

RFP YH08-0009
 Third Party Liability Services
 Offerors' Questions and AHCCCS Responses
 June 2, 2008

Question No.	RFP Page Number	RFP Section Number and Title	RFP Question	Response
1	General Question	Bidder's Library	I noticed on the AHCCCS website that there is a bidder's library for Third Party Liability Services.	Yes, a few days after the RFP was released, we posted a bidder's library on the AHCCCS website. It can be accessed at the following link: http://azahcccs.gov/Contracting/BidderLib_TPLS.asp .
2	General Question	Scope	What is the current scope of services of the incumbent?	The current scope of services for the incumbent are those described in sections 4 and 5 of the RFP. Section 4.6 is currently inactive, but may be reinstated if deemed cost-effective.
3	General Question	Scope	Does the commercial insurance coverage verification/data match include both managed care and fee for service population? What about Acute? LTC? KidsCare (SCHIP)? HIFA?	Yes, the commercial insurance coverage verification/data match includes both managed care and fee-for-service populations and all eligibility types.
4	General Question	Schedule	When does the State expect to notify vendor selected? When does the State expect for the vendor to begin its implementation activities? To end implementation activities and begin assumption of operations? When does the State expect to sign the contract with the vendor?	The Contract award is scheduled for July 1, 2008. Implementation activities are expected to commence as soon as practicable after the contract is awarded. It is expected that all contract operations will commence on October 1, 2008. The contract will be signed at the time of the award.
5	General Question	Orals Presentation	Does the State expect to require vendors to provide an oral presentation as part of the procurement process to gain further clarification of the vendor's proposal? If so, will the process be evaluated?	No, but that option is reserved, if necessary. After the oral presentations, if utilized, the vendor will be asked to commit any changes from the initial proposal to writing, if changes are presented.
6	General Question	Takeover from incumbent	How will existing records and documentation on open cases be turned over to a new vendor?	This information will be provided to the successful bidder.
7	General Question	Takeover from incumbent	When does the incumbent expect to begin their turnover activities/cooperate with the new vendor? How frequently will the incumbent handoff files, reports, documentation, and any other pertinent materials necessary for the assumption of operations of the new vendor?	This information will be provided to the successful bidder.
8	General Question	Takeover from incumbent	What data will the new vendor be required to migrate to the new Case Tracking System? In what format will this data be transferred?	This information will be provided to the successful bidder.
9	General Question	Statistics	Will the State provide call center data on volume and frequency of requests?	No, this information is not tracked by AHCCCS.
10	General Question	Statistics	What was the total paid claims for 2007 broken down by managed care and fee for service populations?	See Table 3, attached.

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11	General Question	Business Process	Does the Agency have the capability to retract recoveries from provider payments?	Yes, for fee-for-service other health insurance recoveries. However, implementation of post-payment DRA recoveries may require recovery directly from other health insurers.
12	General Question	Business Process	What are typical reasons that the State might direct the vendor to cease pursuit of a case or project?	When it is established there is not a source of funds that is available to pay for an AHCCCS covered service, or a recovery project is no longer cost effective for AHCCCS.
13	General Question	Current Pricing	What are the current contract terms with the existing Third Party Liability (TPL) contractor?	The TPL Contractor is paid a contingency fee for the casualty, estate, restitution, trust, TEFRA lien, commercial insurance, and Medicare post payment recoveries based upon the amount recovered in the contract year. The current contingency fee is: 12% for the first \$5,000,000 recovered in the contract year; 11% for recoveries from \$5,000,000.01 to \$7,500,000.00 in the contract year; and, 10% for recoveries that are greater than \$7,500,000.00 in the contract year. The TPL contractor is paid a 10% contingency fee for optional add-on services. In addition, the TPL Contractor is paid a fee of \$24.50 for each valid insurance segment added to the AHCCCS database and \$5.00 for a segment that is removed as a result of a termination of the coverage with an annual not to exceed amount of \$1,500,000.
14	General Question	Recovery Amounts	What are the Estate recovery amounts for the last 5 years?	See the AHCCCS Collection History link in the Bidder's Library.
15	General Question	Recovery Amounts	What are the Casualty and other subrogation recovery amounts for the last 5 years?	See the AHCCCS Collection History link in the Bidder's Library.
16	General Question	Recovery Amounts	What are the Commercial insurance recovery amounts for the last 5 years?	See the AHCCCS Collection History link in the Bidder's Library.
17	General Question	Recovery Amounts	What are the Medicare recovery amounts for the last 5 years?	See the AHCCCS Collection History link in the Bidder's Library.
18	General Question	Annual Volumes	What are the annual volumes for Coverage verifications?	The TPL Contractor reported 190,035 new insurance policy leads verifications during the 2007 calendar year which required further verification in order to determine if it was a valid policy. This does not include the number of re-verifications the TPL Contractor completed during the year. See the AHCCCS Verification History link in the Bidder's Library.

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19	General Question	Annual Volumes	What are the annual volumes for Coverage re-verifications?	Section 5.1 of the Scope of Work requires the re-verification of the information every nine (9) months, or on another time table defined by AHCCCS. If the re-verification timeframe remains at 9 months, the annual number of re-verifications should be approximately equal to the number of valid insurance segments in the AHCCCS TPL database. As of March 31, 2008, there were approximately 94,500 valid insurance segments in the AHCCCS TPL database.
20	General Question	Annual Volumes	What are the annual volumes for insurance data matches?	Section 5.1 of the Scope of Work requires the Contractor to perform a data match of the eligibility information received from the health insurers with the AHCCCS recipient eligibility file monthly. The annual volume of required insurance data matches should be approximately equal to 12 multiplied by the AHCCCS membership. As of April 1, 2008, there were 1,097,808 AHCCCS MCO and fee-for-service Members.
21	General Question	Arizona Insurers	Please provide a list of the top 20 commercial carriers in Arizona.	See the Top 20 Arizona Commercial Insurance Carriers link in the Bidder's Library.
22	General Question	Recovery Rates	What are last State fiscal year recovery rates for Estate?	AHCCCS does not track this information.
23	General Question	Recovery Rates	What are last State fiscal year recovery rates for Casualty?	AHCCCS does not track this information.
24	General Question	Recovery Rates	What are last State fiscal year recover rates for Trust?	AHCCCS does not track this information.
25	General Question	Recovery Rates	What are last State fiscal year recover rates for TEFRA Liens?	AHCCCS does not track this information.
26	6	Section 2, & 2.32	Can AHCCCS elaborate on or give an example of a situation in which the contractor would be responsible for restitution recoveries? Does this refer to recovery upon defendant's conviction as described in RFP Section 4.2?	Yes, this definition refers to RFP Scope of Work Section 4.2.
27	7	Section 3	Could the State please explain what is meant by "legal expertise?" Does this require attorney advice and opinion?	Legal expertise means: legal advice and opinions obtained from a licensed attorney.
28	7	Section 3 & 3.17	If so, must the attorney be licensed in Arizona?	Yes
29	7	Section 3 & 3.17	Does "representation" require the participation of a licensed attorney?	Yes
30	7	Section 3.0	What is the Medicaid population covered by this contract?	See Table 1, attached, for the casualty and estate populations covered. Additionally, as specified in section 4, the Contractor is responsible for MCO population joint liability cases.

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31	7	Section 3.0	Are any recoveries limited to the fee for service population?	As specified in section 4, the casualty, restitution and post-payment recovery programs are limited to the fee-for-service population; however, the Contractor is responsible for the recovery of Joint Liability cases. The Contractor is responsible for all estate, trust and TEFRA recoveries.
32	7	Section 3.0	Are recipients in Fee for Service (FFS) and Managed Care Organizations (MCO) in-scope for First Party and Third Party Liability recovery services under this RFP?	See response to question 31.
33	7	Section 3.0	Will the selected contractor be responsible for in-scope FPL and TPL functions when the beneficiary joins and/or is assigned to an MCO?	If this scenario results in a Joint Liability case, then it would be the Contractor's responsibility to pursue recovery.
34	7	Section 3.0	How many recipients does the State have?	See Table 2, attached.
35	7	Section 3.0	How many Arizona recipients comprise the FFS population?	See Table 1, attached.
36	7	Section 3.0	How many are enrolled in MCOs?	See Table 2, attached.
37	8	Section 3.13	Does the vendor have responsibility for conducting Surveys? If so, please provide details of how Surveys should be conducted and how often.	The Contractor is only required to respond to surveys and correspondence. However, during the current 5 year RFP period, the Contractor conducted a survey as part of a new add-on service.
38	9	Section 4	Does the State currently utilize data mining methodologies to proactively pursue identification and detection of potential third party negligence claims or does it rely on insurance companies, recipients and their attorneys to inform the State of potential claims?	This a responsibility of the Contractor pursuant to section 4.1 of the RFP. The Contractor is required to provide proactive programs and processes that will identify all potential recovery sources. This includes, at a minimum, the Trauma Code match process.
39	9	Section 4.1	Can the State provide details on "processing all referrals"? Is there a set business process that needs to be followed by the Contractor or is the Contractor expected to develop the business process? For example, does this include generating lead letters, and how often?	The Contractor is responsible for developing business processes that will insure that all referrals are processed in a timely and accurate manner. This would include the development of lead letters as appropriate.
40	9	Section 4 & 4.1	If changes in law require contractor to implement new/additional processes in order to comply, will AHCCCS negotiate amended contract terms?	It depends upon the scope of the change. For example, if a new program, such as TEFRA Liens, is required, that program would be added by a contract amendment as an "add-on service."
41	9	Section 4.1	Does the State currently have the technology to identify and pursue Pharmacy drug claims when pursuing Casualty recoveries?	Yes

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42	9	Section 4.1	How often will the contractor receive claims data given the need to file liens within 60 days of medical treatment?	The claim information required to file a lien and pursue recovery is generated by the Contractor utilizing on-line access to the AHCCCS computer system.
43	9	Section 4.1	Can we use ICD-9 codes outside of the range?	Yes, with prior written AHCCCS approval of the individual ICD-9 codes the Contractor would like to use that are outside of the required ICD-9 codes.
44	9	Section 4.1	Can we eliminate ICD-9 codes within the range that we have determined through our analysis to normally not result in a recoverable incident?	No, however, there are cost effectiveness thresholds that can be applied after the claim is valued.
45	9	Section 4.1	Is the State open to the application of dollar thresholds for certain DX codes during identification?	No, however, there are cost effectiveness thresholds that can be applied after the claim is valued.
46	9	Section 4.1	We currently receive referrals from the sources described. How will this be handled for your business? What method(s) will used to refer the cases? Will a direct phone number and address be used?	The Contractor must have/establish a business process to receive and process referrals from all of the sources that are described in the Scope of Work.
47	9 & 10	Sections 4.1 & 4.2	Are Health Plan benefits/claims identifiable via the data reviewed for the trauma code match program?	No. Only fee-for-service data is provided to the Contractor for the trauma code match program.
48	11	Section 4 & 4.3.5	The RFP requires the contractor to retain outside counsel to provide legal advice related to probate matters, and states that outside counsel will be paid from proceeds of the estate. Is it AHCCCS' expectation that outside counsel will work solely on a contingency fee basis, or will AHCCCS reimburse some costs of counsel under the contract?	AHCCCS expects the outside legal counsel to be paid based on the time spent on the probate, and <u>not</u> on a contingency fee. All fees and costs related to probate are subject to court approval and can only be paid out of the estate proceeds. There is no independent claim against AHCCCS for these costs.
49	11	Section, 4.3	Does AHCCCS provide date of death or any estate information?	Yes, AHCCCS provides the Contractor a monthly date of death extract. However, it is expected that the Contractor will use other methods to identify the death of a member. It is the responsibility of the Contractor to establish any estate information that is not available from the eligibility information contained in AHCCCS on-line systems.
50	11	Section 4.5	Does AHCCCS provide trust information?	Yes, AHCCCS provides the Contractor with Trust information when the Trust is approved by AHCCCS.

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51	12	Section 4.6	The RFP indicates that the Credit Balance Recovery Program implemented in 2004 has been inactive for some period of time, but may be started again during the period of this contract if it is determined to be cost effective. a. Please explain why the credit balance audits were discontinued in Arizona.	The Credit Balance Recovery Program was comprised of two steps. The first step allowed an AHCCCS contracted provider to conduct a "self audit" to identify accounts receivable credit balances and allowed the provider to return overpayments with "amnesty." The second step was to conduct an on-site review of the credit balance process for selected providers. AHCCCS primarily relied on the "self audit" for recovery, but the TPL Contractor did conduct 5 on-site reviews of hospitals in the state. The Credit Balance Recovery Program was discontinued due to the low level of recovery after it had been in place for a period of time.
52	12	Section 4.6	When were credit balance audits discontinued?	The last on-site review was conducted in March 2006. The last Credit Balance recovery was received in May 2007.
53	12	Section 4.6	What were the credit balance recovery amounts?	See the AHCCCS Collection History link in the Bidder's Library.
54	12	Section 4.6	What Medicaid providers does the State anticipate will be included in the audits?	If AHCCCS determines it is in its best interest to restart the recovery effort in the future, it will work in conjunction with the TPL Contractor, the Health Plans and the Program Contractors to define the number and type of providers to be included in the process.
55	12	Section 4.6	How many total providers will be included in the audits?	See response to question 54.
56	12	Section 4.6	What were self-reported and on-site audit provider credit balance recoveries for SFY 2005, 2006, 2007?	See the AHCCCS Collection History link in the Bidder's Library for the total recoveries. AHCCCS does not have a breakdown of the total recoveries between the self-reported and on-site recovery amounts.
57	12	Section 4.6	Under what conditions will AHCCCS reactivate credit balance recoveries, both "amnesty" and on-site review? Any barriers to reactivation?	AHCCCS may authorize the reactivation of the Credit Balance Recovery program if it determines that it is cost effective.
58	12	Section 4.6	Are FFS and MCO recipients in-scope for credit balance recoveries?	Yes, if the Health Plans and Program Contractors enter into an arrangement with AHCCCS for the recovery of moneys due to them.

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59	12	Section 5	The RFP states "The Contractor shall be responsible to maintain the AHCCCS third party leads file database. In order to ensure that only a valid Liable Third Party is added to the database, the Contractor shall be responsible for verifying third party leads received from various sources including but not limited to eligibility entities, web referrals from health plans and program contractors and commercial insurance." Will the leads information come from AHCCCS or will the above mentioned sources submit leads directly to the Contractor?	Insurance lead information may come from AHCCCS, or it may be received directly by the TPL Contractor. AHCCCS expects the Contractor to establish a process to receive lead information directly from outside sources.
60	12	Section 5	What are the average monthly volumes for lead verifications?	See the AHCCCS Verification History link in the Bidder's Library.
61	12	Section 5	For purposes of pricing, will re-verifications be considered a part of the per transaction fee?	AHCCCS will not pay for re-verifications of previously validated segments unless that data has changed.
62	12	Section 5	Can the State please provide a list of commercial carriers that provide eligibility to the State?	Arizona Revised Statute 36-2923 requires all commercial carriers doing business in the State of Arizona to provide eligibility information to the state. Section 3.15 of the Scope of Work requires the Contractor to establish and maintain those contractual relationships. See the AHCCCS TPL Carrier File link in the Bidder's Library for a list of commercial carriers who have provided enrollment information to AHCCCS in the past. Note that an insurance company may be listed a number of times in the TPL Carrier File since the file is billing address specific.
63	12	Section 5	What TPL information does AHCCCS require providers to enter when submitting claims? Does AHCCCS require a Carrier Identification code and a policy number on every claim submitted to Medicaid?	The AHCCCS required billing information can be found in Chapters 5.5 and 6.5 of the Fee-For-Service Provider Manual, that can be accessed at the following link: http://www.azahcccs.gov/Publications/GuidesManuals/provman/index.asp
64	13	Section 5.2	The requirement states that "the Contractor shall enter into, and maintain, trading partner agreements with insurers doing business in Arizona that provide major medical, pharmacy and/or Medicare Supplemental coverage to allow for the receipt of commercial insurance coverage information for AHCCCS members that they insure." Would Data Use Agreements be sufficient to meet this requirement?"	Data Use Agreements are sufficient to meet this requirement if they contain all appropriate HIPAA requirements and safeguards.
65	13	Section 5.3	Does AHCCCS have any current agreements with the Arizona Department of Transportation or the Arizona Industrial Commission to obtain data related to accidents?	No

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66	13	Section 6	Will AHCCCS allow the vendor to establish a site-to-site VPN instead of using Client VPN software to access AHCCCS' systems?	AHCCCS will allow site-to-site VPN connections on a case-by-case basis. Adequate justification must be provided to deviate from using the VPN client. The use of a site-to-site VPN must be coordinated through the AHCCCS Network Administration Group.
67	13	Section 6	If Client VPNs with Terminal Services are required, are there any access limitations? How many simultaneous connections can be made at one time?	Access is limited to what is required to support the Contract requirement. A VPN client user can only be connected to one VPN device at a time. However, more than one Contractor employee can have VPN access at a time.
68	14	Section 7	Please define full access. Please define "computer system."	A computer system is the hardware and the software that is used to fulfill the requirements of the Contract. Full access means the unobstructed access to the Contractor's computer system(s) for monitoring, review, and testing of the Contractor's operations and underlying supporting documentation relating to the contract.
69	14	Section 7	Will AHCCCS allow the vendor to establish a site-to-site VPN to provide access to the vendor's computer systems?	See response to question #66.
70	14	Section 7	Will AHCCCS locate any state employees in the vendor's offices space?	No
71	15	Section 10	May contract operations be performed outside of the required Phoenix office? Are there any specific functions that must be performed in the Phoenix office?	Contract operations may be performed outside of the Phoenix office, but must be performed in the U.S.; however, the overall project management must be conducted at the Phoenix office.
72	15	Section 10	Is it implied that operations can start at any location within the first six months? Can the State clarify?	The Contractor is required to have, or to establish an office, in the metropolitan Phoenix, AZ area within six months. During the first six months, the Contractors' office may be located anywhere in the continental United States.
73	15	Section 11	Could the State please clarify if Contractor should provide resumes for "all personnel" or only for "key personnel"?	Resumes are required for the key personnel and optional for other personnel.
74	16	Section 14	Can AHCCCS explain or give an example of the legal review anticipated by RFP Section 14?	A example would be the Probate Initiation Policy and Administrative Procedures that is located in the Bidder's Library.
75	18	Section 20	This section states: "...compensation based on contingency basis – Contractor pays fees and is reimbursed by Client" Can the State tell us what criteria will be used to prove that Contractor's actions led to recoveries?	See sections 20.1 through 20.5 of the Scope of Work for examples of recoveries that AHCCCS considers to be non-reimbursable recoveries. The Contractor must be able to support its recovery effort to be paid a contingency fee.
76	18	Section 20	What was the total medical spent excluding mental health/substance abuse, dental, and pharmaceutical claims for recipients in FFS for each of the last 3 years? Same for MCO.	See Table 3, attached.

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77	18 & 20	Section 20	Can the State provide estimated volume by recovery type of "cases in progress that have been partially developed by the previous TPL recovery contractor" that may be assigned to the new Contractor? What is the average "age" of these cases in progress?	This information will be provide to the successful bidder if the previous TPL Contractor elects to transition them to the new Contractor.
78	18	Section 20	What is the ratio or percentage of dollars recovered to medical claims (excluding pharmaceutical, mental health/substance abuse, dental) paid in 2005, 2006 and 2007 for Casualty, Estate and Annuity?	This information is not maintained by AHCCCS.
79	18	Section 21	We have not been able to access the "AHCCCS records management guidelines ... located at: http://infonet.ahcccs.state.az.us/Main/Manuals/AdminPolicy/Chapter300/Admin303.aspx as specified in the RFP. Can the State provide the correct url, the necessary permissions for the public to access the document, or publish the document in the Bidder's Library?	See the AHCCCS Records Management Guidelines link in the Bidder's Library.
80	18	Section 22	What was the State's open and active file count at year end 2007 for the following recovery areas: Casualty, Estate and Annuity?	At the end of State Fiscal Year 2007 there were 908 Casualty cases, 217 Estate cases and 203 Trust Cases. AHCCCS does not track the number of annuities.
81	20	Section 24	May the contractor submit and maintain an annually renewable performance bond as long as the bond is continuously renewed?	Yes, as long as the proof of renewal is provided to AHCCCS before the expiration date.
82	23	Section 3	May the Offeror submit a description of optional add-on related services(s) as an appendix to its technical proposal instead of as a separately bound document?	Yes. Please label clearly.
83	23	Schedule 3.2	When filling out the pricing schedules, will the vendors have to separate each add-on optional service one by one or bundle them all together?	The Contractor may separate each add-on optional service, or provide a single contingency fee for all optional add-on services.
84	23	Pricing Schedule 4	The RFP states: "In accordance with federal requirements, the Offeror must include with its proposal sufficient documentation to show how it arrived at the proposed percentage rate(s)." Would it suffice if each vendor was to provide a P&L type spreadsheet to show main cost categories and show how they arrived at the percentage rate(s) based on the population?	The Offeror may present its financial information in any manner, and with any level of detail they choose, so long as it includes the data elements requested in Special Instructions to Offerors Section 3.2.1 and provides AHCCCS the ability to determine the reasonableness of the fee.
85	32	Section 5	How will proposals be scored?	Proposals will be scored according to the evaluation criteria provided in the "Special Instructions" section, page 32, #2. The criteria are listed in the order of importance. Point values become public information after award.

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86	33	Section 3.2 & 3.2.1.1	Reasonableness – What, if any, standard criteria does the State use to evaluate the reasonableness of pricing?	AHCCCS will evaluate the reasonableness of the proposed contingency fee based upon the financial information that is provided by the Offeror, as compared to the other Offerors. As indicated in Scope of Work Section 1 the Centers for Medicare and Medicaid Services also will review and approve the fees.
87	33	3.2, Cost	The RFP states: "A projection of the Offeror's pricing trends based on current and historical cost or pricing data." Could the State please explain what level of detail is expected from each vendor on this requirement?	See response to question 84
88	33	Section 3.2 & 3.2.1.1	The RFP states in two bullets: " An evaluation of the estimated labor, travel, material, and other employee related/benefit factors; The application of audited or negotiated indirect cost rates, labor rates, cost of money, or other factors." Again, would it suffice if each vendor was to provide a P&L type spreadsheet to show the applicable rates?	See response to question 84
89	44	Section 47.1	Will AHCCCS allow a 30 day notice and cure period?	Depending on the type of non-compliance, AHCCCS will allow a reasonable amount of time to cure, whether 10 days or 30 days (see "Special Terms and Conditions, #7). What matters is the contractor's willingness and ability to cure in a time frame that allows AHCCCS to receive the required services and/or required documentation.
90	45	Section 30 & 30.2	If the Contractor indicates in writing within 60 days that it wishes to renew the contract but renegotiate some terms, must AHCCCS initiate contract termination proceedings, or may it enter into negotiations?	Negotiations are permissible before each renewal period. However, AHCCCS is requesting that you submit one set of rates for the 5 year period.
91	67	Client's Certificate of Insurance Form:	In lieu of the Certificate of Insurance form as provided on page 67 of the RFP, will the State accept a standard ACORD form certificate of insurance?	Yes.
92	72	Attachment B, Examples of Contractor Activities by TPL Source	Can updates be submitted more frequently than monthly?	No. These are not updates, but rather monthly reports that are the basis for AHCCCS' monthly reporting, and support the contingency fee payment to the Contractor.
93	73	Attachment C, File Formats	What data elements are available in the TPL resource file?	There is not a "TPL resource file" listed in Attachment C. However, if the reference was intended to be to the TPL Referral file, see the AHCCCS TPL Referral File link in the Bidder's Library for that file layout.