



Replacement MMIS Notification #4

October 28, 2011

South Carolina Department of Health and Human Services (SCDHHS) thanks the vendors that attended Vendor Day on July 12, 2011 and those that responded to RFI #4 in writing. The feedback was very helpful to the State in evaluating potential changes to its Replacement Medicaid Management Information System (MMIS) Request for Proposals (RFP). The purpose of this notification is to publish the responses the State received and to provide feedback on the questions, comments, and suggestions posed by the respondents.

As stated during Vendor Day, the State is continuing to push the solicitation process forward as quickly as is practical. The State plans to publish the RFP as soon as it receives final approvals.

Disclaimer

This notification is being provided as part of an informal, pre-solicitation information sharing process.

The State has endeavored to provide accurate and complete information in this document; however, the State does not warrant or represent that the information provided in this document is accurate or complete.

RFI #4, the draft RFP, and this Notification should not be construed as a commitment by the State to acquire any product or service or to enter into any contractual agreement. Additionally, any responses provided herein do not necessarily indicate the final language to be used in any solicitation document. Any potential Offeror must read the final issued solicitation thoroughly and completely independent of this document and the RFI process. A potential Offeror must not depend on information provided in this document or RFI #4.

This document is not an RFP. The State is not seeking proposals at this time.

Note on Redaction of Responses

In its original RFI, the State requested that responses not be marked confidential because the State was likely to publish the responses publicly. During Vendor Day, some attendees requested that their responses be published without attribution to the source. The State concurred, and in an amendment to RFI #4, the State said that it would publish the responses in the formats in which they were received, and that it would not publish cover letters in its response. Respondents wishing to remain unattributed in the State's response should simply remove company markings from all pages other than the cover letter.

The State received responses in many formats with no description of what the respondent wanted published. Some respondents did as suggested, marking only the cover letter with company information; others had company identification on all pages; and some respondents did not use a separate cover letter at all.

To avoid inadvertent disclosures that might have resulted from a misunderstanding of how to properly mark the responses, the State has decided to redact company identification from all responses prior to publication. This only affects responses that fell into the latter two categories identified above.

General Commentary on Responses

The State had the following objectives in publishing a draft RFP and requesting feedback from potential Offerors:

1. Improve the quality of the final RFP.
2. Improve the quality of the proposals by providing vendors early insight into the State's objectives.
3. Reduce the size and complexity of the amendments to the final RFP driven by the formal question and answer period that occurs post-solicitation.

The State feels that the first objective has been met, and that the final two objectives are also likely to be met. Upon reading the responses, the State did have some concern that based on the questions and comments received, some respondents did not appear to view the RFI as the kickoff to preparing a Proposal, but more as a general opportunity to provide feedback. The State believes that this may have been a missed opportunity for respondents. The State will likely be hesitant to make future changes to the final RFP having offered the opportunity to make inputs on the draft RFP.

Some respondents suggested that the State allow Offerors to submit optional products and services. The State feels that mixing Offeror-proposed options into a large objectives-based procurement given the negotiation rules required in South Carolina is in neither the State's nor the Offerors' best interests.

The State also wishes to reinforce the following items:

- A fully COTS solution is not required.
- The proposed system is not required to be currently certified, although the implemented system must, of course, be certifiable, and must achieve certification.

- The State is not prescribing the hardware or software technologies to be used for the project. Its preferences are based on current technical expertise, and known future investments. Offerors wishing to propose alternate technologies should consider the value proposition of those technologies. If a non-preferred technology would add substantive value, the State will consider its use. If a non-preferred technology (particularly a legacy technology) is being proposed primarily for the benefit of the Offeror and without substantive value for the State, the State will be less inclined to view it favorably.

Commentary on Responses to Questions 1-7

Question 1

The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposals will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source selection or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?

While respondents identified a number of questions and suggestions for this item, there were a few repeated topics.

First was the concern about submitting screenshots. The State's purpose in including the screenshots was not to attempt a detailed analysis of the Offerors' systems. The principal objectives for including screenshots was 1) to assist the State in preparing for and conducting the hands on portions of the System Demonstration, and 2) to ensure that Offerors understood how their systems will achieve certification.

The State has decided to change its approach for two reasons:

1. The impact of the Seven Conditions is likely to drive more change to Offeror's solutions than was anticipated when the RFP was originally drafted.
2. The State received substantial negative feedback on this submission requirement.

The State now plans to require submission of only the screenshots that are referenced elsewhere in certain sections of the Proposal (likely to be the Technical Solution, Operations Phase Solution, and Security Solution). The screenshots will only require a reference (e.g., Screenshot 57), a title, and a label as to whether the screenshot is in production at a client site or is non-production. The screenshot section will not count against the page limits, and the State is considering requiring only one submission of the printed version of the screenshots.

The second common suggestion was that the State not require the submission of user's and administrator's manuals. While the State plans to modify the requirement for submitting hard copies of these documents, it still believes these have specific value for the evaluation.

The third common suggestion was to allow the slides for the Oral Presentation and System Demonstration to be turned in at some time after the Proposal due date. The State believes at this time that for this solicitation fairness dictates that it is best to require all slides to be due at the time of submission for the written Proposal.

One respondent was concerned about the apparent lack of alignment of the sections of the RFP (particularly the SOO) and the Proposals. While the State is not intentionally trying to increase the difficulty in building a Proposal, it is trying to avoid the “challenge-response” type of Proposal in favor of Proposals that describe solutions. Related to this topic was a suggestion posed by the State during Vendor Day that the Operations Phase Solution be aligned with the Service Groups (e.g., Claims-Related Services, Third Party Liability/Recovery Services, Base Work, etc.) rather than the SC Medicaid Business Process Model. The State did not receive any feedback to this question in the written responses; however, the State believes that this reorganization will make the Proposals easier to build and easier to review.

The State also plans to increase the focus on the Seven Conditions in the RFP. While the State has not determined the final changes to the Proposal submission requirements, the final requirements will likely map reasonably closely to MITS-11-01-v1.0 published by CMS in April 2011.

Based on the overall responses received to this question, the State does not plan to make any other significant changes to the Proposal submission requirements.

Question 2

The State has used unit or volume pricing on many of the pricing tables. Are there any of the pricing tables where the pricing methodology is inadequate, incomplete, or does not correlate to the underlying cost drivers?

The State received minimal significant feedback on this question, and it received only three specific questions directed at RFP Section VIII (Bidding Schedule/Cost Proposal). The State has some concerns that respondents did not engage the portions of their teams that typically are involved in Cost Proposal preparation. Based on the feedback received so far, the State does not intend to make many changes to the pricing tables.

One respondent suggested moving towards a simplified, firm fixed price approach to DDI and a simplified approach to claims pricing (banded rates) and labor rates. The State found the firm fixed price approach to DDI perplexing as its move to accept a greater share of the risk during DDI seemed to be a step in the right direction. The State plans no significant changes in the approach to pricing and administering the Discovery and Replacement Phases.

The State believes that the recommended changes for labor rates were already fairly similar to the draft RFP, but might result in simplifications or constraints that would negatively impact the State, the Contractor, or both. The State does not plan to change its approach to labor rates.

As another respondent also suggested banded rates for Claims-Related Services, the State plans to change this approach. The approach the State proposed is largely a more generic version of a banded approach using a continuous function for determining prices rather than a stepped function; however, rather than continue to pursue its original pricing approach, the State is planning to update Claims-Related pricing. The updated model will likely consist of a fixed priced element that covers fixed costs and variable costs up to a minimum number of claims (some percentage of the expected claims volume) plus a unit price per claim that will likely be fixed up to some maximum number of claims (again, some percentage of the expected claims volume).

One respondent indicated a concern about an apparent inconsistency between the expected claims volume shown in Pricing Table G and those shown in the statistics in the Procurement Library. The confusion appears to be around the definition of a Billable Claim. The counts in the Procurement Library are subdivided into numerous claim types/sources, and not all of those are considered Billable Claims.

Question 3

Some of the Operations Phase performance standards are Offeror-proposed. Are there any other standards that should be Offeror-proposed? Should *all* Operations Phase performance standards be Offeror-proposed?

This question generated a number of comments from respondents. The main areas on which the State received feedback were:

1. The use of 100% quality performance standards

The State had good intentions when establishing these standards based on the following logic:

- a) Identify data which must be entirely accurate in order to conduct business operations properly.
- b) Allow Offerors to identify the method of performance and measurement to achieve 100% accuracy.
- c) Adjust the number of allowable failures in the performance incentives to a value that is reasonable based on these stringent requirements.
- d) Reduce the cost of measurement since it is cheaper to measure 100% accuracy (which does not require statistical modeling) than it is to measure anything less than 100% accuracy (which requires a more mature quality management process, and for many measurements, requires statistical modeling).

Based on the consistent negative feedback it received from the respondents, the State plans to change its approach for quality performance standards. The updated approach will use the following strategy for most of the quality standards:

- a) Offerors will propose the quality standard they plan to meet at the time the transaction is performed.
- b) Offerors will propose the method of measuring the performance standard, to include certain parameters needed to compare sample statistics to the population statistic, such as the number of samples required to achieve the required confidence intervals. The State plans to provide guidance on the use of single-tailed hypothesis testing using hypergeometric distributions.
- c) Offerors will propose the time it will take for inaccurate data or transactions to be corrected to 100% accurate. For example, if a provider enrollment has an error associated with the entry of data, how long will it take the Contractor to perform quality checks and correct that error? What data or transaction quality strategy will the Contractor use to identify errors?

The State plans to update Attachment I to provide space to accommodate the above proposed information.

2. The ramifications of not using a single, fixed baseline of performance standards to which Offerors propose

Multiple respondents suggested that the State use a single mandatory set of performance standards for the RFP, and some further suggested that after selecting an Offeror that the two parties then negotiate the final (real) performance standards. The State understands the concerns of Offerors who may be used to rigid, unwavering requirements in MMIS RFPs; however, the use of an objectives-based RFP is guaranteed to result in greater variation between the offers. Dealing with this variation is just a part of the procurement process. The State sees far greater procurement challenges in setting standards for all Offerors but then changing them at the time of selection only for the successful Offeror.

Offerors need to find a balanced value between cost and performance to drive their Proposals rather than assuming a low budget/low performance or high budget/high performance extreme.

3. The ramifications of requiring substantial tracking and reporting duties associated with the performance standards

MITA (particularly version 3.0) and the Seven Conditions are driving states towards performance-based, measurement-driven business operations. It will clearly be a challenge for both states and vendors to make the significant cultural changes required to operate in this type of an environment. The use of performance measurements is the future of Medicaid nationwide, and the incenting of performance seems to the State to be a good approach to help align the State's and Contractor's motivations.

Question 4

The State has included information in the Procurement Library that it believes will be useful to Offerors in preparing their proposals. Is there any other information required to form a responsive proposal? Please note that as collecting and publishing statistical, programmatic, and technical information is time-consuming and resource-intensive, the State requests the respondents identify only identify new Procurement Library requests that are truly necessary. Please be very specific in your suggestions.

The State received suggestions from only three respondents, and only one of those responses was lengthy. In that list, the State noted a number of items that are already in the Procurement Library or are posted to the SCDHHS Web site as public information. In addition, the State notes that certain requests for statistics may either be unavailable, or perhaps not necessarily relevant.

For example, statistics on the State's call center are not necessarily relevant because the State does not currently have a centralized call center. Additionally, since many of the State's processes are not well automated (paper or multiple non-integrated), the volume and types of calls received today is not likely to be a good proxy for a future integrated call center. The State believes that post-implementation statistics from other customers are probably better proxies for predicting call volumes in South Carolina than are South Carolina's own current statistics.

The State will review the requests and make updates to the Procurement Library based on its judgment. As has been done previously, prior to release of the solicitation the State plans to send an e-mail notification concerning Procurement Library updates to vendors already having access to the Library.

As an additional note, one respondent asked for the number of Medicaid ID cards issued each month with the implication that production and distribution of these cards is in scope of the Contract. The State does *not* plan to include Medicaid ID cards in the scope of the Contract.

Question 5

Are the intellectual property terms and conditions acceptable? Are there any changes that should be made to these sections?

The State received numerous specific suggestions on terms and conditions. Those are addressed in the comments table later in this document.

Question 6

CMS is planning to release the Medicaid Information Technology Architecture (MITA) version 3.0 in August with additional updates throughout the remainder of 2011. Based on your knowledge of MITA 3.0, should the RFP be updated to reflect the structure and known content of MITA 3.0, or should the RFP remain aligned with MITA 2.01?

Based on recent feedback from CMS, the latest expected release date of the draft MITA 3.0 Framework is November 1. During the MMIS Conference, CMS and its MITA contractors presented an overview of the new framework. In most cases, it appears that MITA 2.01 business processes translate 1:1 or nearly so to version 3.0. There are other business processes that do not translate 1:1 but seem to be logical derivations of 2.01 processes. Finally, some processes are not only new, but do not appear to have a close analog to a 2.01 process.

As the RFP is strongly built around the MITA business processes, the State feels that it is in all parties' best interests to transition the solicitation and resulting Contract to MITA 3.0 as soon as is prudent. When the draft MITA 3.0 Framework is released, the State will review it and evaluate whether it wishes to update the RFP. The timing for making a change will likely be influenced by where the State is in the process (pre-solicitation, post-solicitation, post-Proposal submission, etc.) when it determines that it is ready to make the change. The State does *not* believe that MITA 3.0 will substantively change the scope of the Contract, the nature of the Contractor's duties, or diminish the State's ability to effect a proper source selection; therefore, the timing of the move to MITA 3.0 will be based on the administrative advantages of having the solicitation and subsequent Contract consistent with the future MITA structure.

Having received further information from CMS, the State wishes to reinforce the concepts it presented at Vendor Day discussing the need to aggressively pursue alignment with the Seven Conditions. The State's view is that there is a greater likelihood of vendors needing to make architectural changes to their baseline systems to achieve such alignment, and that potential Offerors need to carefully consider the impact of such changes on their proposed solutions. In particular, the State will be interested in changes an Offeror plans to make to its system between the time of Proposal submission and Contract award, and changes an Offeror plans to make to its system post-Contract award. While the State is planning to modify its intellectual property terms and conditions to permit use of State Material by the Contractor for non-public customers (with

certain restrictions), Offerors proposing COTS elements needing updates will need to carefully consider the ramifications of making such changes while under Contract to the State to ensure that they retain the intellectual property rights status that they expect.

The State plans to modify the Proposal submission requirements to permit Offerors to more clearly explain their approaches to satisfying the Seven Conditions.

Question 7

The pricing tables are physically large at 1:1 reproduction. What is your recommendation for delivering these in paper format? Note that they will need to be submitted in electronic format, as well.

The State appreciates the feedback it received for this question. The State is likely to allow Offerors to print the pricing tables on the paper size of their choice (most likely a combination of letter, legal, and tabloid sizes).

Responses to Specific Questions, Comments, and Suggestions

The list below contains the State's responses to the specific questions, comments, and suggestions posed by the respondents. The State used those comments provided in tabular form by the respondents as well as those that were posed in other discrete lists.

Note that some comment numbers were not used. These unused comments are due to inadvertent double entry of some of the respondent comments into the comments database used by the State. Because some of the State's responses refer to other responses (e.g., two respondents asked similar questions), the State kept the original numbering to avoid pointer errors.

Most of the comments are ended with one of the following statements:

- The State does not intend to change the RFP in response to this comment.
- The State does not intend to make the requested change.
- The State plans to change the RFP in response to this comment.

The State has used this standard language to reduce ambiguity on its intended actions. There are a few comments that have modified the ending statements for clarity purposes. Notwithstanding any position or choice reflected in the State's responses, the RFP may take a contrary position. Only the RFP will be controlling.

Number: 1

RFP Reference: III.4.4.3

Description:

To the list of Operations Phase on pg. 55, we recommend the addition of "Electronic Visit Verification Services (EVV)".

These are functions related to the management of home care providers to include establishment of electronic verification systems and protocols; visit validation; authorization import; automated

caregiver scheduling; billing and claims submission; provider outreach and training; and help desk support.

Response:

As shown in Figure III.4-1 in the draft RFP, the functions described in the respondent's suggestion will likely remain separate from the Replacement MMIS contract. The State plans to reprocur these services (currently part of the Care Call contract) via a separate RFP at a later date.

The State does not intend to make the requested change.

Number: 2

RFP Reference: Vendor Day Slide 68

Description:

If we feel that our solution brings TECO value to this project that is above and beyond the capabilities of the preferred storage, how will this be graded/weighted in order to determine/select a solution other than the preferred storage solution?

Response:

The State will evaluate each Offeror's proposed solution considering the benefits and costs. Offerors should propose solutions that they believe will best meet the State's needs. The preferred hardware and software lists were driven by technologies in which the State has existing experience and/or in which the State plans to make future investments, and that would likely result in lower long-term support costs.

The State does not intend to make the requested change.

Number: 3

RFP Reference: III.8.4.6.2

Description:

If we feel that our solution brings TECO value to this project that is above and beyond the capabilities of the preferred storage, how will this be graded/weighted in order to determine/select a solution other than the preferred storage solution?

Response:

Please see Comment 2.

Number: 4

RFP Reference: III.2.1

Description:

As part of the replacement MMIS, require a comprehensive pre-pay system of claims edits including predictive modeling techniques that identify potential claim fraud and abuse by scoring claims based on claim characteristics.

Response:

The third "Cost" goal in RFP Section III.2.1 indicates the State's interest in improving pre-payment application of controls. The State believes that this offers adequate opportunity for Offerors to include such capabilities in their solutions as well as the ability to differentiate their approaches according to what is most optimal.

Additionally, the State believes that predictive algorithms could be used to help satisfy State-specific MECT business objective CASS4 (from the Claims Adjudication checklist).

The State does not intend to make the requested change.

Number: 5
RFP Reference:

Description:

Given the high priority SC DHHS has placed on purchasing health at the lowest possible cost, we recommend that the RFP include a mandatory requirement to propose not only innovative cost saving initiatives but to specifically require that all bidders propose predictive analytics of the nature described above as a separately evaluated component from any other innovative cost savings initiative. As part of the overall proposal evaluation, the innovative cost saving initiatives and the predictive analytics requirement should have separately defined proposal sections, each with an associated point value that can be scored by the proposal evaluation team.

Response:

Please see the response to Comment 4.

Number: 6
RFP Reference:

Description:

We recommend that an additional pricing table be added to the solicitation that allows bidders to propose pricing/fee arrangements associated with their proposed innovative cost savings initiatives.

We also recommend that pricing for predictive analytics, as well as innovative cost savings initiatives, be based on a contingent fee formula. However, in evaluating or scoring a contingent fee priced offering, we recommend that the scoring rate bidders more favorably based on a Total Net Dollars Saved for the State formula. The term "Total Net Dollars Saved" would be defined by first multiplying a minimum savings threshold that the bidder would be required to propose in terms of savings that the bidder's contingent fee priced offering would generate on an annual year basis, by the bidder's proposed contingent fee percentage (the "Contingent Price Payable to the Bidder"). The Total Net Dollars Saved would then be equal to the Bidder's minimum savings threshold less the Contingent Price Payable to the Bidder. This approach will more closely align with the State's overall goal and avoid only looking at the lowest contingent fee proposed by a bidder where the savings to the State may not be as great.

Response:

The State does not believe that the use of contingency fees based on projected savings for long-term, algorithmically-based approaches is in its best interest.

The State does not intend to make the requested change.

Number: 7

RFP Reference: Procurement Library

Description:

We request that the State provide copies of all existing contracts for the associated scopes of work that will become part of the replacement MMIS contract. Currently, only the RFPs are in the procurement library. Also, please include a copies of the Business Intelligence System (BIS) and Pharmacy contracts in the procurement library

Response:

The RFPs and redacted proposals for the following contracts are located in the "CurrentLegacyContracts" folder of the first installment of the Procurement Library (released in November 2010):

- Business Intelligence System
- Dental ASO
- Interactive Voice Response System (IVRS)
- Medicaid Operations

The first increment also included the RFP for the following contract (which had not been awarded until after release of the second increment) in the same folder:

- Third Party Liability

The RFPs for the following contracts were included in the "RFPs" folder of the second installment of the Procurement Library (released in February 2011):

- National Correct Coding Initiative (NCCI)
- Quality Improvement Organization (QIO)

These solicitations had not been awarded at the time of publication of the second Procurement Library increment. The State plans to include redacted proposals for new contracts in the next increment, and the table of contents in RFP Attachment U will be updated in the final solicitation to reflect the additions. Please note that the QIO award has been protested. Depending on the outcome and timing of that protest, the redacted proposal may not be published.

The State plans to change the RFP in response to this comment.

Number: 8
RFP Reference: Procurement Library

Description:

In order to better assess the report effort, we request that the State include in the procurement library examples of all reports currently in use in the legacy MMIS environment.

Response:

The State does not intend to recreate existing legacy reports. Additionally, many of the legacy reports are no longer used. Section 8.4.3 explains the State's expectations regarding reporting.

The State does not intend to update the RFP in response to this comment.

Number: 9
[This comment number was not used]

Number: 10
RFP Reference: II.2

Description:

The billable claim definition specifically excludes claim types that can increase in volume based on activities directed by the legislature, CMS and/or the State. It is understood that the Department would not want to pay for claim adjustments, for example, where the original claim was not paid correctly by the offeror and reprocessing was necessary. We recommend that claim activity that is required as a result of legislative, CMS or State direction that may not be accomplished through automated means and requires manual activity be billable to the State.

Response:

The State understands the concern expressed, however, the Contractor should have an automated way to handle requests by the State for re-processing for items such as retro-rate adjustments or mass updates that may be due to Legislative, CMS or other State direction. There should be little, if any, need for manual activity. If an Offeror feels its solution would require a great deal of manual intervention for these types of adjustments, then it will need to consider this in its pricing of the billable claims.

The State does not intend to change the RFP in response to this comment.

Number: 11
RFP Reference: III.8.1.5

Description:

Please verify that MAR and SURS are not a part of this MMIS procurement.

Response:

The State does not plan to include the MAR in the scope of this contract.

The State does not plan to include SURS in scope of this RFP; however, the State expects the MMIS and the Contractor to make meaningful contributions to reducing fraud and waste.

The State plans to update the language in RFP Section III.8.4.3 to use Attachment J as the method to identify excluded reports.

The State plans to change the RFP in response to this comment.

Number: 12

RFP Reference: III.8.4.2.1

Description:

The offeror understands and supports the Department's need for accurate information in the selected system. Currently, Medicaid programs receive data from multiple sources that feed their eligibility and claims systems, and this data is maintained in multiple locations. Often these systems have conflicting information for the same critical data elements (date of birth, name, address, for example). To add to the difficulty, each data owner believes their data is correct and cannot be changed. We recommend the State specify the order of priority between Medicaid, Medicare, Food Stamps, and other programs in determining the source of truth for conflicting data elements.

Response:

The State is currently working to document the data in the existing systems, including the system of record (source of truth). This effort is not expected to be completed at the time of award. The Contractor will need to work with the State to complete this information during the DDI effort.

The State does not intend to change the RFP in response to this comment.

Number: 13

RFP Reference: III.8.4.6

Description:

The Draft RFP indicates that the State will bear the cost of acquiring necessary hardware. We recommend the State consider that offerors may bring pricing advantages resulting from volume that could be leveraged to reduce the total cost of State ownership. Additionally, when the offeror procures equipment on the state's behalf, the offeror has better control over implementation schedule deviations resulting from hardware delivery delays.

Response:

The State has explored the options and trade-offs with regard to hardware acquisition (cost and process) and asset transfer related to this project and it believes that the planned approach provides the best balance of these for this project.

The State does not intend to make the requested change.

Number: 14
RFP Reference: III.8.4.6

Description:

Since the expense of hosting is rolled into the offeror evaluation, it would be helpful to understand any variables that materially impact Clemson's pricing. Please provide information on Clemson's major cost drivers.

Response:

The costs associated with Clemson's data center are similar to those of any other data center. Examples include IT hardware, software licensing (which for the purposes of the evaluation are minimal as Offerors are including these in their proposed prices), personnel, support equipment, facilities, and utilities. Clemson allocates direct and indirect costs in accordance with OMB Circular A-87, as required by Federal law.

While it is impossible to predict the impact of Offerors' proposed solutions on the hosting costs at this point, the factors most likely influenced by an Offeror's solution (that are not already included in the Offeror's prices) are IT hardware and personnel (e.g., required skills, required quantities, shareability with other data center customers).

The State does not intend to change the RFP in response to this comment.

Number: 15
RFP Reference: IV.7.5

Description:

Please confirm that copies of user manuals do not count toward page maximums.

Response:

Correct. The manuals will not count towards the page limits.

The State plans to change the RFP in response to this comment.

Number: 16
RFP Reference: Atch I OM15

Description:

Please confirm that the current practice of an external vendor calculating the actual managed care rates is expected to continue and that the actual rate calculation is not an MMIS function.

Response:

Managed care rates, as calculated from encounter claim and fee for service data and used to determine the capitation rate, will still be done by an outside actuary and will not be expected to be calculated through the Replacement MMIS.

The State does not intend to change the RFP in response to this comment.

Number: 17
RFP Reference: Atch I OM02

Description:

“Contractor maintains the ability to respond to Prior Authorizations (outside) of standard call center hours (defined in General & System Process SS02C standard)”. SS02C states call center operational hours are 7:00 a.m. – 6:00 p.m.

Please clarify the requirement to respond to prior authorization requests “outside” standard hours of call center operations (7:00 a.m. – 6:00 p.m.). Please confirm that it is permissible to schedule and designate on-call staff to respond to requests outside of standard hours.

Response:

Yes the solution offered is permissible, but there may be other solutions as well. The State is focusing on the performance criteria more than the methods of meeting those criteria.

The State does not intend to change the RFP in response to this comment.

Number: 18
RFP Reference: III.8.1.1

Description:

Please confirm that this requirement applies specifically to member-facing documents only.

Response:

Multiple language support is *not* specifically for member-facing *documents* only. The State is interested in general purpose localization capabilities more than isolated, one-off duplications in multiple languages.

The State does not intend to update the RFP in response to this comment.

Number: 19
RFP Reference: III.8, Vendor Day Slides

Description:

Please see Attachment 1. [Ed: concerning the use of a mainframe based solution]

Response:

The State will evaluate each Offeror's proposed solution considering the benefits and costs. Offerors should propose solutions that they believe will best meet the State's needs. The preferred hardware and software lists were driven by technologies in which the State has existing experience and/or in which the State plans to make future investments, and would likely result in lower long-term support costs.

The State does not intend to change the RFP in response to this comment.

Number: 20
RFP Reference: IV.2

Description:

In Section IV, Item #2, the fifth paragraph on page 101, the RFP states: "Offerors shall not include large multi-page tables with small font for the purposes of circumventing the page limitations."

Question/Comment: We suggest that the state clarify this statement to ensure that proposal responses can be easily evaluated for compliance. MMIS proposals typically use tables to present ideas and concepts and often these tables span multiple pages. For example, labor category descriptions and roles and responsibilities may span 5-10 pages. How would the state evaluate that the offeror's intent was to circumvent page limitations in this situation? This creates an unambiguous situation with no clear way to know at submission whether our proposal would be compliant or not.

Response:

The State understands that Offerors may need to present information in tabular format that span multiple pages.

The State's intent is not to set an absolute limit on the size of tables. The requirement stated in RFP Section IV.2 is intended to prevent abuse of the page limits whereby an Offeror places substantial information in tabular form that would not normally be presented in that fashion. For example, if in Proposal Section C3, "Operations Phase Solution," an Offeror created a 30-page table using 8-point font to address the Goals shown in RFP Section III.2, the State would be concerned about "page stuffing" if the table offered no illustrative value but saved the Offeror eight pages towards the limitation (particularly if the Offeror's Proposal Section C3 was already at the maximum of 100 pages).

As an additional note, it is not clear whether the respondent's example of 5-10 pages for labor category descriptions was for a single category or multiple categories. The draft RFP currently limits each labor category description to a single page.

The State does not intend to change the RFP in response to this comment.

Number: 21
RFP Reference: IV.6

Description:

In Section IV, Item #6, Figure IV.5-1 on page 103, states that the page limit for the executive summary is 10 pages + offshore work description (as applicable).

Question/Comment: We assume there is no page limit restriction in the description of offshore work as long as the main body of the executive summary remains within 10 pages.

Response:

See Comment 22.

The State plans to change the RFP in response to this comment.

Number: 22

RFP Reference: IV.6.1

Description:

Section IV, Item#6.1 on page 104, we suggest the offshore contracting section be placed under section G1, Overview and Organization.

Question/Comment: Placing this specific requirement in the executive summary seems to distract from the content of the executive summary. In addition, if the offeror were to bid an offshore capability it would be integrated as a part of the overall solution and summarized as a key point in the executive summary anyway.

Response:

The State concurs with the respondent's suggestion. In addition, the page limit for Proposal Section G1 will be adjusted to include this topic.

The State plans to change the RFP in response to this comment.

Number: 23

RFP Reference: IV.7.1

Description:

Section IV, Item 7.1, Discovery Phase Solution on page 105. This section does not include a bullet for the offeror to discuss the proposed project management strategy.

Question/ Comment: We recommend adding that to the discovery phase solution given that project management strategy would actually be implemented and begin during the discovery phase.

Response:

It is important to distinguish the project management strategy from the strategy to build the Project Management Plan. While the building of the Project Management Plan will occur during the Discovery Phase, that plan (as amended over the years) will be used as the guide for all project-based work throughout the Term of the Contract.

The "project management strategy," as identified in Proposal Section C2, Replacement Phase Solution, is largely a synopsis of what the Offeror intends to put in its Project Management Plan. As such, the State assumes that the general project management strategy for the Discovery and Replacement Phases is the same. Repeating this project management strategy in Proposal Section C1 does not appear to add substantial value.

The Proposal should discuss the approach to *building* the Project Management Plan as part of bullet 3 in Proposal Section C1, Discovery Phase Solution ("The Offeror's strategy for achieving the Discovery Phase objectives and completing the Discovery Phase Deliverables.").

The State does not intend to make the requested change.

Number: 24
RFP Reference: IV.7.3

Description:

Section IV, Item 7.3 on page 107 states: “The Offeror shall include business process models for those processes identified in Attachment I whose principal duties are assigned to the Contractor, not including the General & System Processes.”

Question/Comment: We recommend that this requirement be removed from the RFI as a requirement for the proposal. Business process models for each of the processes are often unique to each state (although somewhat standardized with MITA) and that is typically a work product during project execution. Other sections of the RFP require the offeror’s proposed solution to be mapped to MITA business processes and CMS certification evaluation criteria. Requiring the offeror to provide detailed Business Process Modeling Notation (BPMN) based business process models as a part of the proposal is a large undertaking and has limited value as they would have to be modified specific to state needs and requirements after the offeror has the opportunity to conduct working group sessions with state staff.

Response:

The State does not concur with the respondent's recommendation.

The purpose of the business process models is not to capture the exact process that will be used during the Operations Phase, as some in scope adjustments will undoubtedly be made during the Replacement and Operations Phases to address South Carolina-specific needs. The purpose is to gain an understanding of how the Offeror generally intends to perform business operations duties assigned to it. The State believes that Offerors having reasonable process maturity in the Medicaid space should not have substantial difficulties fulfilling this requirement. The State purposely reduced the number of pages allotted to Proposal Section C3 (Operations Phase) because the models could provide insight that would allow a reduction in the text volume needed to describe the Operations Phase solution.

The State does not intend to make the requested change.

Number: 25
RFP Reference: IV.7.5

Description:

Section IV, Item 7.5 on page 108 states: “Include copies of the user’s manual and administrator’s manual that most closely match the proposed system.”

Question/Comment: We recommend that the state either remove this requirement or require the table of contents and/or sample pages of existing manuals be provided. User and administrator manuals are large documents and are developed specifically to an individual state’s requirements and needs. They are not typically standardized. Hence it creates a large proposal duplication effort to include these manuals and our view is that the information has limited value for evaluation purposes given that other sections of the RFP already require a description of the proposed system and functional capability – aligned specifically to the state’s requirements. If

the table of contents is required for the manuals, the state can assess the information typically provided.

Response:

The State's purpose for requesting user's and administrator's manuals is twofold:

1. To assess the general nature and quality of manuals provided by the Offeror to other customers.
2. To assist evaluators and subject matter experts in preparing for the System Demonstration and conducting the hands on portion of the System Demonstration.

The State understands that manuals may be customer-specific, based on the underlying generic COTS packages, and may not exactly match the Offeror's proposed solution. However, The State assumes that since it is looking for a configurable solution rather than a conducting large system development project, the existing manuals are likely to bear a reasonably strong resemblance to the demonstration system being shown to the State.

To reduce the reproduction efforts associated with incorporating the user's and administrator's manuals, the State plans to permit Offerors to include a printed copy only with the original, signed Proposal. All other copies of the Proposal may include the manuals only on the CD/DVD.

The State plans to change the RFP in response to this comment.

Number: 26

RFP Reference: IV.10

Description:

Section IV, Item 10, Table IV.9-1 on page 114 requires an initial risk and issue assessment. Each risk and issue has a limit of 1 page per item.

Question/Comment: We assume there is not a total page limit for this section given that each offeror will have a varying number of risk and issues based on their individual assessment.

Response:

Correct. The size of each Offeror's Initial Risk Assessment will differ based on the number of items identified.

The State does not intend to change the RFP in response to this comment.

Number: 27

RFP Reference: IV.12

Description:

Section IV, Item 12, System Screen Shots, Table IV.11-1 on page 117 states "2 pages per screenshot (cumulative, not each)."

Question/Comment: Please clarify what is meant by "cumulative, not each."

Response:

Please see Comment 28.

Number: 28

RFP Reference: IV.12

Description:

Section IV, Item 12, first paragraph on page 117 states: “The Offeror shall identify all of the screens in its proposed system. This section serves as a catalog of major system features, a mapping to the related MITA business processes and MECT system review criteria, and as a guide for the hands-on system demonstration conducted by the State.”

Question/Comment: This requirement seems excessive as there may be more than 1,500 screens in the entire system, many of which are available under unique and particular situations driven by the data and information that is being processed. Given the focus on the system demonstrations where the state will have ample time to review the actual system, we suggest this requirement be removed. In addition, the screenshots are best presented as an integral part of functional responses to requirements instead of a separate section where context can be provided for the screenshots.

Response:

The State's original intent was to assist evaluators and technical advisors in preparing for and conducting hands on evaluations as well as to provide a catalog of how an Offeror's system would satisfy the MITA and MECT requirements of the RFP. However, given the likelihood of change driven by the Seven Conditions, the State is planning to revise the requirement to submit screenshots.

Offerors will likely be permitted to submit screenshots only of those screens referenced in pertinent sections of their Proposals (likely to be the Operations Phase Solution, the Technical Solution, and the Security Solution). In this fashion, Offerors can submit as many screens as are necessary to communicate their solutions while not having to count the screenshots against the page limits for the relevant sections. The information requirements for each screenshot will likely be simplified significantly, and may include only a reference number, screen title, and a statement as to whether the screenshot is from a production system or is currently non-production.

The State plans to change the RFP in response to this comment.

Number: 29

RFP Reference: IV.13

Description:

Section IV, Item 13, Table IV.12-1 on page 118 mentions the requirements for System Demonstrations and Oral Presentations and specifically requires: “The Offeror’s slides must be submitted with its written Proposal as Section II.”

Question/Comment: We recommend that the state remove the requirement to provide presentation slides as a part of the proposal to allow the proposals to focus 100% on providing a quality response to the functional, management, and technical requirements.

Response:

The Oral Presentation and System Demonstration are intended to provide each Offeror with the opportunity to enhance the State's understanding of its solution as described in its written Proposal. They are not an opportunity for an Offeror to present additional information for consideration by the State that is not in its Proposal, whether accidentally left out or newly discovered since the submittal. The State does not want any Offeror to be perceived to have any sort of advantage by its presentation order. Fairness dictates that each Offeror submits slides with its written Proposal to ensure that all information to be considered in the evaluation process is provided by all Offerors at the same time.

The State does not intend to change the RFP in response to this comment.

Number: 30

RFP Reference: IV.13.1

Description:

Section IV, Item 13.1, Section II. System Demonstration on page 119 mentions that the state will bring “additional laptop computers and mobile devices” to the system demonstrations.

Question/Comment: We suggest requiring the contractor to specify minimum requirements for state provided equipment that is compatible with the contractor’s system. The concern is twofold: (1) the equipment brought by the state may not meet performance requirements to run components of the system and thereby potentially providing an negative impression of the contractor’s system capability and (2) the time it will take to prepare and set up the state provided equipment and taking valuable time away from system demonstrations and hands-on use of the system.

Response:

The State generally concurs with the respondent's suggestion with some clarification. Per RFP Section III.8.3.1, the State would like the system to support commonly used browsers in an OS-agnostic way. The State prefers that Offeror's system requirements be specified in a browser/version (including supported/usable mobile platforms), plug-ins required, CPU speed, and memory combination and only specify other constraints as they are required. Additional constraints generally will be viewed negatively as they limit future flexibility.

The State plans to change the RFP in response to this comment.

Number: 31
RFP Reference: V.3.4

Description:

Section V, Item 3.4, Section J4. Penalties and Damages Asserted. The draft RFP states: “The Offeror shall describe any damages, penalties or credits issued, individually in excess of one hundred thousand dollars (\$100,000.00)...”

Question/Comment: The \$100,000 threshold seems low given the size and scope of MMIS projects. Please also clarify what specifically would be considered “credits.”

Response:

The State believes that the \$100,000.00 threshold is appropriate as drafted. “Credits” include any concession made to a Customer in settlement or resolution of a claim and include but are not limited to (a) reductions in billing, (b) software licenses, IT or consulting services or equipment provided at no cost or reduced cost to a customer in lieu of the payment of damages or penalties, (c) any credit issued against an invoiced amount, or (d) similar concessions.

The State does not intend to change the RFP in response to this comment.

Number: 32
RFP Reference: Atch I PM01

Description:

PM01 Manage Provider Information

Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy. We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection.

Response:

The State intends to modify the RFP based on feedback from the vendors to allow the Contractor to propose most/all quality performance standards.

The State plans to change the RFP in response to this comment.

Number: 33
RFP Reference: Atch I PM02

Description:

PM02 Manage Provider Communication

If the Contractor needs to speak to the provider or the contractor can initiate an acknowledgement or response within one business day but cannot ensure the acknowledgement is received. If the Contractor needs to speak to the provider or his/her representative regarding either of these standards, then this measurement could be very difficult to meet. We suggest adding additional information specifying that voice mail or e-mail is sufficient if the Contractor is not able to contact the provider directly.

Response:

The State intends that an acceptable form of acknowledgement could be in the form of voice mail or email response; however, the State would expect that these voice mails could be logged to ensure the ability to verify that they were sent.

The State plans to change the RFP in response to this comment.

Number: 34

RFP Reference: Atch I OM02

Description:

OM02 Authorize Service

Typically a letter is sent for prior authorization denial. If this is the case, it would be impossible to notify the member within 24 hours. We would suggest changing the wording of the standard to indicate that the letter is sent within 24 hours and/or that notification can be made by voice mail or e-mail (if available).

Quality:

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

Yes, the respondent's notification scenario would be acceptable. See Comments 33.

Quality:

The State intends to modify the RFP based on feedback from the vendors to allow the Contractor to propose most/all quality performance standards.

The State plans to change the RFP in response to this comment.

Number: 35

RFP Reference: Atch I OM05

Description:

OM05 Apply Mass Adjustment

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

The State intends to modify the RFP based on feedback from the vendors to allow the Contractor to propose most/all quality performance standards.

The State plans to change the RFP in response to this comment.

Number: 36

RFP Reference: Atch I OM06

Description:

OM06 Audit Claim-Encounter

OM07 Edit Claim-Encounter

OM08 Price Claim-Value Encounter

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any errors within one business day of detection. Encounters/claims could be received with errors over which the contractor has no control.

Response:

The State intends to modify the RFP based on feedback from the vendors to allow the Contractor to propose most/all quality performance standards.

The State plans to change the RFP in response to this comment.

Number: 37

RFP Reference: Atch I OM10

Description:

OM10 Prepare EOB

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

The State intends to modify the RFP based on feedback from the vendors to allow the Contractor to propose most/all quality performance standards.

The State plans to change the RFP in response to this comment.

Number: 38

RFP Reference: Atch I OM22

Description:

OM22 Manage Drug Rebate

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any errors within one business day of detection. The Contractor cannot guarantee the accuracy of information coming from another source or the accuracy of any data that may be manually entered.

Response:

The State does not intend this item to be accuracy of data. The measurement is the accuracy of the interface exchanges between the entities not the data within the interface. This is to ensure each interface is generated on time, has correct fields and number of data elements within the interface and is placed in the correct spot for the PBA vendor to pick up.

The State does not intend to change the RFP in response to this comment.

Number: 39

RFP Reference: Atch I PG01

Description:

PG01 Designate Approved Services and Drug Formulary

Timeliness:

Items 1 and 2 taken together are confusing. We would suggest rewording them and combining them to indicate that once the coding/rules changes are approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.

Quality:

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

Timeliness:

In general, the respondent's interpretation is correct. The State is treating the two activities (1 - assessing impact, and 2- applying the change) using two separate performance standards. This will allow the Offeror to propose the assessment time based on the specific business process with the assumption that applying the changes to the production system will be fairly routine afterwards.

The State does not intend to change the RFP in response to this comment.

Quality:

The State intends to modify the RFP based on feedback from the vendors to allow the Contractor to propose most/all quality performance standards.

The State plans to change the RFP in response to this comment.

Number: 40

RFP Reference: Atch I PG02

Description:

PG02 Develop and Maintain Benefit Package

Timeliness:

Items 1 and 2 taken together are confusing. We would suggest rewording them and combining them to indicate that once the benefit package changes are approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.

Quality:

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

See Comment 39.

Number: 41

RFP Reference: Atch I PG03

Description:

PG03 Manage Rate Setting

Timeliness:

Items 1 and 2 taken together are confusing. We would suggest rewording them and combining them to indicate that once the proposed rate

changes are approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.

Quality:

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

See Comment 39.

Number: 42

RFP Reference: Atch I PG18

Description:

PG18 Maintain Benefits-Reference Information

Timeliness:

Items 1 and 2 taken together are confusing. We would suggest rewording them and combining them to indicate that once new or updated benefits reference information is approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.

Quality:

We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.

Response:

See Comment 39.

Number: 43

RFP Reference: Atch I OM18

Description:

OM18 Inquire Payment Status

Whether this timeliness standard can be met depends on the method of acknowledgement required. If the Contractor needs to speak to the provider or his/her representative regarding payment status inquiries, then this measurement could be very difficult to meet. We suggest adding additional information specifying that voice mail or e-mail is sufficient if the Contractor is not able to contact the provider directly.

Response:

The State intends that an acceptable form of acknowledgement could be in the form of voice mail or email response. See Comment 33.

The State does not intend to change the RFP in response to this comment.

Number: 44

RFP Reference: Atch I BR02

Description:

BR02 Manage Business Relationship Communication

Whether this timeliness standard can be met depends on the method of acknowledgement required. If the Contractor needs to speak to the Trading Partner representative regarding inquiries, then this measurement could be very difficult to meet. We suggest adding additional information specifying that voice mail or e-mail is sufficient if the Contractor is not able to contact the Trading Partner directly.

Response:

The State intends that the method of acknowledgement could be in the form of voice mail or email. See Comment 33.

The State does not intend to change the RFP in response to this comment.

Number: 45
RFP Reference: Atch I SS01b

Description:

SS01b System Performance

There are many transactions that occur in the MMIS. Having a global requirement is not appropriate as a performance measure. We recommend a breakdown by transaction type to ensure that a meaningful performance measure that can be achieved.

Response:

The State agrees there are many transactions occurring in the MMIS. The State also believes the same performance requirements apply to the items included in SS01b. With today's modern architectures and capabilities, the State believes the performance standards discussed in SS01b are reasonable and attainable and in the best interest of the State.

The State does not intend to update the RFP in response to this comment.

Number: 46
RFP Reference: Atch I SS01c

Description:

SS01c System Performance

Scheduled maintenance activities usually occur on weekends. Tasks like major COTS version upgrades may result in a longer maintenance window. We recommend revising the text to read: Contractor maintains less than two (2) hours of regular weekly maintenance windows for production systems unless approved by state.

Response:

The State agrees with the recommendation.

The State plans to change the RFP in response to this comment.

Number: 47
RFP Reference: Atch I SS01d

Description:

SS01d System
Performance

We have reviewed the current IVRS contract and metrics provided by the state. Given that the state has only provided average call volumes and no information on peak loads/usage, call length or trends, the vendor would be unable to design a solution to meet a 100% uptime and that 0% of calls receives a busy signal. Building redundancy that guarantees 100% uptime with 0 percent busy or blocked signal will result in significant infrastructure costs. This is not the norm in performance standards related to IVR. We recommend that the state revise this to 99.9% uptime with scheduled maintenance windows approved by the state.

Response:

Based upon low transaction volume, the State has decided to no longer provide IVRS services after the current IVRS contract expires. The current services provided by the IVRS are available via a web portal and providers are being urged to use this capability. Given the usage in the State's current environment, the independent contract for these services is no longer economically feasible; however, in the future enterprise IVRS capability may have additional value. Offerors may propose an IVRS as part of their service offering if they believe it adds value to their services. If IVRS services are offered as part of the Offeror's solution, the performance standards in the RFP will apply.

The State plans to allow Offerors to propose the performance standards for SS01d, and will no longer require IVRS services be a mandatory service in the contract.

The State plans to change the RFP in response to this comment.

Number: 48

RFP Reference: Atch I SS01e

Description:

SS01e System Performance

Given that the state has only provided average transaction volumes for most critical system transactions, it would not be possible for the vendor to ensure we size our infrastructure to meet response time SLAs. We recommend publishing detailed metrics to enable vendors to create infrastructure to meet the requirements of the RFP.

Response:

SS01e is related to security breaches which is inconsistent with the recommended change. The State sees no correlation between transaction volumes and the performance standards for reporting security breaches. The State has provided detailed metrics in the procurement library for review.

The State does not intend to change the RFP in response to this comment.

Number: 49

RFP Reference: IIA.2

Description:

“Custom Software.” Is the reference to COTS Software intended to be part of this definition? As written, Custom Software is defined to include “customizations to COTS Software.” However, based on the definition of COTS Software, it would appear that this is not correct and was not intended.

Response:

Yes, the reference to COTS Software is intended to be included in the Custom Software definition. Any customization to COTS funded by the State will be considered Custom Software.

The State does not intend to change the RFP in response to this comment.

Number: 50

RFP Reference: IIA.2

Description:

“Proprietary Contractor Software.” To avoid confusion and to be consistent with the definition of State Material and Custom Software, the phrase “pursuant to this Contract” in the second line should be deleted, and that the phrase “all Intellectual Property Rights therein” be inserted in the last line after the word “limitation.”

Response:

The definition as drafted represents the State’s intention that any Contractor Proprietary Software provided in connection with this procurement shall include access to and license of Source Code.

The State does not intend to make the requested change.

Number: 51

RFP Reference: VIIB.25.2

Description:

Licenses in and to certain State Materials. This section permits the Contractor to request a license to use, modify, and make derivative works from Custom Software included in the State Materials. It can be anticipated that Contractors will want such a license. Providing a proposed license form for review or providing for negotiation of this license as part of the final contract would be helpful.

Response:

Section VIIB.25.2 sets forth the scope of the license rights to be granted and the State believes this information provides a sufficient statement to enable Offerors to respond to the RFP.

The State does not intend to make the requested change.

Number: 52

RFP Reference: VIIB.25.3

Description:

Proprietary Contractor Material. Disclosure of Proprietary Contractor Material to takeover contractors who may be direct competitors of the Contractor may be a concern for Contractors. To address this concern of improper disclosure, it is suggested that this Section 25.3 provide that the referenced non-disclosure and non-use agreements should be agreed to in writing by the Contractor, State, and the follow-on contractor.

Response:

The State believes it is not in the best interest of the State to require assent from the Contractor prior to the disclosure of information in the situations set forth in Section 25.3.

The State does not intend to make the requested change.

Number: 53

RFP Reference: VIIB.25.4

Description:

COTS. The proposed COTS Agreement for third party vendors whose COTS Software is included in the solution, while not part of the Contract, voids out key business terms in the vendor’s standard End User Licensing Agreement (EULA). It also requires specific license requirements and other terms that are non standard form any COTS vendors. To the extent that the solutions proposed by Contractors necessarily include COTS vendors whose software is a key part of the solution, obtaining the COTS vendors agreement to the COTS Agreement may be a significant hurdle – it may limit/impact availability and/or price to procure the desired/best COTS products.

Response:

The State plans to modify its approach and use the COTS EULA in Exhibit C as a model agreement. Offerors will likely be able to propose different licensing terms consistent with certain restrictions.

The State plans to change the RFP in response to this comment.

Number: 54

RFP Reference: VIIB.25.5

Description:

Third Party Proprietary Material. “Third Party Proprietary Material” is missing from the definitions section of the RFP. See same concern as identified for section 25.3 above.

Response:

Correct. The definition is improperly listed as “Third Party Material”. The defined term will be changed to “Third Party Proprietary Material”.

The State plans to change the RFP in response to this comment.

Number: 55

RFP Reference: VII Exhibit B 5.2

Description:

“Limitation of Damages – Licensor.” The limitation of liability in section 5.1 of 2x cumulative fees paid by Licensee is oddly phrased and is not standard/typical in proprietary software licenses. Except for IP infringement claims, liability is typically capped at total license fees paid. Given the other protections in the Contract, the state may want to consider a limitation of 1x fees paid.

Response:

The State believes that 2x damages are appropriate.

The State does not intend to make the requested change.

Number: 56

RFP Reference: VII Exhibit B 11.7

Description:

“Assignment.” There appears to be a typo in section 11.7 Assignment. The non-assignment restriction, as drafted, applies to Contractor and the State (“neither party may assign...”), but the remainder implies it is unilateral. This needs to be clarified.

Response:

The State concurs with the recommendation.

The State plans to change the RFP in response to this comment.

Number: 57

RFP Reference: III.4.5.1

Description:

The RFP states “as labor rates have overhead built in and as the State is paying directly for billable work under a labor hours effort, the Contractor shall not mark up the fixed price subcontracted services other than for profit.” Typically, contractors burden subcontractors with G&A or Material Handling (dependent upon its accounting practices). The burden compensates offerors for administrative costs incurred in the contractual/legal obligations and accounting support. Will the State allow the burdening of subcontractors with the appropriate indirect burden and profit?

Response:

The State does not concur with the recommendation.

The State does not intend to make the requested change.

Number: 58

RFP Reference: III.4.5.1

Description:

The RFP states “as labor rates have overhead built in and as the State is paying directly for billable work under a labor hours effort, the Contractor shall not mark up the fixed price subcontracted services other than for profit.” We assume this does not apply to 1099 consultants, please confirm.

Response:

If an Offeror is planning to bill 1099 consultants as part of the staff that is invoiced by billable hour (similar to employees), then it should include the consultant labor categories as part of Proposal Section G3 (Position Descriptions and Qualifications) and the consultant labor rates and percentage typical use as part of Pricing Table D (Labor Rates). All other requirements for the Proposal applying to employee labor categories also apply to consultant labor categories.

Labor categories filled by consultants should be marked with "(Consultant)" after the name of the labor category (e.g., Senior Business Analyst (Consultant)) on position descriptions and pricing tables. If the qualifications for a labor category are the same for both employees and consultants, only one position description needs to be submitted, and it should clearly state that the description applies to both types of labor.

Just as with employee labor rates determined under competition, justification of the labor rates is not required. All consultant labor categories created and approved by the State subsequent to Contract award require a full rate justification.

Note that the State is not inclined to approve new labor categories of any kind (employee or consultant) after Contract award unless new work clearly requires expertise that could not be anticipated prior to Contract award.

The State plans to change the RFP in response to this comment.

Number: 59

RFP Reference: III.4.5.3.2

Description:

The RFP states "for each Milestone or Deliverable that is late in achieving State acceptance, the State shall withhold 1/300th (one three-hundredth) percent of the Total Labor Price per day late." Should total labor price be target labor price?

Response:

The respondent is correct.

The State plans to change the RFP in response to this comment.

Number: 60

RFP Reference: VIII.2.2.1

Description:

The RFP states "the offeror must propose a base year fixed price to standup operations capabilities associated with each increment that will be immediately fielded." It appears in Pricing Table A that the state anticipates this cost would occur in a single month. How should offerors account for standup operations capabilities that start one month and end in another? Is it acceptable to show this cost over multiple months?

Response:

The State inadvertently omitted certain instructions on proposing and invoicing operations standup activities. The intent is that the Offeror would propose a single fixed price for each increment on a single line (each) of Pricing Table B, and that the Contractor would invoice for this activity after an increment became operational and all activities invoiced as part of standup are completed. The payment would be a single lump sum for each increment.

The State plans to change the RFP in response to this comment.

Number: 61

RFP Reference: VIII.2.2.3

Description:

The RFP states that “Software prices are not adjusted for inflation.” We assume this allows offerors to modify the template to allow for inflation in prices. Please confirm.

Response:

The respondent's assumption is not correct. Software licenses are proposed with inflation-adjusted prices and subsequently paid at the actual cost (not to exceed the proposed price). For software licenses for which Offerors cannot obtain binding quote for the necessary duration, Offerors should estimate the prices for the intended time of purchase. Software prices will not be adjusted for inflation either in the Proposals or at the time of purchase.

The State does not intend to change the RFP in response to this comment.

Number: 62

RFP Reference: VII Exhibit A.4

Description:

The RFP states “no additional markup for overhead or profit shall be made and materials costs shall not be adjusted for inflation.” Typically, contractors burden materials with material handling as the material handling charge compensates offerors for administrative costs incurred in the acquisition and processing of non-labor items. We suggest allowing offerors to burden materials with material handling and a small profit/fee at the very least to allow for accurate cost recovery.

Response:

The State does not concur.

The State does not intend to make the requested change.

Number: 63
RFP Reference: VII Exhibit A.12

Description:

The RFP states "...the contractor shall invoice for payment of ninety percent (80%) of the amount specified for that Milestone or Deliverable in the Contractor's proposal." Please confirm that the amount to be invoiced is 90%.

Response:

The correct percentage is eighty percent (80%).

The State plans to change the RFP in response to this comment.

Number: 64
RFP Reference: VII.A.1

Description:

The Assignment Clause conditions any assignment on State consent and lays out the process whereby the State will approve changes in interest. The State can refuse the requested assignment if it determines that performance can be affected, and have the option to exercise its discretion to terminate. However, it is unclear how/why the State would exercise a unilateral right to modify the contract.

Response:

This provision is intended to mitigate the much harsher remedy of terminating the Contract in case of a change of interest. If modification of the Contract by changing a term such as the performance bond could help provide the State with sufficient assurance of continued successful performance, it might be possible to avoid termination of the Contract.

The State does not intend to change the RFP in response to this comment.

Number: 65
RFP Reference: VIIA.17

Description:

The last sentence of this section states that the Contractor will not be reimbursed any costs amortized beyond the initial contract term. This is not clear and it would be helpful for the state to better define the limitation intended here.

Response:

The limitation is clear: if a Contractor chooses to amortize its costs over a longer period than 5 years, such costs will not be reimbursed in case of early termination of the contract.

The State does not intend to change the RFP in response to this comment.

Number: 66
RFP Reference: VIIB.2.2

Description:

This does not state which party can initiate a Customer Service Request – is it one or both parties? Also, this makes reference to changes in “...scope, price, or schedule...or significant consequences to performance of the Services...” Given that the RFP provides functional objectives rather than specific requirements, it is clearer to state that any changes in the approved SOW would be covered as a change if there is a cost or other impact to the Contactor.

Response:

The Change Management Plan will be a plan developed based on the input of both parties and will be defined during the Discovery Phase. It would be overly-prescriptive to define the detailed plan at this time. The State believes that there well may be “no cost” modifications within the Change Management Plan and thus declines to made the requested change.

The State does not intend to change the RFP in response to this comment.

Number: 67
RFP Reference: VIIB.3.4

Description:

This states, in part, that the Contractor must use reasonable efforts to allocate the cost of modifications across its affected customers and that the State will pay only its pro rata share. It is unclear how this might apply and what level of detail or effort the State will require to demonstrate such an allocation.

Response:

The State believes that the term is clear as written and will apply only where a Contractor has proposed a solution that is in use by other similarly affected customers. Appropriate documentation will depend upon the actual circumstances at the time such modification is required.

The State does not intend to change the RFP in response to this comment.

Number: 68
RFP Reference: VIIB.5.1

Description:

Is the State Contract Administrator or designee the sole individual authorized to execute and issue modifications/changes to the contract and otherwise commit the State?

Response:

The State Contract Administrator or designee will handle the day to day operations of the contract. Execution and issuance of modifications/changes to the contract occur through the

Procurement Officer in the Information Technology Management Office as described in Section VII.B 2.1.

The State does not intend to change the RFP in response to this comment.

Number: 69

RFP Reference: VIIB.5.4

Description:

This provides for an initial resolution period of seven (7) business days and then ten (10) additional days for resolution by senior representatives of each party, if the first discussion period is unsuccessful. Twenty-one or thirty business days might be more appropriate to allow the parties sufficient opportunity for an informal, agreed upon resolution.

Response:

The State does not believe an attenuated schedule is in the best interest of the State.

The State does not intend to make the requested change.

Number: 70

RFP Reference: VIIB.8.7

Description:

This clause can present significant challenges for smaller sized contractors and may be difficult to flow down to subcontractors as well. In order to promote smaller business participation and competition, the state may want to narrow the specified restrictions on the contractor in connection with the State's right to hire contractor personnel, and in particular Key Personnel and software/system design personnel, or better define the termination events to which this applies.

Response:

The State believes this provision to be in the State's best interest as written.

The State does not intend to make the requested change.

Number: 71

RFP Reference: VIIB.12

Description:

The stated contractor maximum liability for damages of \$60,000,000 is significant and may effectively reduce competition and preclude participation by potential small business subcontractors.

Response:

The State believes that the damages cap is appropriate to the size of the procurement and represents a fair allocation of risk.

The State does not intend to change the RFP in response to this comment.

Number: 72

RFP Reference: VIIB.18

Description:

The first sentence in this Section presents difficulties for contractors in assessing the scope and the risk of performance as it makes it impossible to clearly define the Contract scope. It may be possible to more clearly define “Inherent Services,” but as written, it is too vague and ill-defined.

Response:

The concept of inherent services is intended to avoid any subsequent misunderstanding between the parties whether an item not specifically included in a statement of work but necessary to completion of required contract scope is within scope or should be the basis for a change request. The concept is well established in service contracting, and the State does not agree that an experienced Contractor should be unable to determine scope due to this clause.

The State does not intend to change the RFP in response to this comment.

Number: 73

RFP Reference: VIIB.26

Description:

The stated performance bond or other security requirement in this section is significant and may effectively reduce competition on this procurement. If permitted, the State may want to consider reducing the stated bond requirement or providing for reduction of the bonding obligation as key performance milestones are met. An alternative to requiring a performance bond could also be the broader application of holdbacks until milestones are met (as opposed to solely for performance issues.)

Response:

The State believes the performance bond is appropriate.

The State does not intend to make the requested change.

Number: 74

RFP Reference: VIIB.43

Description:

Are there objective factors that the State uses in assessing a change of control of contractor within the definition of Section 43 as a cause for State termination of the Contract? If so, it would be helpful to identify the factors.

Response:

“Change of Control” is defined in the last sentence of this Section. The State believes that this Section is clear.

The State does not intend to make the requested change.

Number: 75

RFP Reference: III.8.1.1

Description:

[Respondent company] suggests SC DHHS consider inclusion of a Content Service Platform (CSP). CSP's functionalities simplify the situational use of the wealth of available information, both structured as well as unstructured, from various sources to make better decisions for daily business. This integrates all types of existing information needed to handle business cases within existing business applications. New business cases are supported by content-automation functionalities, flexible user interfaces, and the integration of ad-hoc workflows, Social Networks and workflow systems. Recording the execution steps and the decision-making not only allows the subsequent analysis for optimizing business processes, but also provides data for monitoring and ensuring compliance with contractual and regulatory requirements.

Response:

The State is not requiring specific tools to be used in the RFP. Offerors are able to propose a Content Service Platform (CSP) should they desire.

The State does not intend to update the RFP in response to this comment.

Number: 76

RFP Reference: III.8.1.4

Description:

[Respondent company] suggests SC DHHS consider possible inclusion of Master Data Management to reconcile, cleanse, and synchronize enterprise master data for "one version of truth." Redundancies and errors are eliminated. Only reliable, accurate and approved enterprise information flows through your processes, systems and applications.

Response:

The State is not requiring specific tools to be used in the RFP, although it does place a high value on Master Data Management. Offerors are able to propose a Master Data Management tool should they desire.

The State does not intend to update the RFP in response to this comment.

Number: 77

RFP Reference: III.8.1.5

Description:

[Respondent company] suggests SC DHHS consider possible inclusion of Data Mining Process Performance Manager tool that provides a key technology you can use to assess your business

processes automatically in terms of speed, cost, quality and quantity—and to identify optimization opportunities.

Process Performance Tools provide SC DHHS a means to:

- Automatically discover end-to-end processes for greater transparency
- Analyze historical processes to find weaknesses
- Benchmark processes to identify best practices
- Optimize team and collaboration structures using organizational analyses

Response:

The State is not requiring specific tools to be used in the RFP. Offerors are able to propose a Data Mining Process Performance Manager should they desire.

The State does not intend to update the RFP in response to this comment.

Number: 78

RFP Reference: IIA.20

Description:

The RFI lists two rounds of questions, but does not state the time between the closing of round 1 and when answers should be expected. This can impact proposal development as offerors will be waiting for clarification responses to their questions. Please consider providing answers to questions on a weekly basis instead of holding responses until the bulk of questions are answered.

Response:

The State plans to update the Q&A strategy as an open question period over approximately six weeks. This will allow sufficient time for Offerors to pose questions and the State to answer them. Offerors can submit groups of questions multiple times during the Q&A period, and the State plans to publish groups of answers as they are completed. The State also plans to publish RFP amendments, as necessary. Note that the questions and answers themselves do not form part of the order of precedence on the Contract per RFP Section IIA.20.

The State suggests that Offerors use the time now, prior to publishing the final RFP, to craft any additional questions for the State and submit those as early as practical during the formal Q&A period. This will assist the State in providing timely responses.

The State plans to change the RFP in response to this comment.

Number: 79

RFP Reference: IIA.20

Description:

With respect to the two rounds of questions, after the second round, clarifications may be required based on responses. Please consider allowing offerors 3-business days post-2nd round response release to seek clarification on those responses only.

Response:

Please see Comment 78.

Number: 80

RFP Reference: IIB.1

Description:

The RFP states, "Each part should be bound in a single volume". Please clarify that this means any number of binders needed to submit the paper copy of the response can be included in this "single volume" as long as the binders are appropriately marked.

Response:

The respondent's assumption is correct, although Offerors must ensure that the Technical and Cost Proposals are not co-mingled.

The State does not intend to change the RFP in response to this comment.

Number: 81

RFP Reference: IIB.2

Description:

For a project of this scope and type, the State and the selected vendor need the opportunity to work together to establish and agree on terms that are conducive to the success of the project, appropriately balance risk and price and are fair and reasonable. It is in the State's interests for vendors to be candid about terms that they cannot accept or believe create incentives that run counter to the goals of the project.

Response:

The State is unable to confirm the respondent's request since any modification to the terms and conditions set forth in the RFP would render the Offeror's Proposal non-responsive. The State does not wish to receive alternate terms and conditions. The terms set out in Sections VIIA and VIIB are mandatory terms.

The State believes that the draft RFP process and the standard Q&A process provide Offerors with the opportunity to offer their views on the terms and conditions.

The State does not intend to change the RFP in response to this comment.

Number: 82

RFP Reference: III.4.5.3

Description:

We suggest removing the language, "5% of invoices from payments" during the Discovery Phase. By design, this phase is collaborative and complete in and of itself, as a mutual planning phase for the work that is part of the MMIS replacement.

Response:

As the Discovery Phase is relatively small, the State prefers to apply a uniform withhold policy across all of "DDI."

The State does not intend to make the requested change.

Number: 83

RFP Reference: III.4.5.3

Description:

Upon review of the pricing incentives and the schedule incentives, it is clear that the State had the intention of creating an environment where contractors were financially motivated to perform better than proposed. However, the structure has also created a more complex operating environment, requiring significant oversight, measurement and management, especially when considering the likely change orders and other modifications to the contract, scope and timeline that will take place during the Replacement Phase. This effort will add cost into the overall bid. This may negate the financial value to the state in which the structure was based upon.

This structure also allows vendors to propose prices based on different target assumptions and price to the incentive models, then counting on change orders to ensure their financial objectives are met. With this pricing structure and variability in what a vendor may be paid simply for faster or slower delivery of the same product (among other factors), it may be difficult for the state to discern accurate price comparisons between vendors.

We recognize that the State has given careful consideration to incentives and penalties. The State has also worked to create an environment where vendors are rewarded when they work toward the best interest of the State. That said, this model seems to contain too many variables. We suggest the State remove some portion of the incentives and penalties in order to simplify the pricing and scheduling, reduce potential contention during the project, and also allow for a more even and effective comparison of competing bids.

Response:

On a large implementation project, cost is always important (particularly on a fixed price or price-incentive contract) and schedule is always important. As two legs of the classic project management "triad," these two factors are always measured carefully, even in the absence of specific incentives. The State is not trying to incent the minimum cost or the shortest schedule DDI. It is trying to incent proposing a realistic plan and then executing to that plan. Incentives are not based on the absolute cost or the absolute schedule, but the relative cost and the relative schedule. Each Offeror has a nearly equal opportunity to reap positive incentives as any other Offeror, post-Contract award.

The State believes that while some "creative engineering" is always possible, the incentive model in this RFP is harder to "game" than it may appear on the surface (particularly as the respondent offered no specific examples of such potential). Those aspects which result in the best possible TECO score on the Proposal become the hardest to achieve post-award, and vice versa. While some Offerors may choose to count on change orders to "get well" on the Contract, this is a risky approach that is unlikely to succeed. The State believes that its team is well-positioned to

negotiate fair change orders, and because the legacy system is State-operated, the State is not in a position to be held "hostage" by an outgoing vendor.

The State strongly encourages Offerors to propose plans that they truly believe that they can achieve. Attachment 1 shows an example of how incentive calculations would be performed, and the State believes that these are both fair, and reasonably easy to implement.

The State does not intend to make the requested change.

Number: 84

RFP Reference: III.8.4.1

Description:

Implementation life cycle can take into account the implementation of products, and implementing portions of the system, as the state has highlighted. One method for achieving clarity in an environment utilizing COTS products, and product development and implementation approach is the use of product releases that are articulated by a product roadmap.

The language in the incremental implementation section seemed to lean toward iterative development, rather than release management, which indicates a desire for a more custom development, rather than deployment of configurable products.

We recommend requiring or suggesting that vendors use a release management approach in achieving the incremental implementation, as that approach aligns more closely with other requirements and desired technical objectives in the RFP.

Response:

The State does not concur with the respondent's suggestion that the State is leaning towards an iterative implementation. While an iterative approach is acceptable, it is not mandatory. The Contractor may wish to execute some increments iteratively for parts of the system having greater uncertainty while using a straight incremental approach for the majority of the system. The State concurs that release management is important, and this is addressed in RFP Section III.7.3.1.4, "Release Management." Because each Offeror's solution may contain a different mix of COTS, proprietary software, and custom software, the State is permitting Offerors to propose the increments and the release management approach best suited to their solutions.

The State does not intend to make the requested change.

Number: 85

RFP Reference: III.8.4.6.2

Description:

We suggest that the Clemson University Data Center be made available to host scheduled site visits and walkthroughs as part of the procurement during the proposal development period.

Response:

The PMO will coordinate with Clemson University to provide a tour of the Clemson Data Center during the Proposal preparation period.

The State plans to change the RFP in response to this comment.

Number: 86

RFP Reference: III.10.3

Description:

Is the help desk listed in 10.3 in addition to the call center mentioned in 4.2.3.3 and 8.4.7?

Response:

Yes, the help desk listed in 10.3 has additional responsibilities to those in 4.2.3.3 and 8.4.7. Offerors should choose how best to integrate the responsibilities of 10.3 with those of 4.2.3.3 and 8.4.7.

The State does not intend to change the RFP in response to this comment.

Number: 87

RFP Reference: IV.7.5

Description:

Our concern in this section relates to the submission of user manuals within the proposal. There is a distinct difference in approach when an MMIS is implemented using a SOA framework and COTS products versus the legacy approach of transfer and customize for the next customer. Standard user manuals for the COTS products are built for the primary market that these products serve (essentially the generic version of the product), and not the MMIS implementation of the product. Whereas, a transferred solution will have the former state's user manual as a basis for creating the new one.

The process with a COTS-based solution is to in fact adapt much of the user manual as part of the implementation process – specific to the environment and business rules deployed in the particular state. The primary reason for this approach is to ensure that the most accurate application of the COTS products' capabilities are captured for the users in which the products were configured. Although development effort is reduced, project risk is reduced and product longevity is enhanced – user experience and user manuals are more specific to the operating environment in a new state.

It would seem that comparing generic product user manuals (that will not be shared with users later) with a previous state's user manuals are not an effective comparison, nor will it be insightful into the types of user manuals that SC will receive as part of the MMIS project. We recommend that instead of requiring complete copies of old or new, but generic manuals, that the State require a sample of what a SC user manual will look like – allowing for a more forward looking evaluation, rather than evaluating and scoring unrelated historical artifacts.

Response:

Please see response to Comment 25.

Number: 88

RFP Reference: IV.12

Description:

Upon review of the draft RFP and attendance at the Vendor Day discussions, it is evident that the state is looking for proven, forward moving technology solution available for the replacement MMIS. This includes leveraging best of breed, production based COTS products, a SOA framework that integrates the products, web services as available, and other innovative industry approaches to help the state meet the CMS Enhanced Funding Requirements. The nature of the overall differences of this RFP approach, where bidders are encouraged to define their own delivery schedules, deliverables, performance measures and other key scope initiatives in a way that will best present their individual offerings to meet the state's requirements is much appreciated and well received. For where the industry is today, this approach makes good sense. However, in regard to the requirement to submit screenshots to prove capability to deliver the required MECT functionality, we are concerned that the state will be jeopardizing the overall objectives of your replacement MMIS and limiting evaluation to solutions based on technology designs from 5+ years ago (which is the minimum age of a solution that is certified in production today – if you consider the timeline from procurement through development through certification).

To fully engage with the RFP path in which you have taken and ensure that bidders clearly articulate their solution's functional capabilities as to how the MECT will be met, rather than requiring screenshots, we suggest that the RFP allow bidders to take an alternative approach that will best visually articulate how the MECT requirements will be met in each of their respective solutions. This alternative approach is a two step process:

1. Included in proposals: allow bidders to include a sample of configurable web pages across business areas aligned with MECT categories, plus comprehensive views of the SOA architecture highlighting the web services which will support the required MECT functionality from the various COTS products that are part of the MMIS framework.
2. During the product demonstrations and oral presentations: allow bidders to demonstrate capabilities to meet a sampling of the MECT requirements through the COTS product integration within the MMIS framework.

We encourage the state to use the proposal content as a primer for the actual product demonstrations rather than as a standalone component used to determine the overall functional capability alignment with the MECT.

Response:

Please see response to comment 28.

The State does not intend to update the RFP in response to this comment.

Number: 89
RFP Reference: IV.13.1

Description:

We recommend that the State strike the required inclusion of slides for orals presentation in the proposal. We understand that including the presentation allows the state to receive all written material at one time. However, this requirement will significantly limit any offeror's ability to build a cohesive demonstration workflow, tailored for South Carolina. Often vendors spend the time between proposal submission and their scheduled orals date to develop this material and apply the knowledge gained during the proposal process to produce the most complete orals material. Forcing the orals preparation process to take place concurrently with the proposal process requires the core South Carolina team to perform both tasks at once, potentially reducing the quality of both.

Response:

Please see Comment 29.

Number: 90
RFP Reference: IV.13.1, IV.13.2

Description:

The Orals process of demonstrations followed by State hands-on review of the system is something that we support, as it will provide the State with an in depth review of the system. However, it should be noted that the State is not just buying a system, but also the services of a vendor to implement, support and operate a system as well as a comprehensive operation. We suggest amending the Orals schedule to include an opportunity for vendors to share and discuss their delivery capabilities, including methodology, approach, and experience. Failures happen in the MMIS industry not because of the systems, but because of problems with delivery.

We recommend that this new section and the content outlined in section 13.2 be delivered first. This is followed by an introduction of the system, overview, architectural review, etc. This way, when the State reviews the demonstration, it is in the context of the approach, architecture, team and processes that will be used rather than absent that context.

We also recommend reducing the hands on time. In past Orals where hands-on time was required, a day was more than sufficient to provide the state with a comprehensive view of the solution. With regard to the sandbox, we recommend that the State remove this requirement for Orals, as it has as much potential to cause confusion as it does to support the evaluation of the System. Demonstration environments are often populated with sample, limited data that absent a script, may confuse or mislead. Additionally, the use of a sandbox, leads to issues of security, IP protection, where a vendor would lose control over their technology, absent any protection of a license.

Response:

The State believes that the suggestions covering methodology and architecture are already covered in the requirements for the Oral Presentation. To meaningfully discuss the "Offeror's strategy for incremental implementation," the Offeror will necessarily have to discuss its

methodology and approach, and optionally, its experience (this adds credibility). To meaningfully discuss the "overview of the exposed system interfaces (services, application programming interfaces, etc.) and how these can be employed to reuse system capabilities and extend system functionality," the Offeror will need to discuss these interfaces in the context of the system architecture.

Based on the impacts of the Seven Conditions on the System Demonstrations, and the suggestion of the respondent that the Oral Presentation be first, the State plans to adjust and simplify the Oral Presentation/System Demonstration approach nominally to:

Day 1 - Oral Presentation

Day 2-3 - Offeror-conducted System Demonstration

Days 4-5 - Hands-on System Demonstrations

The State plans to eliminate the sandbox requirement.

The State does not intend to make the requested change.

Number: 91

RFP Reference: VI.3

Description:

By choosing to allow vendors to set their own service level benchmarks the State is going to be faced with financial proposals that are built using different assumptions. How will the state proportionally increase the technical and risk scores for more stringent service level commitments that result in additional staff and additional cost to balance out the relative price?

For example – If Vendor A chooses to commit to answer phones in 15 seconds and Vendor B chooses to answer phones in 30 seconds. Assume that both are found to be reasonable to the State. Vendor A will require more staff for consistent assumptions in call time and volume. Will there be a technical score improvement commensurate with assuming more aggressive metrics?

Alternatively, would the State consider establishing a broader set of core SLA criteria that will better level the playing field among competition and preclude potential manipulation of the prices?

Response:

The State does not concur with the respondent's recommendation. The State will consider the balanced value of the Offeror-proposed performance standards in its evaluation. Please see Comment 194 for additional information.

The State does not intend to make the requested change.

Number: 92
RFP Reference: VI.3

Description:

The second bullet in the Total Enterprise Cost of Ownership evaluation factor lists hardware costs as a criterion. Rather than include the specified hardware pricing within the TECO, will the state change the RFP to allow for specified hardware pricing to be submitted outside of the TECO evaluation section?

Response:

No.

The State does not intend to make the requested change.

Number: 93
RFP Reference: VI.3

Description:

One of the criteria listed for TECO evaluation is hosting costs (third bullet). However, hosting is performed at Clemson, as stated in 8.4.6.2 (p. 90).

To support a simplified pricing comparison between offers, we suggest that the state provide a detailed list of all responsibilities, activities and overall scope of work that the Clemson Data Center will perform in support of the MMIS Contract.

Response:

The State does not concur with the respondent's suggestion. The States objectives for hosting are described in RFP Section III.8.4.6, and Offerors are required to submit a Hosting Statement of Work (described in RFP Section IV.7.10) that contains "a subsection outlining the Offeror's work expectations from the State's hosting duties." The State plans to use each Offeror's Proposal to estimate its cost of hosting.

The State does not intend to make the requested change.

Number: 94
RFP Reference: VIIA.4

Description:

The parties should agree on a thoroughly defined description of the scope, which should be memorialized in a detailed Statement of Work.

This SOW should be included in the Contract and supersede the solicitation and proposal.

Response:

The State does not concur. Offerors are already required to submit five SOWs (Discovery Phase, Replacement Phase, Operations Phase, Turnover Phase, and Hosting) that can be used to clearly define the work scope, as the respondent suggests. Eliminating the remainder of the RFP and Proposal encourages Offerors to make promises in their Proposals that are not binding.

The State does not intend to make the requested change.

Number: 95

RFP Reference: VIIA.12

Description:

The contractor should have the right to defend itself against public or media allegations or reports.

Response:

The section simply precludes a Contractor from referencing the State in any public statements or communications without the State's prior review and approval. The State believes this is a reasonable restriction necessary to protect the State's best interests.

The State does not intend to make the requested change.

Number: 96

RFP Reference: VIIA.14

Description:

The State's right to setoff should be limited to instances where Contractor's debt to the State is not in dispute.

Response:

The language provided is standard language for State contracts.

The State does not intend to make the requested change.

Number: 97

RFP Reference: VIIA.19

Description:

Provisions regarding non-waiver of claims should be mutual.

Response:

This provision is a reservation of rights to the State and would not be appropriate for bilateral application.

The State does not intend to make the requested change.

Number: 98
RFP Reference: VIIB.3

Description:

Each party should be responsible for compliance with laws and regulations applicable to it. The contractor should implement the MMIS in accordance with the agreed specifications, but only the State has the authority to interpret and implement the laws and regulations applicable to its federally-mandated programs. In the event of a change in regulations that impacts the price, schedule or risk of the project, the parties should address such changes via the Change Control Process.

Response:

The State does not concur with the recommended change.
The State does not intend to make the requested change.

Number: 99
RFP Reference: VIIB.4

Description:

Subject to the State’s open records obligations, the confidentiality provisions should protect the confidential information of both parties. The parties should agree on a detailed Data Protection Plan to promote data security and implementation of appropriate mutually understood protocols for State and citizen data.

Response:

The State plans to address mutual confidentiality provisions in a change to the RFP.

Number: 100
RFP Reference: VIIB.6

Description:

The contract should acknowledge that contractors are not required to obtain new policies on behalf of the State, but can bring the State under the protection of existing insurance policies that are appropriate to large commercial entities, as evidenced by a certificate of insurance.

Response:

This provision does not specifically prohibit the Contractor from adding the State to existing policies, but it does contain many requirements that must be met, not the least of which being that the policies are with an insurance company that is licensed to do business in South Carolina.
The State does not intend to make the requested change.

Number: 101
RFP Reference: VIIB.7, VIIB.18

Description:

Each party's specific obligations for the project should be explicitly set forth in the Contract.

Response:

The State has determined that a solutions-based solicitation is in its best interest as opposed to a requirements-based solicitation.

The State does not intend to change the RFP in response to this comment.

Number: 102
RFP Reference: VIIB.9, VIIB.25, VIIB.37, VII Exhibits B and C

Description:

Contractor should represent and warrant that the services are performed in a good and workmanlike manner and that the deliverables materially conform to the agreed specifications, deliverable expectations document or acceptance criteria for a defined warranty period. These warranties should be explicit, with implied warranties disclaimed. For third party materials, the warranties, rights, licenses and obligations should be as set forth in the applicable third party agreement and passed through to the State.

Response:

The State believes the warranty structure presented in the RFP is in the best interest of the State.

The State does not intend to change the RFP in response to this comment.

Number: 103
RFP Reference: VIIB.12, VIIB.45

Description:

While the limitation on liability represents a reasonable balance of risk and reward, the situations in which it does not apply could appear to render the protections ineffectual. The cap on damages should apply to all claims.

Response:

See response to 71.

Number: 104
RFP Reference: VIIB.14, VIIB.40, VIIB.44

Description:

The State should have the ability to terminate for its convenience upon sufficient advance notice. Both parties should have the right to terminate for a material breach by the other party that is not cured within 30 days. The Contract should be clear that upon termination the contractor is

entitled to payment for all work performed through the termination date, including work in progress, reimbursement for any authorized capital expenditures, and – unless the termination is for the contractor’s default – reasonable and substantiated stranded and demobilization costs.

Response:

The State believes that the RFP appropriately apportions the risk between the parties in the event of any termination of the contract by the State.

The State does not intend to make the requested change.

Number: 105

RFP Reference: VIIB.19

Description:

The contractor should indemnify the State for all third party claims for personal injury, death or damage to personal or real property arising out of the negligent or willful acts of contractor in the course of performing the services.

Response:

The State believes that a Contractor’s indemnification obligations should include an indemnity for Intellectual Property Infringement as well as indemnity for any claim which arises as a result of the provision of any goods or services provided by the Contractor.

The State does not intend to make the requested change.

Number: 106

RFP Reference: VIIB.23

Description:

The Contract should be explicit about any licenses required of the contractor, as well as any services that are clearly not in scope due to licensing limitations.

Response:

The State believes it is the Contractor’s responsibility to make this determination with respect to its business operations.

The State does not intend to make the requested change.

Number: 107

RFP Reference: VIIB.25

Description:

The State should be the owner of all deliverables, with no limitations on its ability to use such work product. The contractor should receive a license back to such work product. Each party’s rights in its pre-existing or independently developed intellectual property, and residual knowledge, should be protected.

Response:

The State believes that the cited Section addresses the above considerations as drafted.

The State does not intend to change the RFP in response to this comment.

Number: 108

RFP Reference: VIIB.16, Atch B

Description:

The parties should establish and agree on HIPAA and BAA provisions that are appropriate to the scope and the parties' respective roles with respect to the applicable data under HIPAA and HITECH rules.

Response:

The HIPAA Business Associate Agreement provided is the standard SCDHHS document that addresses the concerns and requirements of SCDHHS.

The State does not intend to change the RFP in response to this comment.

Number: 109

RFP Reference: VIIB.34

Description:

The contractor's right to be reimbursed for increased costs should apply in all instances whether there is a delay of failure that is not the fault of the contractor or its subcontractors.

Response:

The State is unable to comment on this suggestion since it is not sufficiently clear as to content to be susceptible of response.

The State does not intend to change the RFP in response to this comment.

Number: 110

RFP Reference:

Description:

We understand that there are 20 PMO team members from the state assigned to the project. Providing state staffing by phase or activity will enable offerors to provide realistic schedules that take your staffing into account. This will help mitigate schedule risk on the project.

Response:

The State's PMO during the term of the Contract is not likely to be exactly 20 people.

Offerors are encouraged to submit plans that minimize concurrent requirements for similar skill sets as this has a greater impact on feasibility than does head count. The State will consider the Offerors' approaches to this challenge in its evaluation of Proposal Risk.

The State does not intend to change the RFP in response to this comment.

Number: 111

RFP Reference:

Description:

Your current RFP structure is requesting to implement a SOA Frame work and potentially new Core MMIS applications. Will you consider selecting a SOA frame work first? This may save you from replacing MMIS many applications that will give you the same data as your old applications.

Response:

No. The State does not intend to mandate a specific SOA framework for the Replacement MMIS.

The State does not intend to make the requested change.

Number: 112

RFP Reference: III.4.2.1

Description:

Suggest that Dental Administrative Service Organization (ASO) Contract be excluded from scope of Replacement MMIS.

Response:

The State does not concur with the respondent's suggestion.

The State does not intend to make the requested change.

Number: 113

RFP Reference: IV.12

Description:

This section calls for submission of all screen shots in its proposed system. This section will/can be quite large and will likely be proprietary information in most cases. Please consider requiring submission in a separate binder so that the entire document can be labeled "Proprietary"

Response:

While the State plans to change the requirements for screenshot submission (see Comment 28), marking of proprietary material is independent of the physical organization or packaging of the documents. Offerors should refer to the instructions on Submitting Confidential Information (Aug 2002) in Section IIA of the RFP, and for additional guidance, refer to the following:

http://www.mmo.sc.gov/MMO/webfiles/MMO_Legal/Documents/FOIA_page.pdf

Note that the State is skeptical that screenshots of system pages currently in production at client sites qualify as trade secrets or that screenshots of the successful Offeror's system can remain

trade secrets after Contract award. In both cases, once secrecy is breached on a system used by a wide variety of people, the material can no longer be practically protected under trade secret law. Also note that while the term "Proprietary" is used frequently by vendors, such markings do not have legal meaning in the context of protecting information in an offer to the State. Offerors must follow South Carolina law to ensure protection of their confidential information.

The State does not intend to change the RFP in response to this comment.

Number: 114

RFP Reference: IV.12

Description:

The requirements for fields of the template (i.e., the bullet points on page 117 of the draft RFP), require annotating each screen shot with MITA business processes and MECT checklist system review criteria satisfied by this screen. This task is likely to require extensive annotation of screen shots. Please consider accepting a "Table" annotated by screen shot number with a crosswalk to the MITA business processes and MECT checklist system review criteria satisfied by the screen.

Response:

Please see Comment 28.

Number: 115

RFP Reference: IV.12

Description:

A proposed system may require "Development" to meet some of the MECT or other business requirements with screens not readily available. In this instance, please consider requiring and accepting a section that identifies those areas separately.

Response:

Please see Comment 28.

Number: 116

RFP Reference: III.4

Description:

Part III, 4 Contract Objectives and Strategy (4.5.2.1, 4.5.2.2 and 4.5.2 on pages 59-60): The Positive Price incentive and Negative Price Incentive and Not-To Exceed Labor Price could be better understood through the use of mathematical examples.

Response:

Please see Attachment 1 to this Notification.

The State notes an ambiguity in the application of inflation to various payments, retentions, and withholds that will be corrected.

The State plans to change the RFP in response to this comment.

Number: 117

RFP Reference: VII.26

Description:

Part VII, 26 Performance Bond Requirement (page 156): Requiring a Performance Bond in addition to hold backs in the implementation phase seems stringent and duplicative. Can the State revisit these requirements and consider alternatives?

Response:

See Response to Question 73.

Number: 118

RFP Reference: III.2.1

Description:

The stated goal under item 2.1 bullet 2 is to “Use IT to enable opportunities to reduce the growth in the cost of care provided to Medicaid Beneficiaries.” We suggest the RFP have a section that invites respondents to propose optional services and/or solutions that have the potential to save program cost. The State would have the option of considering strategies that go beyond technology and business process service offerings and that focus more on improving health outcomes, high risk case identification and management services etc.

Response:

The State does not concur with the respondent's suggestion. Using an objectives-based procurement with the ability to propose options creates poor coherency because it results in an overwhelming motivation to base bid the bare minimum to keep the base Contract price low while piling on options to make the proposed solution appear desirable.

The State does not intend to make the requested change.

Number: 119

RFP Reference: III.3.3.3, III.7.3.2

Description:

It is unclear what relationship, if any, there is between the formal PMO, under the HHS CIO, and the MMIS Replacement 4 as it affects this contract. Would the State consider adding further definition of the duties and responsibilities entailed by the SDHHS PMO oversight of projects?

Response:

The Replacement MMIS project is part of the SCDHHS Project Management Office (PMO). The project manager reports to the Director of the PMO, who reports to the CIO.

The PMO is not an oversight organization. It is the State's team that manages the project and the Contract on a daily basis (although the Contract administration staff is intentionally in a different chain of supervision). No further definition is necessary.

The State does not intend to change the RFP in response to this comment.

Number: 120

RFP Reference: III.4.4.1

Description:

Assuming the States' current business rules with regard to such areas as claims adjudication among others, will continue in the new technology environment, has the State documented those business rules or does the State intend those rules be documented by the successful vendor? In what Phase Discovery or Replacement would the State envision this activity?

Response:

The State is working to document its existing business rules as part of its business architecture and ICD-10 efforts. The State believes that because of the addition of new technology and new laws and regulations for future operations, there are many needed rules that do not exist in the enterprise today.

Offerors should assume that at the time of Contract award, the State will be familiar with the majority of its business rules, and will have documented the majority of those rules that drive the enterprise, but that some additional work will be necessary to successfully complete DDI. Per RFP Section III.4.4.1, the State believes that part of the effort during the Discovery Phase should include having the State walk the Contractor through its business processes and business rules. This effort would not obviate the need for requirements analysis, but it should provide sufficient knowledge transfer to improve the Contractor's efficiency and effectiveness as well as allow the Contractor to refine where it needs to put the most emphasis during requirements analysis.

Finally, while the State does not anticipate a wholesale change in its claims payment rules, the existing MMIS has a relatively small number of edits and is limited in audits; therefore, changes in this area are likely as improved technology opens up opportunities. Offerors should plan sufficient time to address this key area.

The State does not intend to change the RFP in response to this comment.

Number: 121

RFP Reference: III.4.4.2

Description:

The RFP approach for MMIS consolidation and replacement will likely require internal work process re-engineering within some State agencies. Should the respondent propose this activity or will the State assume responsibility for this area of change management?

Response:

While the State is exploring likely areas needing significant re-engineering over the next year (e.g., provider enrollment), both the Contractor's technology and partnership will impact the final processes substantially. Offerors should plan for joint process re-engineering activities during DDI.

The State does not intend to change the RFP in response to this comment.

Number: 122

RFP Reference: III.4.5.1

Description:

For the most part, the section on Billable Materials is quite clear about software licenses that will be held in the State's name. However, contractors generally use additional COTS software products to carry out their project management office responsibilities and underlying support licenses such as tool databases and servers, to name just a few examples. We do not believe that it is the State's intent that this type of COTS products be in the State's name. To stave off future questions or pricing errors, it may be beneficial to expand this section to define (by type or contractor usage) COTS software that is not considered Billable Materials.

Response:

The respondent's assumption appears to be correct. The only billable materials are those to which the State takes ownership. Materials used for the Contractor's internal purposes are not billable and should be accounted for in the Contractor's labor rates, unit prices, or other pricing methodologies.

As there are like to be gray areas that defy strict categorization, Offerors should ensure that the Software Bill of Materials (and correspondingly, Pricing Table C) is complete for all software for which the Offeror expects to be directly reimbursed. As software is considered "data" for the purposes of the Contract Data Requirements List, RFP Section 10.2.1 directs that necessary data include that which is needed to properly operate and maintain the system and supporting operations. This would include software (e.g., monitoring tools, software deployment tools, etc.).

The State does not intend to change the RFP in response to this comment.

Number: 123

RFP Reference: III.5.3

Description:

This RFP is extraordinarily strict and comprehensive in its requirement for formalized BOEs. However, the State may wish to consider refining the desired level of granularity required for Schedule BOE's (pg 67) and Integrated Master Schedule (pg 112) BOE's to ensure parity between offerings. For example, high level BOE's would attach to an IMS (overall plan), while low-level BOE's might attach at the lowest task level in the Work Breakdown Structure (WBS). We have seen days of task effort successfully used to define the lowest level for scheduling, for example tasks completed within 5 days.

Response:

Offerors should create the BOEs at the level they use to derive their own results. In fact, the BOEs should just be a "cleaned up" version of exactly what the Offeror used to derive its proposed cost and schedule, and that level of detail is driven by the Offeror, not the State. The State is not trying to force Offerors to create "fictional" BOEs in order to impress the State. Such an approach is likely to backfire because it causes the Offeror to justify an outcome using information other than which the Offeror actually used to derive the outcome.

The detail the State has described in RFP Section III.5.3 is information that the State believes a responsible Offeror is likely to use to derive costs on a nine-figure contract. A contractor that has no formal methodology for estimating cost and schedule on such a large contract is likely to have problems meeting its cost and schedule commitments post-award.

The State does not intend to change the RFP in response to this comment.

Number: 124

RFP Reference: III.9.6

Description:

Offerors would benefit from having clarification of TMS, its role and fit, to determine the contractor's effort.

Response:

The State has explored contracting for test management services to lead the State's test team. At this time, the State intends to build the test management team from employees and consultants. Regardless of the source of labor, the test management team is part of the State's PMO. The State does not intend for this team to plan for or conduct any testing that is the duty of the Contractor, but the State does plan to coordinate with and assist the Contractor as required by the Contract. The test management team will lead the testing duties to be performed by the State (e.g., User Acceptance Testing, oversight of Contractor testing, etc.).

The State does not intend to change the RFP in response to this comment.

Number: 125

RFP Reference:

Description:

We do have one minor RFP formatting suggestion to improve the ease of using the cross-references: Please consider incorporating the corresponding part or chapter number into the format for page numbering (e.g., III-73).

Response:

The State appreciates the respondent's suggestion. There are a number of factors influencing the page numbering scheme used in the RFP. In particular, using a straight numbering scheme where the physical page number and the logical page number always match (i.e., 1..n), results in

consistent labeling and printing outcomes whether the RFP is in MS Word, PDF, or paper format. As such, the State declines to change the page numbering approach.

The State does not intend to make the requested change.

Number: 126

RFP Reference: Atch J FR1

Description:

Please consider rewording requirement FR1 to clarify whether it pertains to the DSS or the MMIS.

Response:

Today the MSIS data is transmitted directly from the MMIS via Connect:Direct. The State anticipates that the MMIS contractor would be responsible for sending the MSIS data in the future as well. The State plans to modify the RFP to improve clarity.

The State plans to change the RFP in response to this comment.

Number: 127

Number: 128

Number: 129

Number: 130

Number: 131

Number: 132

[These comment numbers were not used]

Number: 133

RFP Reference: IV.8

Description:

A CDRL is more applicable to a custom developed software solution versus an integrated COTS-based solution. Additionally, in a COTS-based solution the contractor may not require access to detailed data items internal to the applications. We suggest this section be replaced with a requirement to provide the level of system documentation provided by the vendor of the COTS components of the solution.

Response:

The State does not concur that a CDRL is only applicable to a custom development project. This concept is used for a wide variety of contracts. Additionally, with the exception of seven data items identified by the State in Attachment K (three of which are developed jointly) and two others in identified in RFP Section III, the State is allowing Offerors to propose the contents of the CDRL as long as proposed data items fulfill the criteria identified in RFP Section III.10.2.1.

The respondent's suggestion appears to be oriented towards system-related artifacts. The solution identified in the suggestion may be part of the Offeror's CDRL, if appropriate. Potential Offerors should note that the CDRL covers the entire spectrum of the Contract. The Operations and Turnover Phases will have CDRL data items, as well as the Discovery and Replacement Phases.

The State encourages the respondent and all potential Offerors to re-read RFP Section III10.2.1 (Contract Data Requirements List) and Attachment K (of the same name).

The State does not intend to change the RFP in response to this comment.

Number: 134

RFP Reference: IV.12

Description:

The level of effort required to include a screen print of every screen in the proposed system is extremely labor-intensive and possibly more information than the SCDHHS will need to evaluate the proposals. Our COTS products are sold, tested, and used through the industry and commerce. Screens are thoughtfully designed for usability by the COTS software vendors and are customizable to a limited extent through configuration.

We suggest eliminating this requirement or at least reducing it to include only the most commonly used screens.

Response:

Please see Comment 28.

Number: 135

RFP Reference: IV.13

Description:

The draft RFP requires that vendors include their system demonstration and oral presentation slides in the proposal. We suggest that this requirement be eliminated from the proposal for the following reasons:

1. Upon review of the proposals received, the State may wish to emphasize certain aspects of the proposed solutions that may not be addressed if vendors have to provide their presentations in advance.
2. If the State deems it necessary to the evaluation of the proposals to retain this requirement, we suggest that the requirement be reworded to provide a sample of the system demonstration and oral presentation slides, rather than the slides that will absolutely be presented to SCDHHS.

Response:

Please see Comment 29.

Number: 136
RFP Reference: IV.7.5

Description:

The RFP states: “Include copies of the User’s Manual and Administrative Manual that most closely match the proposed system.” Since proposed solutions are comprised of COTS systems, there is no single User or Administrative manual that reflects the entire technical solution. Rather, each component has its own manuals. Further, these user manuals are in electronic form and not in printable format, as they are designed to be used online via web portals.

We recommend modifying this requirement to provide a sample User or Administrative manual. This will provide a sample for the State to review to determine if the manuals meet SCDHHS requirements.

Response:

Please see response to Comment 25.

Number: 137
RFP Reference: Atch I

Description:

In general, we support the Draft RFP list of Offeror-performance standards with the following comments:

- Row numbers 2a – 2d for Provider Enrollment with different levels based on complexity allows Offerors the ability to provide the state choices in the rigorousness of the enrollment criteria and also ties nicely to the pricing tables.
- The Authorize service performance standard in Row 7 is closely linked to the provider and member experience. We recommend that SCDHHS consider defining the standard for that level instead of it being Offeror-proposed.
- The performance standards in Rows 11 and 12 (mass adjustments and benefit plan) apply to processes for which the volume levels are highly variable, oftentimes due to department policy and/or legislative changes. Instead of only business days for the measurement criteria, we recommend applying some volume range such as “up to xx,xxx mass adjustments processed in xx business days.”

Response:

Bullet #1 - Thank you.

The State does not intend to change the RFP in response to this comment.

Bullet #2 - In order for the Contractor to have insight into the volumes of prior authorizations that are currently being processed for SCDHHS, the State plans to add information to the Procurement Library. The State intends that the Contractor will look at these and based on their own experiences, processes, staffing plans etc. should be able to propose a performance standard in this area.

The State does not intend to change the RFP in response to this comment.

Bullet #3 - The State understands from respondent's comment that it would like to better quantify your response based on the potentially high variability of these items.

The State intends to update the RFP in response to this comment.

Number: 138

RFP Reference: VIIB.3.4

Description:

Is it the state's intent to have the right to move entirely from the core system because it is COTS based?

Will the state accept a pro-rata share as if each customer were charged proportionally? Depending on the contract, characterization and chargeability may vary and this term could potentially bring forward undesirable results.

Significant regulatory changes may not trigger warranty or support provisions and may need to be separately chargeable. Would it be acceptable to define a breadth-of-scope that would be acceptable for charging?

Response:

For COTS software, the State assumes that the sharing provisions should rarely, if ever, be exercised. COTS support should include updates for statutory and regulatory changes made at the national level. If there are changes that could be so large as to not be covered, Offerors must clearly describe the types changes that would trigger additional fees in their Proposals. In absence of a trigger meeting such description, the State plans to assume that all such changes to the COTS software are included in the maintenance fees and that updated COTS software will be available timely enough to allow the State to meet mandated deadlines. The State understands that integration and testing with the State's specific configuration might result in additional costs.

For non-COTS software, the State assumes that the costs for statutory and regulatory-driven changes should be spread evenly across affected customers, regardless of the support agreement in place for the other customers. Even if another customer has built support into a firm fixed price contract, the State assumes that the Contractor has been paid by that customer for the affected change; therefore, the State's share should still be no different than if the other customer was using a pay-as-you-go approach.

The State does not intend to change the RFP in response to this comment.

Number: 139

RFP Reference: VIIB.4

Description:

May we include language that protects our software, policies and procedures?

Response:

This Section addresses the confidentiality of State Materials. Vendor materials are protected under other provisions of the RFP and the collateral license agreements. The State does not wish

to receive alternate terms and conditions as the terms set out in Sections VII.A and VII.B are mandatory terms. Any modification to the terms and conditions set forth in the RFP would render the Vendor's proposal nonresponsive.

The State does not intend to change the RFP in response to this comment.

Number: 140

RFP Reference: VIIB.8.5

Description:

Please provide some clarity as to what "Contractor's duties" are under this provision. For example, can maintenance to the core system be conducted offshore?

Response:

See Comment 168. Maintenance to the core system can be performed outside the U.S. and its territories as long as the security and privacy provisions are met.

The State does not intend to change the RFP in response to this comment.

Number: 141

RFP Reference: VIIB.9.5

Description:

If our COTS software performs license monitoring and/or control functionality, will it be sufficient to represent that such restrictive code will not be triggered?

Response:

No.

The State does not intend to change the RFP in response to this comment.

Number: 142

RFP Reference: VIIB.9.10

Description:

Is it the state's intent that the warranty extend beyond the contract period?

Response:

Please re-read the section which by its express language addresses the term of the warranty included therein.

The State does not intent to change the RFP in response to this comment.

Number: 143

RFP Reference: VIIB.12

Description:

Given the high limitation of liability, would it be acceptable to put the IP Indemnity under this cap?

Response:

No, the State believes the IP Indemnity should not be subject to limitation as a matter of State policy.

The State does not intend to change the RFP in response to this comment.

Number: 144

[This comment number was not used]

Number: 145

RFP Reference: VIIB.22

Description:

In the event of a failure to repair or replace, what is the scope of the “Acquired Item” set forth in this Section?

Response:

The Acquired Item will be deemed to be the item that cannot be repaired or replaced.

The State does not intend to change the RFP in response to this comment.

Number: 146

RFP Reference: IIA.2

Description:

Would the State reconsider revising the billable claim definition? There are system and operational costs associated with claims that are not processed to completion and adjusted claims. Agree that reprocessings or adjustments related to contractor error should not be billable.

Response:

The State understands the concern expressed and it is in agreement that there are some costs associated with these, however, to enable the State to have a better consistency in measurement, it has decided on the definition as it currently is stated. Offerors will need to consider all associated costs in their pricing of the billable claims.

The State does not intend to make the requested change.

Number: 147

RFP Reference: IIA.2

Description:

Would the State reconsider revising the definition of a billable PA when the modification to a previously billed PA is provider generated? There would be manual costs related to the review of a previously reviewed and adjudicated PA.

Response:

The State concurs with the respondent's recommendation.

The State intends to update the RFP in response to this comment.

Number: 148

RFP Reference: IIA.2

Description:

Would the State consider a reduced rate, i.e., pennies for the formatting and storing of encounter data? Typically, the MCOs do not utilize a standardized version for encounter submission to the contractor.

Response:

The State does not concur with the respondent's suggestion.

The State does not intend to make the requested change.

Number: 149

RFP Reference: IIA.26

Description:

Why the use of 3 separate categorizations? Would the State consider one marking that means do not disclose?

Response:

The categories are dictated by State law.

The State does not intend to change the RFP in response to this comment.

Number: 150

RFP Reference: III.4

Description:

Would the State consider a longer contract term? Seven (7) years seems short within the Medicaid marketplace and puts the State at risk for not realizing the full benefit of a longer contract term.

Response:

Per the South Carolina Procurement Code, the longest contract term that can be approved by the State's Chief Procurement Officer is seven years.

The State does not intend to make the requested change.

Number: 151

RFP Reference: III.4.4.1

Description:

With all of the partners that are being replaced with this RFP, would the State consider adding some deliverables or tasks associated with the transfer of these functions during the Discovery Phase? It's recommended that this process start early.

Response:

The State does not plan to add any mandatory Deliverables to the Discovery Phase concerning transition of existing contracts; however, Offerors are welcome to propose additional Deliverables to this Phase. Offerors should keep in mind, however, that the maximum duration of the Discovery Phase is 90 days whether additional Deliverables are proposed or not.

Number: 152

RFP Reference: III.4.4.2

Description:

Has the State considered how this level of effort [Ed: for the Replacement Phase Modification Pool] is to be reflected in the IMS or is there an expectation that staff will be reallocated from the DDI effort to address? This is especially critical for any operational functions that will be brought up early.

Response:

The Replacement Phase Modification Pool serves as an administrative reservation of funds to be used in case the scope of the project needs to be changed during the Replacement Phase. The Contractor is not required to keep additional personnel "at the ready" in order to address scope changes paid under the Pool as there is no guarantee that the State will resort to using the Pool; however, it is in both parties' interests to be able to address changes rapidly and with minimum impact on the ongoing project and its delivery dates. Access to qualified spare capacity would be beneficial. The parties will have to work together to identify any necessary changes as early as practical to avoid substantial project impacts.

The State does not intend to change the RFP in response to this comment.

Number: 153
RFP Reference: III.4.4.4

Description:

Would the State reconsider the creation and submission of the turnover plan to: initial (early in the contract), once or twice during the base years and then annually during the option years?

Response:

The State does not concur with the recommendation. If the plan does not change much in a particular year, then the effort required to update it should be minimal. If the plan does change substantially during a year, then delaying its update could put the State at risk if turnover needed to be initiated during the next year.

The State does not intend to make the requested change.

Number: 154
RFP Reference: III.4.4.5

Description:

Wouldn't there be a certain level of risk for the contractor to monitor the percent level of use against the State's purchase order? Does the State have a financial system that advises when POs are ready to expire either due to time or money constraints?

Response:

The State plans to track the use of purchase orders. The requirement in the RFP for Contractor tracking and notification is intended as redundancy to help ensure that a purchase order is not depleted accidentally without extension. This dual approach is in the best interest of both parties.

The State does not intend to change the RFP in response to this comment.

Number: 155
RFP Reference: III.4.5

Description:

Administering the payment incentives, both positive and negative, will be very time consuming, costly, and have the potential to become contentious. This is not a good foundation for the partnering relationship that SCDHHS wants to create. For the Operations Phase, there are three levels of negative incentives to one positive incentive, and to achieve the positive incentive requires near perfection. One could question whether the financial opportunity on a monthly basis would be worth the effort, as only one SLA can cause the difference between incentive levels. If the potential positive incentive was equal to the potential negative incentives, then such an approach might have more value.

Response:

The purpose of using incentives is to try to align the motivations of the State and the Contractor. For the Discovery and Replacement Phases, the cost and schedule incentive calculations are

based on formulas using data that would be required for reporting even if no incentives existed. Likewise, for the Operations Phase, to move towards the use of measurement in the enterprise (as required by MITA and the Seven Conditions), the State would still likely require the Contractor to measure and report on performance, even if no incentives existed. In both cases, the use of incentives is a motivational byproduct rather than a substantial additional burden that would otherwise not be present.

The State does not concur that the use of incentives will be any more contentious than administering a firm fixed price contract, particularly if the contractor is losing money on a particular contract.

The State does not believe that having asymmetric positive and negative incentives poses a problem. The typical MMIS contract offers no positive incentives for business operations and typically imposes numerous liquidated damages for failure to meet performance standards (that are often quite stringent). The Contract performance standards, whether State-identified or Offeror-proposed, represent mandatory Contract requirements, of which failure to achieve could result in breach. The State believes that it is being generous in offering the possibility of a positive incentive for consistently achieving very high percentages of those requirements.

The State does not intend to make the requested change.

Number: 156

RFP Reference: III.4.5.4.2

Description:

Would the State consider adding the stratification measurements and the calculation to be used when measuring performance? An example would be a nice to have.

Response:

The State is not planning to prescribe the direct method of performance or measurement or performance standards. Offerors must propose the method of measurement and the method of reporting as part of their Proposals. Please see Comments 193 for further discussion.

The State does not intend to change the RFP in response to this comment.

Number: 157

RFP Reference: III.4.5.4.2

Description:

For those activities where the State is interested in early implementation, would it be possible to earn positive incentives (the 15 item limit would not apply for early operations)?

Response:

The State believes that there should be a minimum number of performance incentives active prior to exercising incentives.

The State does not intend to make the requested change.

Number: 158

RFP Reference: III.5.5

Description:

Would the State provide additional insight into the level of effort associated with this interface? In another State, because of lack of specificity, the contractor under scoped the level of effort in this interface effort. If additional specificity can't be provided, how is this LOE to be accounted in the IMS?

Response:

The State plans to add to the Procurement Library information to show what the current interface is with SCEIS, and RFP Attachment U will be updated with corresponding table of contents information.

The State plans to change the RFP in response to this comment.

Number: 159

RFP Reference: III.5.8

Description:

Typically, the use of bulk rate mailing means that undeliverable mail is not returned to the sender. Is this acceptable to the State?

Response:

The intent of this section is to use the most cost effective means for a particular mailing. The requirements for a mailing containing PHI will be different than a general notice that does not contain any confidential information.

The State does not intend to change the RFP in response to this comment.

Number: 160

RFP Reference: III.7.3.1.3

Description:

The State appears to only require the EVMS capability for the Discovery and Replacement phases of the contract, a time when weekly updates will be provided to the Integrated Master Schedule (IMS) and ongoing status meetings conducted that will keep both SCDHHS and the contractor updated on the status of the project. The State also appears to want the contractor to adjust the EVM reporting for the contract to take into account differences for reporting as defined in the FARs for cost reimbursable contracts versus how the MMIS contract will be conducted. The contract is fixed price, therefore the contractor takes all the risk on cost. Close work plan monitoring and oversight should be sufficient to manage the schedule. We suggest the State carefully review the requirement for the use of EVM and determine if that is something that is really needed for a successful Discovery and Replacement contract phase, and if it is cost effective for the overall project.

Response:

The respondent states that the State is using a fixed price contract for the Discovery and Replacement Phases, and thus the Contractor bears all of the risk to cost. This is not correct. While there is an eventual cost cap, the Contract for these phases is to be paid on a time and materials basis where the State assumes substantial risk. As such, the use of earned value management is both prudent and warranted. While EVM imposes a cost on the contract, given the typical schedule overruns in MMIS projects (that undoubtedly have cost implications), the State believes that the value of earned value management is worth its cost. Its management value for large projects has been proven repeatedly for over 40 years.

The State does not intend to make the requested change.

Number: 161

RFP Reference: III.7.3.1.3

Description:

How will the state quantify Earned Value Management from a scoring perspective?

Response:

Per RFP Section III.7.3.1.3, the Contractor must use an ANSI-compliant EVMS during the Discovery and Replacement Phases. There is no specific evaluation score assigned to earned value; however, the failure to commit to performing earned value management (e.g., in the appropriate Statements of Work) could be interpreted as a responsiveness issue.

The State does not intend to change the RFP in response to this comment.

Number: 162

RFP Reference: III.7.5.2

Description:

As it can affect costing and building size, would the State please advise how many people that the conference rooms need to accommodate?

Response:

The State cannot answer this question as it cannot anticipate the specific attendees needed for any particular meeting or session or group of sessions being led by the Contractor. Offerors should use their past experience as a guide in terms of providing conference room space.

The State does not intend to change the RFP in response to this comment.

Number: 163
RFP Reference: III.7.5.5.2

Description:

Would the State consider changing the requirement to report adverse critical performance standards from calendar day to business day? There will be occasions when the State is closed for a holiday but the contractor will be open for business.

Response:

The State agrees there will be occasions when the State is closed for a holiday but the Contractor will be open for business. In these events, access to key State personnel to inform them of adverse critical performance standards will be made available.

The State does not intend to update the RFP in response to this comment.

Number: 164
RFP Reference: III.7.6

Description:

It was stated in the Bidder's Conference that the proposed solution must be CMS Certified. Please confirm that this means the proposed solution must be in operation in at least one Medicaid jurisdiction, and that the solution must have been certified by CMS at the time the vendor's proposal is submitted.

Response:

As a clarification, the State did not say that the proposed solution must be certified at the time that the Proposal is submitted; it said that the proposed solution must be able to be certified upon completion of the implementation.

The State does not intend to change the RFP in response to this comment.

Number: 165
RFP Reference: III.8.1

Description:

The state is utilizing a unit based pricing model based off of FAR and CAS methodology. How is a vendor to price in this method when the state has yet to define the expectations for deliverables of the Seven Conditions and Standards for Enhanced Funding?

Response:

The State does not believe that the pricing methodology is influenced substantially by the Seven Conditions. Achieving a reasonable price for both parties is largely contingent upon accurately pricing a given quantity of work and accounting for the allocation of risk. Whether the estimate uses a single-point quantification of work proposed on a firm fixed price basis, or unit priced work on a sliding scale does not change the estimate results significantly. However, unit-priced

work substantially reduces risk on the Contractor, and the State believes that this will generally lower the prices it receives from Offerors.

The State is sensitive to the open questions surrounding the implications of the Seven Conditions. The State has no further information than that which has been made public via CMS. Based on this material and open forum discussions at the 2011 MMIS Conference (in particular, the session titled, "Eligibility Determination and Enrollment: 90/10 Final Rule"), the State believes that in the near term, CMS is looking for solid progress towards meeting the Seven Conditions rather than absolute perfection immediately. The State concurs with this approach. Offerors will need to construct a solution that strongly influences the State's ability to meet the Seven Conditions. Those Offerors whose solutions (both system and business operations) already have strong alignment should be able to demonstrate their abilities to meet the Seven Conditions more easily and at a lower cost than the Offerors with less alignment.

The State does not intend to change the RFP in response to this comment; however, the State does plan to update the RFP to address the Seven Conditions in greater detail.

Number: 166

RFP Reference: III.8.1.2

Description:

As part of the System Demonstration it was said that the state wanted to see the system demonstrable on a mobile device. Can you be more specific on what functionality you are looking for to be demonstrated on the mobile device?

Response:

At this point, the State is interested in seeing what functionality is usable on mobile devices (principally tablets rather than cell phones). The use of tablets is growing rapidly, and the State anticipates that State users and providers will find a mobile-friendly system very helpful in the future. During the System Demonstration, the State plans to try a wide variety of functions on a mobile device.

The State does not intend to change the RFP in response to this comment.

Number: 167

RFP Reference: III.9.8

Description:

As an option, the State may wish to review the Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization, which was finalized by the Auditing Standards Board of the American Institute of Certified Public Accountants in January 2010. SSAE 16 effectively replaces SAS 70 as the authoritative guidance for reporting on service organizations.

Response:

The State concurs with the respondent's suggestion.

The State intends to update the RFP in response to this comment.

Number: 168

RFP Reference: IV.6.1

Description:

Please clarify what products and services are allowable for offshore contracting.

Response:

RFP Section III.4.3, "Services Performed Outside the United States and Its Territories," identifies the acceptable services that can be performed "offshore." Without repeating the entire section, offshore work is generally limited to software development and systems engineering functions that do not involve the use of or access to privacy-related data. RFP Section III.7.5.2.3 reinforces these requirements.

The State does not intend to change the RFP in response to this comment.

Number: 169

RFP Reference: IV.7.8

Description:

The Hardware Bill of Materials is noted in Section IV.7.8 as Attachment R of the RFP, when, in fact, it is Attachment Q.

Response:

The State concurs with the respondent's comment.

The State plans to change the RFP in response to this comment.

Number: 170

RFP Reference: IV.7.8

Description:

The Software Bill of Materials is noted in Section IV.7.8 as Attachment S of the RFP, when it is actually Attachment R.

Response:

The State concurs with the respondent's comment.

The State plans to change the RFP in response to this comment.

Number: 171

RFP Reference: VI.3

Description:

30% of the award is based upon Proposal Risk. Could the state please define what criteria, preferably the RFP reference, they will utilize to measure risk?

Response:

The State does not plan to measure risk. It plans to evaluate Proposal Risk based on the State's perception of the risk posed by an Offeror's proposed solution. While there are no separately scored sub-criteria, the general areas the State intends to evaluate are described in the criterion for Proposal Risk shown in RFP Section VI.3.

The State does not intend to change the RFP in response to this comment.

Number: 172

RFP Reference: VIIA.9

Description:

Would the state consider an indemnification for IP infringements caused by it?

Response:

Response: Please see VII.A. 9 which reflects the State's procurement policy on indemnification by the State.

The State does not intend to make the requested change.

Number: 173

RFP Reference: VIIA.13

Description:

Suggest modifying the first sentence to read:

“The State shall not request and Contractor shall not perform any work prior to the receipt of a purchase order from the Using Governmental Unit.”

Response:

The language in this section is standard.

The State does not intend to make the requested change.

Number: 174

RFP Reference: VIIA.14

Description:

Please condition the state's ability to withhold on a good faith belief that monies are owed to it by Contractor.

Response:

The language in this section is standard.

The State does not intend to make the requested change.

Number: 175

RFP Reference: VIIA.15

Description:

Because of the state's ability to continue to use the product after either letting the agreement expire or transferring it to another vendor, the IP Indemnification should be limited to two years after such termination.

Response:

The IP Indemnity should be coterminous with the ownership or license rights granted with respect to deliverables provided by a Contractor.

The State does not intend to make the requested change.

Number: 176

RFP Reference: VIIA.19

Description:

This provision should be bilateral.

Response:

This provision is a reservation of rights to the State and would not be appropriate for bilateral application.

The State does not intend to make the requested change.

Number: 177

RFP Reference: VIIB.8.3

Description:

Would the state be amenable to a limitation on the damages if the vendor is providing qualified resumes, but the state delays hiring?

Response:

The State does not concur with the recommendation.

The State does not intend to make the requested change.

Number: 178

RFP Reference: VIIB.8.7

Description:

Please provide additional information as to the personnel covered by the statement “operational services”.

Response:

Those persons who perform operations.

The State does not intend to change the RFP in response to this comment.

Number: 179

RFP Reference: VIIB.8.5

Description:

Under this provision, what does the state define as “Contractor’s duties?” For example, if Medicaid has a new rule that applies globally, would a change to our software be considered “duties under the Contract?”

Response:

Contractor’s duties are set forth in the RFP document as a whole and any attempt to define that term otherwise may result in unintentionally narrowing those duties. The RFP should be thoroughly reviewed for any instances in the RFP which allow for the use of work outside of the United States.

The State does not intend to change the RFP in response to this comment.

Number: 180

RFP Reference: VIIB.14

Description:

Suggest modifying this clause to be 10 business days:

The State's right to terminate this contract under subdivisions (a)(1)(ii) and (1)(iii) of this clause may be exercised if the Contractor does not cure such failure within 10 business days (or more if authorized in writing by the Procurement Officer) after receipt of the notice from the Procurement Officer specifying the failure.

Response:

This is standard language in all contracts for the State and is based upon the needs of the State.

The State does not intend to make the requested change.

Number: 181
RFP Reference: VIIB.14

Description:

Can this be conditioned on reasonability?

Response:

The State is unable to understand the question as it applies to its right to terminate for default. The State does not wish to receive alternate terms and conditions as the terms set out in Sections VII.A and VII.B are mandatory terms. Any modification to the terms and conditions set forth in the RFP would render the Vendor's proposal nonresponsive.

The State does not intend to make the requested change.

Number: 182
RFP Reference: VIIB.14

Description:

Please define the provisions for termination for convenience.

Response:

Section VII.B.41 sets out the terms that apply in the event of a termination for convenience.

The State does not intend to change the RFP in response to this comment.

Number: 183
RFP Reference: VIIB.25.4

Description:

During the Vendor's Day the state indicated they were using the Federal Acquisition Regulation (FAR) definition for COTS in conjunction with a Configuration Driven Solution. Could the state please provide a definition of this requirement?

Response:

To clarify, during Vendor Day, the State said that the source of the definition was derived from the FAR definitions for COTS and commercial items, along with information from a DoD white paper on the use of COTS ("Commercial Item Acquisition: Considerations and Lessons Learned" available at: <http://www.acq.osd.mil/dpap/Docs/cotsreport.pdf>), and modified to meet the State's specific needs. While used for guidance, none of the documents or definitions identified here is incorporated by reference into the RFP.

The State does not have any further information as the item under consideration is already a defined term.

The State does not intend to change the RFP in response to this comment.

Number: 184
RFP Reference: VII Exhibit C

Description:

We question as to whether a truly COTS-based solution needs to be subject to the COTS license in Exhibit C when it really should be addressed in the Master Agreement.

Response:

The State believes its contracting strategy is appropriate for a procurement of both services and license of software, providing for separate collateral agreements to govern each aspect of the procurement.

The State does not intend to change the RFP in response to this comment.

Number: 185
RFP Reference: IV.13.1

Description:

The draft RFP indicates that the offeror's presentation slides must be submitted with its written proposal. It further states that the presentation slides will not be evaluated. The draft RFP also states "oral presentation are not clarifications, discussions or negotiations." At the Vendor Day it was explained that the legal department created this submission with the written proposal requirement due to procurement regulations. Please provide the regulatory citation for this requirement.

Response:

The presenter at Vendor Day spoke in error. The State has determined in regard to this solicitation that fairness dictates that each Offeror submits slides with its written Proposal to ensure that all information to be considered in the evaluation process is provided by all Offerors at the same time.

The State does not intend to change the RFP in response to this comment.

Number: 186
RFP Reference: IV.13.1

Description:

Our assumption is that once submitted, the vendor (and by extension the State) would be restricted to using only those slides submitted with its proposal. Please confirm.

Response:

The respondent's assumption is correct.

The State does not intend to change the RFP in response to this comment.

Number: 187
RFP Reference: IV.13.1

Description:

The draft RFP also indicates that the written proposals will have been evaluated prior to the oral presentation and system demonstration. By predetermining the oral presentation topics and asking the offeror to include the oral presentation slides on these topics as a part of its written proposal, the State is restricting their ability to have the vendor highlight particular areas of interest that the evaluation team may have after they have completed their review of the vendor's proposal

Response:

Please see Comment 29.

Number: 188
RFP Reference: IV.13.1

Description:

To derive the full benefit of its evaluation and focus on topics of particular interests coming out of that evaluation, we recommend that the state specify the oral presentation topics and the submission date for the presentation slides subsequent to the written proposal evaluation and remove the RFP requirement that presentation slides be submitted with the written proposal

Response:

The State declines to make the requested change.

The State does not intend to make the requested change.

Number: 189
RFP Reference: IV.7.13

Description:

In this and other requirements in the draft RFP, the offeror is required to provide printed copies of forms/content that are large volume documents (the project plan in this instance) within the response and on CD/DVD. Please consider the utilization of references to the CD/DVD in the RFP as a substitution for the printing of these large documents.

Response:

The State partially concurs with the recommendation. For completeness of the Contract, the IMS must be submitted in paper format for the original signed Proposal. For other copies of the Proposal, Offerors may submit the MS Project file only on the CD/DVD and include a placeholder page in the written copies. Offerors are reminded that any document submitted in electronic format must still comply with any confidentiality markings and requirements to submit a redacted Proposal. Additionally, if an Offeror considers its IMS to be confidential, such confidentiality must be waived if awarded the Contract. It is effectively impossible for the project to be properly conducted using a confidential schedule.

The State intends to make a change to the RFP in response to this comment.

Number: 190

RFP Reference: IV.12

Description:

The draft RFP requires the offeror to identify and submit copies of all of the screens in its proposed system. We recommend that the state remove this requirement. Instead we recommend that the screen shots be provided at the time of the system demonstration where they can be viewed and discussed interactively within the full system context.

Response:

Please see Comment 28.

Number: 191

RFP Reference: V.3.2

Description:

This section requires the offeror to provide expanded information on their five most relevant references. The expanded information includes “The outcome of the contract (in progress, . . . terminated early) and, . . . why the contract was terminated.”

This approach allows the offeror to be selective and legitimately conceal unsuccessful projects by deeming them not the most relevant. We recommend the State require offerors to provide the expanded information for all projects listed in the seven year Experience Table.

Response:

The State concurs with the respondent's recommendation.

The State intends to make a change to the RFP in response to this comment.

Number: 192

RFP Reference: Atch I

Description:

The offeror recommends that the State review the overall performance standards area paying particular attention to those requirements that rely on manual intervention that have higher (100%) performance standards than some of the automated processes which should be less error prone.

Response:

The State's intention with the 100% accuracy standards was to:

1. Identify data which must entirely accurate in order to conduct business operations properly
2. Allow Offerors to identify the method of performance and measurement to achieve 100% accuracy

3. Adjust the number of allowable failures in the performance incentives to a value that is reasonable based on these stringent requirements
4. Reduce the cost of measurement since it is cheaper to measure 100% accuracy (which does not require statistical modeling) than it is to measure anything less than 100% accuracy (which requires a more mature quality management process, and for many measurements, requires statistical modeling)

Based on the strong negative response that the State has received from multiple respondents concerning the 100% accuracy standards, the State plans to change this strategy.

The State plans to change the RFP in response to this comment.

Number: 193

RFP Reference: Atch I

Description:

An item that appears to be missing is how the State would determine the contractor performance error rate. The offeror recommends the State provide details on its evaluation methodology, and specifically, how and to what level the performance standards and the contractor's performance against those standards will be evaluated.

Response:

In general, the State does not intend to directly measure the performance standards; the Contractor is required to do this. The State's role will normally be to oversee Contractor performance and reporting. RFP Section III.4.5.4.2 requires the Contractor to report on the achievement of performance standards no less frequently than monthly. RFP Section III.8.4.3 requires the Contractor to develop and deliver reports necessary to report on performance standards. RFP Section IV.7.3 requires Offerors to include in their Proposals a plan for measuring and reporting on performance standards.

The State does not intend to change the RFP in response to this comment.

Number: 194

RFP Reference: Atch I

Description:

While we appreciate the flexibility to determine the best method to accomplish the production goals set by the State, we think it is important to highlight that by allowing offerors to propose both the method and the production goal, the evaluation and scoring between offerors will not result in a meaningful comparison. As an example, how will the State make a meaningful comparison between an offeror with a low delivery model, and consequently lower prices, to another with a high delivery model with higher prices?

Response:

The State believes that it is possible to fairly evaluate Proposals using different performance standards. The respondent's final question poses a false dichotomy. Rather than assume the

Offerors will take the extremes (low budget vs. high performance), the State assumes that Offerors will more likely seek the "knee in the cost curve" for each standard and select standards that offer a balanced value by providing reasonable performance at a reasonable cost.

For example, for process OM15, Prepare Capitation Premium Payment, a 99.9% payment accuracy rate would result in roughly 500 inaccurate payments in a month, a 99% payment accuracy rate would result in roughly 5000 inaccurate payments in a month, and a 95% payment accuracy rate would result in roughly 25,000 inaccurate payments in a month. Since the Contractor has the duty to resolve the inaccurate payments (with no additional remuneration by the State), the State feels comfortable that Offerors will propose high standards for this business process as substantially lower standards are rather illogical. Any Offeror proposing a low performance standard for this business process would not likely have a credible solution.

The State does not intend to change the RFP in response to this comment.

Number: 195

RFP Reference: Procurement Library

Description:

The State mentions that the expectation is that ICD-10 implementation will be complete by the time the new MMIS is developed. The draft RFP further indicates that the legacy system will incorporate a cross walk. Since the specific approach to ICD-10 in the legacy system can impact the tasks that the vendor must perform to migrate from the legacy to the new application, please add the State's ICD-10 assessment (pre and post-MMIS replacement) and planning documents to the procurement library.

Response:

The State is currently performing policy and business analysis in advance of performing the gap analysis on the existing MMIS for ICD-10. As such, the requested information is not available at this time.

As part of the 5010 remediation, the State is planning to migrate to a new translator (from Axiom). Also, the State has recently updated the DRG grouper used with the existing MMIS from using MS-DRG to APR-DRG (from 3M). These changes are likely to have additional impacts that may not be able to be foreseen at this time.

The State does not intend to change the RFP in response to this comment.

Number: 196

RFP Reference: VIIB.25.1

Description:

In the last sentence of the first paragraph, the state indicates: "If the Offeror embeds any of its own work into the State's Materials," this provision requires the Offeror to give the State a broad license "for the State's own internal purposes."

If an offeror advises the State in its proposal that the offeror plans to embed proprietary offeror material into State material, please confirm that it is permissible for the offeror's proposal to

state other terms for a license to the embedded materials and thereby avoid granting a license of the scope set out in 25.1.

Response:

We are unable to confirm your request since any modification to the terms and conditions set forth in the RFP would render the Vendor's proposal nonresponsive. The State does not wish to receive alternate terms and conditions. The terms set out in Sections VII.A and VII.B are mandatory terms. The State requires a license of the scope set out in 25.1.

The State does not intend to make the requested change.

Number: 197

RFP Reference: VIIB.25.2

Description:

This section states that we can use derivative works based on the State Materials (which includes "Custom Materials") only in performance of the Contractor's duties under the Contract. However, the last sentence provides we can use, modify, and create derivative works from Custom Software as long as we don't charge for modifying the materials themselves to serve public sector clients.

Under the last sentence of 25.2, please confirm that it is permissible for the offeror to obtain State permission to use, modify, and create derivative works for its private interests and that such use is not specifically limited to public sector uses.

Response:

The State plans to update the RFP to relax the restrictions in this area to a certain extent.

The State plans to change the RFP in response to this comment.

Number: 198

RFP Reference: VIIB.25.3

Description:

Please confirm that the State's authority could be modified to limit a transferee's use to "only in performance of work for the State".

Response:

We are unable to confirm your request since any modification to the terms and conditions set forth in the RFP would render the Vendor's proposal nonresponsive. The State does not wish to receive alternate terms and conditions. The terms set out in Section VII.A and B are mandatory terms. The limitation requested appears to already be included in the term as drafted.

The State does not intend to make the requested change.

Other Changes Anticipated by the State

In the course of preparing for Vendor Day and reviewing responses to RFI #4, the State discovered other changes it plans to make to the RFP. The list below synthesizes those known to date and may not be all-inclusive. Offerors should read any ultimate solicitation thoroughly and not rely only on the information provided here.

- Fix minor typographic errors and formatting issues.
- Add reference to schedule BOEs in page limit for Proposal Section C13 (there will be no page limit for the BOEs).
- Clarify that the entire Term of the Contract is bound by the seven-year restriction, **including the warranty period** after Contract turnover.
- Fix a reference to QA/QC to make it consistent with other references to quality management.
- Clarify certain notations on Figure III.5-1 (no change to its intent).
- Fix a reference to provider enrollment, credentialing, and verification to change it to Provider Management Services.
- Clarify the restrictions on demonstration configurations to avoid the inadvertent prohibition on demoing a currently-used COTS product that will be swapped for another COTS product during DDI based on the RFP objectives. The definition of “production” will be clarified.
- Clarify certain duties related to performing Medicare match.
- Clarify HIPP pass-through costs.
- Update TPL performance standards to include timeliness for reconciling payments.
- Add State-specific MECT System Review Criterion requiring the ability to re-price claims for members with primary commercial insurance.
- Revise Software BOM to account for some additional information that the State is requesting.
- Update the deadline for identifying additional Procurement Library needs to be coincident with the close of the Q&A period (approximately six weeks prior to the Proposal due date).
- Adjust the formula for withholds on late Deliverables to account for only the latest Deliverable during a month, not all late Deliverables. The current formula weights both the number of late Deliverables as well as the amount of lateness of each Deliverable. This results in withholds that increase very rapidly as the schedule slips (e.g., twice the schedule slip results in approximately four times the withhold). The adjusted formula would increase the withhold linearly as the schedule slips. This approach is demonstrated in Attachment 1. The percentage withhold will be adjusted to reflect this change (approximately 1/120th percent of the Target Labor Price).
- Update the COTS Software escrow provisions to establish thresholds for “Widely Used” and “Limited Use” COTS Software and generally require escrow only for Limited Use COTS Software.
- The State plans to include a copy of the emergency QIO contract in the Procurement Library as the duties are more current than the previous expired contract.

Thank you for your interest in the State of South Carolina

Attachment 1

Example Incentive Calculations

Attachment 2

Redacted RFI Responses

From: [REDACTED]
To: "fbo@scdhhs.gov" <fbo@scdhhs.gov>
Date: 7/26/2011 1:41 PM
Subject: Suggestion for Replacement MMIS RFI

Your current RFP structure is requesting to implement a SOA Frame work and potentially new Core MMIS applications. Will you consider selecting a SOA frame work first? This may save you from replacing MMIS many applications that will give you the same data as your old applications.

Data connectivity issues are frequently disguised as an application problem. A quick self-test is to ask yourself what data elements need to be tracked that are not presently recorded by one of the current MMIS components. If the answer is none but we cannot get a report or access to the data in a way that is simple and timely. Well then this is a "data connectivity issue" and is solved by the implementation of a SOA Frame Work.

SOA will allow you to accomplish 4 tasks:

1. Connect and Automate
2. Analyze
3. Optimize
4. Scale

Connect and Automate is accomplished by the implementation of a ESB(Enterprise Service Bus). This technology replaces the need to build API's and is agnostic to source data regardless of its origin, hardware, O\S or database. All applications will connect to the ESB.

Analyze allows you to quickly determine if the data is an issue or an opportunity to be proactive by applying a rules engine

Optimize allows you to model a response

Scale allows you access to in memory complex event processing, your own cloud on your own servers.

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July 22, 2011

Rhonda Morrison
SCDHHS Bureau of Federal Contracts
P.O. Box 8206
1801 Main Street
Columbia, SC 29202
fbo@scdhhs.gov

Re: Replacement MMIS RFI #4

Ms. Morrison,

Thank you for this opportunity to provide the South Carolina Department of Health and Human Services with valuable feedback to help shape the potential future RFP for a Replacement MMIS and information technology and business services. Specifically, the Department is seeking feedback regarding “other recommended changes or requests for clarifications for the Draft RFP” as specified in #8 on page 3 of the RFI document.

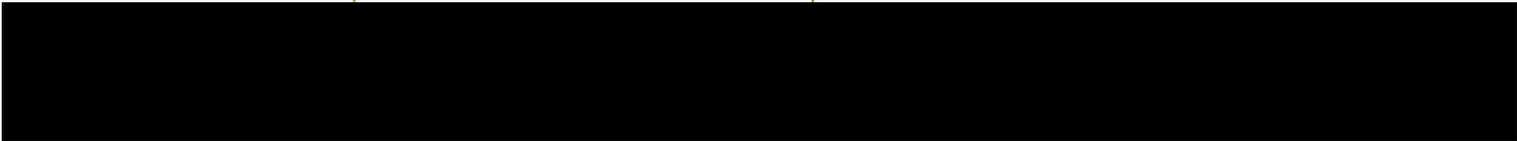
 would like to encourage the Department to consider adding Electronic Visit Verification for Home and Community Based services as part of the RFP. It is our understanding that the current contract for a similar IVRA solution is up for renewal in 2012. This is an ideal time for the Department to explore the market and evaluate whether the current program is both feature- and price-competitive with today’s offerings.

Proposed Modifications to RFP Requirement

Table 1: Suggestions for Modification of the SC MMIS RFP.

Item Number	Affected RFP Section Number	Description of Suggestion or Question
1	Section 4.4.3 Operations Phase	To the list of Operations Phase on pg. 55, we recommend the addition of “ Electronic Visit Verification Services (EVV) ”. These are functions related to the management of home care providers to include establishment of electronic verification systems and protocols; visit validation; authorization import; automated caregiver scheduling; billing and claims submission; provider outreach and training; and help desk support.

Electronic Visit Verification addresses many of the goals and objectives of this project, particularly those outlined within Sections 2.1, Cost; 2.2, Quality of Care; and 2.4, Technology. EVV programs can support the following SC MMIS goals:

- Use information technology (IT) to improve the efficiency and effectiveness of South Carolina Department of Health and Human Services (SCDHHS) operations at all organizational levels.
 - Use IT to enable opportunities to reduce the growth in the cost of care provided to Medicaid beneficiaries.
- 

- Reduce the occurrence of fraud, waste, and abuse in SCDHHS health benefit plans by increasing the application of controls prior to payment, including a general improvement in the application of edits and audits as well as positioning the system for the implementation of predictive algorithms such as are required by the Small Business Jobs and Credit Act of 2010.
- Use access to information and efficiencies driven by IT to allow SCDHHS to focus more resources on measuring and improving the quality of care for beneficiaries.
- Improve outcomes by:
 - Increasing coordination of care.
 - Applying prior approvals more effectively.
 - Promoting effective use of preventative care.
 - Improving communications with stakeholders.
 - Complying with Federal and State quality requirements.
- Simplify the State's Medicaid enterprise contract outsourcing structure by combining contracts, business operations, and supporting IT systems.
- Acquire a system that meets State requirements principally by the use of configuration rather than customization, including a rules-based approach to support business edits; clinical edits and audits; pricing rules; adjudication rules; and other business logic.
- Build the foundations of a multi-payer system to allow for flexibility and growth and to be able to support a future all-health-services approach with multiple State agencies.

We have outlined in Table 2 several key EVV functionality requirements that have been included in recent MMIS / EVV RFP's for your consideration.

Table 2: Suggestions for EVV Requirements for Consideration.

EVV Requirements
Provide a System through EVV (Electronic Visit Verification) to: <ol style="list-style-type: none"> a) Allow home care providers to report information about the supports and services they have provided; b) Provide visit verification that prevents provider abuse by collecting recipient and caregiver information electronically at the beginning and end of services provided in the home and in group settings; and c) Provide for real-time capabilities to collect activities or services provided at the facility or in the home and develop an electronic record.
Use multiple technologies to address recipients in all locations including: <ol style="list-style-type: none"> a) Telephony; b) Integrated GPS enabled devices to provide visit verification for recipients without a land line but have cellular service; c) Alternative fixed location tracking device that can be in the recipient's home to provide verification coverage for those recipients who have no land line and no available cell services; d) Caregiver timesheets generated for the home care provider agency; and e) System to submit billing within 24 hours of service.
Use biometric voice verification or another proposed method approved by the Department to assure the correct caregiver is identified. Proposal must include method(s) for acquiring caregiver's baseline verification information.
Maintain a response time (to call-in transactions) that shall be less than three (3) seconds for user submitted data for ninety-eight percent (98%) of the transactions.



EVV Requirements

A web-based screen monitoring system that:

- a) Produces real time reporting of services in an Internet secured environment which is available to authorized Department staff and home care provider agency staff with easy to understand screen indicators for identification of recipient visit status;
- b) Provides real-time visibility into the services being provided; and
- c) Allows the Department, home care provider agencies and caregivers to view appropriate levels of data.

Provide an integrated system that:

- a) Includes scheduling, authorization monitoring, visit verification and billing;
- b) Provides real-time alerts. For instance, the home care provider agency is made aware if the caregiver does not show up, there is an alert so the provider agency can schedule an alternate caregiver or make contact with the recipient; and
- c) Provides web-based capability for electronic timesheet submission and payment requests.

Provide details for auditing of caregiver in the home by utilizing a call back system.

Maintain an interface with the MMIS to:

- a) Import recipient eligibility data;
- b) Import service authorization data; and
- c) Export automated X12 837P claims file(s)

Provide the capability to provide various reports to the Department and/or provider level to:

- a) Help identify and reduce fraud, waste and abuse; and
- b) Support program management.

Provide for the operation and maintenance of a 24-hour toll free customer service telephone system.

Reference Information

Many states have entered into procurement cycles for EVV. The following provides a list of the most recent RFPs:

- State of Kansas, Visit Verification and Monitoring Program, EVT0000660, May, 2011
- State of New Mexico, Medicaid Fiscal Agent Services, 11-630-00-18244, January, 2011
- State of Louisiana, Medicaid Management Information System Replacement and Fiscal Intermediary Services, Solicitation number 2242837, November 2010
- State of Texas, Electronic Visit Verification, 539-11-57532, October 2010
- State of Florida, Telephonic Home Health Service Delivery Monitoring and Verification Project and Interactive Voice Response Authentication System, AHCA ITN 1004, December 2009

We would be happy to discuss our recommendations further with you. We look forward to the release of the Request for Proposal for MMIS Replacement and thank you for the opportunity to provide comments on the procurement.

Respectfully,

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

Sent via email to fbo@scdhhs.gov.

July 26, 2011

Replacement MMIS RFI #4
SCDHHS Bureau of Federal Contracts
Attn: Rhonda Morrison
PO Box 8206
Columbia, SC 29202

Dear Sir or Madam:

[REDACTED] has reviewed the RFI issued by the South Carolina Department of Health and Human Services (SCDHHS.) We understand the state is seeking feedback on its draft RFP for the Replacement MMIS [REDACTED] appreciates the opportunity to provide its recommendation.

[REDACTED]

After reviewing the questions outlined in the RFI, [REDACTED] believes that questions 1 and 8 are applicable for feedback.

1. The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposal will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?

[REDACTED] **response:**

When the State issued the RFP for a Dental Administrative Service Organization to provide comprehensive management of the dental program in 2009, its goal was to enhance the existing MMIS with new systems and processes. In partnership with SCDHHS, [REDACTED] developed an MMIS that complies with federal requirements.

██████████ respectfully asserts that the current dental MMIS-compatible system should remain in place. Maintaining the current system will require no development, cost or resource allocation on the part of SCDHHS, and will provide the intended results cited in the draft RFP.

██████████ makes this recommendation based on the following assertions:

1. The current dental system already meets the requirements proposed in the Replacement MMIS RFP.
2. SCDHHS invested significant resources to implement the current dental system
3. The current dental system is effective in reducing program costs.
4. Changing dental systems may impact provider satisfaction

1. Meeting mandated requirements

The current dental MMIS-compatible system is equipped to handle dental administration tasks required by the draft MMIS Replacement RFP. The chart below demonstrates the requirements are already fulfilled by the existing dental system.

Service	Description	Is current dental system capable of accommodating service?
Document management services	Technologies for paper documents including scanning and optical character recognition tools Technologies to index and attach documents to appropriate records Barcode technologies to track paper documents Integrated fax server capabilities	✓
Workflow management services	Customer relationship technologies that support the management of relationships with providers and beneficiaries Configurable template-driven and event-driven correspondence Ability to generate notifications through user-managed access channels	✓
Call center services	Integration of call center technologies with current or replacement MMIS	✓
Collaboration services:	Improved agency communications Rapid dissemination of new information across agency staff	✓

Other services	Support for multiple languages Search capabilities that speed access to critical information Integrated online help and training	✓
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The current dental system already meets the following development requirements in service of the SCDHHS contract:

- Workflow
- Utilization management
- Utilization review
- Document management services
- Call center and IVR
- OCR for paper claims
- EDI interfaces with dental providers and clearinghouses
- Web application set up for eligibility, claims status, claim submission, etc.
- Correspondence for prior authorization approvals and denials
- Appeals process
- Reporting
- Mail receipt and mailroom set up
- Trained in-state customer service and provider relations representatives
- Electronic EOBs
- Prior authorization processing
- Local office with staff that can address inquiries and claim adjudication

The current dental system is characterized by:

- A rules-based approach
- Automated procedures
- The capacity to increase agency agility by implementing changes rapidly
- The ability to integrate with existing or replacement MMIS to ensure an integrated approach

2. Significant resources spent to operationalize current dental system

SCDHHS invested considerable time and resources in implementing the current dental system. In 2006 it began its search for a company that could introduce cost savings to its existing program through the use of advanced technology. ██████████ worked with SCDHHS for more than a year to integrate its system with the South Carolina MMIS system so these goals could be realized.

The state incurred the cost of this system implementation, including a significant expenditure of manpower. Incurring a similar round of costs to implement a new dental MMIS would seem counterproductive – especially given that the current dental program has proven to be extremely efficient and has yielded savings.

Not only would the state incur additional costs associated with developing the processes for dental program administration and claim adjudication, it would require additional resources to test and implement coding.

3. Reducing program costs

One of the goals of the 2009 Dental Administrative Service Organization RFP was to reduce costs of the dental program. At the time, the dental program lacked frequency limitations, claim bundling rules, medical necessity rules, and general administrative policy. All claims submitted were paid.

In the past eleven months, SCDHHS has realized a savings of approximately \$8.5 million as a result of the MMIS-compatible dental system developed by [REDACTED]. These cost savings were made possible by:

- Rigorous claim edits
- Checks for third-party liability
- Checks for medical necessity
- Utilization management processes
- Strict enforcement of agency policy and guidelines

The system was developed to contain more than 4600 combinations of dental edits. The edits were developed from nearly 20 years of Medicaid dental program administration experience.

[REDACTED] has made recommendations to SCDHHS that would save an additional \$8 million over the next year. Areas we recommended for additional cost savings in our March 15, 2011 cost saving proposal to SCDHHS included:

- Additional system edits
- Benefit changes
- Prior authorizations
- Fee modifications
- Fee reductions

4. Maintaining satisfaction among providers

Dental program management is quite different than medical program management. It deals with a unique group of providers delivering a unique package of health benefits. Because [REDACTED] can easily integrate the dental program with a replacement MMIS system, providers will experience no disruption in service as the main MMIS moves from the existing MMIS to the replacement.

In our experience, change does not come easy to the provider community. This was apparent at the outset of the Healthy Connections dental program. The transition to a new system that enforced program rules was very disruptive at first. We held a series of provider training sessions throughout the state to get providers on board with the new

program. Over time, providers became accustomed to program requirements, and today their satisfaction with the program has increased significantly.

We believe that taking providers through another round of administrative changes might negatively affect the course of the dental program. Providers have grown comfortable with current processes and may be resistant to another change occurring in a short period of time.

8. Are there any other recommended change or requests for clarification that you have for the Draft RFP? Please use a format similar to that below to submit your suggestions and questions. You may format these in either landscape or portrait.

response:

recommends that the Dental Administrative Service Organization (ASO) Contract be excluded from scope of Replacement MMIS.

We understand that it is not unprecedented for a state to exclude other ancillary services sub-systems for a replacement system. For example, SCDHHS has already excluded pharmacy from the RFP.

Item Number	Affected RFP Section Number	Description of Suggestion or Question
1	4.2.1	Suggest that Dental Administrative Service Organization (ASO) Contract be excluded from scope of Replacement MMIS.

Summary

appreciates that SCDHHS must investigate all options to lower the cost of health care. The current dental MMIS-compatible system has demonstrated to be a cost efficient method that would require no development on the part of SCDHHS. Savings realized in the first 11 months of the program testify to the viability of the system. These savings will increase over time as dental edits are enhanced and other areas of cost savings are implemented.

We respectfully assert that SCDHHS benefits from the use of the current dental system, and recommend that it exclude the dental program from its Replacement MMIS for the South Carolina Medicaid Program RFP.

Sincerely,

[Redacted signature]

RESPONSE TO SUBMISSION REQUEST

1. The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposals will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source selection or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?

Response: Partners are an important component of [REDACTED] business model to deliver top-quality products and services to help our government clients realize the value of SOA & BPM in support of MITA and NIEM based solutions, therefore, outside of “technology” recommendations [REDACTED] will defer to our partners on a number of general submission requirements.

As an example, one of the worlds’ largest consulting firms developed a process-led transformation approach based on [REDACTED] Business Process Excellence offering. These assets are a key accelerator for implementing client specific enterprise process assets and provide operating models, process hierarchies, workflow definitions and capability assessment models. A key performance indicator (KPI) framework supports the definition of KPIs that enable the monitoring and optimization of processes. Underlying IT frameworks support the implementation of business processes on a service-oriented architecture. True business transformation and optimized service delivery can be supported through composite systems design – a powerful platform for process automation. Integrated dashboards provide the real-time business monitoring and analysis capabilities based on KPIs that are relevant for the enterprise – straight from systems that the business processes are implemented on. This improves transparency, flexibility and agility of process management and will allow optimizing systems where needed.

Another leading Global Systems Integrator developed its renowned Industry Print™, which combines industry-specific knowledge and leading practices into Business Process Management software via [REDACTED] process modeling tool allowing organizations to maintain all elements in business process optimization; process, data and systems.

In addition as a further testament, as the worlds leading BPM suite, [REDACTED] s OEM integrated with SAP and Oracle environments.

[REDACTED] works with our partners to deliver robust systems and will defer to the System Integrator to answer several of the questions that are not technology specific.

The following is a sample list of partners experienced with [REDACTED] solutions:

- IDS Sheer
- CNSI
- Capgemini
- Accenture
- EDS
- Dell

- Deloitte
- Lockheed Martin
- CSC
- Satyam
- TATA Consulting Services
- CGI
- ACS

2. The State has used unit or volume pricing on many of the pricing tables. Are there any of the pricing tables where the pricing methodology is inadequate, incomplete, or does not correlate to the underlying cost drivers?

Response: Defer to System Integrator

3. Some of the Operations Phase performance standards are Offeror-proposed. Are there any other standards that should be Offeror-proposed? Should *all* Operations Phase performance standards be Offeror-proposed?

Response: Defer to System Integrator

4. The State has included information in the Procurement Library that it believes will be useful to Offerors in preparing their proposals. Is there any other information required to form a responsive proposal? Please note that as collecting and publishing statistical, programmatic, and technical information is time-consuming and resource-intensive, the State requests the respondents identify only identify new Procurement Library requests that are truly necessary. Please be very specific in your suggestions.

Response: From a technical infrastructure perspective, [REDACTED] is comfortable with the supplied information.

5. Are the intellectual property terms and conditions acceptable? Are there any changes that should be made to these sections?

Response: From a software perspective, no major issues. [REDACTED] and the prime Systems Integrator will work together to achieve mutually agreeable terms. It should be noted that [REDACTED] has several large contracts with the State of South Carolina as a trusted vendor for over 20 years.

6. CMS is planning to release the Medicaid Information Technology Architecture (MITA) version 3.0 in August with additional updates throughout the remainder of 2011. Based on your knowledge of MITA 3.0, should the RFP be updated to reflect the structure and known content of MITA 3.0, or should the RFP remain aligned with MITA 2.01?

Response: [REDACTED] offers a strong combination of “insider insight” and MITA expertise as a member of the Federal MITA SOA Best Practices sub-committee. We are also this years Pinnacle Sponsor for NASCIO sitting on the Healthcare and Enterprise Architecture committees. We’ve delivered solutions in 39 states that improve citizen service and meet federal funding requirements. Additionally, 20 Health and Human Services agencies use solutions based on our technology. This experience along with insight to MITA 3.0 allows us to confirm the State is headed in the right direction. Given the State is moving toward a highly flexible, service oriented architecture while addressing areas such as BPMS, BAM,

and SOA Governance, [REDACTED] believes MITA 3.0 will simply be an extension of business process recommendations and mapping that will be easily accomplished with a selection of the right best of breed SOA infrastructure.

- 7. The pricing tables are physically large at 1:1 reproduction. What is your recommendation for delivering these in paper format? Note that they will need to be submitted in electronic format, as well.

Response: [REDACTED] defers to System Integrator related to pricing as we have numerous partnerships with custom pricing arrangements with partners that will result in favorable pricing for the State.

- 8. Are there any other recommended changes or requests for clarification that you have for the Draft RFP? Please use a format similar to that below to submit your suggestions and questions. You may format these in either landscape or portrait.

Response: The selection of the underlying enterprise infrastructure is a critical part of the solution that will affect initial, and more importantly, ongoing MITA initiatives as well as numerous other agency projects and exchanges going forward such as the Medicaid Eligibility System and the possibility of creating a Health Insurance Exchange.

Item Num.	Affected Section #	[REDACTED] Confirmation of SC DHHS approach	Recommended Enhancement
4.2.3.2	p.42	ESB, BPM	
4.2.3.4	p.42	[REDACTED] Suite	
4.4.1	p.53	[REDACTED]	
5.5	p.56	[REDACTED] ESB	
5.6	p.56	[REDACTED] ESB	
5.7	p.56	[REDACTED] ESB	
6.3	p.68	Agile. [REDACTED] BPMS can enrich, but w/SI collaboration	
8.1	p.77	Strong BPMS, ESB	
8.1.1	p.78	Strong BPMS, ESB	[REDACTED] suggests SC DHHS consider inclusion of a Content Service Platform (CSP). CSP's functionalities simplify the situational use of the wealth of available information, both structured as well as unstructured, from

			<p>various sources to make better decisions for daily business. This integrates all types of existing information needed to handle business cases within existing business applications. New business cases are supported by content-automation functionalities, flexible user interfaces, and the integration of ad-hoc workflows, Social Networks and workflow systems. Recording the execution steps and the decision-making not only allows the subsequent analysis for optimizing business processes, but also provides data for monitoring and ensuring compliance with contractual and regulatory requirements.</p>
8.1.2	p.79	BPMS, ESB	
8.1.3	p.79	BPMS, ESB	
8.1.4	p.79	BPMS, ESB	<p>██████████ suggests SC DHHS consider possible inclusion of Master Data Management to reconcile, cleanse, and synchronize enterprise master data for “one version of truth.” Redundancies and errors are eliminated. Only reliable, accurate and approved enterprise information flows through your processes, systems and applications.</p>
8.1.5	p.79	Process Intelligence (BAM, PPM)	<p>██████████ suggests SC DHHS consider possible inclusion of Data Mining Process Performance Manager</p>

			<p>tool that provides a key technology you can use to assess your business processes automatically in terms of speed, cost, quality and quantity—and to identify optimization opportunities.</p> <p>Process Performance Tools provide SC DHHS a means to:</p> <ul style="list-style-type: none"> • Automatically discover end-to-end processes for greater transparency • Analyze historical processes to find weaknesses • Benchmark processes to identify best practices • Optimize team and collaboration structures using organizational analyses
8.1.6	p.80	ESB, [REDACTED] security	
8.1.7	P.81	[REDACTED] Rules, more BPMS	
8.2	p.81	[REDACTED] perfect philosophy alignment	
8.3.1	p.82	[REDACTED] perfect philosophy alignment	
8.3.2	p.82	Agile. [REDACTED] BPMS can enrich, but w/SI collaboration. See 6.3	
8.3.3	p.83	[REDACTED] technology perfect philosophy alignment	
8.3.4	p.8r	[REDACTED] technology perfect philosophy alignment	
8.3.5	p.84	[REDACTED] technology perfect philosophy alignment	
8.3.6	p.84	[REDACTED] technology perfect philosophy	

		alignment	
8.3.7	p.84	████ technology perfect philosophy alignment	
8.3.8	p.84	████ technology perfect philosophy alignment	
8.3.9	p.85	████ technology perfect philosophy alignment	
8.4.11	p.85	Agile. █████ BPMS can enrich, but w/SI collaboration. See 8.3.2	
8.4.22	p.87	ESB	
8.4.3	p.88	Process Intelligence Dashboard (████████████████)	
8.4.4.1	p.89	████████████████	
8.4.4.2	p.89	████████████████	

Notice of Disclaimer

None of the terms set forth in either your request for proposal or [REDACTED] proposal are or should be considered final or binding on [REDACTED] unless and until they are set forth in an agreement between you and [REDACTED] that is executed by each party's duly authorized representatives.

Response to RFI Questions

1. The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposals will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source selection or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?

We have reviewed Section IV and V of the draft RFI and find, in general, that the information requested is appropriate and will lead to an efficient and effective source selection. We would like to provide the following recommendations to improve the submission requirements for the state's consideration:

- In Section IV, Item #2, the fifth paragraph on page 101, the RFP states: "Offerors shall not include large multi-page tables with small font for the purposes of circumventing the page limitations."

Question/Comment: We suggest that the state clarify this statement to ensure that proposal responses can be easily evaluated for compliance. MMIS proposals typically use tables to present ideas and concepts and often these tables span multiple pages. For example, labor category descriptions and roles and responsibilities may span 5-10 pages. How would the state evaluate that the offeror's intent was to circumvent page limitations in this situation? This creates an unambiguous situation with no clear way to know at submission whether our proposal would be compliant or not.

- In Section IV, Item #6, Figure IV.5-1 on page 103, states that the page limit for the executive summary is 10 pages + offshore work description (as applicable).

Question/Comment: We assume there is no page limit restriction in the description of offshore work as long as the main body of the executive summary remains within 10 pages.

- Section IV, Item#6.1 on page 104, we suggest the offshore contracting section be placed under section G1, Overview and Organization.

Question/Comment: Placing this specific requirement in the executive summary seems to distract from the content of the executive summary. In addition, if the offeror were to bid an offshore capability it would be integrated as a part of the overall solution and summarized as a key point in the executive summary anyway.

- In Section IV, Item #6.1, on page 104, (c) and (d) request the offeror to provide what percentage of the total work and what percentage of the total value is being performed offshore.

Question/Comment: Is the state intending to establish a limit to how much or what type of work can be performed offshore?

- Section IV, Item 7.1, Discovery Phase Solution on page 105. This section does not include a bullet for the offeror to discuss the proposed project management strategy.

Question/ Comment: We recommend adding that to the discovery phase solution given that project management strategy would actually be implemented and begin during the discovery phase.

- Section IV, Item 7.3 on page 107 states: “The Offeror shall include business process models for those processes identified in Attachment I whose principal duties are assigned to the Contractor, not including the General & System Processes.”

Question/Comment: We recommend that this requirement be removed from the RFI as a requirement for the proposal. Business process models for each of the processes are often unique to each state (although somewhat standardized with MITA) and that is typically a work product during project execution. Other sections of the RFP require the offeror’s proposed solution to be mapped to MITA business processes and CMS certification evaluation criteria. Requiring the offeror to provide detailed Business Process Modeling Notation (BPMN) based business process models as a part of the proposal is a large undertaking and has limited value as they would have to be modified specific to state needs and requirements after the offeror has the opportunity to conduct working group sessions with state staff.

- Section IV, Item 7.5 on page 108 states: “Include copies of the user’s manual and administrator’s manual that most closely match the proposed system.”

Question/Comment: We recommend that the state either remove this requirement or require the table of contents and/or sample pages of existing manuals be provided. User and administrator manuals are large documents and are developed specifically to an individual state’s requirements and needs. They are not typically standardized. Hence it creates a large proposal duplication effort to include these manuals and our view is that the information has limited value for evaluation purposes given that other sections of the RFP already require a description of the proposed system and functional capability – aligned specifically to the state’s requirements. If the table of contents is required for the manuals, the state can assess the information typically provided.

- Section IV, Item 10, Table IV.9-1 on page 114 requires an initial risk and issue assessment. Each risk and issue has a limit of 1 page per item.

Question/Comment: We assume there is not a total page limit for this section given that each offeror will have a varying number of risk and issues based on their individual assessment.

- Section IV, Item 12, System Screen Shots, Table IV.11-1 on page 117 states “2 pages per screenshot (cumulative, not each).”

Question/Comment: Please clarify what is meant by “cumulative, not each.”

- Section IV, Item 12, first paragraph on page 117 states: “The Offeror shall identify all of the screens in its proposed system. This section serves as a catalog of major system features, a mapping to the related MITA business processes and MEECT system review criteria, and as a guide for the hands-on system demonstration conducted by the State.”

Question/Comment: This requirement seems excessive as there may be more than 1,500 screens in the entire system, many of which are available under unique and particular situations driven by

the data and information that is being processed. Given the focus on the system demonstrations where the state will have ample time to review the actual system, we suggest this requirement be removed. In addition, the screenshots are best presented as an integral part of functional responses to requirements instead of a separate section where context can be provided for the screenshots.

- Section IV, Item 13, Table IV.12-1 on page 118 mentions the requirements for System Demonstrations and Oral Presentations and specifically requires: “The Offeror’s slides must be submitted with its written Proposal as Section II.”

Question/Comment: We recommend that the state remove the requirement to provide presentation slides as a part of the proposal to allow the proposals to focus 100% on providing a quality response to the functional, management, and technical requirements.

- Section IV, Item 13.1, Section II. System Demonstration on page 119 mentions that the state will bring “additional laptop computers and mobile devices” to the system demonstrations.

Question/Comment: We suggest requiring the contractor to specify minimum requirements for state provided equipment that is compatible with the contractor’s system. The concern is two-fold: (1) the equipment brought by the state may not meet performance requirements to run components of the system and thereby potentially providing an negative impression of the contractor’s system capability and (2) the time it will take to prepare and set up the state provided equipment and taking valuable time away from system demonstrations and hands-on use of the system.

- Section V, Item 3.4, Section J4. Penalties and Damages Asserted. The draft RFP states: “The Offeror shall describe any damages, penalties or credits issued, individually in excess of one hundred thousand dollars (\$100,000.00).…”

Question/Comment: The \$100,000 threshold seems low given the size and scope of MMIS projects. Please also clarify what specifically would be considered “credits.”

2. The State has used unit or volume pricing on many of the pricing tables. Are there any of the pricing tables where the pricing methodology is inadequate, incomplete, or does not correlate to the underlying cost drivers?

Pricing Table G implies that the State has an average of 9,400,000 claims per year. In researching the procurement library, however, we discovered that the State received 33.4M claims and paid roughly 29.2M claims in 2008. Are the 9.4M claims in pricing Table G a representative number? If so, will the actual numbers be used in the RFP to allow vendors to provide more accurate pricing? If not, what accounts for the discrepancy?

This vendor believes pricing Table G does not allow for entering a per claim price to all vendors to recover fixed, minimum staffing and infrastructure costs in the event the actual claim volume is below the anticipated average annual volume. Vendors will need to maintain a minimum staffing level based on the anticipated claim volume to provide the capability to support the State's needs. Under the recovery model outlined in Table G, vendors would only recover those costs as long as the claim volume is at or above the anticipated average volume. If the starting point was the anticipated minimum claim volume, the proposed formulas would then permit fixed cost recovery and provide the State with more accurate cost data.

As an alternative, the State could modify pricing Table G to include State provided claim bands below and above the anticipated claim volume. This will allow bidders to capture their fixed costs associated with the minimum volume. Additionally, this will allow for a normalized evaluation process for the State. Exhibit 1 provides an example of our suggested approach based on the claims data provided in the Draft RFP. The table could also be modified to accommodate an average monthly claim volume if that is the State's preference.

Exhibit 1. Modified Version of Table G

Claim Volume Beginning (Annual)	Claim Volume End (Annual)	% Change in Volume	Per Claim Price				
			Year 1	Year 2	Year 3	Year 4	Year 5
6,050,000	6,519,999	-25%	\$ -	\$ -	\$ -	\$ -	\$ -
6,520,000	6,989,999	-20%	\$ -	\$ -	\$ -	\$ -	\$ -
6,990,000	7,459,999	-15%	\$ -	\$ -	\$ -	\$ -	\$ -
7,460,000	7,929,999	-10%	\$ -	\$ -	\$ -	\$ -	\$ -
7,930,000	8,399,999	-5%	\$ -	\$ -	\$ -	\$ -	\$ -
8,400,000	9,400,000	Anticipated Range	\$ -	\$ -	\$ -	\$ -	\$ -
9,400,001	9,870,000	5%	\$ -	\$ -	\$ -	\$ -	\$ -
9,870,001	10,340,000	10%	\$ -	\$ -	\$ -	\$ -	\$ -
10,340,001	10,810,000	15%	\$ -	\$ -	\$ -	\$ -	\$ -
10,810,001	11,280,000	20%	\$ -	\$ -	\$ -	\$ -	\$ -
11,280,001	11,750,000	25%	\$ -	\$ -	\$ -	\$ -	\$ -
Anticipated Volume Maximum							
9,400,000			\$ -	\$ -	\$ -	\$ -	\$ -
Total Price			\$ -				

3. Some of the Operations Phase performance standards are Offeror-proposed. Are there any other standards that should be Offeror-proposed? Should *all* Operations Phase performance standards be Offeror-proposed?

This vendor supports the concept of a combination of Offeror/State proposed performance standards. For the purposes of the Request for Proposal (RFP) and evaluating proposals submitted by several different Contractors, however, this vendor recommends that the State provide a firm set of performance measurements as a baseline that all Contractors should consider in their technical and cost proposals. Performance measurements can have a significant impact on cost and schedule and, to level the playing field for the proposal submission, we suggest that the State request that the Contractor evaluate and provide the processes and pricing for State predetermined performance measurements. Once the successful bidder has been selected, we fully support a collaborative effort during contract negotiations to

review, assess, and update the performance standards and associated thresholds required to successfully execute all business functions during the Operations Phase.

Through a collaborative effort, the State, Contractor, and, most importantly, the members and providers will all benefit. The winning Contractor can provide the State with valuable lessons learned and insight into additional performance measurements from their previous engagements. The Contractor will ensure that the proper system processes are put in place to capture the selected performance measurements. The Contractor benefits from the State’s experience with their internal rules, regulations, and policies and their knowledge of the provider and member community. Additionally, a cooperative effort promotes buy-in from all of the affected stakeholders.

Once the performance measurements are implemented, we recommend regular sessions throughout the Operations Phase to assess the ongoing usefulness of each performance standard and measurement and to determine whether changes in the measurement, the threshold parameters, or how the standard is captured and reported might be needed. An integrated, robust capture and reporting tool that can be easily configured to handle these types of changes is a critical component of this collaborative effort towards continuous process improvement.

With all of the above in mind, we have reviewed the performance measurements supplied in Attachment I and provided comments in Exhibit 2.

Exhibit 2. Comments on Attachment I Performance Measurements

MITA Business Area	Performance Standard	Comment
PM01 Manage Provider Information	Quality: (Critical) Contractor shall apply the provider updates with one hundred percent (100%) accuracy.	Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy. We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection.
PM02 Manage Provider Communication	Timeliness: 1. (Non-Critical) Contractor responds to provider inquiries by acknowledging inquiries within one (1) business day of receipt of the inquiry and provides a final response within the time periods proposed by Contractor for Manage Provider Communication (Row 1 in the Offeror-Proposed Performance Standards). 2. (Critical) Contractor notifies provider of any payment holds within one (1) business day of payment hold being made in MMIS.	If the Contractor needs to speak to the provider or the contractor can initiate an acknowledgement or response within one business day but cannot ensure the acknowledgement is received. If the Contractor needs to speak to the provider or his/her representative regarding either of these standards, then this measurement could be very difficult to meet. We suggest adding additional information specifying that voice mail or e-mail is sufficient if the Contractor is not able to contact the provider directly.
OM02 Authorize Service	Timeliness: 3. (Critical) Contractor notifies member of prior authorization denial within twenty-four (24) hours of prior authorization determination unless	Timeliness: Typically a letter is sent for prior authorization denial. If this is the case, it would be impossible to notify the member within 24 hours. We would

MITA Business Area	Performance Standard	Comment
	otherwise instructed by State. Quality: 1. (Critical) Contractor applies policies for prior authorization of services with one hundred percent (100%) accuracy unless otherwise instructed by the State.	suggest changing the wording of the standard to indicate that the letter is sent within 24 hours and/or that notification can be made by voice mail or e-mail (if available). Quality: We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.
OM05 Apply Mass Adjustment	Quality: 1. (Critical) Contractor applies mass adjustments with one hundred percent (100%) accuracy.	We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.
OM06 Audit Claim-Encounter OM07 Edit Claim-Encounter OM08 Price Claim-Value Encounter	Quality: 1. (Critical) For claims requiring no manual intervention, claims/encounters process with one hundred percent (100%) accuracy.	We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any errors within one business day of detection. Encounters/claims could be received with errors over which the contractor has no control.
OM10 Prepare EOB	Quality: 1. (Non-Critical) Contractor prepares EOBs with one hundred percent (100%) accuracy.	We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.
OM22 Manage Drug Rebate	Accuracy: 1. (Non-Critical) MMIS exchanges data with PBA contractor's system(s) with one hundred percent (100%) accuracy.	We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any errors within one business day of detection. The Contractor cannot guarantee the accuracy of information coming from another source or the accuracy of any data that may be manually entered.
PG01 Designate Approved Services and Drug Formulary	Timeliness: 1. (Non-Critical) Contractor applies coding/rules changes in the MMIS and reports to State the impact of the	Timeliness: Items 1 and 2 taken together are confusing. We would suggest re-wording them and combining them to

MITA Business Area	Performance Standard	Comment
	<p>proposed coding/rules changes within the Offeror-proposed timeframe of receipt of direction from the State (Row 15 in the Offeror-Proposed Performance Standards).</p> <p>2. (Non-Critical) Contractor applies coding/rules changes in the MMIS within one (1) business day of receipt of direction from the State.</p> <p>Quality: 1. (Critical) Contractor applies code changes with one hundred percent (100%) accuracy.</p>	<p>indicate that once the coding/rules changes are approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.</p> <p>Quality: We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.</p>
PG02 Develop and Maintain Benefit Package	<p>Timeliness: 1. (Non-Critical) Contractor applies proposed benefit package changes in the MMIS and reports to State the impact of the proposed benefit package changes within the Offeror-proposed timeframe of receipt of direction from the State (Row 12 in the Offeror-Proposed Performance Standards). 2. (Non-Critical) Contractor applies approved benefit package changes in the MMIS within one (1) business day of receipt of direction from the State (assumes the evaluation step was performed initially).</p> <p>Quality: 1. (Critical) Contractor applies benefit package changes with one hundred percent (100%) accuracy.</p>	<p>Timeliness: Items 1 and 2 taken together are confusing. We would suggest re-wording them and combining them to indicate that once the benefit package changes are approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.</p> <p>Quality: We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.</p>
PG03 Manage Rate Setting	<p>Timeliness: 1. (Non-Critical) Contractor applies proposed rate changes in the MMIS and reports to State the impact of the proposed rate changes within the Offeror-proposed timeframe of receipt of direction from the State (Row 13 in the Offeror-Proposed Performance Standards). 2. (Non-Critical) Contractor applies approved rate changes in the MMIS within one (1) business day of receipt by Contractor (assumes the evaluation step was performed initially).</p>	<p>Timeliness: Items 1 and 2 taken together are confusing. We would suggest re-wording them and combining them to indicate that once the proposed rate changes are approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State.</p> <p>Quality: We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of</p>

MITA Business Area	Performance Standard	Comment
	<p>Quality: 1. (Critical) Contractor applies rate changes with one hundred percent (100%) accuracy.</p>	<p>detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.</p>
PG18 Maintain Benefits-Reference Information	<p>Timeliness: 1. (Non-Critical) Contractor applies new and/or updated benefits-reference information to the MMIS and reports to State the impact of the new and/or updated to benefits-reference information within the Offeror-proposed timeframe of receipt of direction from the State (Row 14 in the Offeror-Proposed Performance Standards). 2. (Non-Critical) Contractor applies approved benefits-reference information to the MMIS within one (1) business day of receipt by Contractor (assumes the evaluation step was performed initially). Quality: 1. (Critical) Contractor applies benefits-reference information changes with one hundred percent (100%) accuracy.</p>	<p>Timeliness: Items 1 and 2 taken together are confusing. We would suggest re-wording them and combining them to indicate that once new or updated benefits reference information is approved by the State (after the impact has been assessed) that they are then moved to production within one business day of approval by the State. Quality: We suggest changing this degree of accuracy and/or having a subsequent measurement to resolve any keying errors within one business day of detection. Whenever any manual intervention, such as data entry, is required, it is impossible to guarantee 100% accuracy.</p>
OM18 Inquire Payment Status	<p>Timeliness: 1. (Non-Critical) Contractor responds to payment status inquires by acknowledging the inquiry within one (1) business day and provides a final response within the time periods proposed by Contractor for Inquire Payment Status (Row 5 in the Offeror-Proposed Performance Standards).</p>	<p>Whether this timeliness standard can be met depends on the method of acknowledgement required. If the Contractor needs to speak to the provider or his/her representative regarding payment status inquiries, then this measurement could be very difficult to meet. We suggest adding additional information specifying that voice mail or e-mail is sufficient if the Contractor is not able to contact the provider directly.</p>
BR02 Manage Business Relationship Communication	<p>Timeliness: 1. (Non-Critical) Contractor responds to Trading Partner inquiries by acknowledging inquires within one (1) business day of receipt of the inquiry and providing a final response within the time periods proposed by Contractor for Manage Business Relationship Communication (Row 6 in the Offeror-Proposed Performance Standards).</p>	<p>Whether this timeliness standard can be met depends on the method of acknowledgement required. If the Contractor needs to speak to the Trading Partner representative regarding inquiries, then this measurement could be very difficult to meet. We suggest adding additional information specifying that voice mail or e-mail is sufficient if the Contractor is not able to contact the Trading Partner directly.</p>

MITA Business Area	Performance Standard	Comment
SS01b System Performance	<p>Timeliness:</p> <p>1. (Non-Critical) MMIS provides an average transaction response of less than one (1) second and a response of less than five (5) seconds ninety-nine and nine-tenths percent (99.9%) of the time. Transaction processing time equals the time from the entry of the request into the network access point to the time for the response to return to network access point.</p>	<p>There are many transactions that occur in the MMIS. Having a global requirement is not appropriate as a performance measure. We recommend a breakdown by transaction type to ensure that a meaningful performance measure that can be achieved.</p>
SS01c System Performance	<p>(Non-Critical) Contractor maintains less than two (2) hours of regular weekly maintenance windows for production systems.</p>	<p>Scheduled maintenance activities usually occur on weekends. Tasks like major COTS version upgrades may result in a longer maintenance window. We recommend revising the text to read: Contractor maintains less than two (2) hours of regular weekly maintenance windows for production systems unless approved by state.</p>
SS01c System Performance	<p>4. (Non-Critical) Contractor maintains less than ten (10) hours of regular weekly maintenance windows for non-production systems.</p>	<p>Non production systems go through numerous testing cycles to ensure deployment to production environments will go smoothly. This may result in longer outages. A 10-hour window should not be applied to non-production systems.</p>
SS01d System Performance	<p>Timeliness:</p> <p>1. (Critical) Contractor maintains one hundred (100%) percent IVRS uptime.</p> <p>2. (Non-Critical) Contractor provides sufficient bandwidth for IVRS so that zero percent (0%) of calls receive a busy signal.</p> <p>3. (Non-Critical) Zero percent (0%) of all calls receive a busy signal or are blocked.</p> <p>Quality</p> <p>1. (Non-Critical) IVRS completes requests with one hundred (100%) accuracy based on data contained in MMIS.</p>	<p>We have reviewed the current IVRS contract and metrics provided by the state. Given that the state has only provided average call volumes and no information on peak loads/usage, call length or trends, the vendor would be unable to design a solution to meet a 100% uptime and that 0% of calls receives a busy signal.</p> <p>Building redundancy that guarantees 100% uptime with 0 percent busy or blocked signal will result in significant infrastructure costs. This is not the norm in performance standards related to IVR. We recommend that the state revise this to 99.9% uptime with scheduled maintenance windows approved by the state.</p>
SS01e System Performance	<p>Overall</p>	<p>Given that the state has only provided average transaction volumes for most critical system transactions, it would not be possible for the vendor to ensure we size our infrastructure to meet response time SLAs. We</p>

MITA Business Area	Performance Standard	Comment
		recommend publishing detailed metrics to enable vendors to create infrastructure to meet the requirements of the RFP.

4. The State has included information in the Procurement Library that it believes will be useful to Offerors in preparing their proposals. Is there any other information required to form a responsive proposal? Please note that as collecting and publishing statistical, programmatic, and technical information is time-consuming and resource-intensive, the State requests the respondents identify only identify new Procurement Library requests that are truly necessary. Please be very specific in your suggestions.

Because the state has provided a detailed procurement library and pricing matrices, we were able to perform a detailed analysis of the information and pinpoint some specific recommendations.

Specifically, in section 8.1.1 of the RFI, Business Enabling Services, there are many strategies that are critical to MITA alignment, but are not priced by separate volumes. The contractor will need detailed metrics to ensure that the proposed solution meets the service level requirements for these areas. Volume information for these particular categories will support the solution development for Business Enabling Services:

- IVRS volumes and volume trend (the IVR RFP.pdf provides estimated volumes from 2006 but not any actual data)
- Pages received requiring imaging
- Pages received requiring OCR
- Call center volumes, preferably by member/provider and type of call
- Volume of outgoing correspondence
- Current IVR scripts/workflows

Additionally, there is detailed information in the procurement library regarding eligibility and member enrollment, but not volumes of new members by year and trends of new members. This data would allow us to estimate the volume of Medicaid ID cards.

We also need additional information to support scoping pricing of hardware and software. The requested metrics include:

- Number of concurrent state users
- Number of concurrent providers for the portal
- Number of claim transactions processed (Paid, Denied, Suspended) broken by type (Medical, Pharmacy, Managed Care, etc), since different claim types have different size and processing requirements

5. Are the intellectual property terms and conditions acceptable? Are there any changes that should be made to these sections?

The IP terms and conditions in the RFP are generally acceptable, however, we are providing suggestions for clarification or changes in Exhibit 3. We have used the table format for the response to question 8 for this response as well.

Exhibit 3. Suggestions for Clarification and Changes

Item Number	Affected RFP Section Number	Description of Suggestion or Question
1	2, page 16	“Custom Software.” Is the reference to COTS Software intended to be part of this definition? As written, Custom Software is defined to include “customizations to COTS Software.” However, based on the definition of COTS Software, it would appear that this is not correct and was not intended.
2	2, page 17-18	“Proprietary Contractor Software.” To avoid confusion and to be consistent with the definition of State Material and Custom Software, the phrase “pursuant to this Contract” in the second line should be deleted, and that the phrase “all Intellectual Property Rights therein” be inserted in the last line after the word “limitation.”
3	25.2	<i>Licenses in and to certain State Materials.</i> This section permits the Contractor to request a license to use, modify, and make derivative works from Custom Software included in the State Materials. It can be anticipated that Contractors will want such a license. Providing a proposed license form for review or providing for negotiation of this license as part of the final contract would be helpful.
4	25.3	<i>Proprietary Contractor Material.</i> Disclosure of Proprietary Contractor Material to takeover contractors who may be direct competitors of the Contractor may be a concern for Contractors. To address this concern of improper disclosure, it is suggested that this Section 25.3 provide that the referenced non-disclosure and non-use agreements should be agreed to in writing by the Contractor, State, and the follow-on contractor.
5	25.4	<i>COTS.</i> The proposed COTS Agreement for third party vendors whose COTS Software is included in the solution, while not part of the Contact, voids out key business terms in the vendor’s standard End User Licensing Agreement (EULA). It also requires specific license requirements and other terms that are non standard for many COTS vendors. To the extent that the solutions proposed by Contractors necessarily include COTS vendors whose software is a key part of the solution, obtaining the COTS vendors agreement to the COTS Agreement may be a significant hurdle – it may limit/impact availability and/or price to procure the desired/best COTS products.
6	25.5	<i>Third Party Proprietary Material.</i> “Third Party Proprietary Material” is missing from the definitions section of the RFP. See same concern as identified for section 25.3 above.
7	EXHIBIT B, Section 5.1	“Limitation of Damages – Licensor.” The limitation of liability in section 5.1 of 2x cumulative fees paid by Licensee is oddly phrased and is not standard/typical in proprietary software licenses. Except for IP infringement claims, liability is typically capped at total license

Item Number	Affected RFP Section Number	Description of Suggestion or Question
		fees paid. Given the other protections in the Contract, the state may want to consider a limitation of 1x fees paid.
8	EXHIBIT B, Section 11.7	“Assignment.” There appears to be a typo in section 11.7 Assignment. The non-assignment restriction, as drafted, applies to Contractor and the State (“neither party may assign...”), but the remainder implies it is unilateral. This needs to be clarified.

6. CMS is planning to release the Medicaid Information Technology Architecture (MITA) version 3.0 in August with additional updates throughout the remainder of 2011. Based on your knowledge of MITA 3.0, should the RFP be updated to reflect the structure and known content of MITA 3.0, or should the RFP remain aligned with MITA 2.01?

The Medicaid Information Technology Architecture (MITA) has been an evolving framework for MMIS implementation guidance since 2001. MITA underwent a major overhaul from version 1.0 to 2.0 in its approach and underlying architecture, with MITA 2.0 released around 2005. MITA 2.0 moved away from a hub-spoke architecture to a services-based infrastructure, and it established the underpinnings of three correlated and interdependent architectures (business, information, technology) to deliver an integrated framework to implement and manage the Medicaid enterprise. Version 2.0 provided details regarding business architecture and high-level guidance around the technology and information architecture. The business process maturity levels concept was one of the other key tenets established with this version. The maturity levels enable states and entities to establish a road map for transitioning from the legacy infrastructure to true interoperable and value-focused business solutions. Over the last few years, MITA 2.0 has been refined and expanded based on feedback from the states and vendor community. Given this history and background, it is important to note that MITA 3.0 is not a significant shift from the earlier version. It can be seen as an initiative by CMS and the industry (as with all frameworks and reference architectures) to make it more relevant and pragmatic for the current and the anticipated industry trends in the next few years. It is not only an attempt to provide more specificity across all business process areas, but also to address areas and initiatives, such as Meaningful Use and impact of the Affordable Care Act (ACA), to provide the underpinnings of a truly interoperable health care system. Also the current effort is being undertaken to collaborate and develop implementation details around the business process areas. MITA 3.0 further expands on the information model for the different groups, and provides technical service specifications and documents business process models.

We recognize that there is a schedule risk of CMS not meeting its planned dates of December 2011 to publish MITA 3.0 specifications (please see Exhibit 4 for the CMS published timeline by the business process area). Further, there is a real risk that these specifications lead to additional questions, clarifications, and industry confusion. This vendor also recognizes that this will be a difficult undertaking for the vendor community given the evolving and undetermined specification of version 3.0. Having identified the risks associated with aligning the RFP to MITA 3.0, we believe that MMIS implementations are strategic investments and they need to be evaluated with the long-term strategic value to the State. This vendor recognizes that there is not a “one size fits all” solution to any given state business challenge or an MMIS implementation. The trade-offs concerning risks, costs, and schedule need to be balanced with any significant investment. Given the anticipated fundamental shifts in the healthcare industry, however, the multitude of initiatives (e.g., insurance exchanges, meaningful use) to be undertaken in the next couple of years, it is imperative that we embrace MITA 3.0. Based on a typical implementation timeline of 30-36 months, the state of South Carolina may be at a strategic disadvantage if it does not align with MITA 3.0 in some capacity.

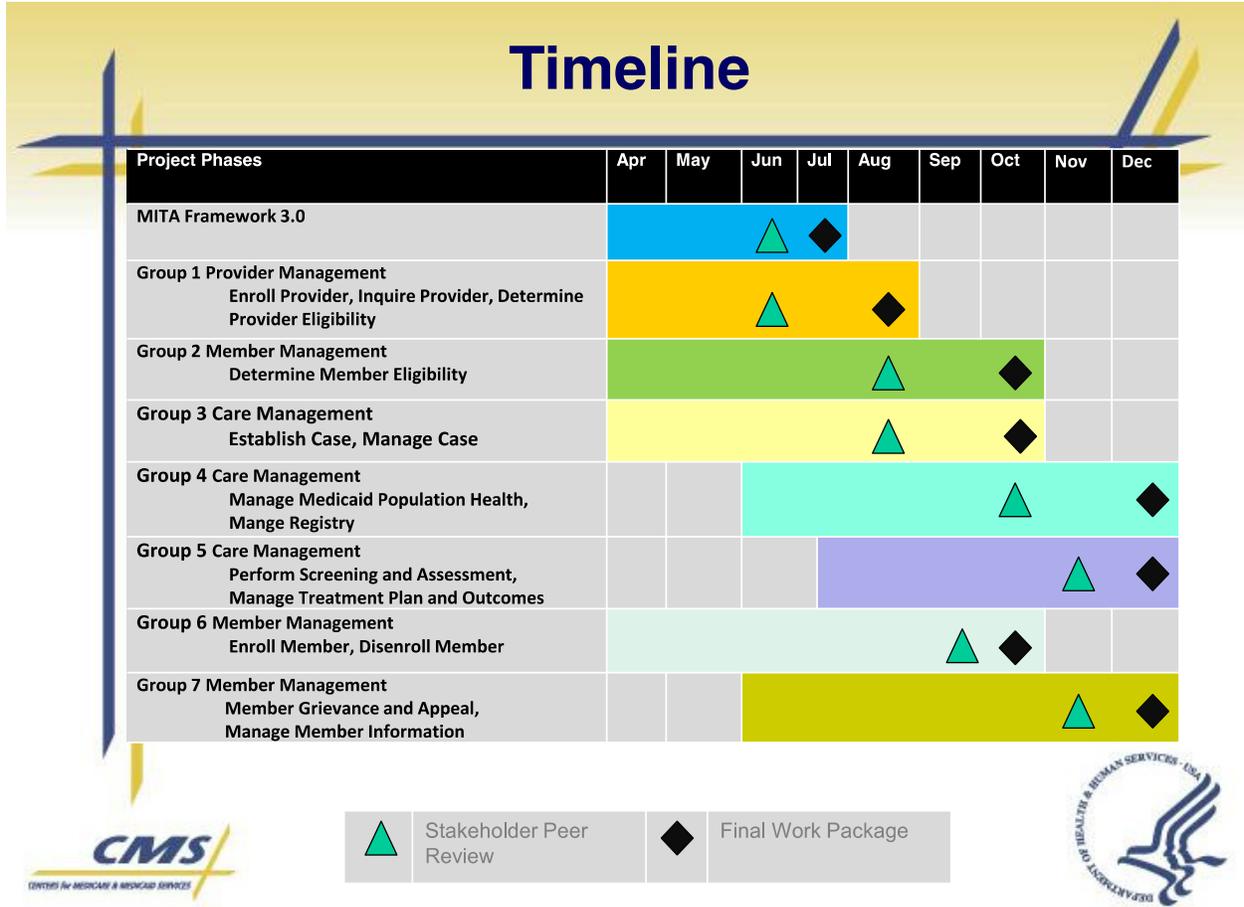


Exhibit 4. CMS' Target Timelines for Different Business Areas to be completed in 2011

We believe that the scope and associated risks to MITA 3.0 can be managed with a sound engineering foundation and governance approach. The engineering foundation will create the right infrastructure to provide technical extensibility to align with the evolving specifications. The governance framework can enable the State and the vendor to make the right business decision to adopt the appropriate specifications that are complete and relevant to the State and the rest of the industry ecosystem.

7. The pricing tables are physically large at 1:1 reproduction. What is your recommendation for delivering these in paper format? Note that they will need to be submitted in electronic format, as well.

We agree that the majority of the tables are physically large at 1:1 reproduction. If reproduced on 11"x17" paper, these files will be more easily viewed and read by the evaluators. These pages may also be easily folded to 8 1/2" x 11" size to fit within the binder dimensions. Though there are some pages that may be printed to fit in 8 1/2" x 11" or letter-sized paper, several of the other tables will not be viewable at that size (the font will be too small to be easily read). As such, we recommend the paper format for the pricing tables shown in Exhibit 5.

Exhibit 5. Recommended Reproduction for Pricing Tables

Table	Title	Recommended Paper Size	Recommended Orientation	Recommended Ratio
Pricing Table A	Discovery Phase	8 ½" x 11"	Landscape	Width – fit to 1 page Length – fit to 1page
Pricing Table B	Replacement Phase	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table C	Software Prices	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table D	Labor Rates	8 ½" x 11"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table E	Modification Pools and Software Maintenance	8 ½" x 11"	Portrait	Width – fit to 1 page Length – fit to n pages
Pricing Table F	Operations Phase – Base Work	8 ½" x 11"	Portrait	Width – fit to 1 page Length – fit to n pages
Pricing Table G	Operations Phase – Claims Related Services	8 ½" x 11"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table H	Operations Phase - Prior Authorization Services	8 ½" x 11"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table I	Operations Phase – Provider Management Services	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table J	Operations Phase – Third Party Liability/Recovery Services	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table K	Operations Phase - Member Premium Management Services	8 ½" x 11"	Portrait	Width – fit to 1 page Length – fit to n pages

Table	Title	Recommended Paper Size	Recommended Orientation	Recommended Ratio
Pricing Table L	Operations Phase - Training	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table M	Turnover Phase	8 ½" x 11"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table N	Legacy Contract Costs	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages
Pricing Table O	Total Enterprise Cost of Ownership	11" x 17"	Landscape	Width – fit to 1 page Length – fit to n pages

In addition, we recommend that the tables include the header rows to be repeated for each subsequent page. This will help with the evaluators’ review should the pricing tables extend beyond the one page, enabling them to track the data with the appropriate columns. If the state opts to implement this suggestion, we also recommend that the state center the tables horizontally, but not vertically. This will prevent heading rows from printing to blank pages.

8. Are there any other recommended changes or requests for clarification that you have for the Draft RFP? Please use a format similar to that below to submit your suggestions and questions. You may format these in either landscape or portrait.

We have identified those items in Exhibit 6 for clarification.

Exhibit 6. Items for Clarification

Item Number	Affected RFP Section Number	Description of Suggestion or Question
1	III, 4.5.1	The RFP states “as labor rates have overhead built in and as the State is paying directly for billable work under a labor hours effort, the Contractor shall not mark up the fixed price subcontracted services other than for profit.” Typically, contractors burden subcontractors with G&A or Material Handling (dependent upon its accounting practices). The burden compensates offerors for administrative costs incurred in the contractual/legal obligations and accounting support. Will the State allow the burdening of subcontractors with the appropriate indirect burden and profit?
2	III, 4.5.1	The RFP states “as labor rates have overhead built in and as the State is paying directly for billable work under a labor hours effort, the Contractor shall not mark up the fixed price subcontracted services other than for profit.” We assume this does not apply to 1099 consultants, please confirm.

Item Number	Affected RFP Section Number	Description of Suggestion or Question
3	III, 4.5.3.2	The RFP states "for each Milestone or Deliverable that is late in achieving State acceptance, the State shall withhold 1/300th (one three-hundredth) percent of the Total Labor Price per day late." Should total labor price be target labor price?
4	VIII, 2.2.1	The RFP states "the offeror must propose a base year fixed price to standup operations capabilities associated with each increment that will be immediately fielded." It appears in Pricing Table A that the state anticipates this cost would occur in a single month. How should offerors account for standup operations capabilities that start one month and end in another? Is it acceptable to show this cost over multiple months?
5	VIII, 2.2.3	The RFP states that "Software prices are not adjusted for inflation." We assume this allows offerors to modify the template to allow for inflation in prices. Please confirm.
6	Exhibit A, 4	The RFP states "no additional markup for overhead or profit shall be made and materials costs shall not be adjusted for inflation." Typically, contractors burden materials with material handling as the material handling charge compensates offerors for administrative costs incurred in the acquisition and processing of non-labor items. We suggest allowing offerors to burden materials with material handling and a small profit/fee at the very least to allow for accurate cost recovery.
7	Exhibit A, 12	The RFP states "...the contractor shall invoice for payment of ninety percent (80%) of the amount specified for that Milestone or Deliverable in the Contractor's proposal." Please confirm that the amount to be invoiced is 90%.
8	Page 128 – 1.5 – Assignment- States Remedies	The Assignment Clause conditions any assignment on State consent and lays out the process whereby the State will approve changes in interest. The State can refuse the requested assignment if it determines that performance can be affected, and have the option to exercise its discretion to terminate. However, it is unclear how/why the State would exercise a unilateral right to modify the contract.
9	Page 132 – 17 – Termination Due to Unavailability of Funds	The last sentence of this section states that the Contractor will not be reimbursed any costs amortized beyond the initial contract term. This is not clear and it would be helpful for the state to better define the limitation intended here.
10	Page 133 – 2.2 Change Management Plan	This does not state which party can initiate a Customer Service Request – is it one or both parties? Also, this makes reference to changes in "...scope, price, or schedule...or significant consequences to performance of the Services..." Given that the RFP provides functional objectives rather than specific requirements, it is clearer to state that any changes in the approved SOW would be covered as a change if there is a cost or other impact to the Contactor.
11	Page 135 – 3.4 Changes in Law or Regulatory Requirements	This states, in part, that the Contractor must use reasonable efforts to allocate the cost of modifications across its affected customers and that the State will pay only its pro rata share. It is unclear how this might apply and what level of detail or effort the State will require to demonstrate such an allocation.

Item Number	Affected RFP Section Number	Description of Suggestion or Question
12	Page 138 – 5.1 State Contract Administration and Management	Is the State Contract Administrator or designee the sole individual authorized to execute and issue modifications/changes to the contract and otherwise commit the State?
13	Page 139 – 5.4 Informal Dispute Resolution	This provides for an initial resolution period of seven (7) business days and then ten (10) additional days for resolution by senior representatives of each party, if the first discussion period is unsuccessful. Twenty-one or thirty business days might be more appropriate to allow the parties sufficient opportunity for an informal, agreed upon resolution.
14	Page 144 – 8.7 Solicitation and Hiring of Contractor Personnel	This clause can present significant challenges for smaller sized contractors and may be difficult to flow down to subcontractors as well. In order to promote smaller business participation and competition, the state may want to narrow the specified restrictions on the contractor in connection with the State’s right to hire contractor personnel, and in particular Key Personnel and software/system design personnel, or better define the termination events to which this applies.
15	Page 147 – 12. Damages Limitation	The stated contractor maximum liability for damages of \$60,000,000 is significant and may effectively reduce competition and preclude participation by potential small business subcontractors.
16	Page 150 - 18. Inherent Services	The first sentence in this Section presents difficulties for contractors in assessing the scope and the risk of performance as it makes it impossible to clearly define the Contract scope. It may be possible to more clearly define “Inherent Services,” but as written, it is too vague and ill-defined.
17	Page 156 - 26. Performance Bond Requirement	The stated performance bond or other security requirement in this section is significant and may effectively reduce competition on this procurement. If permitted, the State may want to consider reducing the stated bond requirement or providing for reduction of the bonding obligation as key performance milestones are met. An alternative to requiring a performance bond could also be the broader application of holdbacks until milestones are met (as opposed to solely for performance issues.)
18	Page 164 - 43. Termination for Change of Control.	Are there objective factors that the State uses in assessing a change of control of contractor within the definition of Section 43 as a cause for State termination of the Contract? If so, it would be helpful to identify the factors.

State of South Carolina
Department of Health and Human Services
Replacement MMIS
Request for Information - July 26, 2011

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1.0 RFI QUESTIONS FOR RESPONSE

The State requests that vendors respond to the following items in writing by July 26, 2011.

In the following sections we respond to each of the items specified in the South Carolina Request for Information (RFI).

1.1 RFI Question #1

The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposals will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source selection or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?

As a general comment, we analyzed and outlined the response based upon the information specified in the Draft RFP. As a result of this exercise, it was quite difficult to map the Scope of Work requirements to the outline specified in the RFP – the flow of requirements presented in the Scope of Work did not match well with the specified outline. Additionally, the level of detail requested was quite significant. For example, the requesting of screen shots of every screen in the system along with a description of each respective data field. We are concerned that the State will find itself in a position of “Information Overload” in attempting to review responses with this extreme level of detail, much of which is not normally provided until a detailed system design document is prepared during the design, development and implementation phase. We suggest the State revisit the level of detail being requested to ensure that each item requested is required to make an informed decision on the best and most appropriate solution.

We offer the suggestions in **Figure 1.1-1** on reducing the bulk of the RFP section IV and V and responding proposals:

Figure 1.1-1: Suggestions for Streamlining the Draft RFP

RFP Section Number	Topic	Description of Suggestion or Question
IV.8 Section D	Contract Data Requirements List	A CDRL is more applicable to a custom developed software solution versus an integrated COTS-based solution. Additionally, in a COTS-based solution the contractor may not require access to detailed data items internal to the applications. We suggest this section be replaced with a requirement to provide the level of system documentation provided by the vendor of the COTS components of the solution.
IV.12; Att. M	Screen shots	The level of effort required to include a screen print of every screen in the proposed system is extremely labor-intensive and possibly more information than the SCDHHS will need to evaluate the proposals. Our COTS products are sold, tested, and used through the industry and commerce. Screens are thoughtfully designed for usability by the COTS software vendors and are customizable to a limited extent through configuration. We suggest eliminating this requirement or at least reducing it to include only the most commonly used screens.
IV.13	System Demo and Oral Presentations	The draft RFP requires that vendors include their system demonstration and oral presentation slides in the proposal. We suggest that this requirement be eliminated from the proposal for the following reasons: 1. Upon review of the proposals received, the State may wish to emphasize certain aspects of the proposed solutions that may not be addressed if vendors have to

RFP Section Number	Topic	Description of Suggestion or Question
		<p>provide their presentations in advance.</p> <p>2. If the State deems it necessary to the evaluation of the proposals to retain this requirement, we suggest that the requirement be reworded to provide a <i>sample</i> of the system demonstration and oral presentation slides, rather than the slides that will absolutely be presented to SCDHHS.</p>
IV.7.5	User and Administrative Manuals	<p>The RFP states: "Include copies of the User's Manual and Administrative Manual that most closely match the proposed system." Since proposed solutions are comprised of COTS systems, there is no single User or Administrative manual that reflects the entire technical solution. Rather, each component has its own manuals. Further, these user manuals are in electronic form and not in printable format, as they are designed to be used online via web portals.</p> <p>We recommend modifying this requirement to provide a sample User or Administrative manual. This will provide a sample for the State to review to determine if the manuals meet SCDHHS requirements.</p>

We offer specific response streamlining recommendations.

The South Carolina Replacement MMIS Draft RFP is extremely thorough and comprehensive. We have no suggestions for additional proposal submission requirements.

1.2 RFI Question #2

The State has used unit or volume pricing on many of the pricing tables. Are there any of the pricing tables where the pricing methodology is inadequate, incomplete, or does not correlate to the underlying cost drivers?

We have reviewed the proposed Pricing Tables. Breaking down pricing into the various services during the Operations Phase, although doable, could be a very tedious exercise for all parties. Furthermore, many of the required deliverables in the Enhanced Funding Requirements: Seven Conditions and Standards have yet to be defined. The State may wish to consider a less detailed approach to simplify cost capture and reporting. Attached to this RFI response, we include three (3) sample simplified pricing sheets the State may wish to consider. See the following attached files:

"Sample Pricing Sheet 1.pdf"

"Sample Pricing Sheet 2.pdf"

"Sample Pricing Sheet 3.pdf"

In each of these examples, the State would be able to determine their own Pricing Elements, Claim Volume thresholds, Labor Categories, etc. to best meet the needs of the South Carolina program.

1.3 RFI Question #3

Some of the Operations Phase performance standards are Offeror-proposed. Are there any other standards that should be Offeror-proposed? Should all Operations Phase performance standards be Offeror-proposed?

The Operations Phase performance standards that are Offeror-proposed in the Draft RFP are generally appropriate and provide Offerors flexibility to respond with best practices and creative solutions. A primary concern with the concept of Offeror-proposed performance standards for operations is that proposals could become difficult for SCDHHS to compare especially equitably where there is a correlation between performance levels and cost. For that reason, we do not recommend that all Operations Phase performance standards be Offeror-proposed. Furthermore, other performance standards for operations define the provider and member experience. We recommend that the SCDHHS define those standards

in order to meet its program goals and objectives. In general, we support the Draft RFP list of Offeror-performance standards with the following comments:

- Row numbers 2a – 2d for Provider Enrollment with different levels based on complexity allows Offerors the ability to provide the state choices in the rigorosity of the enrollment criteria and also ties nicely to the pricing tables.
- The Authorize service performance standard in Row 7 is closely linked to the provider and member experience. We recommend that SCDHHS consider defining the standard for that level instead of it being Offeror-proposed.
- The performance standards in Rows 11 and 12 (mass adjustments and benefit plan) apply to processes for which the volume levels are highly variable, oftentimes due to department policy and/or legislative changes. Instead of only business days for the measurement criteria, we recommend applying some volume range such as “up to xx,xxx mass adjustments processed in xx business days.”

Concerning the question of what other standards should be Offeror-proposed, we recommend that all of the Operations performance standards related to Quality be Offeror-proposed. Our rationale for this recommendation is that every Offeror’s system and related business process solution will have a process capability for quality. One Offeror’s capability will be different from another’s. By making the Quality standards Offeror-proposed, SCDHHS will have an opportunity to compare the vendor’s capability and reward or penalize them accordingly. By mandating quality standards, especially the ones set at 100 percent, sets up a situation for potentially missing expectations. The systems and operations for a Medicaid program have a high-degree of human input – from writing code to keying inputs for configuration. All systems whether automated or manual are subject to random defects and variation – even the best Six Sigma systems. Best practice in process quality management is to establish process capability, maintain process control within the capability, and make continuing improvements to the process capability. Establishing Quality standards as Offeror-proposed, SCDHHS can create the environment to install that best practice.

1.4 RFI Question #4

The State has included information in the Procurement Library that it believes will be useful to Offerors in preparing their proposals. Is there any other information required to form a responsive proposal? Please note that as collecting and publishing statistical, programmatic, and technical information is time-consuming and resource-intensive, the State requests the respondents identify only new Procurement Library requests that are truly necessary. Please be very specific in your suggestions.

From the perspective of preparing a proposal response, we believe the Procurement Library should be “to-be” focused to the extent possible versus “as-is” focused. For example, legacy report listings or legacy system program listings will not provide information needed to ascertain the business rules SCDHHS wants in the new system. In general, we make the following suggestions for items to include in the procurement library, if available:

- A copy of the State MITA Self Assessment, if available
- An up-to-date copy of all relevant State policy and procedure manuals defining how the State does business
- Information on all system external interfaces, including monthly volumes
- Information on claim adjustment processing, such as numbers of adjustments by claim type per month

Additionally, below is a list of program statistics that we suggest each State try to include in their procurement library to make certain bidders have a clear understanding of program volumes and workloads.

Program/Benefit Package Covered Services Statistics

- Total number of health plan owners (ex: Medicaid, Other Agencies)

- Programs under each health plan (ex: Medicaid, Managed Care, PCCM, Breast and Cervical Cancer program, other State-only funded programs)
- Waiver or Grants covered under each Program
- Total number of networks for any Managed Care programs
- Total number of facilities, groups, and practitioners
- Total number of existing adjudication edits (per program)
- Total number of MMIS users (by type: Internal, Member, Provider)
- Covered Services for each Benefit Package under a Program (ex: Inpatient, Medical, Dental, DME, etc)

Operations Management*

- Average monthly volume of claims received per month (all claim types)
- Monthly volume of claims received (all types)
- Average number of lines per claim (all types)
- Average monthly volume of claim reversals (all claims)
- Percent of claims received electronically (all claims)
- Percent of claims auto-adjudicated (all claims)
- Denial rate (all claims)
- Percent of pended claims/claim lines (all claims)
- Monthly volume of claims received per claim type
- Average number of lines per claim per claim type
- Average monthly volume of claim reversals per claim type
- Cycle time per manual claim per claim type
- Percent of claims received electronically per claim type
- Percent of claims auto-adjudicated per claim type
- Hours of operation per claims unit
- Total number of claims processed using non-standard claim forms. Please identify the forms and the volume for each
- Denial rate per claim type
- Percent of pended claims/claim lines by claim type
- Average monthly encounter volume
- Monthly Prior Authorizations received
- Cycle time per Prior Authorization
- Prior Authorization staff hours of operation
- Cycle time per claim types (i.e. time to work a manual claim)
- Hours of operation

History Statistics*

- Total number of medical/dental claim years required online
- Total number of medical/dental claims years required offline
- Total number of NCPDP/Rx claim years required online
- Total number of NCPDP/Rx claim years required offline

Call Center (inbound)*

- Number of calls by call type (by time of day if available)
- Total number of call center operators per call type
- Typical busy signal percentage
- Total number of telephone lines
- Total percentage of dropped calls
- Average talk time per call type
- Average hold time per call type
- Average call wrap up time per call type
- Staffing vacancy factor (i.e. avg. Percent of total operators answering calls at any given time)

- Abandonment rate
- Call Center hours of operation

Call Center (outbound)*

- Number of call center operators per call type
- Number of calls by call type (by time of day if available)
- Average talk time per call type
- Average call wrap up time per call type
- Staffing vacancy factor (i.e. avg. Percent of total operators answering calls at any given time)
- Call Center hours of operation

Financial Statistics*

- Average number of payments made each week
- Average number of non-claim manual payments created each week
- Count of most recent annual managed care/PCP capitations paid
- Count of most recent annual receivable invoices
- Count of most recent annual cash receipts (by type; ex: TPL recoupments, returned checks)
- Count of most recent annual 1099 forms
- Count of average number of items (checks) per cash receipt
- Count of most recent annual IRS B-notices
- Monthly amounts paid by provider type (& monthly # of checks written)

Member Management*

- Total number of eligible members by month (historical trend) by program (ex: Medicaid, Managed Care, Breast and Cervical Cancer, CHIP)
- Unduplicated Title XIX members using services (monthly average)
- Number of member ID cards new or replaced (monthly average)
- Volume of new member enrollees per month
- Volume of new disenrolled members per month
- Cycle time to process enrollment
- Cycle time to process disenrollment
- Hours of operation for member enrollment staff
- Volume of member communications/outreach per month

Provider Management*

- Total number of enrolled providers by month (historical trend) by program (ex: Medicaid, Managed Care, Breast and Cervical Cancer program)
- Total number of active/billing providers
- Average number of provider visits conducted monthly
- Average number of provider trainings conducted monthly
- Average monthly provider maintenance volume, including provider disenrollment
- Average monthly provider correspondence receipt volume
- Average monthly provider communications
- Average monthly new provider enrollment volume (by program)
- Cycle time per provider enrollment
- Hours of operation for enrollment unit
- Other Information

* Request that performance data be trended monthly, unless otherwise specified

We understand that each State has a multiplicity of types and levels of statistics available. The list of statistics above is a suggestion only – SCDHHS can review and make a determination if items on this list are relevant to their procurement situation and goals for success.

1.5 RFI Question #5

Are the intellectual property terms and conditions acceptable? Are there any changes that should be made to these sections?

We offer the comments in **Figure 1.5-1** regarding intellectual property terms and conditions.

Figure 1.5-1: Intellectual Property Comments

Item #	Affected RFP Section Number	Comment
1	3.4 Changes in Law or Regulatory Requirements	Is it the state's intent to have the right to move entirely from the core system because it is COTS based? Will the state accept a pro-rata share as if each customer were charged proportionally? Depending on the contract, characterization and chargeability may vary and this term could potentially bring forward undesirable results. Significant regulatory changes may not trigger warranty or support provisions and may need to be separately chargeable. Would it be acceptable to define a breadth-of-scope that would be acceptable for charging?
2	4 Confidentiality, Data Security & Non-disclosure	May we include language that protects our software, policies and procedures?
3	8.5 No Contractor Utilization of Workers Outside the United States	Please provide some clarity as to what "Contractor's duties" are under this provision. For example, can maintenance to the core system be conducted offshore?
4	9.5 Disabling Devices	If our COTS software performs license monitoring and/or control functionality, will it be sufficient to represent that such restrictive code will not be triggered?
5	9.10 Services, Deliverables, Systems & Equipment	Is it the state's intent that the warranty extend beyond the contract period?
6	12 Damages Limitation	Given the high limitation of liability, would it be acceptable to put the IP Indemnity under this cap?
7	22 Intellectual Property Infringement (a)	Given the high limitation of liability, would it be acceptable to put the IP Indemnity under this cap?
8	22 Intellectual Property Infringement(b)	In the event of a failure to repair or replace, what is the scope of the "Acquired Item" set forth in this Section?

Specific comments related to intellectual property terms and conditions.

1.6 RFI Question #6

CMS is planning to release the Medicaid Information Technology Architecture (MITA) version 3.0 in August with additional updates throughout the remainder of 2011. Based on your knowledge of MITA 3.0, should the RFP be updated to reflect the structure and known content of MITA 3.0, or should the RFP remain aligned with MITA 2.01?

Since CMS has issued the Medicaid IT Supplement (MITS-11-01-v1.0) which uses MITA 3.0 as a baseline, and since MITA 3.0 is scheduled to be issued in August, we suggest the RFP be updated to reflect the structure and known content of MITA 3.0.

Vendors may require some time to adjust their solution to meet the new MITA 3.0 standards once they are clearly defined and finalized. Depending on the actual MITA 3.0 release date versus the actual SC RFP release date, the State may consider having vendors submit a plan for compliance.

1.7 RFI Question #7

The pricing tables are physically large at 1:1 reproduction. What is your recommendation for delivering these in paper format? Note that they will need to be submitted in electronic format, as well.

Included in our RFI response is a modified pricing schedule Excel workbook with the filename:

“Draft_Replacement_MMIS_Pricing_Tables - Suggested Format.xlsx.”

We have manipulated the print parameters so that all pages print in landscape mode with left-side binding. Some schedules are designated to print on 8 ½ x 11 paper while others are designated to print on 8 ½ x 14 paper. Those schedules that are designated to print on 8 ½ x 14 paper have “LEGAL” noted on the Excel tab title.

Rather than the price schedule title appearing on only row one of the first page, consistent headers on all pricing schedule Excel sheets are defined so that header information prints on all pages of all pricing schedules as shown in **Figure 1.7-1**.

Figure 1.7-1: Header Print Information

Print Location	Content
Left justified	The parameter <enter vendor name here> to be updated by the vendor with its company name
Centered	Pricing schedule title (e.g., Pricing Table B – Replacement Phase) – formerly on row one of each pricing schedule
Right justified	Page x of y

We suggest consistent header information on all printed pages.

Once printed, the pages are bound in an 8 ½ x 11 landscape binder. The 8 ½ x 14 sheets, once bound, are folded to fit the binder.

1.8 RFI Question #8

Are there any other recommended changes or requests for clarification that you have for the Draft RFP? Please use a format similar to that below to submit your suggestions and questions. You may format these in either landscape or portrait.

We provide in **Figure 1.8-1** suggested items or comments related to the South Carolina Draft Replacement MMIS RFP.

Figure 1.8-1: Draft RFP Suggestions

Item #	Affected RFP Section Number	Description of Suggestion or Question
I. Scope of Solicitation Comments		
		No comments on this section
II. Instructions to Offerors – A. General Instructions Comments		
1	2 – Additional Definitions	Would the State reconsider revising the billable claim definition? There are system and operational costs associated with claims that are not processed to completion and adjusted claims. Agree that reprocessings or adjustments related to contractor error should not be billable.
2	2 – Additional Definitions	Would the State reconsider revising the definition of a billable PA when the modification to a previously billed PA is provider generated? There would be manual costs related to the review of a previously reviewed and adjudicated PA.

Item #	Affected RFP Section Number	Description of Suggestion or Question
3	2 – Additional Definitions	Would the State consider a reduced rate, i.e., pennies for the formatting and storing of encounter data? Typically, the MCOs do not utilize a standardized version for encounter submission to the contractor.
4	26 – Submitting Confidential Information	Why the use of 3 separate categorizations? Would the State consider one marking that means do not disclose?
II. Instructions to Offerors – B. Special Instructions Comments		
		No comments on this section
III. Scope of Work (Statement of Objectives) Comments		
1	4 – Contract Objectives and Strategy	Would the State consider a longer contract term? Seven (7) years seems short within the Medicaid marketplace and puts the State at risk for not realizing the full benefit of a longer contract term.
2	4.4.1 – Discovery Phase	With all of the partners that are being replaced with this RFP, would the State consider adding some deliverables or tasks associated with the transfer of these functions during the Discovery Phase? It's recommended that this process start early.
3	4.4.2 - Replacement Phase	Has the State considered how this level of effort is to be reflected in the IMS or is there an expectation that staff will be reallocated from the DDI effort to address? This is especially critical for any operational functions that will be brought up early.
4	4.4.4 – Turnover Phase	Would the State reconsider the creation and submission of the turnover plan to: initial (early in the contract), once or twice during the base years and then annually during the option years?
5	4.4.5 – Purchase Orders	Wouldn't there be a certain level of risk for the contractor to monitor the percent level of use against the State's purchase order? Does the State have a financial system that advises when POs are ready to expire either due to time or money constraints?
6	4.5 Contract Incentive Structure	Administering the payment incentives, both positive and negative, will be very time consuming, costly, and have the potential to become contentious. This is not a good foundation for the partnering relationship that SCDHHS wants to create. For the Operations Phase, there are three levels of negative incentives to one positive incentive, and to achieve the positive incentive requires near perfection. One could question whether the financial opportunity on a monthly basis would be worth the effort, as only one SLA can cause the difference between incentive levels. If the potential positive incentive was equal to the potential negative incentives, then such an approach might have more value.
7	4.5.4.2 – Operations Phase	Would the State consider adding the stratification measurements and the calculation to be used when measuring performance? An example would be a nice to have.
8	4.5.4.2 – Operations Phase	For those activities where the State is interested in early implementation, would it be possible to earn positive incentives (the 15 item limit would not apply for early operations)?
9	5.5 – Interfacing to State's Accounting System	Would the State provide additional insight into the level of effort associated with this interface? In another State, because of lack of specificity, the contractor under scoped the level of effort in this interface effort. If additional specificity can't be provided, how is this LOE to be accounted in the IMS?

Item #	Affected RFP Section Number	Description of Suggestion or Question
10	5.8 – Postage Pass-through Costs	Typically, the use of bulk rate mailing means that undeliverable mail is not returned to the sender. Is this acceptable to the State?
11	7.3.1.3 Use of Earned Value Management	The State appears to only require the EVMS capability for the Discovery and Replacement phases of the contract, a time when weekly updates will be provided to the Integrated Master Schedule (IMS) and ongoing status meetings conducted that will keep both SCDHHS and the contractor updated on the status of the project. The State also appears to want the contractor to adjust the EVM reporting for the contract to take into account differences for reporting as defined in the FARs for cost reimbursable contracts versus how the MMIS contract will be conducted. The contract is fixed price, therefore the contractor takes all the risk on cost. Close work plan monitoring and oversight should be sufficient to manage the schedule. We suggest the State carefully review the requirement for the use of EVM and determine if that is something that is really needed for a successful Discovery and Replacement contract phase, and if it is cost effective for the overall project.
12	7.3.1.3 Use of Earned Value Management	How will the state quantify Earned Value Management from a scoring perspective?
13	7.5.2 – Contractor Staff Location	As it can affect costing and building size, would the State please advise how many people that the conference rooms need to accommodate?
14	7.5.5.2 – Reporting	Would the State consider changing the requirement to report adverse critical performance standards from calendar day to business day? There will be occasions when the State is closed for a holiday but the contractor will be open for business.
15	7.6 System Certification	It was stated in the Bidder's Conference that the proposed solution must be CMS Certified. Please confirm that this means the proposed solution must be in operation in at least one Medicaid jurisdiction, and that the solution must have been certified by CMS at the time the vendor's proposal is submitted.
16	8.1 Technical Strategy and Guiding Principles	The state is utilizing a unit based pricing model based off of FAR and CAS methodology. How is a vendor to price in this method when the state has yet to define the expectations for deliverables of the Seven Conditions and Standards for Enhanced Funding?
17	8.1.2 Access Channels	As part of the System Demonstration it was said that the state wanted to see the system demonstrable on a mobile device. Can you be more specific on what functionality you are looking for to be demonstrated on the mobile device?
18	9.8 SAS 70 Audit	As an option, the State may wish to review the Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization, which was finalized by the Auditing Standards Board of the American Institute of Certified Public Accountants in January 2010. SSAE 16 effectively replaces SAS 70 as the authoritative guidance for reporting on service organizations.
IV. Information for Offerors to Submit Comments		
1	6.1 Offshore Contracting	Please clarify what products and services are allowable for offshore contracting.

Item #	Affected RFP Section Number	Description of Suggestion or Question
2	7.8 Section C8: Itemized List of Hardware and Software	The Hardware Bill of Materials is noted in Section IV.7.8 as Attachment R of the RFP, when, in fact, it is Attachment Q.
3	7.8 Section C8: Itemized List of Hardware and Software	The Software Bill of Materials is noted in Section IV.7.8 as Attachment S of the RFP, when it is actually Attachment R.
V. Qualifications Comments		
		No comments on this section
VI. Award Criteria Comments		
1	3 Evaluation Factors	30% of the award is based upon Proposal Risk. Could the state please define what criteria, preferably the RFP reference, they will utilize to measure risk?
VII. Terms and Conditions – A. General Comments		
1	9 Non-Indemnification	Would the state consider an indemnification for IP infringements caused by it?
2	13 Purchase Orders	Suggest modifying the first sentence to read: <i>“The State shall not request and Contractor shall not perform any work prior to the receipt of a purchase order from the Using Governmental Unit.”</i>
3	14 Setoff	Please condition the state’s ability to withhold on a good faith belief that monies are owed to it by Contractor.
4	15 Survival of Obligations	Because of the state’s ability to continue to use the product after either letting the agreement expire or transferring it to another vendor, the IP Indemnification should be limited to two years after such termination.
5	19 Waiver	This provision should be bilateral.
VII. Terms and Conditions – B. Special Comments		
1	8.3 Persistent Vacancies of Key Personnel	Would the state be amenable to a limitation on the damages if the vendor is providing qualified resumes, but the state delays hiring?
2	8.7 Solicitation and Hiring of Contractor Personnel	Please provide additional information as to the personnel covered by the statement “operational services”.
3	8.5 No Contractor Utilization of Workers outside the United States	Under this provision, what does the state define as “Contractor’s duties?” For example, if Medicaid has a new rule that applies globally, would a change to our software be considered “duties under the Contract?”
4	14 DEFAULT (JAN 2006) Item #a.2	Suggest modifying this clause to be 10 business days: The State's right to terminate this contract under subdivisions (a)(1)(ii) and (1)(iii) of this clause may be exercised if the Contractor does not cure such failure within 10 business days (or more if authorized in writing by the Procurement Officer) after receipt of the notice from the Procurement Officer specifying the failure.
5	14 DEFAULT	Can this be conditioned on reasonability?

Item #	Affected RFP Section Number	Description of Suggestion or Question
	(JAN 2006) Item #a.2.b	
6	14 DEFAULT (JAN 2006) Item #g	Please define the provisions for termination for convenience.
7	25.4 Commercially Available Off-the-Shelf Software (COTS Software)	During the Vendor's Day the state indicated they were using the Federal Acquisition Regulation (FAR) definition for COTS in conjunction with a Configuration Driven Solution. Could the state please provide a definition of this requirement?
Exhibit A. Invoicing and Payment Comments		
		No comments on this section
Exhibit B. Proprietary Third Party Software License Agreement Comments		
		No comments on this section
Exhibit C. COTS Agreement Comments		
1	Exhibit C – COTS Agreement	We question as to whether a truly COTS-based solution needs to be subject to the COTS license in Exhibit C when it really should be addressed in the Master Agreement.

Specific suggestions/comments related to the South Carolina Draft Replacement MMIS RFP.

Operations: Fixed Administrative Fee

Price Sheet X.1A

Page 1 of 1

Operations Year 1

Pricing Elements

	Firm Fixed Price	Totals
Personnel Related Costs		
Direct Salary Expense	_____	
Benefit Expense	_____	
Indirect Expense	_____	
Other Expenses (Travel/ Training)	_____	
Total Personnel Costs		<u> \$0</u>
Equipment Costs		
Software	_____	
MMIS Processing Center & Infrastructure Costs	_____	
Lease	_____	
Maintenance	_____	
Other Equipment Cost (Computer Supplies)	_____	
Other Equipment Cost (Purchased Equip.)	_____	
Total Equipment Costs		<u> \$0</u>
Facility Costs		
Rent	_____	
Utilities Expense	_____	
Telephone Expense	_____	
Rent Escalators	_____	
Furniture and Fixtures	_____	
Insurance	_____	
Other (Data Center Usage Charges)	_____	
Other (Facility Maintenance)	_____	
Other (Professional Services)	_____	
Other (Postage)	_____	
Other (Supplies)	_____	
Other (Reproduction)	_____	
Total Facility Costs		<u> \$0</u>
Other (Specify)	_____	
Profit	_____	
Total Firm Fixed Price (Carry to Price Sheet 1A)		<u> \$0</u>

* Use an asterisk (*) to indicate inclusion of additional other expenses.

Operations: Price per Claim

Price Sheet Y.1A

Operations Year 1

Claim Type	Lower Limit Claim Volume in Millions	Upper Limit Claim Volume in Millions
Fee for Service Claims Base Volume = 20,000,000 - 49,999,999	0 - 19.9	50+
Enter Bid Price per Claim for Each Range:		
Point of Sale Claims Base Volume = 10,000,000 - 29,999,999	0 - 9.9	30+
Enter Bid Price per Claim for Each Range:		
Capitation Claims Base Volume = 6,000,000 - 11,999,999	0 - 5.9	12+
Enter Bid Price per Claim for Each Range:		
Encounter Claims Base Volume = 18,000,000 - 27,999,999	0 - 17.9	28+
Enter Bid Price per Claim for Each Range:		

Operations: Labor Categories for Additional Work

Price Sheet Z.1A

Page 1 of 2

Operations Year 1

Labor Category	All Inclusive Hourly Rate
Claims Operations Staff	
Claims Operations Supervisor	_____
Mailroom Clerk	_____
Data Prep Clerk	_____
Imaging Clerk	_____
Data Entry Operator	_____
PA Transportation Reviewer	_____
Resolutions Clerk	_____
Provider Communications Staff	
Provider Communications Supervisor	_____
Call Center Representative	_____
Provider Trainer	_____
Provider Enrollment Representative	_____
Special Services Staff	
Managed Care Provider Network Supervisor	_____
Managed Care Provider Network Analyst	_____
Fair Hearing Analyst	_____
HBID Call Center Representative	_____
HBID Return Mail Clerk	_____
Fraud and Abuse Support Staff	
Fraud and Abuse Representative	_____
Fraud and Abuse Analyst	_____
Technical Services Staff	
Eligibility Representative	_____
Provider Representative	_____
Claims/ Reference Representative	_____
Medical Support Staff	
Senior Medical Consultant	_____
Medical Consultant	_____
Senior Pharmacy Consultant	_____
Pharmacy Consultant	_____
Pharmacy Technician	_____
Nurse (RN)	_____
Nurse Practitioner	_____

Operations: Labor Categories for Additional Work

Price Sheet Z.1A

Page 2 of 2

Extension - Operations Year 1

Labor Category	All Inclusive Hourly Rate
Fiscal Agent Help Desk Staff	
Help Desk Supervisor	_____
Help Desk Analyst	_____
Systems Staff	
Executive MIS Consultant	_____
Senior MIS Consultant	_____
MIS Consultant	_____
DBA	_____
Senior Web Developer	_____
Web Developer	_____
Task Manager	_____
Lead Analyst	_____
Senior Programmer/Analyst	_____
Programmer/Analyst	_____
Programmer	_____
Programmer Trainee	_____
Documentation Manager	_____
Documentation Specialist	_____

RESPONSE TO REPLACEMENT MMIS RFI #4

Innovation

During the discussion at the recent vendor's conference, it was stated that the procurement is "a business project with lots of IT rather than an IT project with some business process outsourcing." However, we also see an opportunity for the State to integrate more business goals into the procurement so that the MMIS replacement project does not revert back to an IT project with some business benefits.

South Carolina should push the envelope and encourage, or even require, prospective MMIS vendors to bring innovative and proven programmatic initiatives to the table through this procurement. Thus, we recommend that the RFP should require creative ways to accelerate Medicaid program and administrative cost savings, which would help reduce overall Enterprise Cost of Ownership, as well as generate a pool of funds for reinvestment into better health and health outcomes for South Carolinians.

Predictive Analytics

Section III, Scope of Work, Project Goals 2.1 Cost, of the draft RFP states: "Reduce the occurrence of fraud, waste, and abuse in SCDHHS health benefit plans by increasing the application of controls prior to payment, including a general improvement in the application of edits and audits as well as positioning the system for the implementation of predictive algorithms such as are required by the Small Business Jobs and Credit Act of 2010."

Prepayment screening methods have historically seen limited application. The primary reason for low usage is that previous methods generated a large number of "false positives." These are claims that scored relatively high on the risk scale yet, upon manual investigation, were found to be correct. This false positive rate raises costs, because the claims incorrectly identified must be reviewed. In addition, it increases the payment period for affected providers and introduces unnecessary friction into the health care delivery system.

Improved Accuracy in Predictive Fraud Detection

Recent experience in the commercial sector indicates that predictive model methods have largely mitigated these problems through improved accuracy and solutions, including integration of manual review in the process. As with many other medical technologies, predictive accuracy of fraud detection models has improved rapidly and is much more precise than even just a year ago. With enterprise level processing systems, cycle time can often be reduced to 24 hours leading to high-throughput, high-accuracy prospective analytics.

Elements of an Effective and Comprehensive MMIS

An effective MMIS system needs to support the many facets of a comprehensive state program integrity operation and organization. Elements of an effective MMIS include:

- Providing accurate and reliable claims data for analytic purposes
- Supporting the work of state and contractor staff in the identification and recovery of improper Medicaid payments
- Incorporating innovative prepayment or predictive analytics to prevent inappropriate payments before they are made (thereby reducing inefficient and costly “pay and chase” activities),
- Processing provider claims for payment against edits in professional and facility categories of service.

South Carolina can become a leader in Medicaid program integrity through this type of comprehensive approach.

Advanced Analytics and Pioneering Business Intelligence

South Carolina does not need to wait for “positioning” its claims payment system to identify aberrant, fraudulent, and wasteful claims prior to payment. Capabilities currently exist to stop inappropriate Medicaid payments before they are made. Today, South Carolina has an unprecedented opportunity to introduce greater efficiencies into the State’s health care system. Advanced analytics, coupled with advances in information technology, will drive this change and will be essential to the future of overall efficiencies in the health care system and program integrity efforts in particular. Pioneering business intelligence can provide South Carolina with a greatly expanded view of beneficiaries and their use of the healthcare system and related social programs. This will provide significant insight into reducing inappropriate payments and the growing incidence of fraud.

Rule-Based Edits and Predictive Modeling Techniques

A comprehensive MMIS system incorporates both rule based screens and edits (often referred to as clinical edits) and predictive modeling techniques that identify potential claim fraud and abuse by “scoring” claims based on claim characteristics. A comprehensive pre-pay system, which includes predictive modeling, is significantly more effective than solely relying on costly traditional post-pay “pay and chase” methods of claims review. Incorporation of predictive modeling capability into the South Carolina MMIS replacement RFP could save the State as much as **1 to 3% annually** in Medicaid expenditures.

Claims Scoring

As claims enter the system and pass through traditional pre-pay screens and edits, each claim is scored for its risk of improper payment. The method of scoring is based on proven relationships between claim characteristics, provider characteristics, and risk of overpayment. Predictive modeling technology employs advanced methods to detect fraudulent patterns across claims by considering multiple factors that are too subtle and complex for traditional rules-based screens and edits to identify. The patterns are often more complex than any single rule or multiple set of rules.

Clarifying the Scope of the RFP To Require Predictive Analytics

While the draft RFP contains an ability for bidders to propose innovative cost containment measures that would permit bidders to include predictive analytics of the variety described above, the importance of this particular type of cost containment measure to the State is such that we recommend that all bidders be required to bid predictive analytics and for the State to include scoring from both a technical and cost perspective applicable to predictive analytics.

Total Enterprise Cost of Ownership (TECO)

The draft RFP references in various places (for example in the Pricing Table N) the Total Enterprise Cost of Ownership (TECO). The various pricing tables focus largely on the unit costs and components of the technical MMIS solution vendors may be presenting. The State of South Carolina may wish to consider expanding the expectation of TECO to invite different results.

Innovative Contingency-based Reimbursement Models

The draft RFP refers to contingency-based reimbursement in the context of Third Party Liability activities. We encourage the State to entertain prospective vendors' innovative ideas to bring contingency-based reimbursement models to what are seen as traditional claims processing elements. Clinical claims editing is one example, coupled with predictive modeling.

South Carolina can achieve multiple goals by creatively approaching how the replacement MMIS may be able to leverage contingency-based elements. Benefits to the State include:

- Realizing savings in Medicaid program expenditures from improved claims editing on both professional and facility claims
- Improving fraud and waste identification prior to claims payment, thereby reducing ongoing "pay and chase" administrative expenditures incurred by the State
- Reducing the overall cost of the replacement MMIS

Cost Containment Initiatives and Reinvestment

The State should expect its MMIS bidders to provide a range of cost containment ideas to assist the State in Director Keck's goal of getting the most health for the least cost possible. The resulting savings could then be incorporated into a creative reinvestment plan to strengthen South Carolina's clinical management and health outcomes for its residents.

We suggest that the State consider a specific and explicit requirement that vendors incorporate cost containment strategies, address state-established thresholds for savings (programmatic as well as administrative savings), and bring innovative and creative solutions as part of the business processes being improved. This will align with the State's interest in the procurement being "a business project with lots of IT."

Incentivizing Vendor Innovation and Performance

South Carolina also should reward vendors that propose innovative approaches and innovative funding (e.g., contingency-based reimbursement, prevention of inappropriate claims from being paid using predictive modeling and related capabilities). However, the State may want to set some levels

of expectation in terms of performance, such as dollars saved or other measurable standards. Otherwise, the State may inadvertently provide a benefit to a vendor that has a lower fee as opposed to the vendor that brings more measurable savings to the state in terms of dollars saved in program and administrative expenditures.

Summarized Claim Reporting for Program Analysis

Comprehensive and pertinent reporting provides the Department management staff with timely and meaningful information in key Medicaid program areas. South Carolina should require reports designed to assist management and administrative personnel with the difficult task of effectively planning, directing, and controlling the Medicaid Program. Such reports should specifically support the decision-making process and accurately measure program activity and contribute to the control of program administration by providing historical, trend, and forecasting data. Ideally the report subsystem will provide the necessary information to all levels of management in order to predict potential problems and plan solutions.

Examples of reports providing the metrics of program activity and measurements are:

- The Member Participation Summary Report - an overview of Member participation and utilization measurements grouped by funding source, category of service, aid category, and category of eligibility over the latest 24 month period
- The Category of Services Expenditures Trend Report – a 13-month line chart and monthly grid of summarized claim-paid-amounts, by category of service.

Operational Excellence

Finding ways to address rising costs while improving health quality is the dilemma at hand. Program managers are hard at work rethinking the operational practices and policies of today with an eye on strategic planning for tomorrow. Medicaid programs have an almost infinite amount of data at their disposal for efforts to accomplish enterprise-wide business functions. The challenge is to turn that mass of data into consumable program intelligence.

When setting its sight on purchasing health for the least amount of money, we encourage the Department to further its efforts to become a data-driven organization focused on Medicaid operational excellence. This operational construct would be predicated upon the Department having:

- A well defined framework and processes for using valid and verifiable data within all of its business areas
- Strategic business objectives and related measurable outcomes for each program area and
- An empirical basis for systematic decision making that continuously improves program results

While the replacement MMIS RFP includes the existing QIO contract scope of services contract, we recommend that the RFP take the opportunity to go beyond traditional gate-keeping utilization review functions and get in front of the health use curve. Require your MMIS contractor to establish a more comprehensive approach for improving the quality and value of medical services to South Carolina Medicaid recipients – a Medicaid Value Management assessment and empirical analysis of an array of integrated information and predictive analytics. Leverage the vendor's expert analysis to formulate strategies for increasing the overall value of the State's Medicaid program. Require that the vendor

analyze utilization and trends to identify recommendations for reducing costs on an annual basis. Have bidders propose the type and number of projects to be completed in the first year.

By using this MMIS procurement to enhance your capacity for managing the Medicaid “ecosystem” prospectively at the enterprise level (versus retrospectively at a ‘silo’ view that the provider supplied) the Department will elevate Medicaid Information Technology Architecture (MITA) maturity across the State’s business processes and advance its prudent health purchasing goal.

Concerns about Intellectual Property

We applaud the careful and thoughtful approach reflected in the RFP on the general subject of the licensing, support and protection of intellectual property. There are a few instances where we are suggesting changes to the RFP terms and conditions in an effort to permit South Carolina to truly enjoy a best of breed solution for its MMIS replacement.

Proprietary Contractor Material

While we are in general agreement with the licensing rights associated with Proprietary Contractor Material, the one area where the State would benefit from more bidders being willing to offer their Proprietary Contractor Material would be with respect to the irrevocable license rights required under Section VII.B.25.3. While an irrevocable license is generally an appropriate concept, if the State were to exceed or otherwise breach the scope of the license granted regarding its use of the Proprietary Contractor Material and then fails to cure such breach, it is standard commercial practice and indeed, industry practice, to permit the licensor to terminate the license. A similar termination for breach concept should be incorporated with respect to Proprietary Contractor Material or else the State may face bidders not willing to grant the irrevocable license required by this Section.

COTS Software

The intellectual property terms and general support requirements applicable to COTS Software are also well developed. There are a few areas where modifications to the RFP requirements applicable to COTS Software are needed in order to attract the best in breed COTS Software. They are:

1. **Support Duration Commitment:** Section VII(B)25.3 of the draft RFP requires a bidder to support any COTS Software for a period of time that is not entirely clear simply because there appear to be some words missing in this part of the draft RFP. If, what is envisioned is a support commitment for the term of the Prime Contract, most licensors of COTS Software may be unwilling to do that without any modification or clarification. Specifically, if a COTS Software supplier elects not to support a particular version but is willing to support a subsequent version, then the State should permit a relaxation of the applicable support commitment regarding the prior version.
2. **Minimum License Rights, Limitation of Recovery and Warranties Sections of Exhibit C** Applicable to COTS Software: The State appropriately incorporates the terms of the manufacturer’s standard EULA to form part of the rights and obligations applicable to the State’s use of COTS Software. However, the State then mandates that in addition to the EULA, the State enjoy certain minimum license rights, limitation of recovery provisions and warranties that exceed and/or conflict with the provisions of almost every EULA for COTS Software. By including these additional provisions, licensors of COTS Software may be simply unwilling to have their software used by the State. Rather than adopt a licensing approach which prevents the State from being able to use such COTS Software, we would suggest having the RFP state that COTS Software is governed solely by the applicable

EULA while requiring a bidder to include such EULA terms in its Proposal. On an exceptions basis, the State may request the bidder to modify certain EULA terms but only where it is absolutely necessary and then subject to the manufacturer's consent.

Third Party Proprietary Material and Proprietary Third Party Software

The provisions of Section VII.B.25.5 of the draft RFP also require a bidder to grant an irrevocable license for the State to use any Third Party Proprietary Material. For the same reasons discussed above for Proprietary Contractor Material, we would recommend a modification that permits the revocation of such license for breach.

Similarly, the provisions of Exhibit B, Section 2.1.4 regarding the right for the State to modify Proprietary Third Party Software creates a disincentive for the applicable third party owner to permit a bidder to include its software simply because there is a requirement that the State have the right to modify such software and since source code is not being provided, that right would not, as a practical matter be capable of being exercised. We would suggest a deletion of this right.

Source Code Escrow

The provisions of Section VII.B.37(c)(iv) state that one of the release conditions for source code of items that must be escrowed is the expiration or termination of the Contract. This clause is at odds with other language in the draft RFP stating that the terms of the escrow agreement should be consistent with the third party provider's standard commercial terms. Mere Contract expiration and termination other than for an uncured breach are not typically release conditions for the source code. To comport with the industry practice and so as not to create a disincentive to refrain from providing the State with a best in breed technical solution, we would suggest the deletion of Contract expiration and the deletion of Contract termination other than for an uncured breach from being a release condition for the source code escrowed materials.

Recommendations

As requested in the RFI, we provide the following summary of recommended changes to the draft RFP.

Item Number	Affected RFP Section Number	Suggestion
1.	Section III, Scope of Work, Project Goals 2.1 Cost	As part of the replacement MMIS, require a comprehensive pre-pay system of claims edits including predictive modeling techniques that identify potential claim fraud and abuse by scoring claims based on claim characteristics.
2.	Section III, Scope of Work	Given the high priority SC DHHS has placed on purchasing health at the lowest possible cost, we recommend that the RFP include a mandatory requirement to propose not only innovative cost saving initiative,s but to specifically require that all bidders propose predictive analytics of the nature described above as a separately evaluated component from any other innovative cost savings initiative. As part of the overall proposal evaluation, the innovative cost saving initiatives and the predictive analytics requirement should have separately defined proposal sections, each with an associated point value that can be scored by the proposal evaluation team.
3.	VIII, Section K, Pricing Tables	<p>We recommend that an additional pricing table be added to the solicitation that allows bidders to propose pricing/fee arrangements associated with their proposed innovative cost savings initiatives.</p> <p>We also recommend that pricing for predictive analytics, as well as innovative cost savings initiatives, be based on a contingent fee formula. However, in evaluating or scoring a contingent fee priced offering, we recommend that the scoring rate bidders more favorably based on a Total Net Dollars Saved for the State formula. The term "Total Net Dollars Saved" would be defined by first multiplying a minimum savings threshold that the bidder would be required to propose in terms of savings that the bidder's contingent fee priced offering would generate on an annual year basis, by the bidder's proposed contingent fee percentage (the "Contingent Price Payable to the Bidder"). The Total Net Dollars Saved would then be equal to the Bidder's minimum savings threshold less the Contingent Price Payable to the Bidder. This approach will more closely align with the State's overall goal and avoid only looking at the lowest contingent fee proposed by a bidder where the savings to the State may not be as great.</p>
4.	Procurement Library	We request that the State provide copies of all existing contracts for the associated scopes of work that will become part of the replacement MMIS contract. Currently, only the RFPs are in the procurement library. Also, please include a copies of the Business Intelligence System (BIS) and Pharmacy contracts in the procurement library
5.	Procurement Library	In order to better assess the report effort, we request that the State include in the procurement library examples of all reports currently in use in the legacy MMIS environment
6.	VII.B.25, Intellectual Property	We suggest the various changes to the intellectual property provisions summarized above for the applicable subsection of the RFP dealing with intellectual property.

**Response to
Replacement MMIS RFI #4
State of South Carolina**

July 26, 2011

This RFI response provides feedback on the draft RFP released June 30, 2011. Amendment 1 stated that offerors could provide this feedback without attribution. With this in mind, we present the information and comments on the RFI in the following table.

Item #	Affected RFP Section Number	Description of Suggestion or Question
1.	II. Instructions to Offerors – A. General Instructions 20. Questions from Offerors p. 25	The RFI lists two rounds of questions, but does not state the time between the closing of round 1 and when answers should be expected. This can impact proposal development as offerors will be waiting for clarification responses to their questions. Please consider providing answers to questions on a weekly basis instead of holding responses until the bulk of questions are answered.
2.	II. Instructions to Offerors – A. General Instructions 20. Questions from Offerors p. 25	With respect to the two rounds of questions, after the second round, clarifications may be required based on responses. Please consider allowing offerors 3-business days post-2nd round response release to seek clarification on those responses only.
3.	II. Instructions to Offerors – B. Special Instructions 1. Contents of Offer (RFP) – ITMO (Jan 2006) p. 30	The RFP states, "Each part should be bound in a single volume". Please clarify that this means any number of binders needed to submit the paper copy of the response can be included in this "single volume" as long as the binders are appropriately marked.
4.	II. Instructions to Offerors – B. Special Instructions 2. Discussions and Negotiations p. 30	For a project of this scope and type, the State and the selected vendor need the opportunity to work together to establish and agree on terms that are conducive to the success of the project, appropriately balance risk and price and are fair and reasonable. It is in the State's interests for vendors to be candid about terms that they cannot accept or believe create incentives that run counter to the goals of the project.
5.	III. Scope of Work (Statement of Objectives) 4.5.2.4 System Certification Withhold p. 60	We suggest removing the language, "5% of invoices from payments" during the Discovery Phase. By design, this phase is collaborative and complete in and of itself, as a mutual planning phase for the work that is part of the MMIS replacement.

Item #	Affected RFP Section Number	Description of Suggestion or Question
6.	III. Scope of Work (Statement of Objectives) 4.5.3 Schedule Incentives p. 60	<p>Upon review of the pricing incentives and the schedule incentives, it is clear that the State had the intention of creating an environment where contractors were financially motivated to perform better than proposed.</p> <p>However, the structure has also created a more complex operating environment, requiring significant oversight, measurement and management, especially when considering the likely change orders and other modifications to the contract, scope and timeline that will take place during the Replacement Phase. This effort will add cost into the overall bid. This may negate the financial value to the state in which the structure was based upon.</p> <p>This structure also allows vendors to propose prices based on different target assumptions and price to the incentive models, then counting on change orders to ensure their financial objectives are met. With this pricing structure and variability in what a vendor may be paid simply for faster or slower delivery of the same product (among other factors), it may be difficult for the state to discern accurate price comparisons between vendors.</p> <p>We recognize that the State has given careful consideration to incentives and penalties. The State has also worked to create an environment where vendors are rewarded when they work toward the best interest of the State. That said, this model seems to contain too many variables. We suggest the State remove some portion of the incentives and penalties in order to simplify the pricing and scheduling, reduce potential contention during the project, and also allow for a more even and effective comparison of competing bids.</p>
7.	III. Scope of Work (Statement of Objectives) 8.4.1 Implementation Life-Cycle p. 85	<p>Implementation life cycle can take into account the implementation of products, and implementing portions of the system, as the state has highlighted. One method for achieving clarity in an environment utilizing COTS products, and product development and implementation approach is the use of product releases that are articulated by a product roadmap.</p> <p>The language in the incremental implementation section seemed to lean toward iterative development, rather than release management, which indicates a desire for a more custom development, rather than deployment of configurable products.</p> <p>We recommend requiring or suggesting that vendors use a release management approach in achieving the incremental implementation, as that approach aligns more closely with other requirements and desired technical objectives in the RFP.</p>

Item #	Affected RFP Section Number	Description of Suggestion or Question
8.	III. Scope of Work (Statement of Objectives) 8.4.6.2. Clemson University Hosting Background p. 90	We suggest that the Clemson University Data Center be made available to host scheduled site visits and walkthroughs as part of the procurement during the proposal development period.
9.	III. Scope of Work (Statement of Objectives) 10.3 Help Desk p. 98	Is the help desk listed in 10.3 in addition to the call center mentioned in 4.2.3.3 and 8.4.7?
10.	IV. Information for Offerors to Submit 7.5 Section C5. Technical Solution p. 108	<p>Our concern in this section relates to the submission of user manuals within the proposal.</p> <p>There is a distinct difference in approach when an MMIS is implemented using a SOA framework and COTS products versus the legacy approach of transfer and customize for the next customer. Standard user manuals for the COTS products are built for the primary market that these products serve (essentially the generic version of the product), and not the MMIS implementation of the product. Whereas, a transferred solution will have the former state’s user manual as a basis for creating the new one.</p> <p>The process with a COTS-based solution is to in fact adapt much of the user manual as part of the implementation process – specific to the environment and business rules deployed in the particular state. The primary reason for this approach is to ensure that the most accurate application of the COTS products’ capabilities are captured for the users in which the products were configured. Although development effort is reduced, project risk is reduced and product longevity is enhanced – user experience and user manuals are more specific to the operating environment in a new state.</p> <p>It would seem that comparing generic product user manuals (that will not be shared with users later) with a previous state’s user manuals are not an effective comparison, nor will it be insightful into the types of user manuals that SC will receive as part of the MMIS project.</p> <p>We recommend that instead of requiring complete copies of old or new, but generic manuals, that the State require a sample of what a SC user manual will look like – allowing for a more forward-looking evaluation, rather than evaluating and scoring unrelated historical artifacts.</p>

Item #	Affected RFP Section Number	Description of Suggestion or Question
11.	IV. Information for Offerors to Submit 12. Section H. System Screenshots p. 117	<p>Upon review of the draft RFP and attendance at the Vendor Day discussions, it is evident that the state is looking for proven, forward moving technology solution available for the replacement MMIS. This includes leveraging best of breed, production based COTS products, a SOA framework that integrates the products, web services as available, and other innovative industry approaches to help the state meet the CMS Enhanced Funding Requirements.</p> <p>The nature of the overall differences of this RFP approach, where bidders are encouraged to define their own delivery schedules, deliverables, performance measures and other key scope initiatives in a way that will best present their individual offerings to meet the state’s requirements is much appreciated and well received. For where the industry is today, this approach makes good sense.</p> <p>However, in regard to the requirement to submit screenshots to prove capability to deliver the required MECT functionality, we are concerned that the state will be jeopardizing the overall objectives of your replacement MMIS and limiting evaluation to solutions based on technology designs from 5+ years ago (which is the minimum age of a solution that is certified in production today – if you consider the timeline from procurement through development through certification).</p> <p>To fully engage with the RFP path in which you have taken and ensure that bidders clearly articulate their solution’s functional capabilities as to how the MECT will be met, rather than requiring screenshots, we suggest that the RFP allow bidders to take an alternative approach that will best visually articulate how the MECT requirements will be met in each of their respective solutions. This alternative approach is a two step process:</p> <ol style="list-style-type: none"> 1. Included in proposals: allow bidders to include a sample of configurable web pages across business areas aligned with MECT categories, plus comprehensive views of the SOA architecture highlighting the web services which will support the required MECT functionality from the various COTS products that are part of the MMIS framework. 2. During the product demonstrations and oral presentations: allow bidders to demonstrate capabilities to meet a sampling of the MECT requirements through the COTS product integration within the MMIS framework. <p>We encourage the state to use the proposal content as a primer for the actual product demonstrations rather than as a standalone component used to determine the overall functional capability alignment with the MECT.</p>

Item #	Affected RFP Section Number	Description of Suggestion or Question
12.	IV. Information for Offerors to Submit 13.1 Section I1. System Demonstration p. 118	<p>We recommend that the State strike the required inclusion of slides for orals presentation in the proposal.</p> <p>We understand that including the presentation allows the state to receive all written material at one time. However, this requirement will significantly limit any offeror's ability to build a cohesive demonstration workflow, tailored for South Carolina.</p> <p>Often vendors spend the time between proposal submission and their scheduled orals date to develop this material and apply the knowledge gained during the proposal process to produce the most complete orals material. Forcing the orals preparation process to take place concurrently with the proposal process requires the core South Carolina team to perform both tasks at once, potentially reducing the quality of both.</p>
13.	IV. Information for Offerors to Submit 13.1 Section I1. System Demonstration and 13.2 Section I2. Oral Presentation pp. 118-120	<p>The Orals process of demonstrations followed by State hands-on review of the system is something that we support, as it will provide the State with an in depth review of the system.</p> <p>However, it should be noted that the State is not just buying a system, but also the services of a vendor to implement, support and operate a system as well as a comprehensive operation. We suggest amending the Orals schedule to include an opportunity for vendors to share and discuss their delivery capabilities, including methodology, approach, and experience. Failures happen in the MMIS industry not because of the systems, but because of problems with delivery.</p> <p>We recommend that this new section and the content outlined in section 13.2 be delivered first. This is followed by an introduction of the system, overview, architectural review, etc. This way, when the State reviews the demonstration, it is in the context of the approach, architecture, team and processes that will be used rather than absent that context.</p> <p>We also recommend reducing the hands on time. In past Orals where hands-on time was required, a day was more than sufficient to provide the state with a comprehensive view of the solution.</p> <p>With regard to the sandbox, we recommend that the State remove this requirement for Orals, as it has as much potential to cause confusion as it does to support the evaluation of the System. Demonstration environments are often populated with sample, limited data that absent a script, may confuse or mislead. Additionally, the use of a sandbox, leads to issues of security, IP protection, where a vendor would lose control over their technology, absent any protection of a license.</p>

Item #	Affected RFP Section Number	Description of Suggestion or Question
14.	VI. Award Criteria 3. Evaluation Factors (Jan 2006) p. 125	<p>By choosing to allow vendors to set their own service level benchmarks the State is going to be faced with financial proposals that are built using different assumptions. How will the state proportionally increase the technical and risk scores for more stringent service level commitments that result in additional staff and additional cost to balance out the relative price?</p> <p>For example – If Vendor A chooses to commit to answer phones in 15 seconds and Vendor B chooses to answer phones in 30 seconds. Assume that both are found to be reasonable to the State. Vendor A will require more staff for consistent assumptions in call time and volume. Will there be a technical score improvement commensurate with assuming more aggressive metrics?</p> <p>Alternatively, would the State consider establishing a broader set of core SLA criteria that will better level the playing field among competition and preclude potential manipulation of the prices?</p>
15.	VI. Award Criteria 3. Evaluation Factors (Jan 2006) p. 125	<p>The second bullet in the Total Enterprise Cost of Ownership evaluation factor lists hardware costs as a criterion. Rather than include the specified hardware pricing within the TECO, will the state change the RFP to allow for specified hardware pricing to be submitted outside of the TECO evaluation section?</p>
16.	VI. Award Criteria 3. Evaluation Factors (Jan 2006) p. 125	<p>One of the criteria listed for TECO evaluation is hosting costs (third bullet). However, hosting is performed at Clemson, as stated in 8.4.6.2 (p. 90).</p> <p>To support a simplified pricing comparison between offers, we suggest that the state provide a detailed list of all responsibilities, activities and overall scope of work that the Clemson Data Center will perform in support of the MMIS Contract.</p>
17.	VII. Terms and Conditions – A. General 4. Contract Documents and Order of Precedence p. 128	<p>The parties should agree on a thoroughly defined description of the scope, which should be memorialized in a detailed Statement of Work. This SOW should be included in the Contract and supersede the solicitation and proposal.</p>

Item #	Affected RFP Section Number	Description of Suggestion or Question
18.	VII. Terms and Conditions – A. General 12. Publicity p. 130	The contractor should have the right to defend itself against public or media allegations or reports.
19.	VII. Terms and Conditions – A. General 14. Setoff (Jan 2006) p. 131	The State’s right to setoff should be limited to instances where Contractor’s debt to the State is not in dispute.
20.	VII. Terms and Conditions – A. General 19. Waiver (Jan 2006) p. 132	Provisions regarding non-waiver of claims should be mutual.
21.	VII. Terms and Conditions – B. Special 3. Compliance with Law and Regulatory Requirements p. 134	Each party should be responsible for compliance with laws and regulations applicable to it. The contractor should implement the MMIS in accordance with the agreed specifications, but only the State has the authority to interpret and implement the laws and regulations applicable to its federally-mandated programs. In the event of a change in regulations that impacts the price, schedule or risk of the project, the parties should address such changes via the Change Control Process.
22.	VII. Terms and Conditions – B. Special 4. Confidentiality, Data Security and Nondisclosure p. 135	Subject to the State’s open records obligations, the confidentiality provisions should protect the confidential information of both parties. The parties should agree on a detailed Data Protection Plan to promote data security and implementation of appropriate mutually understood protocols for State and citizen data.
23.	VII. Terms and Conditions – B. Special 6. Contractor’s Liability Insurance p. 140	The contract should acknowledge that contractors are not required to obtain new policies on behalf of the State, but can bring the State under the protection of existing insurance policies that are appropriate to large commercial entities, as evidenced by a certificate of insurance.

Item #	Affected RFP Section Number	Description of Suggestion or Question
24.	VII. Terms and Conditions – B. Special 7. Contractor’s Obligation – General (Jan 2006) 18. Inherent Services pp. 142, 150	Each party’s specific obligations for the project should be explicitly set forth in the Contract.
25.	VII. Terms and Conditions – B. Special 9. Contractor Representations, Warranties, and Covenants 25. Ownership and License Rights 37. Source Code Escrow Exhibit B. Proprietary Third Party Software License Agreement, Exhibit C. COTS Agreement pp. 144, 153, 160, 174, 181	Contractor should represent and warrant that the services are performed in a good and workmanlike manner and that the deliverables materially conform to the agreed specifications, deliverable expectations document or acceptance criteria for a defined warranty period. These warranties should be explicit, with implied warranties disclaimed. For third party materials, the warranties, rights, licenses and obligations should be as set forth in the applicable third party agreement and passed through to the State.
26.	VII. Terms and Conditions – B. Special 12. Damages Limitation 45. Waiver of Claims for Consequential Damages pp. 147, 164	While the limitation on liability represents a reasonable balance of risk and reward, the situations in which it does not apply could appear to render the protections ineffectual. The cap on damages should apply to all claims.

Item #	Affected RFP Section Number	Description of Suggestion or Question
27.	<p>VII. Terms and Conditions – B. Special</p> <p>14. Default (Jan 2006)</p> <p>40. Termination by Mutual Agreement</p> <p>through</p> <p>44. Termination for Failure to Meet Performance Standards</p> <p>pp. 148, 162-164</p>	<p>The State should have the ability to terminate for its convenience upon sufficient advance notice. Both parties should have the right to terminate for a material breach by the other party that is not cured within 30 days. The Contract should be clear that upon termination the contractor is entitled to payment for all work performed through the termination date, including work in progress, reimbursement for any authorized capital expenditures, and – unless the termination is for the contractor’s default – reasonable and substantiated stranded and demobilization costs.</p>
28.	<p>VII. Terms and Conditions – B. Special</p> <p>19. Indemnification – Third Party Claims</p> <p>p. 151</p>	<p>The contractor should indemnify the State for all third party claims for personal injury, death or damage to personal or real property arising out of the negligent or willful acts of contractor in the course of performing the services.</p>
29.	<p>VII. Terms and Conditions – B. Special</p> <p>23. Licenses and Permits (Jan 2006)</p> <p>p. 152</p>	<p>The Contract should be explicit about any licenses required of the contractor, as well as any services that are clearly not in scope due to licensing limitations.</p>
30.	<p>VII. Terms and Conditions – B. Special</p> <p>25. Ownership and License Rights</p> <p>p. 153</p>	<p>The State should be the owner of all deliverables, with no limitations on its ability to use such work product. The contractor should receive a license back to such work product. Each party’s rights in its pre-existing or independently developed intellectual property, and residual knowledge, should be protected.</p>

Item #	Affected RFP Section Number	Description of Suggestion or Question
31.	<p>VII. Terms and Conditions – B. Special</p> <p>16. HIPAA Standards Compliance</p> <p>IX. Attachment B – HIPAA Business Associate Agreement</p> <p>p. 149, 203</p>	<p>The parties should establish and agree on HIPAA and BAA provisions that are appropriate to the scope and the parties’ respective roles with respect to the applicable data under HIPAA and HITECH rules.</p>
32.	<p>VII. Terms and Conditions – B. Special</p> <p>34. Right to Suspend Work</p> <p>p. 160</p>	<p>The contractor’s right to be reimbursed for increased costs should apply in all instances whether there is a delay of failure that is not the fault of the contractor or its subcontractors.</p>
33.	<p>N/A – General Question</p>	<p>We understand that there are 20 PMO team members from the state assigned to the project. Providing state staffing by phase or activity will enable offerors to provide realistic schedules that take your staffing into account. This will help mitigate schedule risk on the project.</p>

- 1. The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposals will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source selection or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?**

13.1 Section I. Oral Presentation and System Demonstration

The draft RFP indicates that the offeror's presentation slides must be submitted with its written proposal. It further states that the presentation slides will not be evaluated. The draft RFP also states "oral presentation are not clarifications, discussions or negotiations." At the Vendor Day it was explained that the legal department created this submission with the written proposal requirement due to procurement regulations. Please provide the regulatory citation for this requirement.

Our assumption is that once submitted, the vendor (and by extension the State) would be restricted to using only those slides submitted with its proposal. Please confirm.

The draft RFP also indicates that the written proposals will have been evaluated prior to the oral presentation and system demonstration. By predetermining the oral presentation topics and asking the offeror to include the oral presentation slides on these topics as a part of its written proposal, the State is restricting their ability to have the vendor highlight particular areas of interest that the evaluation team may have after they have completed their review of the vendor's proposal.

To derive the full benefit of its evaluation and focus on topics of particular interests coming out of that evaluation, we recommend that the state specify the oral presentation topics and the submission date for the presentation slides subsequent to the written proposal evaluation and remove the RFP requirement that presentation slides be submitted with the written proposal

7.13 Section C13. Integrated Master Schedule

In this and other requirements in the draft RFP, the offeror is required to provide printed copies of forms/content that are large volume documents (the project plan in this instance) within the response and on CD/DVD. Please consider the utilization of references to the CD/DVD in the RFP as a substitution for the printing of these large documents.

Section IV, 12 Section H, System Screen Shots

The draft RFP requires the offeror to identify and submit copies of all of the screens in its proposed system. We recommend that the state remove this requirement. Instead we recommend that the screen shots be provided at the time of the system demonstration where they can be viewed and discussed interactively within the full system context.

3.2 Section J2. Relevant Experience and References

This section requires the offeror to provide expanded information on their five most relevant references. The expanded information includes “The outcome of the contract (in progress, . . . terminated early) and, . . . why the contract was terminated.”

This approach allows the offeror to be selective and legitimately conceal unsuccessful projects by deeming them not the most relevant. We recommend the State require offerors to provide the expanded information for all projects listed in the seven year Experience Table.

- 2. The State has used unit or volume pricing on many of the pricing tables. Are there any of the pricing tables where the pricing methodology is inadequate, incomplete, or does not correlate to the underlying cost drivers?**

The offeror has no comments or questions pertaining to the state's pricing approach to this procurement.

3. Some of the Operations Phase performance standards are Offeror-proposed. Are there any other standards that should be Offeror-proposed? Should *all* Operations Phase performance standards be Offeror-proposed?

The offeror recommends that the State review the overall performance standards area paying particular attention to those requirements that rely on manual intervention that have higher (100%) performance standards than some of the automated processes which should be less error prone.

An item that appears to be missing is how the State would determine the contractor performance error rate. The offeror recommends the State provide details on its evaluation methodology, and specifically, how and to what level the performance standards and the contractor's performance against those standards will be evaluated.

While we appreciate the flexibility to determine the best method to accomplish the production goals set by the State, we think it is important to highlight that by allowing offerors to propose both the method and the production goal, the evaluation and scoring between offerors will not result in a meaningful comparison. As an example, how will the State make a meaningful comparison between an offeror with a low delivery model, and consequently lower prices, to another with a high delivery model with higher prices?

Additionally, the high performance goals in the draft RFP will impact offeror pricing and will almost certainly result in a higher price than the State expects. Since the cost to close a gap between 98% and 100% performance levels is significant in comparison to the cost to attain a 98% performance level, we encourage the State to review its prior performance requirement recommendations to be sure that the increase in performance level, over current standards, will have meaningful return on the additional investment the State will be making.

- 4. The State has included information in the Procurement Library that it believes will be useful to Offerors in preparing their proposals. Is there any other information required to form a responsive proposal? Please note that as collecting and publishing statistical, programmatic, and technical information is time-consuming and resource-intensive, the State requests the respondents identify only identify new Procurement Library requests that are truly necessary. Please be very specific in your suggestions.**

The State mentions that the expectation is that ICD-10 implementation will be complete by the time the new MMIS is developed. The draft RFP further indicates that the legacy system will incorporate a cross walk. Since the specific approach to ICD-10 in the legacy system can impact the tasks that the vendor must perform to migrate from the legacy to the new application, please add the State's ICD-10 assessment (pre and post-MMIS replacement) and planning documents to the procurement library.

5. Are the intellectual property terms and conditions acceptable? Are there any changes that should be made to these sections?

Section 25.1 Ownership Rights in State Material

In the last sentence of the first paragraph, the state indicates: “If the Offeror embeds any of its own work into the State’s Materials,” this provision requires the Offeror to give the State a broad license “for the State’s own internal purposes.”

If an offeror advises the State in its proposal that the offeror plans to embed proprietary offeror material into State material, please confirm that it is permissible for the offeror’s proposal to state other terms for a license to the embedded materials and thereby avoid granting a license of the scope set out in 25.1.

Section 25.2 Licenses in and to certain State Materials

This section states that we can use derivative works based on the State Materials (which includes “Custom Materials”) only in performance of the Contractor’s duties under the Contract.

However, the last sentence provides we can use, modify, and create derivative works from Custom Software as long as we don’t charge for modifying the materials themselves to serve public sector clients.

Under the last sentence of 25.2, please confirm that it is permissible for the offeror to obtain State permission to use, modify, and create derivative works for its private interests and that such use is not specifically limited to public sector uses.

25.3 Proprietary Contractor Material

Please confirm that the State’s authority could be modified to limit a transferee’s use to “only in performance of work for the State”.

6. CMS is planning to release the Medicaid Information Technology Architecture (MITA) version 3.0 in August with additional updates throughout the remainder of 2011. Based on your knowledge of MITA 3.0, should the RFP be updated to reflect the structure and known content of MITA 3.0, or should the RFP remain aligned with MITA 2.01?

The offeror supports that the known structure and requirements of MITA 3.0 should be used for the basis of the RFP. Industry leaders have been reviewing and keeping current on the contents and expectations for each version of the MITA alignment. With this in mind, the product paths of MMIS would be driving to meet the standards as they are known. Basing the RFP on MITA 2.0 would lead the State to expend additional funds to move the new system to the new MITA path for items already known. In our view, the State should continually seek to obtain the maximum benefit of existing capabilities as they align to the MMIS CMS Certification Tool Kit as well as MITA 3.0.

7. The pricing tables are physically large at 1:1 reproduction. What is your recommendation for delivering these in paper format? Note that they will need to be submitted in electronic format, as well.

The offeror agrees that the pricing tables are large and, regardless of printing method, will be difficult to review and analyze in a paper format. We believe that providing these schedules in a printed format will add significant volume to the overall proposal. Most schedules will not be reviewed by the typical reviewer, and those with interest in the schedules will prefer the electronic format. For those who prefer a printed version, the CD will include page breaks and other preferences to facilitate printing and subsequent review. Printing the forms represents a potentially significant resource waste when all proposals from all offerors are considered. We recommend the State develop a documentation sheet that indicates which CD contains the schedules, that the CD is incorporated by reference as part of the response, and that the CD schedules are complete.

8. Are there any other recommended changes or requests for clarification that you have for the Draft RFP? Please use a format similar to that below to submit your suggestions and questions. You may format these in either landscape or portrait.

Item Number	Affected RFP Section Number	Description of Suggestion or Question
1	2 Additional Definitions	The billable claim definition specifically excludes claim types that can increase in volume based on activities directed by the legislature, CMS and/or the State. It is understood that the Department would not want to pay for claim adjustments, for example, where the original claim was not paid correctly by the offeror and reprocessing was necessary. We recommend that claim activity that is required as a result of legislative, CMS or State direction that may not be accomplished through automated means and requires manual activity be billable to the State.
2	8.1.5 Performance Measurement	Please verify that MAR and SURS are not a part of this MMIS procurement.
3	8.4.2.1 Data Management and Stewardship	The offeror understands and supports the Department's need for accurate information in the selected system. Currently, Medicaid programs receive data from multiple sources that feed their eligibility and claims systems, and this data is maintained in multiple locations. Often these systems have conflicting information for the same critical data elements (date of birth, name, address, for example). To add to the difficulty, each data owner believes their data is correct and cannot be changed. We recommend the State specify the order of priority between Medicaid, Medicare, Food Stamps, and other programs in determining the source of truth for conflicting data elements.
4	8.4.6 System Hosting	The Draft RFP indicates that the State will bear the cost of acquiring necessary hardware. We recommend the State consider that offerors may bring pricing advantages resulting from volume that could be leveraged to reduce the total cost of State ownership. Additionally, when the offeror procures equipment on the state's behalf, the offeror has better control over implementation schedule deviations resulting from hardware delivery delays.
5	Hosting Expense	Since the expense of hosting is rolled into the offeror evaluation, it would be helpful to understand any variables that materially impact Clemson's pricing. Please provide information on Clemson's major cost drivers.

6	7.5 Section C5, Technical Solution	Please confirm that copies of user manuals do not count toward page maximums.
7	Attachment I, Member Management OM15	Please confirm that the current practice of an external vendor calculating the actual managed care rates is expected to continue and that the actual rate calculation is not an MMIS function.
8	Page 233, Healthcare Service Management-OM02- Authorized Services- #4	<p>“Contractor maintains the ability to respond to Prior Authorizations (outside) of standard call center hours (defined in General & System Process SS02C standard)”. SS02C states call center operational hours are 7:00 a.m. – 6:00 p.m.</p> <p>Please clarify the requirement to respond to prior authorization requests “outside” standard hours of call center operations (7:00 a.m. – 6:00 p.m.). Please confirm that it is permissible to schedule and designate on-call staff to respond to requests outside of standard hours.</p>
9	Section III Support for multiple languages	Please confirm that this requirement applies specifically to member-facing documents only.
10	Mainframe Usage	Please see Attachment 1

Attachment 1

Benefits of Leveraging Enterprise Server Processing

Within the [REDACTED] technology stack, the **Enterprise Server**, formerly known as the Mainframe, powers both the Corporate and the CMS-contracted data centers that host more than two-thirds of nation's Medicare fee-for-service transactions. With the modernization of the Enterprise Server from IBM, [REDACTED] moved our web facing applications for members, employers and providers along with our Customer Relationship Management applications used by internal employees to a virtualized z/Linux platform run on an IBM z196 Enterprise Server. While these presentation facing applications execute on the Enterprise Server, they are fully browser based ensuring Internet access. In addition, these presentation applications consume an integration layer that is fully Service Oriented Architecture (SOA) enabled that also runs on the z/Linux platform.

The advantages of staying with the Enterprise Server include the following:

1. **Scalability** - [REDACTED] is executing over 1.5 million self-service transactions a month across the web. [REDACTED] processes over 900 million claims per year on the Enterprise Server, greater than any other entity in a single complex. In support of the 900 million claims, 14 billion transactions are processed per year in the same complex.
2. **Processing Speed** - From a web service consumption standpoint, approximately 1 million web services are consumed daily on the integration layer running WebSphere Application Server (WAS) on z/Linux with over 99% performing in less than 1 second.
3. **Reliability** - Our customers and internal employees enjoy a fully browser-based user experience with the reliability and stability of the Enterprise Server.
4. **SOA Framework** - Our partners have complete access to consumer business functions via Web services through the SOA framework.
5. **Cost Savings** - A consolidated and centralized z/Linux virtualized environment reduces the overhead and management cost of the entire infrastructure.
6. **Ease of Development** - From a development perspective, developers can utilize industry development tools such as IBM portal and IBM RAD to develop Java based applications that execute on the z/Linux platform.
7. **Network Traffic Reduction** - By consolidating all processing to the Enterprise Server, network traffic has been reduced as the z/Linux presentation and integration applications no longer traverse cabling, but instead access assets via a pluggable hyper-socket.

In our extensive experience through the years with all levels of technology, we have found that Information Technology should serve the efficient flow of business processes with scalability, serviceability, and reliability. These are value added strengths of the Enterprise Server. The technical solution should be platform-agnostic and no platform should be rejected. Medicaid claims payment applications should be matched to the systems environments best suited to run the workload. Understanding that Medicaid processes involve complex, transaction intensive applications, the State's MMIS is a prime candidate for the enterprise server environment. The Enterprise Server is the industry's most secure commercial or government computing environment achieving Evaluation Assurance Level (EAL) 5. No other server environment has yet matched this level. Mainframes are the industry's most secure commercial computing

environment. The tools suite available for monitoring and managing an enterprise server facility are the most advanced in the IT market.

It is important for IT personnel to consider the need to deploy workloads, complex applications, presentation applications, and database structures across multiple platforms, because no single microprocessor does all jobs well. System designs are different and the quality of service differs by processor type and design characteristics. Working with an innovative, and rigorous development partner with a proven understanding of multiple platforms, including but not limited to the enterprise server; is a definite advantage to the State. This ensures that application systems are created that take full advantage of the system environments best suited for the South Carolina Medicaid business functions being addressed.

We offer these insights as our lessons learned and urge the South Carolina Department of Health and Human Services (SCDHHS) to consider the full range of technology options in its search for an MMIS replacement. By restricting the technology platform up front, the State may be missing the best solution and constraining a potential partner's response.

SC Department of Health and Human Services

Replacement Medicaid Management Information System RFI #4

Point of Clarification Question

Item Number	Affected RFP Section Number	Description, or Suggestion or Question
Slide 68 of the Vendor Day Presentation	<p>Technical Processes</p> <p>Preferred hardware/software</p> <ul style="list-style-type: none"> • These are preferred, not mandatory • Choosing non-preferred items can have ramifications (principally to TECO) 	<p><i>If we feel that our solution brings TECO value to this project that is above and beyond the capabilities of the preferred storage, how will this be graded/weighted in order to determine/select a solution other than the preferred storage solution?</i></p>
8.4.6.2 Clemson University Hosting Background	<p>8.4.6.2.4 Storage</p> <p>The hosting provider prefers the following storage systems:</p> <ul style="list-style-type: none"> • Hitachi AMS2100 • Qlogic Fibre Channel Switches • Qlogic HBAs 	<p><i>If we feel that our solution brings TECO value to this project that is above and beyond the capabilities of the preferred storage, how will this be graded/weighted in order to determine/select a solution other than the preferred storage solution?</i></p>

Submission Request

The State requests that vendors respond to the following items in writing by July 26, 2011:

1. The State intends to conduct an efficient and effective source selection. It has tried to pare the proposal submission requirements down to those that contribute to this goal; however, as with most MMIS procurements, the proposals will still be relatively large documents that require substantial Offeror investment to create. Is there anything in the proposal submission requirements (Sections IV and V of the draft RFP) that could be further pared without jeopardizing either the source selection or the ability to execute a solid contract? Is there anything else that should be added to the proposal submission requirements?

Response

Part IV, 12 Section, System Screenshots: We have several comments and suggestions:

- 1. This section calls for submission of all screen shots in its proposed system. This section will will/can be quite large and will likely be proprietary information in most cases. Please consider requiring submission in a separate binder so that the entire document can be labeled "Proprietary"*
- 2. The requirements for fields of the template (i.e., the bullet points on page 117 of the draft RFP), require annotating each screen shot with MITA business processes and MECT checklist system review criteria satisfied by this screen. This task is likely to require extensive annotation of screen shots. Please consider accepting a "Table" annotated by screen shot number with a crosswalk to the MITA business processes and MECT checklist system review criteria satisfied by the screen.*
- 3. A proposed system may require "Development" to meet some of the MECT or other business requirements with screens not readily available. In this instance, please consider requiring and accepting a section that identifies those areas separately.*

2. The State has used unit or volume pricing on many of the pricing tables. Are there any of the pricing tables where the pricing methodology is inadequate, incomplete, or does not correlate to the underlying cost drivers?

Response

Although the unit and volume pricing methodology should correlate to the underlying cost, the cost accounting methodology is complex and administratively expensive. Other comments follow:

- 1. Part III, 4 Contract Objectives and Strategy (4.5.2.1, 4.5.2.2 and 4.5.2 on pages 59-60): The Positive Price incentive and Negative Price Incentive and Not-To Exceed Labor Price could be better understood through the use of mathematical examples.*
- 2. Part VII, 26 Performance Bond Requirement (page 156): Requiring a Performance Bond in addition to hold backs in the implementation phase seems stringent and duplicative. Can the State revisit these requirements and consider alternatives?*

3. Some of the Operations Phase performance standards are Offeror-proposed. Are there any other standards that should be Offeror-proposed? Should **all** Operations Phase performance standards be Offeror-proposed?

Response

In our experience, performance standards are drivers of cost. Allowing each vendor to propose some standards and State specification for others may result in varying standards across proposals, thus making evaluation more complex, especially as it affects cost estimating and pricing. This may be significant in cases where staffing resources are required to meet a higher standard proposed by one offeror and another proposes a lower standard and reduces the cost of their proposal.

An alternative approach that we have seen is to establish a set of required performance standards against which offerors bid, and give offerors the option of proposing additional performance standards for consideration, which are not included in the bid.

4. The State has included information in the Procurement Library that it believes will be useful to Offerors in preparing their proposals. Is there any other information required to form a responsive proposal? Please note that as collecting and publishing statistical, programmatic, and technical information is time-consuming and resource-intensive, the State requests the respondents identify only identify new Procurement Library requests that are truly necessary. Please be very specific in your suggestions.

Response

The library seems adequate at this time to form a responsive proposal.

5. Are the intellectual property terms and conditions acceptable? Are there any changes that should be made to these sections?

Response

The intellectual property terms and conditions seem reasonable. Commercial product licensing agreements should be subject to negotiating a final agreement acceptable to both parties. The RFP lays out the general terms and conditions desired by the State and it's often a matter of legal back and forth on wording to get to an acceptable agreement.

6. CMS is planning to release the Medicaid Information Technology Architecture (MITA) version 3.0 in August with additional updates throughout the remainder of 2011. Based on your knowledge of MITA 3.0, should the RFP be updated to reflect the structure and known content of MITA 3.0, or should the RFP remain aligned with MITA 2.01?

Response

We recommend offerors be invited to respond in their proposal to how their strategy and solution can support MITA 3.0 Goals and Objectives. Much of 3.0 is dependent on State collaboration with other agencies to adopt national standards and share business services across the State healthcare enterprise. For example, if the business service of Enrolling Providers was a shared service among all State agencies that need to enroll service providers (Health, Mental Health, Child Health, Medicaid etc.), that service could be supported by a single application process serving all programs.

7. The pricing tables are physically large at 1:1 reproduction. What is your recommendation for delivering these in paper format? Note that they will need to be submitted in electronic format, as well.

Response

The pricing tables, because they will be in a separate binder, can be delivered in both formats if desired.

8. Are there any other recommended changes or requests for clarification that you have for the Draft RFP?

Response

Our additional questions begin on the following page, in the suggested format.



Item Number	Affected RFP Section Number	Description of Suggestion or Question
1	Part III, 2.1 Cost	The stated goal under item 2.1 bullet 2 is to <i>“Use IT to enable opportunities to reduce the growth in the cost of care provided to Medicaid Beneficiaries.”</i> We suggest the RFP have a section that invites respondents to propose optional services and/or solutions that have the potential to save program cost. The State would have the option of considering strategies that go beyond technology and business process service offerings and that focus more on improving health outcomes, high risk case identification and management services etc.
2	Part III, 3.3.3 Office of Information Management & CIO and 7.3.2 State Duties	It is unclear what relationship, if any, there is between the formal PMO, under the HHS CIO, and the MMIS Replacement 4 as it affects this contract. Would the State consider adding further definition of the duties and responsibilities entailed by the SDHHS PMO oversight of projects?
3	Part III, 4.4.1 Discovery Phase	Assuming the States’ current business rules with regard to such areas as claims adjudication among others, will continue in the new technology environment, has the State documented those business rules or does the State intend those rules be documented by the successful vendor? In what Phase Discovery or Replacement would the State envision this activity?
4	Part III, 4.4.2 Replacement Phase	The RFP approach for MMIS consolidation and replacement will likely require internal work process re-engineering within some State agencies. Should the respondent propose this activity or will the State assume responsibility for this area of change management?
5	Part III, 4.5.1 Billable Materials	For the most part, the section on Billable Materials is quite clear about software licenses that will be held in the State’s name. However, contractors generally use additional COTS software products to carry out their project management office responsibilities and underlying support licenses such as tool databases and servers, to name just a few examples. We do not believe that it is the State’s intent that this type of COTS products be in the State’s name. To stave off future questions or pricing errors, it may be beneficial to expand this section to define (by type or contractor usage) COTS software that is not considered Billable Materials.



Item Number	Affected RFP Section Number	Description of Suggestion or Question
6	Part III, 5.3 Basis of Estimates (BOE)	This RFP is extraordinarily strict and comprehensive in its requirement for formalized BOEs. However, the State may wish to consider refining the desired level of granularity required for Schedule BOE's (pg 67) and Integrated Master Schedule (pg 112) BOE's to ensure parity between offerings. For example, high level BOE's would attach to an IMS (overall plan), while low-level BOE's might attach at the lowest task level in the Work Breakdown Structure (WBS). We have seen days of task effort successfully used to define the lowest level for scheduling, for example tasks completed within 5 days.
7	Part III, 9.6 Test Management Services	Offerors would benefit from having clarification of TMS, its role and fit, to determine the contractor's effort.
8	General	We do have one minor RFP formatting suggestion to improve the ease of using the cross-references: Please consider incorporating the corresponding part or chapter number into the format for page numbering (e.g., III-73).
9	Attachment J, MECT Checklist	Please consider rewording requirement FR1 to clarify whether it pertains to the DSS or the MMIS.

