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|  | <b>SOLICITATION AMENDMENT #1</b>  |                | AHCCCS<br>Arizona Health Care Cost<br>Containment System |
|   | SOLICITATION NO.: YH13-0032<br>Solicitation Due Date: April 15, 2013, 3:00 P.M. | PAGE 1<br>OF 5 | 701 East Jefferson, MD 5700<br>Phoenix, Arizona 85034    |

Procurement Officer: Jennifer Roberts

E-mail: Jennifer.Roberts@azahcccs.gov

**A signed copy of this amendment must be returned with the proposal and received by the State of Arizona on or prior to the Solicitation due date and time.**

1. The attached Answers to Questions are incorporated as part of this solicitation amendment.

|   |  |  |  |
|---|--|--|--|
| Offeror hereby acknowledges receipt and understanding of this Solicitation Amendment. |  | This Solicitation Amendment is hereby executed this 21st day of March, 2013 in Phoenix, Arizona. |  |
| Signature   |  | Date   |  |
|   |  |  |  |
| Typed Name and Title  |  | Megan Harley, CPPO, MSW  |  |
| Name of Company   |  | Procurement and Contracts Manager  |  |



AHCCCS

# QUESTIONS WITH ANSWERS - SOLICITATION AMENDMENT #1

SOLICITATION NO.: YH13-0032

**AHCCCS**  
**Arizona Health Care**  
**Cost Containment**  
**System**

701 East Jefferson, MD  
5700 Phoenix, Arizona  
85034

## THIRD PARTY LIABILITY AND RECOVERY AUDIT SERVICES

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| Question# | Offeror Name | Section Name  | Paragraph #/<br>Title                            | Page # | Question  | AHCCCS Response   |
|-----------|--------------|---------------|--|--------|---|---|
| 1.        | Xerox        | Scope of Work | 6.1 Coverage Verification                        | 10     | Does AHCCCS expect the selected vendor to obtain the commercial health insurance eligibility data directly from the commercial carriers, or will the data be received, consolidated and provided by AHCCCS? | AHCCCS expects the selected vendor to obtain the commercial health insurance eligibility data directly from the commercial carriers. AHCCCS will provide un-verified insurance coverage information, obtained in the ordinary course of business, to the selected vendor on a daily basis for follow-up, but there is an expectation that the selected vendor will, at a minimum, attempt to enter into a business associate agreement with all insurance carriers who have provided medical coverage for one or more AHCCCS Members within the last three (3) years.   |
| 2.        | Xerox        | Scope of Work | 6.1 Coverage Verification                        | 10     | Will AHCCCS provide a letter of authorization the Contractor can use in obtaining commercial health insurance eligibility data from Arizona health insurance carriers?                                      | Yes, AHCCCS will provide a letter of authorization the Contractor can use in obtaining commercial health insurance eligibility data from any health insurance carrier.<br>Again, the expectation is that the selected vendor will, at a minimum, attempt to enter into a business associate agreement with all of the insurance carriers that have provided medical coverage for one or more AHCCCS Members within the last three (3) years. <b>It should be noted that the vast majority of the insurance carriers providing coverage for AHCCCS Members operate outside the State of Arizona and operate outside of the purview of the Arizona Department of Insurance.</b> |
| 3.        | Xerox        | Scope of Work | 5.3 Estate Recovery; 5.4 TEFRA Liens; 5.5 Trusts | 8, 9   | Are both FFS and reinsurance payments recoverable in trust, estate and TEFRA?   | The selected Offeror is responsible for the recovery of Trust and Estate recoveries (including TEFRA) for ALTCS members enrolled either with a Long Term Care Contractor or in Fee-for-Service.   |



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| Question# | Offeror Name | Section Name                             | Paragraph #/<br>Title   | Page #     | Question  | AHCCCS Response   |
|-----------|--------------|--|---|------------|---|---|
| 4.        | Xerox        | Scope of Work                            | 12. Metropolitan Phoenix Office   | 15         | Regarding the requirement for a Phoenix office, is this due to the need to transfer TPL related mail from the AHCCCS office to the Contractor? If not, please specify AHCCCS' expectations of what operations and staff need to be present in the Phoenix office. | Project leadership is expected to be located in the Phoenix office and that sufficient staff is available to: process mail and respond to questions; and, issues raised by AHCCCS and/or members in a timely manner. AHCCCS understands and appreciates the efficiencies gained by central services and will work, in a cooperative effort, with the selected vendor to optimize and balance the work effort between the local office and a central processing center(s). |
| 5.        | Xerox        | Scope of Work; Compensation Instructions | 18. Recovery Restriction; 21. Transition to New Contractor; 1.2.2 Optional add-on related service | 16, 18, 20 | Annuity recovery is noted in 2.1.1 but is not identified otherwise as a TPL recovery project. Is annuity recovery a potential add-on project?   | Annuity recovery is an "active" recovery effort that is done in conjunction with the Trust Recovery Program. While annuities are reported separately, they do not constitute a separate recovery program.   |
| 6.        | Xerox        | Scope of Work                            | 2 Purpose   | 4          | Is the vendor required to bid on all services in the RFP or may a vendor bid on only one or some of the services?   | Yes, it is the intention of AHCCCS to evaluate proposals and award a contract to a single Offeror for the services specified herein.  |
| 7.        | Xerox        |  |   |            | Would AHCCCS be open to awarding the contract to more than one bidder if they each show strength in a particular component of the RFP?  | It is the intention of AHCCCS to evaluate proposals and award a contract to a single Offeror for the services specified herein.   |
| 8.        | PRGX         | AHCCCS Overview                          | Paragraph 2   | 4          | If 86.5% of expenditures were attributed to manager care, is it safe to assume the remaining 13.5% was attributed to FFS?   | Approximately 13.5% of expenditures are attributed to FFS.  |
| 9.        | PRGX         | AHCCCS Overview                          | Paragraph 2   | 4          | Is there a claims count that makes up the FFS expenditures for SFY 2012?  | 4,780,649   |



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|-----------|--------------|-------------------------------------|---------------------------|--------|---|--|
| 10.       | PRGX         | Contractor Audit & Responsibilities | Section 4.1               | 4      | Can you confirm that Medicaid RAC services are only applicable to FFS membership?   | The required Medicaid RAC services are only applicable to FFS membership. However, within the contract term AHCCCS may request that the Contractor develop a methodology for a recovery audit of managed care claims.  |
| 11.       | PRGX         | Medicaid RAC Services               | Section 4.1.17            | 5      | Does the provision to collect funds apply to the RAC services or only the other SOW's?  | The CONTRACTOR DUTIES AND RESPONSIBILITIES described in Section 4 applies to the entire Scope of Work.   |
| 12.       | PRGX         | Scope of Work                       | Section 7/<br>Paragraph 1 | 11     | Are overpayments/underpayments for duplicate payments and contract compliance included? Leads to #9 for which lines of service may be included. | AHCCCS is not able to answer this question because it is not understood.   |
| 13.       | PRGX         | Scope of Work                       | Sections 7.1.1.1; 7.1.1.2 | 11     | Is it required that our FTE Medical Director and nurse reviewers be licensed in AZ? What about certified coders?                                | The Medical Director, nurse reviewers, and the certified coders must be licensed in Arizona.   |
| 14.       | PRGX         | Scope of Work                       | Section 7.1.2.1           | 12     | What is process to coordinate all audits and recovery efforts with all the parties listed within this section?                                  | It is the responsibility of the selected Contractor to coordinate all audits and recovery efforts with the parties listed within this section.   |
| 15.       | PRGX         | Scope of Work                       | Section 7.1.16            | 12     | How will the contractor be notified when a claim is being audited by another entity?  | See response to question 14 above.   |
| 16.       | PRGX         | Audit/Review/<br>Coord.             | Section 7.1.2             | 12     | What lines of service fall under Medicaid RAC services? For example, Inpatient? Out-Patient? SNF? Others?                                       | All FFS expenditures, including acute and long term services. See the AHCCCS website for additional information on the AHCCCS health care delivery system.   |
| 17.       | PRGX         | Audit/Review/<br>Coord.             | Section 7.1.2             | 12     | Follow up to #16, do you have the \$ amount or expenditure % each accounts for?   | See the <u>CASE LOAD AND EXPENDITURES BY RATE CODE</u> section of the various Appropriation Status Reports located at:<br><a href="http://www.azahcccs.gov/reporting/financials/monthlyreports.aspx">http://www.azahcccs.gov/reporting/financials/monthlyreports.aspx</a> for a complete analysis the agencies appropriated sources and use of funds and |



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|-----------|--------------|--------------------------------|----------------------------|--------|--|---|
|           |              |                                |                            |        |  | supporting documents. For the full state fiscal years see the 13 <sup>th</sup> month report located in each of the SFY tabs.  |
| 18.       | PRGX         | Audit/Review/Coord.            | Section 7.1.2              | 12     | What are the payment methodologies within the Medicaid RAC services? DRG? Fee schedule? % of billed charges? | Fee Schedule – see the current AHCCCS Fee-For-Services Rates & Codes at:<br><a href="http://www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx">http://www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx</a> |
| 19.       | PRGX         | Audit/Review/Coord.            | Section 7.1.2              | 12     | Are the reviews types for DRG validation and Medical Necessity of admission?                                 | Arizona does not currently use a DRG system. Arizona has not determined the focus of its RAC Audits. Therefore it cannot comment on the Medical Necessity topic at this time.   |
| 20.       | PRGX         | Audit/Review/Coord.            | Section 7.1.2              | 12     | Are On-Site audits required?   | This is not a requirement; however, if on-site audits would enhance the results, AHCCCS would consider it.  |
| 21.       | PRGX         | Metropolitan Phoenix           | Section 12                 | 15     | Can the Phoenix based office be a satellite location, with the primary location being out of state?          | See response to question #3.  |
| 22.       | PRGX         | Contingency Based Compensation | Section 1.2.3; Paragraph 2 | 20     | What type of documentation is needed to support proposed % rates?  | There is not a set format or structure for the response. The Offeror must support the proposed percentage rates with as much detail as they deem appropriate.   |
| 23.       | PRGX         | Proposal Information           | Section 3.1.2              | 33     | Is there a page limit for the written narrative? Preferred font type/size?                                   | There is no page limit for the written narrative and no preferred font type/size.   |
| 24.       | PRGX         | General Question               | NA                         | NA     | Is there an Incumbent auditor? If so, can you share the name of the company(s)?                              | There is no incumbent RAC auditor. Health Management Systems, Inc. is the current TPL/COB Contractor.   |