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October 24, 2016

ADDENDUM 1

TO

REQUEST FOR PROPOSALS

NO. 16-002

BENEFIT PLAN AUDIT SERVICES

The following are responses to written questions submitted:

	Question	Answer
1.	These questions relate to whether organizations located outside of the USA can apply for, and perform the work stated in the RFP: a. Can companies outside of the USA submit a proposal? b. If the successful OFFEROR is located outside of the USA, would they need to be physically present for meetings? c. Can the Scope of Work outlined in the RFP be performed outside of the USA?	Anyone can submit a proposal; however, due to the nature of the work and to timely attend any meetings that the EUTF may require or request, the EUTF has determined that it is in the best interest of the State for the successful OFFEROR to be located in the United States.
2.	Can proposals be submitted via e-mail?	See Proposal instructions on page 6 of the RFP. No faxed or e-mailed proposals will be considered or accepted.
3.	Please describe how EUTF expects performance guarantees, which includes measures for financial accuracy and coding accuracy, to be assessed for Royal State, HDS, and VSP if no statistically valid claim sample is required. Any results from a targeted sample will not have statistical validity.	While not providing statistical validity, the electronic analysis is expected to provide confidence in the carrier's self-reported achievement. OFFERORS should describe their process for validation of the carrier's source documents with explanation of any potential limitations based on the respective carrier's audit policy.
4.	Can we receive a copy of the last proposal from the winning bid for the same services?	No. The scope of services is significantly expanded from the last medical audit; therefore, it would not be relevant to this RFP process.
5.	Are all the plans fully insured or are there also self-insured plans?	See Exhibit B, pages 68-72; all plans are fully insured.

	Question	Answer
6.	When was each claims benefit administrator last audited?	See page 24. The last HMSA audit was for the 12-month period ending June 30, 2006. No other carrier audits have been conducted.
7.	What were the results of each audit?	This information has no relevance due to the time that has lapsed.
8.	Please document the fee(s) paid for each audit.	The prior HMSA audit was a limited scope and therefore, would have no comparison value in this RFP's expanded scope of services.
9.	The following questions pertain to financial statements: • [A-12, page 34] Our company is privately held and does not provide financial statements. Will EUTF accept a statement of financial stability from an independent CPA? If not, does the absence of financial statements in the proposal response disqualify the OFFEROR? If the proposal is not disqualified, what is the value of the scoring deduction for not providing financial statements or a suitable alternative? • Will the EUTF accept documentation other than audited financial statements to demonstrate financial stability (i.e., tax returns)?	Audited financial statements are required; non-submission may be grounds for disqualification due to non-compliance with the mandatory requirements. Financial statements can be labeled and submitted as confidential. However, the EUTF reserves the right to have final say in what is confidential when it is asked to turn over government records upon request.
10.	[HMSA, page 61] One of the reasons to engage an independent 3rd party auditor is to allow the auditor to view the confidential information (Protected Health Information (PHI)) necessary to evaluate administrative performance while keeping the PHI confidential from the employer. The claims data, including the confidential information, belongs to the EUTF, not HMSA. If HMSA were to exclude "sensitive" data, the auditor would be unable to tie the data to EUTF invoices and the ability to evaluate HMSA's management of high-cost conditions is compromised. Does EUTF intend to assert its right that all of EUTF's data be provided to the auditor for review?	EUTF understands the winning OFFEROR will attempt to negotiate receipt of all HMSA claims; however, EUTF acknowledges this HMSA restriction is not likely to be waived. EUTF anticipates HMSA will provide de-identified information to accommodate the OFFEROR's need to validate invoices and complete other review aspects. OFFERORS should identify any limitations the lack of this information may have on their described deliverables.
11.	Please confirm that the scope of the medical audit does not include retail and mail order pharmacy claims. Otherwise, if retail and mail order pharmacy benefits are included, is CVS Caremark the PBM?	CVS Caremark is the PBM for HMSA participants; the PBM audit was awarded to an audit firm under RFP 16-001. Prescription drugs under the Kaiser plan are excluded from this RFP scope of services.
12.	[Kaiser, pages 61-62] Kaiser is a staff model health plan or self-described "integrated" model. How does Kaiser invoice HMSA for services provided by	Kaiser and HMSA administer separate plans; each is subject to audits under this RFP. For the Kaiser

	Question	Answer
	Kaiser staff providers and/or Kaiser facilities? Does Kaiser create CMS 1500 and UB claims (or the electronic equivalent) for the services? If not, what is the format of the invoices from Kaiser to HMSA?	audit, auditors will have access to claims information in CMS 1500 or UB format. Where coordination of benefits is involved and Kaiser is primary payer, they will provide HMSA with CMS 1500 or UB equivalent information for their consideration as secondary payer.
13.	[page 6, paragraph 1.11 – Submission of Proposals] May the OFFEROR use a clamp to hold the unbound copy of the signed master proposal?	Yes.
14.	[page 6, paragraph 1.11 – Submission of Proposals] May the OFFEROR use 3-ring binders to hold the 10 hard copies that are to be bound?	Yes.
15.	[page 6, paragraph 1.11 – Submission of Proposals] What is the difference between the "outside envelope" and "outside cover of the package"?	"Outside envelope" refers to the mailing envelope (e.g., envelopes from FedEx, UPS, USPS). The "outside cover of the package" refers to the separate envelope containing the proposal itself.
16.	[page 12, paragraph 1.29 – Liquidated Damages] Will EUTF please provide examples of breaches that constitute application of liquidated damages?	Any breach of the Contract may result in the assessment of liquidated damages.
17.	[page 14, paragraph 1.32 – Funding] Has EUTF secured funding for this engagement?	Yes.
18.	[page 27, Audit Components, paragraph D] Will EUTF please clarify what it means by "incidence"? Does this refer to claims processing errors?	"Incidence" refers to the "number" of errors, with expectation a distinction will be made for financial and non-financial processing errors.
19.	[page 37, Item B-10] Will EUTF please clarify that the "vendor" referred to here is the particular carrier being audited?	Yes, "vendor" refers to the carrier(s) applicable to each benefit category (e.g., HMSA, Kaiser, etc.).
20.	[page 39, Item D-5] Since multiple carriers are being audited, does EUTF require one (1) timeline encompassing all audits or does it require separate timelines for each audit?	A separate timeline for each benefit category proposed is preferred; however, a single timeline can be presented as an example of your typical audit schedule with footnotes to indicate where vendor variances are expected. Responses to questions G-3, G-4, and G-5 should address how the OFFEROR will accomplish the timely review of multiple benefit categories.
21.	[page 43, Item G-3] Will EUTF please provide more detail to clarify its intent with this question?	If the OFFEROR's individual staff are assigned to more than one (1) vendor audit and/or benefit category, will they complete one (1) audit before starting the next (sequentially) or will they coordinate multiple reviews (concurrently)?
22.	[page 11, paragraph 1.25, Responsibility of OFFERORS] With regard to subscribing to Hawaii Compliance Express (HCE): does subscription need to happen on a per-contract basis? Or if the OFFEROR has already subscribed in order to perform work for the EUTF on another current contract, will the HCE subscription that's been obtained for that work also cover work on a contract that may result from this RFP?	Subscription to HCE is not done on a per-contract basis. Vendors registered with HCE receive a full year of service.

	Question	Answer
23.	Does the proposal need to be separated by Financial and Technical Support?	No. Refer to page 15, Content of Proposal, for the required information.
24.	Is the audit for a fiscal or annual year-end?	As shown on the Fee Proposal Form (pages 51-53), the Active Plans will be audited on a fiscal year basis with the Retirees audited by calendar year. Certain audit periods include more than one (1) plan year. Per page 50 note 2, EUTF reserves the option to combine two (2) periods into a single audit year at its discretion.
25.	If an on-site audit is required, what are the locations of the Third Party Administrators (TPAs) required for each audit?	This information is provided in Attachment 6 (pages 61-63).
26.	What Plans are fully insured and which are self-insured?	See Exhibit B; all plans are fully insured.
27.	Are each of the plans considered a separate audit with the TPA?	No. All Active plans administered by a carrier are considered as a single audit; the Retiree plans are a second audit.
28.	Is Segal the broker/consultant for the State?	Segal is the EUTF's benefits consultant. As specified on page 5 of the RFP, they are providing consultative services and will have an assigned representative to assist the EUTF in monitoring the audit schedules and serve as liaison for required assistance and meetings.
29.	To what extent would any requested financial information provided be considered confidential and not made publicly available?	Per page 6 of the RFP, OFFERORS shall submit one (1) signed hard unbound copy which redacts any proprietary and confidential trade secret information in the form of marked out pages (blanked out) of the master proposal for submission to the public under any request compliant with the public information disclosure laws of the State. Please refer to page 17, paragraph 6 – Confidential and Proprietary Information; the first bullet on page 21; and page 58, Attachment 4 – Confidential Information for more detailed information and instructions.
30.	Are responses provided to questions from the prior RFP still applicable for the current RFP?	As instructed on page 32, responses to questions must be provided in the Word template provided for this RFP. OFFERORs are responsible for ensuring their responses are applicable to this RFP.
31.	Will EUTF consider using the previous letters of recommendation from the first proposal response? That way, a vendor can be cognizant of their client's time and not ask for second letters of recommendation from the same reference.	No. Proposals must be submitted in compliance with terms outlined in this RFP (see page 15, Content of Proposal requirements).
32.	Did the EUTF board provide any reasoning as to why they decided to postpone awarding these in the first proposal? What impact, if any, did fee levels have on the initial decision to postpone the award?	OFFERORS were disqualified for various reasons. OFFERORS must comply with this RFP, including all five (5) audit components identified on pages 26 and 27. Alternatives will not be considered during the evaluation process.

	Question	Answer
33.	Can you please advise whether the Registration Date is a firm date or if it is still possible to register?	The due date for registration forms was October 14th; however, non-submittal of a registration form does not preclude an OFFEROR from submitting a proposal.
34.	I see there was a due date of October 14th to return the Intent to Bid/Registration form. Will EUTF accept and/or consider any bids from vendors that have missed the deadline?	Please see question no. 33.
35.	If a bid from us it still allowed, we'd like the time to make a quality one. Would EUTF consider an extension on the November 16th deadline?	No.