the vendor? 	<p>At a minimum, claims and member data will be at the detail level. Additional data may be at the detail or aggregate level, as appropriate. It is required that the contractor will store and maintain the Nebraska data in a secure data warehouse. Please see Section II.R, Business Associate Agreement (BAA).</p> <p>The managed care entities are contractually required to provide accurate, valid encounter data. The data will be a combination of FFS and encounter records. The provision of data will be decided by the State, after coordinating data sources with the contractor.</p> <p>Yes</p> <p>This decision will be made by the State with input from the contractor</p>
62.	V.D.2. Interim Reporting and Other Deliverables for Rate Setting Functions	26	<p>Many of these requested services under 'Interim Reporting and Other Deliverables for Rate Setting Functions' appear to be ad hoc in nature and/or may vary in time and effort depending on the nature of the request by the State. Does the State have an expected level of effort (total hours) or anticipated budget to perform these services?</p>	<p>No, there is no established budget or expected level of total hours spent for these required services included in SOW 1 Rate Setting.</p>

63.	V.E. SOW 2 – Capitation Rate Setting	26	Can the State please clarify how the services in requested SOW 2 vary from SOW 1? It is our understanding the base period data would be rebased every year and the required rate development activities for SOW 2 would overlap the SOW 1 services.	Please see response to question #8
64.	V.E.1 Policy and Financial Management Consulting Services	27	Many of these requested services under 'Policy and Financial Management Consulting Services' appear to be ad hoc in nature and/or may vary in time and effort depending on the nature of the request by the State. Does the State have an expected level of effort (total hours) or anticipated budget to perform these services?	These services (Items in Section V.C.6.a-j) are ad hoc in nature and may or may not be applicable to each rebasing.
65.	V.E.1.f	27	Can the State please clarify how often the dashboards will be refreshed? Does the State have a preferred software format?	The dashboard will be refreshed upon receiving MCO reports. There is no specific timeframe. The software decision will be made by the State with the input of the Contractor.
66.	V.E.1.h	27	Can the State please clarify how many on-site reviews are anticipated to be performed on an annual basis?	Please see response to question #37
67.	V.E.1.i	27	Can the State please clarify what populations are anticipated to transition from a service-based payment arrangement to managed care, and the timing of each transition?	Heritage Health, the State's managed care program, went into effect January 1, 2017. No additional populations are anticipated to join managed care at this time.
68.	V.H. SOW 5 – 1115 Waiver Development and Submission	27	The underlying effort to support an 1115 waiver submission may vary based on the requested services. Does the State have an expected level of effort (total hours) or anticipated budget to perform these services?	Please see response to question #23. There is no established budget for this service.
69.	V.H. SOW 5 – 1115 Waiver Development and Submission	27	Does the state have a target timeline/roadmap for submitting the 1115 application and implementing the waiver upon subsequent approval?	Please see response to question #23.
70.	V.I. SOW 6 – Dental Capitation Rate Setting	27	Can the State please comment on the quality of the available dental data and the State's	The dental managed care entity is contractually required to provide accurate, valid

			expectations of the credibility of the data being utilized for the upcoming rate development processes?	encounter data.
71.	V.I.2. Interim Reporting and Other Deliverables for Rate Setting Functions	28	Many of these requested services under 'Interim Reporting and Other Deliverables for Rate Setting Functions' appear to be ad hoc in nature and/or may vary in time and effort depending on the nature of the request by the State. Does the State have an expected level of effort (total hours) or anticipated budget to perform these services?	Please see response to Question # 62.
72.	V.J. SOW 7 – Dental Capitation Rebasing	29	Can the State please clarify how the services in requested SOW 7 vary from SOW 6? It is our understanding the base period data would be rebased every year and the required rate development activities for SOW 7 would overlap the SOW 6 services.	Please see response to questions #32
73.	Attachment A – Cost Proposal	1	The line item for 'SOW 2 – Capitation Rate Rebasing' requests one price for the contract duration and indicates the rate rebasing will only occur one time during the contract duration. However, per the language in Section V.E on page 27 of the RFP, it states the rebasing will occur at least annually. Can the state please confirm that the rates will be rebased annually and clarify how the fees should be quoted in the cost proposal?	Please see response to question #29
74.	Attachment A – Cost Proposal	1	The line item for 'SOW 7 – Dental Rebasing' requests one price for the contract duration and indicates the Dental rate rebasing will only occur one time during the contract duration. Can the State please confirm if the Dental rates are in fact only to rebased one time and clarify what length of time is considered for "contract duration"? For example, does the State expect to rebase one time during the first five years under the base year of the contract, and then once every two years during each of the three optional renewal periods?	Yes, CMS recommends a rebasing every 3-5 years. The initial contract term is five (5) years and rebasing is likely occur. Rebasing may or may not occur each optional renewal period but a pricing is required in the event rebasing is performed.

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