

**REQUEST FOR PROPOSALS
(RFP)**

ISSUE DATE: January 28, 2008

TITLE: Actuarial and Related Services for Health Benefits Programs

RFP NUMBER: OHB08-1

ISSUING AGENCY: Commonwealth of Virginia
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street
Richmond, Virginia 23219

PERIOD OF CONTRACT: From July 1, 2009 through June 30, 2011, with four one-year renewal options.

Sealed proposals for furnishing services described herein will be received subject to the conditions cited herein until 2:00 p.m., February 29, 2008

All Inquiries Must Be In Writing And Should Be Directed To:

Mr. William G. Gregory
Department of Human Resource Management
101 North 14th Street, 13th Floor
Richmond, Virginia 23219
Fax Number: (804) 225-2790
E-Mail: Bill.Gregory@dhrm.virginia.gov

SEND ALL PROPOSALS DIRECTLY TO THE ISSUING AGENCY ADDRESS SHOWN ABOVE.

Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, § 11-35.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

In compliance with this Request for Proposals, and to all the conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish materials and services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

Name and Address of Firm:

_____	Date: _____
_____	By: _____
_____	(PRINTED NAME)
_____	_____
_____	(SIGNATURE IN INK)
_____ Zip Code: _____	Title: _____
Fax Number: () _____	Telephone: () _____

PRE-PROPOSAL CONFERENCE: An OPTIONAL pre-proposal conference will be held at 10:00 a.m. on Monday, February 11, 2008, at the James Monroe Building. (Reference Paragraph 4.9 herein.)

MANDATORY MINIMUM QUALIFICATIONS: (Reference Paragraph 5.1)

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1.0 PURPOSE

The purpose of this Request for Proposals (RFP) is to secure an Actuarial and Related Services Contractor through competitive negotiation to assist the Department of Human Resource Management (Department) in the design and administration of the State's health benefits programs for active employees, retirees and local government entities, particularly with respect to actuarial services (including OPEB valuation), regulatory compliance, benefits design, data integration and metrics, general consulting and support for program planning and administration.

2.0 BACKGROUND

- 2.1 The Department is the authorized agent of the Governor in administering the state employee health benefits programs. The program is delivered through over 200 State agencies and independent authorities to some 115,000 active employees, retirees, and extended coverage contract holders, and to the dependents of these contract holders. Agencies distribute program materials, take applications for coverage or changes in coverage according to rules developed by the Department, payroll-deduct employee premiums, post eligibility information onto the Benefits Eligibility System (BES), and otherwise assist employees in accessing the program's benefits.
- 2.2 The Department also has the responsibility for administering a health benefits program, which is offered to localities statewide as an option to other health benefits program choices. Any local government, school district, political subdivision, etc. may join this program. Presently there are over 220 member groups covering approximately 24,000 employees.
- 2.3 The Department has developed plans and programs with the advice of Actuaries, consultants, vendors and employees, and has delivered benefits through Contractors, either insurers or third party administrators. The Department's web site at <http://www.dhrm.virginia.gov/employeebenefits.html> provides the plans, an overview of the coverages available, member handbooks and also identifies the Department's current Contractors. Information about programs and plan available under The Local Choice may be found at <http://www.thelocalchoice.virginia.gov/>
- 2.4 The Commonwealth's benefit programs have experienced increases in trends and utilization over the past several years similar to those experienced by insurance companies and other large self-insured organizations. Historically those increases have not been as severe as other similarly situated self-insured organizations and the Department continues to analyze its experience and adjust the self-insured plans offered to contain the increases whenever possible. Therefore, the current contractor maintains a claims database for the Department that provides the basis for the actuarial reports and analysis required. The Department plans on continuing basing the actuarial information on our own claims history, while using industry norms for comparison.

2.5 Policy Regarding Participation of Small, Women, and Minority Owned Businesses

- 2.5.1 It is the policy of the Commonwealth of Virginia to contribute to the establishment, preservation, and strengthening of small businesses and businesses owned by women and minorities and to encourage their participation in State procurement activities. The Commonwealth encourages Contractors to provide for the participation of small businesses and businesses owned by women and minorities through partnerships, joint ventures, subcontracts, and other contractual opportunities. Submission of a report of past efforts to utilize the goods and services of such businesses and plans for involvement on this contract are required
- 2.5.2 All information requested by this RFP on the ownership, utilization, and planned involvement of small businesses, women owned businesses, and minority owned businesses must be submitted. If an Offeror fails to submit all information requested, the purchasing agency will require prompt submission of missing information after the receipt of vendor proposals in order for a non-compliant proposal to be considered.
- 2.5.3 By submitting a proposal, Offerors certify that all information provided in response to this RFP is true and accurate. Failure to provide information required by this RFP will ultimately result in rejection of the proposal.

3.0 TASKS

- 3.1 By September 15 of each year, the Contractor shall develop an estimate of claims incurred but not reported during the previous fiscal year (July 1 - June 30), and the premiums required for all self-funded programs for the following fiscal year (July 1 - June 30) for the state employees program. Currently, there are two self-funded plans, COVA Care and the COVA HDHP (High Deductible Health Plan), which include the components of medical-surgical, prescription drug, dental and mental health. These estimates shall be reported to the Department in the form of a renewal report on September 15th and followed by a complete actuarial report by October 1. From time to time the Department may require these estimates to be reported at an earlier date.
- 3.2 By October 15 of each year, the Contractor shall develop an estimate of claims incurred but not reported during the previous fiscal year (July 1 - June 30), and the premiums required for all self-funded programs for the following fiscal year (July 1 - June 30) for the Local Choice (TLC) program for localities. Currently, there are five self-funded plans, Key Advantage with Expanded Benefits, Key Advantage 200, Key Advantage 300, Key Advantage 500 and the TCL High Deductible Health Plan (HDHP), which include the components of medical-surgical, prescription drug, dental and mental health. An opinion letter for the incurred but not reported (IBNR) liabilities is desired by October 1st with a full actuarial report due by October 15th. From time to time the Department may require these to be reported at an earlier date.
- 3.3 The Contractor may be required, as requested, to develop demographic and other data to equalize the risks represented by age, sex and health status among competing health plans.

- 3.4 The Contractor is required to operate, maintain and provide enhancements to a claims data base to support contractor claims audits, outputs for utilization analysis, cost analysis, and financial forecasting. (See Appendix 1) The Department may require that this “data warehouse” incorporate disability, workers compensation, health risk assessment and other related data into an analytic platform available to the Department to manage costs, improve quality and provide benchmarking and trending of costs and utilization.
- 3.5 The Contractor will be required to model program costs, as requested, based upon the Department’s claims data, including total program costs, employer and employee contributions, and different plan designs based on variable enrollment assumptions, contribution strategies and benefit design changes. (See Appendix 1)
- 3.6 The Contractor may be required to provide, as requested, actuarial and related services to assist the Department in all phases of program planning, including analysis of past operations, cost/benefit of plan design changes, effect of specific legislative proposals, etc.
- 3.7 The Contractor may be required, as requested, to conduct up to two claims audits per year. The audits must be statistically valid, and must determine, but not limited to:
- (1) the timelines of claims processing,
 - (2) the rate of incorrect claims payments, and
 - (3) the rate of non-payment claims errors.
- 3.8 The Contractor may be required, as requested, to conduct up to one on-site performance review per year of Contractors selected by the Department to administer parts of the benefits program. The on-site review shall document the operations of the Contractor to be reviewed, with respect to any applicable standards, tasks, or deliverables in the contract of the Contractor being reviewed.
- 3.9 The Contractor may be required, as requested, to conduct periodic audits to insure that the Plan’s Business Associates are in compliance with the Health Insurance Portability and Accountability Act (HIPAA).
- 3.10 The Contractor may be required, as requested, to assist with development of benefits plans which give employees maximum flexibility with respect to their choosing between cash and non-cash (that is, benefits) compensation, and which provides a wide range of benefit options.
- 3.11 The Contractor may be required, as requested, to assist the Department in all aspects of procurements.
- 3.12 The Contractor may be required, as requested, to perform actuarial analyses in conjunction with and develop and produce an OPEB (Other Post Employment Benefits) valuation.
- 3.13 The Contractor may be required to provide, as requested, advice to the Department, to conduct briefings, and to perform other duties related to or growing out of the tasks identified in this section.

4.0 PROCUREMENT PROCEDURES

4.1 METHOD OF AWARD

4.1.1 The Department is to engage in individual discussions with two or more offerors deemed fully qualified, responsible, and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews are permissible. Such offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternative concepts. Such discussions may also include non-binding estimates of total project costs, including but not limited to where appropriate, design, construction and life cycle costs. Non-binding methods to be utilized in arriving at a price for services may also be discussed. Proprietary information from competing offerors shall not be disclosed to the public or to competitors. At the conclusion of discussions outlined in this paragraph, on the basis of evaluation factors published in the Request for Proposal and all information developed in the selection process to this point, the procuring agency shall select, in the order of preference, two or more offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiation shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to the public body can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiation with the offeror ranked first shall be formally terminated and negotiation conducted with the offeror ranked second, and so on until such a contract can be negotiated at a fair and reasonable price. Should the procuring agency determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that offeror (Code of Virginia, § 2.2-4301). At any time during the negotiations, the procuring agency may terminate all negotiations and re-advertise the requirements. The reason for such termination is to be made a part of the file.

4.1.2 The contract will incorporate by reference all the requirements, terms and conditions of this RFP and the Contractor's proposal, except as either or both may be amended through negotiation. The Department contemplates fixed prices for tasks (3.1, 3.2, 3.3, 3.7, 3.8 and 3.9). All other tasks would be completed at the hourly rates of the analyst(s) proposed in the response.

4.2 SUBMISSION OF WRITTEN PROPOSALS

4.2.1 All proposals must be responsive to both the task descriptions and contractual requirements contained herein. Proposals, which are deemed to be non-responsive, may not be considered. Proposals must be typed. **An original, four copies and one redacted (a complete proposal excluding all proprietary information) copy** shall be delivered in a sealed box, and labeled as a proposal, with the words "Do Not Open" prominently displayed on the box. Proposals must be received no later than 2:00 p.m., E.S.T., as determined by the Department in its sole discretion, on Friday, February 29, 2008, by:

The Department of Human Resource Management
James Monroe Building, 13th Floor

Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.

- 4.2.2 Ownership of all data, materials and documentation originated and prepared for the Department pursuant to the RFP shall belong exclusively to the Department and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Section 2.2-4342 of the Code of Virginia, in writing, at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is appropriate. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

The Department, in its sole discretion, may not consider proposals with unduly broad requests for protection against disclosure.

4.3 MODIFICATION OF PROPOSALS

Any changes, amendments or modifications of an Offeror's proposal prior to the deadline for receipt of proposals must be in writing and submitted in the same manner as the original proposals. All modifications must be labeled conspicuously as a change, amendment, or modification of the previously submitted proposal. Changes, amendments, or modifications of proposals will not be considered after the deadline for receipt of proposals, except when modifications are requested by the Department.

4.4 ORAL PRESENTATION

Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the Department. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not include negotiation. The Department will schedule the time and location of these presentations. Oral presentations are an option of the Department and may or may not be conducted.

4.5 INQUIRIES CONCERNING THE RFP

Any communication concerning this RFP or any resulting contracts must be addressed in writing to:

Mr. William G. Gregory
Department of Human Resource Management
James Monroe Building, 13th Floor

4.6 PUBLIC INSPECTION OF PROCUREMENT RECORDS

Proposals will be subject to public inspection only in accordance with Section 2.2-4342 of the Code of Virginia.

4.7 CLARIFICATION OF PROPOSAL INFORMATION

The Department reserves the right to request verification, validation or clarification of any information contained in any of the proposals. This clarification may include checking references and securing other data from outside sources, as well as from the Offeror.

4.8 REFERENCE TO OTHER MATERIALS

The Offeror cannot compel the Department to consider any information except that which is contained in its proposal, or which is offered in response to a request from the Department. The Offeror should rely solely on its proposal. The Department, however, reserves the right, in its sole discretion, to take into consideration its prior experience with Offerors and information gained from other sources.

4.9 OPTIONAL PRE-PROPOSAL CONFERENCE

An optional pre-proposal conference will be held at 10:00 a.m. on Monday, February 11, 2008, in the James Monroe Building, Main Lobby, Conference Room B, 101 North 14th Street; Richmond, Virginia. The purpose of this conference is to allow potential Offerors an opportunity to present questions and to obtain clarification relative to any facet of this procurement.

It is requested that any known questions regarding the RFP be forwarded to William G. Gregory prior to date of conference to facilitate the conference. E-Mail Bill.Gregory@dhrm.virginia.gov or Fax (804) 225-2790.

While attendance at this conference will not be a prerequisite to submitting a proposal, offerors who intend to submit a proposal are encouraged to attend. Offerors should bring a copy of this RFP to the conference. Any changes resulting from this conference will be issued in a written addendum to the RFP. Attendance at the conference will be documented by the representative's signature on the attendance roster.

4.10 TIMETABLE

RFP Published	January 28, 2008
Optional Pre-Proposal Conference	February 11, 2008
Proposals Due, 2:00 P.M.	February 29, 2008
Notice of Intent to Award	March 21, 2008

5.0 QUALIFICATIONS & CRITERIA FOR EVALUATION

5.1 Mandatory Minimum Qualifications

- 5.1.1 Offeror must have had a contract to provide actuarial services, including plan design services, with a group having at least 50,000 employees during the past five years.
- 5.1.2 Provide the name of that employer, a contact person, their telephone number and the number of employees.
- 5.2 Offeror shall execute the face sheet of this RFP and return same with the proposal.
- 5.3 An original proposal and four copies are required. Refer to paragraph 4.2.1 for additional requirements.
- 5.4 Offeror must answer all questions, address all issues, and furnish all of the information required in Attachment One.
- 5.5 Offeror must answer all questions and furnish all information required in Attachment Two.
- 5.6 Offeror must agree to receiving payment by EDI (See Attachment Three).
- 5.7 Offeror must agree, in writing, to appropriately safeguard Protected Health Information as required by the Health Insurance Portability and Accountability Act Privacy regulations.
- 5.8 Offeror must have the capabilities to maintain the Commonwealth's claims database and provide the services as identified in Appendix One.
- 5.9 The Offeror should be prepared to make an oral presentation as part of the negotiation process, should the Department decide to enter into negotiations with the Offeror.
- 5.10 The criteria for award in no particular order include the following:

Capability of the Offeror.	20%
Specific approach to tasks.	20%
Qualifications of project staff.	20%
Experience	20%
Participation of SWaM businesses.	20%

PLEASE NOTE THAT THE OFFEROR'S ADHERENCE TO THE FORM OF RESPONSE REQUESTED BY THIS RFP MAY BE USED TO MEASURE THE CAPABILITY OF THE OFFER.

6.0 DELIVERABLES

- 6.1 The Contractor shall deliver only those services resulting from this RFP which are mutually agreed upon by the Department and the Contractor. The Department will accept and pay only for those services which meet the quality standards required by the contract and which have been fully rendered.

6.2 REPORTS

6.2.1 UTILIZATION OF SMALL BUSINESSES AND BUSINESSES OWNED BY WOMEN AND MINORITIES

- a. Periodic Progress Reports/Invoices. Within sixty days of each six months' operation under this contract, disclose the actual dollars contracted to be spent to-date with such businesses, and the total dollars planned to be contracted with such businesses on this contract. This information shall be provided separately for small businesses, women-owned businesses and minority-owned businesses.
- b. Final Actual Involvement Report: The Contractor will submit, prior to completion of the contract and prior to final payment, a report on the actual dollars spent with small businesses, women-owned and minority-owned businesses during the performance of this contract. At a minimum, this report shall include for each firm contracted with and for each such business class (i.e., comparison of the total actual dollars spent on this contract with the planned involvement of the firm and business class as specified in the proposal, and the actual percent of the total estimated contract value. A suggested format is as follows:

Business Class: Small, Women-Owned or Minority-Owned

<u>FIRM NAME, ADDRESS AND PHONE NUMBER</u>	<u>TYPE GOODS/SERVICES</u>	<u>ACTUAL DOLLARS</u>	<u>PLANNED DOLLARS</u>	<u>%OF TOTAL CONTRACT</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTALS FOR BUSINESS CLASS		_____	_____	_____

- 6.2.2 The Contractor shall deliver to the Department within the first 15 days of each contract month an invoice for services provided during the prior month providing cost detail by task.
- 6.2.3 The Contractor shall deliver the required Actuarial Reports by September 15, 2008 and October 1, 2008 for the previous fiscal year and each September 15th and October 1st there after during the contract period. Refer to paragraph 3.1 under Tasks.
- 6.2.4 The Contractor shall deliver the required Actuarial Reports by October 15, 2008 for the previous fiscal year and each October 15th there after during the contract period. Refer to paragraph 3.2 under Tasks.
- 6.2.5 The Contractor shall deliver to the Department a copy of its certified Annual Financial Report within 120 days of the close of its financial year. Refer to paragraph 8.7 labeled CERTIFIED CORPORATE ANNUAL REPORTS.
- 6.2.6 For each of the four one-year renewal options, the Contractor shall deliver to the Department by the April 1st prior to the renewal year's effective date, a notice of their intention to renew the contract and a schedule of the rates to be charged during the upcoming contract year.

7.0 GENERAL TERMS AND CONDITIONS

7.1 VENDOR'S MANUAL

This solicitation is subject to the provisions of the Commonwealth of Virginia Vendor's Manual and any revisions thereto, which are hereby incorporated into this contract in their entirety. A copy of the manual is normally available for review at the Department's office on the 13th floor of the James Monroe Building. In addition, a copy can be obtained from the Internet at [www.dgs.state.va.us/dps under "Manuals"](http://www.dgs.state.va.us/dps/under%20Manuals).

7.2 APPLICABLE LAWS AND COURTS

This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia, and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Contractor shall comply with all applicable federal, state, and local laws, rules, and regulations.

7.3 ANTI-DISCRIMINATION

By submitting their proposals, Offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians with Disabilities Act, the Americans with Disabilities Act, and Section 2.2-4311 of the Virginia Public Procurement Act.

In every contract over \$10,000 the provisions in 1 and 2 below apply:

7.3.1 During the performance of this contract, the Contractor agrees as follows:

- a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, or disabilities, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
- c. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting these requirements.

7.3.2 The Contractor will include the provisions of 1 above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each sub contractor or vendor.

7.4 ETHICS IN PUBLIC CONTRACTING

By submitting their proposals, Offerors certify (1) that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer, or sub

contractor in connection with their proposal, and (2) that they have not conferred on or promised, any public employee having official responsibility for this procurement transaction, any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, unless consideration of substantially equal or greater value was exchanged.

7.5 IMMIGRATION REFORM AND CONTROL ACT OF 1986

By submitting their proposals, Offerors certify that they do not and will not, during the performance of this contract, employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

7.6 DEBARMENT STATUS

By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting proposals for the type of goods or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

7.7 ANTITRUST

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title, and interest in and to all causes of the action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

7.8 MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS

Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

7.9 CLARIFICATION OF TERMS

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact William G. Gregory in writing no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the Department.

7.9 PAYMENT

7.9.1 To Prime Contractor:

- a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payments address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual Contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).

- b. Any payment terms requiring payments in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public agency is being billed.
- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. **Unreasonable Charges.** Under certain emergency procurements and for most time and materials purchases, final job costs can not be accurately determined at that time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determination that invoiced charges are not reasonable the Commonwealth shall promptly notify the contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (Code of Virginia, 2.2-4363).

7.9.2 To Subcontractors:

- a. A Contractor awarded a contact under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 - (2) To notify the agency and the subcontractor(s) in writing, of the Contractor's intention to withhold payment and the reason.
- b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) day following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U.S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary

contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

7.9.3 Each prime contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.

7.10 PRECEDENCE OF TERMS

Paragraphs 7.1 – 7.10 of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

7.11 QUALIFICATIONS OF OFFERORS

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

7.12 TESTING AND INSPECTION

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure supplies and services conform to the specification.

7.13 ASSIGNMENT OF CONTRACT

A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth.

7.14 CHANGES TO THE CONTRACT

Changes can be made to the Contract in any one of the following ways:

7.14.1 The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.

7.14.2 The Department may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are not limited to such things as

services to be performed, the method of packing or shipment and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Department a credit for any savings. Said compensation shall be determined by one of the following methods:

- a. By mutual agreement between the parties in writing; or
- b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Department's right to audit the Contractor's records and/or to determine the correct number of units independently; or
- c. By ordering the Contractor to proceed with the work and to keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Department with all vouchers and records of expenses incurred and savings realized. The Department shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Department within thirty (30) days from the date of receipt of the written order from the Department. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall resolve in accordance with the procedures for resolving disputes provided by the Disputes Clause (paragraph 8.12) of this contract and in accordance with the disputes provisions of the Commonwealth of Virginia's Vendor's Manual. Neither the existence of claim or a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Department or with the performance of the contract generally.

7.15 DEFAULT

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

7.16 INSURANCE

By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have the following insurance coverages at the time the contract is awarded. The offeror further certifies that the contractor and any subcontractors will maintain these insurance coverages during the entire term of the contract and that all insurance coverages will be provided by

insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

Insurance Coverages And Limits Required:

1. Worker's Compensation - Statutory requirements and benefits.
2. Employers Liability - \$100,000.
3. Commercial General Liability - \$500,000 combined single limit. Commercial General Liability is to include Premises/Operations Liability, Products and Completed Operations Coverage, and Independent Contractor's Liability or Owner's and Contractor's Protective Liability. The Commonwealth of Virginia must be named as an additional insured with respect to the services being procured.

Professional Liability/Errors and Omissions

<u>Profession/Service</u>	<u>Limits</u>
Actuarial	\$1,000,000 per occurrence, \$3,000,000 aggregate

7.17 ANNOUNCEMENT OF AWARD

Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the Agency's web site, www.dhrm.state.va.us, for a minimum of 10 days.

7.18 DRUG FREE WORK PLACE

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

7.19 NONDISCRIMINATION OF CONTRACTORS

A bidder, offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, or disability or against faith-based organizations. If the award of this contract is made to a faith-based organization and an individual, who applies for or received goods, services, or disbursements provided pursuant to this contract

objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

7.20 eVA BUSINESS-TO-GOVERNMENT VENDOR REGISTRATION

7.20.1 The eVA Internet electronic procurement solution, web site portal www.eva.state.va.us, streamlines and automates government purchasing activities in the Commonwealth. The portal is the gateway for vendors to conduct business with state agencies and public bodies.

7.20.2 All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service, and complete the Ariba Commerce Services Network registration.

- a. eVA Basic Vendor Registration Service: \$25 Annual Fee plus a Transaction Fee of 1% per order received. The maximum transaction fee is \$500 per order. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, and electronic bidding, as they become available.
- b. eVA Premium Vendor Registration Service: \$200 Annual Fee plus a Transaction Fee of 1% per order received. The maximum transaction fee is \$500 per order. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments, and ability to research historical procurement data, as they become available.
- c. Ariba Commerce Services Network Registration. The Ariba Commerce Services Network (ACSN) registration is required and provides the tool used to transmit information electronically between state agencies and vendors. There is no additional fee for this service.

Note: Vendors are strongly encouraged to register your company prior to submitting a bid or offer. Failure to register will result in your bid or offer being found non-responsive and rejected. All vendors must register in both the eVA and the Ariba Commerce Services Network Vendor Registration Systems.

8.0 SPECIAL TERMS AND CONDITIONS

8.1 COST LIMITS

The Contractor is responsible for all the costs of implementing and administering the program. The Department is responsible for ensuring that the Contractor receives payment of all fees that are established pursuant to the contract which results from this RFP. Any cost incurred by the Contractor to address the tasks and responsibilities identified in this RFP which exceeds the contractually established fees is the risk of the Contractor.

8.2 TERM/RENEWAL OF CONTRACT

8.2.1 The term of this contract is July 1, 2009 through June 30, 2011 with four one-year renewal options.

8.2.2 This contract may be renewed by the Commonwealth for four (4) successive one-year periods under the terms and conditions of the original contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Commonwealth's intention to renew shall be given approximately 90 days prior to the expiration date of each contract period.

- a. If the Commonwealth elects to exercise the option to renew the contract for an additional one-year period, the contract price for the additional one year shall not exceed the contract price of the original increased/decreased by more than the percentage increase/decrease of the services category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.
- b. If during any subsequent renewal period, the Commonwealth elects to exercise the option to renew the contract, the contract price for the subsequent renewal period shall not exceed the contract price of the previous renewal period increased/decreased by more than the percentage increased/decreased of the services category of the CPI-W section of the Consumer Price Index of the United States Bureau of labor Statistics for the latest twelve months for which statistics are available.

8.3 CANCELLATION OF CONTRACT

The Department reserves the right to cancel and terminate any resulting contract, in part or in whole without penalty, upon 90 days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

8.4 PAYMENTS

Except for Tasks 3.1 and 3.2, the Contractor shall deliver only those services actually ordered by the Department. The Department will accept and pay only for those services which have been fully rendered. The Contractor shall invoice the Department each month for services provided during the prior month. Payment will be made by the Department within 30 days of receipt of an approved invoice by the Commonwealth's EDI payment method. Refer to Attachment Three for EDI information.

8.5 AUDITS

The Contractor shall assist the Department and the Department's auditors, who may be employees of the Department, employees of other Contractors, or agents of the Department, in the conduct of audits. This assistance shall include the provision of secure, quiet office space, including furnishings and telephones needed by the auditors.

The Contractor agrees to retain all books, records, and other documents relative to the contract which results from this RFP for five (5) years after final payment, or until the conclusion of any audit by the Commonwealth, whichever is sooner. The Department, its authorized agents, and State Auditors, shall have full access to, and the right to examine, any of the Contractor's materials relevant to the contract which results from this RFP.

8.6 CONTRACT REPRESENTATIVE

The Contractor shall appoint a contract representative who shall ensure that the provisions of this contract are adhered to.

8.7 CERTIFIED CORPORATE ANNUAL REPORTS

Within 120 days of the close of its fiscal year, the Contractor shall furnish to the Department an annual report of its consolidated operations. This report shall be certified by an independent auditor.

8.8 CONFIDENTIALITY OF INFORMATION

The Contractor shall treat all information utilized in its performance of the contract as confidential, personal information. The Contractor shall handle all confidential information in accordance with the Virginia Privacy Protection Act, Virginia Code Section 2.1-377 et seq. All files, computer data bases and other records developed or maintained pursuant to the execution of the contract are the property of the Department, and shall be delivered to the Department upon demand. The Contractor merely serves as the custodian of the files, and acts as agent for the Department in the payment for services and the performance of other assigned tasks, including assisting the Department with requests under the Virginia Freedom of Information Act.

The Contractor as an agent of the Department must be HIPAA compliant, including but not limited to privacy, as would be required by the Department for any functions performed under this contract.

8.9 SEVERABILITY

In the event any portion of the contract shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed void and the remainder of the contract shall continue in full force and effect.

8.10 FORCE MAJEURE

Neither party shall be deemed to be in default of any of its obligations hereunder, if, and so long as, it is prevented from performing such obligations by an act of war, hostile foreign action, nuclear explosion, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

8.11 SUBCONTRACTING

The Contractor is fully responsible for all work performed under the contract. The Contractor may not assign, transfer, or subcontract any interest in the contract, without prior written approval of the Department. The Contractor shall require all

subcontractors to comply with all provisions of this RFP. The Contractor will be held liable for contract compliance for all duties and functions whether performed by the Contractor or any subcontractor.

8.12 DISPUTES

In accordance with section 2.2-4363 of the Code of Virginia, disputes arising out of the contract, whether for money or other relief, may be submitted by the Contractor for consideration by the Department. Disputes must be submitted in writing, with all necessary data and information, to the Director of the Department of Human Resource Management at the James Monroe Building, 12th Floor, 101 North 14th Street, Richmond, Virginia 23219. Disputes will not be considered if submitted later than sixty (60) days after the final payment is made by the Department under the contract. Further, no claim may be submitted unless written notice of the Contractor's intention to file the dispute has been submitted at the time of the occurrence or at the beginning of the work upon which the dispute is based. The Department shall render a final written decision regarding the dispute not more than ninety (90) days after the dispute is submitted, unless the parties agree to an extension of time. If the Department does not render its decision within 90 days, the Contractor's sole remedy will be to institute legal action, pursuant to section 2.2-4364 of the Code of Virginia. The Contractor shall not be granted relief as a result of any delay in the Department's decision.

During the time that the parties are attempting to resolve any dispute, each party shall proceed diligently to perform its duties.

8.13 CONTRACTOR AFFILIATION

If an affiliate (as defined below in this paragraph) of the Contractor takes any action which, if taken by the Contractor, would constitute a breach of the contract, the action taken by the affiliate shall be deemed a breach by the Contractor. "Affiliate" shall mean a "parent," subsidiary or other company controlling, controlled by, or in common control with the Contractor, subcontractor or agents of the Contractor.

8.14 TRANSFER OF FILES

If for any reason the Department decides to no longer contract with the Contractor, the Contractor agrees to transfer to the party designated by the Department, at no cost, all data, records, computer files, other files, and materials of any sort that were maintained for the Commonwealth. The Contractor agrees to assist the Department in understanding, using, and transferring all files and records, including those maintained in computer language.

8.15 ADVERTISING

In the event a contract is awarded as a result of this RFP, the Contractor shall not advertise that the Commonwealth of Virginia, or any agency or institution of the Commonwealth, has purchased, or uses its products or services.

8.16 INDEMNIFICATION

The Contractor agrees to indemnify, defend, and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages, and actions of any kind or nature, whether at law or in equity, arising from or caused

by the use of any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the Department.

8.17 IDENTITY THEFT:

The Contractor assures that any and all personal information and data obtained as a result of performing contractual duties associated with this contract shall be held in strict confidence. Such information shall not be divulged without written permission from the individual and this Agency.

1. All personal information whether electronic or hard copy shall be stored in a manner that will prevent intrusion by unauthorized persons.
2. All intrusions or suspicion of intrusion into secured files containing personal information shall be reported to the Agency within 24 hours of detection.
3. All remedies suggested by the Contractor shall be approved by the Agency prior to being implemented.

ATTACHMENT ONE

**COMMONWEALTH OF VIRGINIA
EMPLOYEE HEALTH BENEFITS PROGRAM PROCUREMENT**

**QUESTIONNAIRE
HEALTH BENEFITS PROGRAM ACTUARIAL SERVICES**

Completion of this questionnaire and its referenced supporting attachments will constitute each Offeror's Technical Proposal for the services described in this RFP:

Please provide a direct response to all of the questions below and follow directions for submission of supporting attachments. Attachments should be provided, in order, following your Questionnaire responses. Please note that Cost-related information (Section III and its attachments) are for Offeror's information only and are not to be submitted with each proposal package. The Cost information provided gives the Department's requirements that will be a part of the final negotiations. If a given response is lengthy or responsive to more than one question, provide a brief cross reference to an attachment (or the similar response to another question). Your responses should be contained in a loose-leaf notebook and not be bound. Data, especially audited data, are preferred to simple assertions. Systems documentation, and other well organized, clear charts or exhibits may serve in lieu of narrative.

The RFP describes Tasks and the requirement thereof. Under the appropriate evaluation section below, you will be requested to affirm that you will fully understand and will meet these requirements as stated. Be advised that failure to identify any deviation in response to the appropriate question constitutes a representation on the Offeror's part that the requirements will be met precisely as written. Your response must also contain any demurrals and the reasons therefore. The absence of demurrals shall constitute a representation that the Offeror will provide services and reports exactly as requested by the Department.

CAPABILITY OF THE OFFEROR

I. GENERAL

A. In 500 words or less describe the Offeror's history as an actuarial and related employee benefits consulting firm. Include the full legal name, trade name, if applicable, and parent organizational ties, if applicable.

B. Clients

On a separate sheet of paper conspicuously labeled "Clients", list up to five current and at least three former clients with health benefits programs covering at least 25,000 employees (excluding dependents) for which you provided actuarial consulting services regarding health benefits plans, but excluding consulting services relating solely, to (or solely to combinations of) health promotion, workers' compensation, or non-discrimination testing. Give the following information for each qualifying client.

B.1 Name and address of the client.

B.2 Name and telephone number of client contact.

B.3 Services provided to client and period covered.

B.4 Number of employees (excluding dependents) and number of months during which services were rendered or contract was in force.

- B.5 An indication if this is a current client, and an indication if this client (current or former) has given you permission to be named as a reference.

II. TASKS

A. 3.1 & 3.2 ACTUARIAL ANALYSIS (HEALTH PROGRAM AND OPEB)

- A.1 Identify the principal analyst who will perform these tasks.
- A.2 Briefly highlight the principal analyst's relevant education and experience.
- A.3 Describe the methodologies to be used to complete this task.
- A.4 Provide copies of health benefit program and OPEB actuarial analyses prepared for a client with at least 25,000 employees. If proprietary information must be protected, a redacted version would be acceptable.

B. 3.3 DEMOGRAPHIC FACTORS TO EQUALIZE RISK

- B.1 Identify the principal analyst who will perform this task, if requested.
- B.2 Briefly highlight the principal analyst's relevant education and experience.
- B.3 Describe the methodology to be used to complete this task.

C. 3.4 CLAIMS DATA BASE

- C.1 Referring to Appendix 1, describe in 500 words or less, your understanding of the current data base operations and purpose.
- C.2 Describe briefly any improvements you would make in the operations of this system.
- C.3 Provide an estimate of costs for operating this system as you understand it, including the cost of any improvements you recommend as well as potential additional tasks outlined in Section 3.4.
- C.4 Identify the principal analyst who would be assigned to task 3.4.
- C.5 Briefly highlight the principal analyst's relevant education and experience.

D. 3.5 MODELING SYSTEM

- D.1 Specifically describe the product you could provide to the Department, including, but not limited to data sources, flexibility with plan designs, ability to handle variables, and sample outputs. State if system is currently in use or would need to be developed, and if so when would it be available? Attach a sample report, if you have used the system to furnish an analysis and report to a client employer.
- D.2 Identify the principal analyst who would be assigned to task.
- D.3 Briefly highlight the principal analyst's relevant education and experience.

E. 3.6 PROGRAM EVALUATION AND DESIGN SERVICES

- E.1 Identify the principal analyst who will perform this task.

- E.2 Briefly highlight the principal analyst's relevant education and experience.
- E.3 Briefly highlight the resources available to this person to provide advice and consultation on a variety of issues.

F. 3.7 CLAIMS AUDITS

- F.1 Identify the principal analyst who will perform this task, if requested.
- F.2 Briefly highlight the principal analyst's relevant education and experience.
- F.3 Describe in 500 words or less the methodology to be used to complete this task.

G. 3.8 PERFORMANCE REVIEWS

- G.1 Identify the principal analyst who will perform this task, if requested.
- G.2 Briefly highlight the principal analyst's relevant education and experience.
- G.3 Describe in 500 words or less the methodology to be used to complete this task.

H. 3.9 HIPAA AUDITS

- H.1 Identify the principal analyst who will perform this task, if requested
- H.2 Briefly highlight the principal analyst's relevant education and experience.
- 1 Describe in 500 words or less the methodology to be used to complete this task

I. 3.10 BENEFIT PLANS DEVELOPEMENT

- I.1 Identify the principal analyst who will perform this task, if requested.
- I.2 Briefly highlight the principal analyst's relevant education and experience.
- I.3 Attach an example of a plan which you have developed for a client employer, which you believe is an example of your best work. If proprietary information must be protected, a redacted version would be acceptable.

J. 3.11 PROCUREMENTS

The Department customarily uses its consultants to assist in the development of, and to evaluate proposals from Offerors of health plans and, sometimes, other plans.

- J.1 Identify the principal analyst who will perform this task, if requested.
- J.2 Briefly highlight the principal analyst's relevant education and experience.
- J.3 Describe in 500 words or less the methodology to be used to complete this task.

K. Conduct Briefings/Interview

What is contemplated here is testimony before the General Assembly or briefings to high level officials or advisory groups. Most, if not all of these persons are not expert in the language and concepts of health insurance.

The interview, which may be required in paragraph 4.4 of this RFP, will start with a prepared presentation by the Offeror on its proposal. The presentation should not exceed fifteen minutes. The overall effectiveness and clarity of the presentation within the allotted time will be evaluated as a proxy for the Offeror's specific approach to this task and the qualifications of the Offeror's staff.

III. COSTS

Cost information is not to be submitted with an Offeror's proposal, as it is not part of the evaluation criteria. However, it will be part of the negotiations with the finalists. The following information reflects the desires of the Department and will be finalized and part of the resulting contract.

- A.** Provide by professional class, the hourly billing rates to be used for each of the 2 years covered by this RFP, these employees to be utilized in providing the services procured.
- B.** For Tasks 3.1, 3.2, 3.7, 3.8 and 3.9, provide a projection of the billing hours needed by professional class to complete the task for the Commonwealth.
- C.** For the remaining tasks, provide a projection of the two primary professional classes of employees to be utilized in providing the services procured together with a ratio of the hours worked by these two professional classes.

IV. PARTICIPATION OF SMALL, WOMEN, AND MINORITY OWNED BUSINESSES

Complete the information required on Attachment Two. State the location in your proposal of your response to this requirement.

ATTACHMENT TWO

Small Business Subcontracting Plan

Definitions

Small Business: "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: This shall not exclude DMBE-certified women- and minority-owned businesses when they have received DMBE small business certification.

Women-Owned Business: Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

Minority-Owned Business: Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) by the due date of the solicitation to participate in the SWAM program. Certification applications are available through DMBE online at www.dmbv.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____ **Date:** _____

Instructions

- A. If you are certified by the Department of Minority Business Enterprise (DMBE) as a small business, complete only Section A of this form. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.
- B. If you are not a DMBE-certified small business, complete Section B of this form. For the offeror to receive credit for the small business subcontracting plan evaluation criteria, the offeror shall identify the portions of the contract that will be subcontracted to DMBE-certified small business in this section. Points will be assigned based on each offeror's proposed subcontracting expenditures with DMBE certified small businesses for the initial contract period as indicated in Section B in relation to the offeror's total price.

Section A

If your firm is certified by the Department of Minority Business Enterprise (DMBE), are you certified as a **(check only one below)**:

_____ Small Business

_____ Small and Women-owned Business

_____ Small and Minority-owned Business

Certification number: _____ Certification Date: _____

Section B

ATTACHMENT THREE

The Commonwealth prefers to make payment to the successful Offeror via EDI where applicable. This Attachment explains the process and contains sample of the agreement to be completed by the Contractor.

<http://www.doa.state.va.us/procedures/GeneralAccounting/EDI/tradingpartnerguide.pdf>

Appendix 1

Commonwealth of Virginia Health Care Systems Support

The Commonwealth requires that its consultant collect and maintain the following data:

- Eligibility data provided in the form of daily transactions from the Commonwealth's online Benefits Eligibility System (BES)
- The BES data includes both subscribers and dependents for the Commonwealth. BES does not contain data for The Local Choice (TLC) program, however, the intention is that it will at a future date. The Commonwealth intends to provide the eligibility data to carriers and to the consultant in the form of HIPAA 834 transactions.
- Claims data provided by carriers for the Self Insured Program
- The current carriers are Anthem Blue Cross and Blue Shield for Medical, Delta Dental for Dental, Medco Health Solutions for Prescription Drug and Value Options for Mental Health. Claims are provided for both the Commonwealth and TLC in a common format.

The consultant is expected to be able to use the eligibility and claims data to:

- Validate that Carrier claims are paid to eligible individuals under the correct program of benefits
- This requires that the consultant eligibility data mirror BES, not only for current eligibility but also on a historical basis.
- Validate that Carrier claims are paid within the timely filing limits
- Provide error reports to carriers and to the Commonwealth and coordinate with carriers regarding problem claims or procedures
- The carriers are expected to resolve problem claims. Any errors that remain unresolved after 90 days are reported to the Commonwealth for investigation.
- Verify that the carriers' eligibility based administrative charges are correct
- Validate that value-based care management programs meet program requirements for disease/care management, patient advocacy and other deliverables and also validate performance guarantees related to ROI.
- Model Program Costs
- The consultant must be prepared to:
 - (1) aggregate and sort the data into meaningful analysis categories for the purposes of assessing total program costs and employer and employee contributions
 - (2) provide actuarially based projections for plan alternatives under variable enrollment assumptions, contribution strategies, and benefit design changes
- Budgetary and legislative processes often dictate that this analysis be performed under tight deadlines. In addition, the consultant may have to respond to ad hoc requests for data or analysis.
- Perform Actuarial analyses, such as IBNP reserve calculations and OPEB valuations