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State of New Jersey
Department Of The Treasury
Division Of Purchase And Property
Purchase Bureau
P.O. Box 230
Trenton, NJ 08625-0230

John E. McCormac, CPA
State Treasurer

May 7, 2004

TO: All Potential Bidders

RE: RFP #: 05-X-36817

RFP Title: Actuarial and Related Services, New Jersey Medicaid and FamilyCare Health Care Delivery System, NJ Department of Human Services

Enclosed please find a complete set of bid documents for the above referenced solicitation.

The following are the key dates for the project:

| Date | Time | Event |
|---------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 3, 2004 | 10:00 AM | Mandatory Pre-Bid Conference <i>(Refer to RFP Section 1.3.3 for more information)</i> |
| June 8, 2004 | 5:00 PM | Cut-Off Date For Questions And Inquiries Three (3) days after the Pre-Bid Conference <i>(Refer to RFP Section 1.3.1.1 for more information)</i> |
| July 1, 2004 | 2:00 PM | Bid Submission Due Date <i>(Refer to RFP Section 1.3.4 for more information)</i> |

Be advised that all addenda related to this procurement will be issued on the Purchase Bureau Web Site. Refer to RFP Section 1.4.1 for additional information.

All questions concerning the RFP contents and the bidding process must be directed to the undersigned.

Sincerely,

Edward T. Cotterell

Edward T. Cotterell
Contract Procurement Specialist

E-Mail Address: Ed.Cotterell@treas.state.nj.us
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ATTENTION VENDORS

Vendor Information and Bidding Opportunities

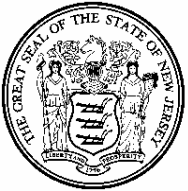
The Purchase Bureau maintains a bidders mailing list. You as a vendor may have basic information about your firm added to the bidders mailing list by visiting our website at <http://www.state.nj.us/treasury/purchase/forms/forms.htm> and submitting a bidders mailing list application online. You may also download the application and instructions and submit the application by mail. Applications submitted online are processed more quickly than mailed applications.

A bidders mailing list application gives you the opportunity to identify yourself as a potential bidder for the types of goods and services that your firm provides. The Purchase Bureau attempts (but does not guarantee) to provide firms on the bidders mailing list with notice of bidding opportunities related to the goods and services identified in the application.

If you are already on the Purchase Bureau's bidders mailing list and you need to change your information, contact Bid List Management at (609) 984-5396

Note: If you are an awarded State contractor and payments are not directed to your proper remit-to address, you must send a letter on company letterhead to the Office of Management and Budget, Vendor Control Unit, PO Box 221, Trenton, NJ 08625 or fax that letter to 609-292-4882. In the letter you must include the current incorrect remit to address and your new correct remit-to address. If you have any question about this process you may call (609) 292-8124 for more information.

Cover Sheet

| | | |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | STATE OF NEW JERSEY REQUEST FOR PROPOSAL | BID NUMBER: 05-X-36817 |
| | FOR: Actuarial and Related Services, NJ Medicaid and FamilyCare Health Care Delivery System, NJ Department of Human Services | TERM CONTRACT #: T-1580 REQUESTING AGENCY: NJ Department of Human Services |
| | ESTIMATED AMOUNT: <u>N/A</u> CONTRACT EFFECTIVE DATE: 8/01/04 CONTRACT EXPIRATION DATE: 7/31/07 COOPERATIVE PURCHASING: NO SET ASIDE: None | <u>DIRECT QUESTIONS CONCERNING THIS RFP TO:</u> BUYER NAME: Edward T. Cotterell PHONE NUMBER: 609-984-6241 FAX NUMBER 609-292-5170 E-MAIL ADDRESS: ed.cotterell@treas.state.nj.us |

TO BE COMPLETED BY BIDDER:

Firm Name: _____ Address: _____

PURSUANT TO N.J.S.A. 52:34 - 12 AND N.J.A.C. 17:12 - 2.2, PROPOSALS WHICH FAIL TO CONFORM WITH THE FOLLOWING REQUIREMENTS WILL BE AUTOMATICALLY REJECTED:

- 1) **PROPOSALS MUST BE RECEIVED AT OR BEFORE THE PUBLIC OPENING TIME OF 2 PM ON 7/1/04 AT THE FOLLOWING PLACE: DEPARTMENT OF THE TREASURY, PURCHASE BUREAU, PO BOX-230, 33 WEST STATE STREET, 9TH FLOOR, TRENTON, NEW JERSEY 08625-0230. TELEPHONE, TELEFACSIMILE OR TELEGRAPH PROPOSALS WILL NOT BE ACCEPTED.**
- 2) THE BIDDER MUST SIGN THE PROPOSAL.
- 3) THE PROPOSAL MUST INCLUDE ALL PRICE INFORMATION. PROPOSAL PRICES SHALL INCLUDE DELIVERY OF ALL ITEMS, F.O.B. DESTINATION OR AS OTHERWISE PROVIDED. PRICE QUOTES MUST BE FIRM THROUGH ISSUANCE OF CONTRACT.
- 4) ALL PROPOSAL PRICES MUST BE TYPED OR WRITTEN IN INK.
- 5) ALL CORRECTIONS, WHITE-OUTS, ERASURES, RESTRIKING OF TYPE, OR OTHER FORMS OF ALTERATION, OR THE APPEARANCE OF ALTERATION, TO UNIT AND/OR TOTAL PRICES MUST BE INITIALED IN INK BY THE BIDDER.
- 6) THE BIDDER MUST SUBMIT WITH THE PROPOSAL BID SECURITY IN THE AMOUNT OF \$ None OR None %
CHECK THE TYPE OF BID SECURITY SUPPLIED:
ANNUAL BID BOND ON FILE: _____ BID BOND ATTACHED: _____
CERTIFIED OR CASHIERS CHECK ATTACHED: _____ LETTER OF CREDIT ATTACHED: _____
- 7) THE BIDDER MUST COMPLETE AND SUBMIT, PRIOR TO THE SUBMISSION OF THE PROPOSAL, OR ACCOMPANYING THE PROPOSAL, THE ATTACHED OWNERSHIP DISCLOSURE FORM. (SEE N.J.S.A. 52:25-24.2). SEE ATTACHMENT 1
- 8) THE BIDDER MUST ATTEND THE MANDATORY PRE-BID CONFERENCE(S) AND SITE VISIT(S) AT THE FOLLOWING DATE(S) AND TIME(S):
PRE-BID CONFERENCE June 3, 2004
SITE INSPECTION NA

ADDITIONAL REQUIREMENTS

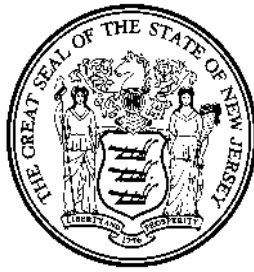
- 9) PERFORMANCE SECURITY: None
- 10) PAYMENT RETENTION NA %
- 11) AN AFFIRMATION ACTION FORM (ATTACHMENT 3 OF RFP)
- 12) A MACBRIDE PRINCIPALS CERTIFICATION (ATTACHMENT 2 OF RFP)
- 13) REQUESTED DELIVERY: SEE DETAILS ELSEWHERE IN RFP
- 14) CERTIFICATION OR NOTIFICATION OF REGISTRATION WITH THE SECRETARY OF STATE IF A FOREIGN (NON-NJ) CORPORATION, IF NECESSARY (SEE N.J.S.A 14A:13-1 ET SEQ. AND N.J.A.C. 17:12-2.12).
- 15) FOR SET ASIDE CONTRACTS ONLY, N.J. DEPARTMENT OF COMMERCE REGISTRATION AS A SMALL BUSINESS (SEE N.J.A.C. 17:13-1.1 et. seq.)

TO BE COMPLETED BY BIDDER

- 16) DELIVERY CAN BE MADE _____ DAYS OR _____ WEEKS AFTER RECEIPT OF ORDER.
- 17) CASH DISCOUNT TERMS (SEE RFP) _____ %, _____ DAYS: NET 60 DAYS. 18) BIDDER PHONE NO: _____
- 19) BIDDER FAX NO. _____ 20) BIDDER E-MAIL ADDRESS. _____
- 21) BIDDER FEDERAL ID NO. _____ 22) YOUR BID REFERENCE NO. _____

SIGNATURE OF THE BIDDER ATTESTS THAT THE BIDDER HAS READ, UNDERSTANDS, AND AGREES TO ALL TERMS, CONDITIONS, AND SPECIFICATIONS SET FORTH IN THE REQUEST FOR PROPOSAL, INCLUDING ALL ADDENDA, FURTHERMORE, SIGNATURE BY THE BIDDER SIGNIFIES THAT THE REQUEST FOR PROPOSAL AND THE RESPONSIVE PROPOSAL CONSTITUTES A CONTRACT IMMEDIATELY UPON NOTICE OF ACCEPTANCE OF THE PROPOSAL BY THE STATE OF NEW JERSEY FOR ANY OR ALL OF THE ITEMS BID, AND FOR THE LENGTH OF TIME INDICATED IN THE REQUEST FOR PROPOSAL. FAILURE TO ACCEPT THE CONTRACT WITHIN THE TIME PERIOD INDICATED IN THE REQUEST FOR PROPOSAL, OR FAILURE TO HOLD PRICES OR TO MEET ANY OTHER TERMS AND CONDITIONS AS DEFINED IN EITHER THE REQUEST FOR PROPOSAL OR THE PROPOSAL DURING THE TERM OF THE CONTRACT, SHALL CONSTITUTE A BREACH AND MAY RESULT IN SUSPENSION OR DEBARMENT FROM FURTHER STATE BIDDING. A DEFAULTING CONTRACTOR MAY ALSO BE LIABLE, AT THE OPTION OF THE STATE, FOR THE DIFFERENCE BETWEEN THE CONTRACT PRICE AND THE PRICE BID BY AN ALTERNATE VENDOR OF THE GOODS OR SERVICES IN ADDITION TO OTHER REMEDIES AVAILABLE.

| | |
|----------------------------------|------------------|
| 23) ORIGINAL SIGNATURE OF BIDDER | 24) NAME OF FIRM |
| 25) PRINT/TYPE NAME AND TITLE | 26) DATE |



Bid Number: 05-X-36817

Request for Proposal for:

**Actuarial and Related Services,
New Jersey Medicaid and FamilyCare Health Care Delivery
System,
NJ Department of Human Services**

Date Issued: May 7, 2004

Purchasing Agency
State of New Jersey
Department of the Treasury
Division of Purchase and Property
Purchase Bureau
PO Box 230
33 West State Street
Trenton, New Jersey 08625-0230

Using Agency
State of New Jersey
New Jersey Department of Human Services
Division of Medical Assistance And Health Services

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1.0 INFORMATION FOR BIDDERS

1.1 PURPOSE AND INTENT

The Purchase Bureau, Division of Purchase and Property, Department of the Treasury (the Division"), on behalf of the State of New Jersey, Department of Human Services, issues this Request for Proposal (RFP).

The purpose of this RFP is to solicit bid proposals to hire a contractor to perform actuarial and related consulting services to assist the State in the development and delivery of an efficient Medicaid and FamilyCare health care system. The contract will provide services for a three-year period with the possibility of an additional two (2) one-year extensions.

The primary duties are to provide actuarial assistance to the Department of Human Services in the implementation and administration of the Medicaid/FamilyCare Managed Care (MCO) program and the Administrative Services Only (ASO) program. The actuarial work required to meet the State's long-term implementation goals is grouped into four distinct areas.

- A. Annual reviews of the State's current health care delivery systems - This work includes actuarial services related to review of the current delivery system as impacted by modifications in federal and State Medicaid/State Child Health Insurance Program (SCHIP)/FamilyCare policies, forecasted State financial and budget constraints and the current cost of providing medical services to the Medicaid and FamilyCare beneficiaries. Based on this review and analysis, the contractor must suggest possible design changes in the State's various health care delivery systems that will lower costs and risk while maintaining or improving the quality of care.
- B. Provide the Department of Human Services with annual Actuarial Certified Managed Care Capitation Rates and ASO Fees. - The contractor will perform the actuarial services needed to develop the capitation rates for beneficiaries participating in the Medicaid/FamilyCare Managed Care (MCO) health care systems and perform the actuarial services needed to develop the administrative fees for beneficiaries participating in the ASO program. For beneficiary groups using non-capitated models or ASO systems, the contractor shall assist in the development of appropriate provider and care management payment schedules and fees.
- C. Provide the Department of Human Services with semi-annual risk adjusted beneficiary medical cost scores - The contractor shall perform the actuarial services needed to provide the State with semi-annual risk adjusted beneficiary medical cost scores. Currently, the risk adjustment process only applies to the Aged, Blind and Disabled without Medicare (ABD w/o Medicare) population. It is anticipated that over the term of this contract, the contractor may be required to develop risk adjusted beneficiary scores for other populations.
- D. Other technical actuarial assistance as required. - These assignments are of an ad-hoc nature and will be developed as needed by the State in the manner as described in Section 3.0.

The intent of this RFP is to award a contract to that responsible bidder whose bid proposal, conforming to this RFP, is most advantageous to the State, price and other factors considered.

1.2 BACKGROUND

1.2.1 Program History

Created by Congress in 1965 as Title XIX of the Social Security Act (SSA), the Medicaid program is a federal-state partnership designed to provide health care coverage to the nation's most vulnerable populations: the poor, the elderly, and the disabled. Medicaid eligibility is federally mandated for individuals receiving cash assistance under the Temporary Assistance For Needy Families and Aid To Families With Dependent Children (TANF/AFDC), and the Supplemental Security Income (SSI) programs, as well as certain specified related groups. In addition to guaranteed eligibility entitlement, Congress also mandated a basic set of services that states must provide. These mandated services include acute care, long-term care, transportation and home-health and screening - treatment services for children. Within this federal

framework are optional eligibility categories and benefits, which allow states to tailor their Medicaid program to meet the needs of their own populations.

In the Balanced Budget Act of 1997 under Title XXI, The State Children Health Insurance Program (SCHIP) was established as an additional federal-state partnership designed to provide health insurance for children with family incomes that excluded their participation in Medicaid. The health benefit package under this program provided greater options to the state in designing a package to best fit the beneficiary and state's needs. In 2000, Title XIX and XXI were extended to include lower income parents of SCHIP children. Both of these programs were implemented in New Jersey under the program title of NJ FamilyCare. The children's program in New Jersey started in 1998 with their parents added in 2001. The State in 2001 under NJ FamilyCare has provided health insurance benefits to families covered under Title XIX and XXI and to lower income adults (single and married) without dependent children.

The New Jersey Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) is responsible for the administration of:

- A. The New Jersey Medicaid program, including optional eligibility groups and benefits. The New Jersey Medicaid program in December 2003 covered approximately 755,100 individuals for the payment and delivery of their health care services. Appendix 3 provides information regarding the enrollment and eligibility by major category of eligibility.
- B. The New Jersey FamilyCare program. In December 2003, approximately 140,100 beneficiaries were covered in this program for the payment and delivery of their health care services.

1.2.2 Ongoing Managed Care Initiatives

Since 1982, DMAHS has provided a voluntary Managed Care Program as an alternative to the traditional Fee For Service (FFS) program. In September 1995, under a Section 1915(b) waiver, two Medicaid eligibility groups, AFDC/TANF and AFDC-related (low-income) Medicaid eligibility categories (SOBRA expansion groups), were enrolled under a mandatory Managed Care Program with most of the enrollment completed by the end of 1997. The few remaining small-populated counties were enrolled during 1998. The current enrollment of these groups remains around 96 percent.

In October 2000, all non-institutionalized Aged, Blind or Disabled (ABD) beneficiaries without Medicare became mandatory enrollees for managed care under a county phase-in enrollment process. However, the phase-in has been slower than initially anticipated, Only one county, Camden, has had mandatory enrollment into managed care. The phase-in is scheduled for completion by the end of the State Fiscal Year (SFY) 2005, June 30, 2005. In December 2003, there were 44,600 beneficiaries enrolled representing 47% of this population. The mandatory process required a Center for Medicare and Medicaid Services (CMS) 1915(b) waiver of the Social Security Act and 42 CFR 431.55 for the disabled children and a State Plan Amendment for the ABD Adults.

The NJ FamilyCare Health Insurance program started in early 1998 for children (SCHIP) and in late 2001 for their parents and adults without dependent children. From the beginning, NJ FamilyCare was specified as a mandatory Managed Care Program.

Under the current Managed Care Program design, non-institutionalized children who are wards of the State through the Division of Youth and Family Services (DYFS) and ABD with Medicare may enroll in Managed Care on a voluntary basis. These voluntary enrollments have been limited. Starting this year, long term DYFS children are being aggressively enrolled into managed care. This new initiative should result in an increased enrollment, from less than 1,000 to around 8,000 by the beginning of 2005. ABD without Medicare will continue to enroll on a voluntary basis until their county of residence is scheduled for mandatory enrollment. Once an ABD without Medicare beneficiary enrolls, his/her enrollment status becomes mandatory and he/she may not select to return to Fee for Service.

Starting November 1, 2003, the State implemented a non-risk Administrative Services Only program (ASO) administered under the name of Managed Care Services Administrator (MCSA) for two Medicaid/FamilyCare populations. These include FamilyCare Adults without dependent Children up to 250% of the Federal Poverty Line (FPL) including those participating in NJ Health Access and all Restricted Aliens (non-citizen residents of the United States for fewer than five years) participating in either Medicaid or

FamilyCare program categories. In the ASO program, the Plans (three of the current managed care Plans) provide health and medical services management to the beneficiaries using the Plans network of providers. The ASO program in December 2003 served approximately 13,500 beneficiaries. The number of beneficiaries served will decrease over the next few years since no additional program applications are being accepted.

As of December 2003, there were approximately 638,500 Medicaid and NJ FamilyCare beneficiaries enrolled in the Managed Care Program out of a total Managed Care eligible population of 811,600, (79% of the Managed Care eligible population).

While the Medicaid and NJ FamilyCare programs provide coverage for a broad range of health care services, the benefit package covered under Managed Care focuses on acute care services. Behavioral health services, personal care, medical day care and a few other small health related services continue to be reimbursed outside of the Managed Care contracts on a Fee-For-Service (FFS) basis.

Currently New Jersey has contracts with five private Health Maintenance Organizations (HMOs) for the provision of medical services on a capitated, full-risk basis with three of these HMOs also providing non-risk ASO services for a management fee.

A managed care contract starting on July 1, 2005 will be in place when this actuarial contract becomes effective. The current full risk capitated rates and the ASO fees under this Managed Care Program were developed through the DMAHS' current actuarial contract with Mercer Government Human Resource Consulting whose 8 plus year contract including extensions will expire on August 31, 2004.

The State is in the transition of relying less on Fee for Service (FFS) data in rate setting since very limited current FFS data exist for the mandatory enrolled populations. The most current years of credible FFS claims data are as follows:

- A) AFDC/TANF - (Calendar Year) CY1995
- B) ABD with Medicare - CY2003
- C) ABD without Medicare – CY2001/2002
- D) NJ FamilyCare – there are no FFS data

In SFY2002, the rates were based entirely on trended FFS data but in SFY2003 the primary source of data shifted to quarterly HMO financial reports by rate group classification based on eligibility, status and demographic criteria. A copy of the certification letter for SFY2004 rates is included in Appendix 4. The work completed in the development of these 70 separate capitation rates and ASO fees for SFY04 may be described in the several steps set forth below:

- A. Review the calendar 2002 quarterly financial reports. Make modifications in the HMO data to assure consistency between HMOs and rate groups.
- B. Adjust the financial reports' "incurred but not reported" (IBNR) estimates based on the actuary's independent calculation of the IBNRs. These estimates by major category of service were developed from quarterly claims lag reports provided by the Plans.
- C. Develop blending factors by rate group to reflect the blend ratio between the financial data and previous years' rates. The current blending percentages are based on the enrollment size and the availability and age of reliable FFS data for the rate group. In those rate groups with limited enrollment member months and where previous rates were based on relatively recent FFS data, the new rates reflect a blending weighted toward the previous year's rates. In rate groups with large enrollment providing for greater data reliability and where previous rates based on FFS data are more than five years old, the blending was primarily based on the adjusted financial data.
- D. Adjust the medical expenditures and enrollment estimates for policy changes and trend.
- E. Load the administrative and profit components.

1.2.3 Future Directions

The State is exploring various health care delivery system options for a portion of the State program as an alternative to the current combination of FFS, full risk Managed Care, and ASO Only programs. Options include several variants of ASO and Preferred Provider Organization (PPO) systems. The contractor will assist the State in this decision process including the identification of the most appropriate system options. If decisions are made to change the health care delivery system, the implementation will probably be phased in during the first couple years of this contract.

In an HMO Managed Care environment, the continued erosion of satisfactory FFS data will further complicate the rate setting approach under this contract. Relatively current FFS data will be extremely limited for SFY 2006 rates for all groups with the exception of ABD and DYFS beneficiaries. Encounter data have been received from the HMOs since 1995 but only the most recent years have any level of credibility. Even the most current encounter data are still incomplete and inconsistent within and between HMOs. For SFY04 rates, the State actuarial firm determined that the encounter data were usable for the risk adjustment process but were not reliable for rate setting purposes. The State, through an extensive review process under contract with the PRO of New Jersey, is working with HMOs to improve the level of reliability. Before encounter data are considered for rate setting, the actuary will have to make a thorough review of these data sources.

The State does not plan any new beneficiary groups or additional mandatory population enrollment mandates over the next few years (Although, the current medical service benefit packages for FamilyCare and Medicaid may have minor modifications over the term of this contract). In general, the State does not anticipate any major policy changes over the next few years except the adoption of other medical service delivery systems.

1.2.4 Managed Care Full Risk and ASO Program Overview

The current Managed Care Program excludes some services and populations. Primary service exclusions are:

- A) Behavioral health services with the exception of the clients of the Division of Developmental Disabilities (DDD)
- B) Home Health Services for ABD w/o Medicare
- C) Medical Day Care
- D) Personal Care
- E) Therapy services – Physical, Speech and Occupational

Primary population exclusions are :

- A) Beneficiaries residing in a long term care facility or those receiving services through institutional or home and community based waived services with exception of non-institutionalized DDD

A detailed list of covered and non-covered services and population exclusions is provided in the Managed Care contract. A copy is located on the New Jersey State web site, www.state.nj.us/humanservices/health_care, under the Department/Division section.

In addition to monthly capitated payments, the State directly reimburses the Managed Care organizations for their cost associated with AIDS drugs, maternity, Early and Periodic Screening, Diagnosis and Treatment (EPSDT) payment supplement (\$10) and certain blood products. The reimbursement for drugs and blood products is based on the lesser of State payment rate or HMO cost. Maternity reimbursement is an inclusive payment to cover all costs associated with pre-natal, delivery services, postpartum and first 75 days of the newborn's medical claims. The HMO contract provides detailed information on the non-capitated HMO payments.

The excluded Managed Care services continue to be covered by the State on a FFS payment basis outside of the HMO and ASO contract. The services are referred to as wrap-around services in the contract.

1.3 Key Events

1.3.1 Questions and Inquiries

It is the policy of the Division to accept questions and inquiries from all potential bidders receiving this RFP.

Written questions can be, e-mailed, faxed or mailed to the Purchase Bureau to the attention of the assigned Purchase Bureau buyer at the following address:

Attn: Edward T. Cotterell
State of New Jersey
Division of Purchase and Property
Purchase Bureau
PO Box 230
Trenton, New Jersey 08625-0230
Phone Number: 609-984-6241
Fax Number: 609-292-5171

E-Mail: <mailto:Ed.Cotterell@treas.state.nj.us>

1.3.1.1 Cut-Off Date For Questions And Inquiries

A Mandatory Pre-Bid Conference is scheduled for this procurement. The purpose of the Pre-Bid Conference is to receive and answer questions. However, this RFP allows an additional three days after the Pre-Bid Conference for bidders to submit written questions. Any questions posed after the Pre-Bid Conference must be directed to:

Attn: Edward T. Cotterell
State of New Jersey
Division of Purchase and Property
Purchase Bureau
PO Box 230
Trenton, New Jersey 08625-0230

E-Mail: <mailto:Ed.Cotterell@treas.state.nj.us>
Phone Number: 609-984-6241
Fax Number: 609-292-5171

The cut-off date and time for questions and inquiries relating to this RFP after the Pre-Bid Conference is:

| | |
|--------------|---------------------|
| Date: | June 8, 2004 |
| Time: | 5:00 PM |

1.3.1.2 Question Protocol

Questions must be submitted in writing to the attention of the assigned Purchase Bureau buyer. Written questions should be directly tied to the RFP by the writer. Questions should be asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

Short procedural inquiries may be accepted by telephone by the Purchase Bureau buyer, however, oral explanations or instructions given over the telephone shall not be binding upon the State. Bidders shall not contact the Using Agency directly, in person, by telephone or by Email concerning this RFP.

1.3.2 Mandatory site visit

Not Applicable.

1.3.3 Mandatory Pre-Bid Conference

A Mandatory Pre-Bid Conference has been scheduled for this procurement. The date, time and location are provided as follows:

| | |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date: | June 3, 2004 |
| Time: | 10:00 AM |
| Location: | DEPARTMENT OF THE TREASURY DIVISION OF PURCHASE AND PROPERTY PURCHASE BUREAU BID OPENING ROOM, 9TH FLOOR 33 WEST STATE STREET TRENTON, NJ 08625-0230 Directions to the Pre-Bid Conference can be found at the following website: http://www.state.nj.us/treasury/purchase/directions.shtml |

CAUTION: Bid proposals will be automatically rejected from any bidder that was not represented or failed to properly register at the Mandatory Pre-Bid Conference.

The purpose of the Mandatory Pre-Bid Conference is to provide a structured and formal opportunity for the State to accept questions from bidders regarding this RFP.

Any revisions to the RFP resulting from the Mandatory Pre-Bid Conference or submitted in the three day question period after the Pre-Bid Conference will be formalized as a written addendum to the RFP. Answers to deferred questions will also be formalized as a written addendum to this RFP. See RFP Section 1.4.1 for procedure to obtain addenda from the Purchase Bureau website.

1.3.4 Submission Of Bid Proposal

In order to be considered for award, the bid proposal must be received by the Purchase Bureau of the Division of Purchase and Property at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE RIGHT PLACE WILL BE REJECTED. THE DATE, TIME AND LOCATION ARE:**

| | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>DATE:</u> | July 1, 2004 |
| <u>TIME:</u> | 2:00 PM |
| <u>LOCATION:</u> | BID RECEIVING ROOM - 9TH FLOOR PURCHASE BUREAU DIVISION OF PURCHASE AND PROPERTY DEPARTMENT OF THE TREASURY 33 WEST STATE STREET, P.O. BOX 230 TRENTON, NJ 08625-0230 Directions to the Purchase Bureau can be found on the following website: http://www.state.nj.us/treasury/purchase/directions.shtml |

1.3.5 Document Review Room

Not Applicable

1.4 Additional Information

1.4.1 Revisions to this RFP

In the event that it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum.

ALL RFP ADDENDA WILL BE ISSUED ON THE PURCHASE BUREAU WEB SITE. TO ACCESS ADDENDA THE BIDDER MUST SELECT THE BID NUMBER ON THE PURCHASE BUREAU BIDDING OPPORTUNITIES WEB PAGE AT THE FOLLOWING ADDRESS:

[HTTP://WWW.STATE.NJ.US/TREASURY/PURCHASE/BID/SUMMARY/BID.SHTML.](http://www.state.nj.us/treasury/purchase/bid/summary/bid.shtml)

There are no designated dates for release of addenda. Therefore interested bidders should check the Purchase Bureau "Bidding Opportunities" website on a daily basis from time of RFP issuance through bid opening.

Bidders are solely responsible to be knowledgeable of all addenda related to this procurement.

1.4.2 Addendum as a Part of this RFP

Any addenda to this RFP shall become part of this RFP and part of any contract resulting from this RFP.

1.4.3 Issuing Office

This RFP is issued by the Purchase Bureau, Division of Purchase and Property. The buyer noted in Section 1.3.1 is the sole point of contact between the bidder and the State for purposes of this RFP.

1.4.4 Bidder Responsibility

The bidder assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after bids are opened because of a bidder's failure to be knowledgeable of all the requirements of this RFP. By submitting a bid proposal in response to this RFP, the bidder represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

1.4.5 Cost Liability

The State assumes no responsibility and bears no liability for costs incurred by bidders before the award of the contract resulting from this RFP.

1.4.6 Contents of Bid Proposal

The entire content of every bid proposal will be publicly opened and becomes a public record. This is the case notwithstanding any statement to the contrary made by a bidder in its bid proposal.

All bid proposals, as public records, are available for public inspection. Interested parties can make an appointment with the Purchase Bureau buyer to inspect bid proposals received in response to this RFP.

1.4.7 Price Alteration

Bid prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Failure to do so may preclude an award being made to the bidder.

1.4.8 Joint Venture

If a joint venture is submitting a bid proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture's bid proposal. Authorized signatories from each party comprising the joint venture must sign the bid proposal. A separate Ownership Disclosure Form, Affirmative Action Employee Information Report, MacBride Principles Certification, and business registration must be supplied for each party to a joint venture.

2.0 DEFINITIONS

The following definitions shall be part of any contract awarded or order placed as result of this RFP.

2.1 STANDARD DEFINITIONS

Addendum – Written clarification or revision to this RFP issued by the Purchase Bureau.

Amendment – A change in the scope of work to be performed by the contractor. An amendment is not effective until it is signed by the Director, Division of Purchase and Property.

Bidder - An individual or business entity submitting a bid proposal in response to this RFP.

Contract - This RFP, any addendum to this RFP, and the bidder's proposal submitted in response to this RFP, as accepted by the State.

Contractor - The contractor is the bidder awarded a contract.

Director - Director, Division of Purchase and Property, Department of the Treasury. By statutory authority, the Director is the chief contracting officer for the State of New Jersey.

Division - The Division of Purchase and Property

Evaluation Committee - A committee established by the Director to review and evaluate bid proposals submitted in response to this RFP and to recommend a contract award to the Director.

May - Denotes that which is permissible, not mandatory.

Project - The undertaking or services that are the subject of this RFP.

Request for Proposal (RFP) – This document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of the using Agencies as identified herein.

Shall or Must – Denotes that which is a mandatory requirement. Failure to meet a mandatory requirement will result in the rejection of a bid proposal as materially non-responsive.

Should - Denotes that which is recommended, not mandatory.

State Contract Manager – The individual responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work. All questions and concerns regarding the operation of this contract shall be directed to the State Contract Manager.

Subtasks – Detailed activities that comprise the actual performance of a task.

State - State of New Jersey.

Task – A discrete unit of work to be performed.

Using Agency or Agency - The entity for which the Division has issued this RFP and will enter into a contract.

Work Day (Business Day) - Monday through Friday, excluding official State Holidays.

2.2 CONTRACT SPECIFIC DEFINITIONS

Administrative Load Assumption - The portion of the capitation rate provided to the Plan to cover the cost of administration and profit

All Inclusive Hourly Rate – A rate that incorporates all direct and indirect costs including, but not limited to fees and/or profit, general clerical and administrative support, materials, supplies, all documents, forms and reproductions and all travel expenses.

ABD w/o Medicare - Aged, Blind and Disabled without Medicare

AFDC - Aid to Families with Dependent Children. Persons in this program are eligible for Medicaid.

Annotated Bibliography Directory - The brief description of all the documents provided for review by the current State Actuary related to the State Actuary's work and rate setting over the last few years.

ASO - Administrative Services Only program - a not for risk non-capitated program. The program was initiated in November 2003 to provide health services to FamilyCare Adults without dependent children up to 250% FPL and restricted Aliens participating in either Medicaid or NJ FamilyCare. The program is administered under the name of Managed Care Services Administrator (MCSA).

ASO Fees – Administrative fee - A fee provided to the Managed Care Services Administrator (ASO Plan) for the administration and care management of the beneficiaries.

Beneficiary – A person receiving the health benefits from the State

Capitation Rates – The all-inclusive rates paid to HMOs for providing medical services to Medicaid and FamilyCare beneficiaries on a per person basis. The Plans are at risk for any cost above these rates.

CDPS Chronic-illness Disability Payment System is a risk adjustment capitation rate model that provides an adjustment to the base capitation rate based on demographic and health acuity indicators.

CMS- Center for Medicare and Medicaid Services. The Federal department that administers the Medicaid and SCHIP programs.

Culturally Competent – A program that is designed with sensitivity to cultural differences of the beneficiaries.

Demographic - In this context, population characteristics such as indicators are county of residence, age, sex, income level, and program eligibility category.

DDD - Division of Developmental Disabilities. This Division of the New Jersey Department of Human Services provides services to the developmental disabled population.

DMAHS - Division of Medical Assistance and Health Services. DMAHS is a division of the New Jersey Department of Human Services that provides a voluntary Managed Care Program as an alternate to the traditional fee for service program.

Encounter – A claim received by the HMO from its contracted health providers for Medicaid/FamilyCare enrollees. The encounter is submitted to the State identifying the beneficiary, type of service, diagnoses, etc.

EPSDT – Early and Periodic Screening, Diagnosis and Treatment, this is a precise medical procedure by medical providers for children.

Federal HHS – Federal Department of Health and Human Services

FFS - Fee For Service - Payment for medical services based on a fee schedule for each type of service. Managed Care beneficiaries receive behavioral health services, personal care, medical day care and other services are provided on a fee for service basis outside of managed care as wrap-around services.

FPL – Federal Poverty Line - State Medicaid and FamilyCare eligibility are based on certain percentages of the FPL.

HMO – Health Maintenance Organization - The list of current HMOs contracted with the State are located on the NJ State - DMHS web site, see page 11 for WEB address.

HMO Medical Loss Ratio (MLR) – MLR is the medical cost component of the revenue the HMO receives, broken out by various categories of eligibility.

HMO Quarterly Financial Reports – The HMOs provide these reports on their revenue and cost broken out by major categories of eligibility.

Incurred But Not Reported (IBNR) Claims – These are claims against an HMO for services provided but not yet billed or processed.

Lag Triangles – A chart providing the claim lags associated with certain types of claims, e.g. hospital out-patient, physician, etc.

Level of Effort - For any tasks assigned to the contractor where the State Contract Manager describes and defines the work to be done and the contractor proposes the staffing and hours needed to perform the task. The hours and labor are subject to the State Contract Manager's approval. Once approved the contractor is bound to perform the work using the labor assigned within the hours approved by the State Contract Manager. Any project or task defined performed in this manner is referred to as a level of effort task.

MCO - Managed Care Organization - In this RFP MCO and HMO are used interchangeably.

MCSA – Managed Care Services Administrator - The State's ASO program providing medical services to FamilyCare Adults Without Dependent Children and Restricted Alien Adults.

NJ FamilyCare - A State Program Providing health services to certain populations not eligible for Medicaid

NJ Health Access – A program for Parents and Adults without dependent children that operates as a part of NJ FamilyCare, which is accepting no new applications.

PPO – Preferred Provider Organization – A managed care program based on a list of health service providers with access controlled by the primary care physician.

Rate Group – Represents the classification for beneficiaries for individual capitation based on a combination of eligibility category age, sex, county of residence. In addition to a basic eligibility and demographic classification, a few other rate groups are health based, for example persons with AIDS and developmental disability.

Restricted Aliens – These are beneficiaries that are 100% State funded who are US residents where residency is less than 5 years and who are still under the sponsorship of a organization or individual.

Risk – Medical Cost – The State's capitation program is a full risk program where 100% of the covered medical costs for these populations are the responsibility of the managed care organization. The State also operates a non-risk program under the MCSA /ASO where the State reimburses the managed care organization for the full medical cost of the beneficiary.

Risk Adjusted Beneficiary – Managed care enrollees with the eligibility category of Aged, Blind, Disabled without Medicare. These beneficiary based capitation rates are adjusted to reflect their health status.

Risk Adjustment Coefficients/Weights – Regression coefficient associated with each demographic and health acuity measure.

Risk Score – The risk factor assigned to each ABD w/o Medicare is based on its health care cost risk.

SCHIP - State Child Health Insurance Program. A federal-state partnership program designed to provide health insurance for children whose family income excludes them from participation in Medicaid. The program was created in the Balanced Budget Act of 1997 under Title XXI. In late 2001, parents and adults without children were added to this program as New Jersey FamilyCare Health Insurance Program. This is a managed care program.

SFY – State Fiscal Year. State fiscal years run from July 1 through June 30.

SSI - Supplemental Security Income program.

TANF - Temporary Assistance for Needy Families. Persons receiving cash assistance under this program are eligible for Medicaid.

Title XIX – Established the federal support and program identified as Medicaid.

Title XXI - Established the federal support and program identified as SCHIP and is the federal side of the State's FamilyCare and Kid Care program.

Waivered Programs – These are classifications of certain beneficiaries for special programs designed for the beneficiaries particular health status. A few of these categories require CMS approval for their inclusion into managed care systems. Fro example disabled children under the ABD without Medicare.

3.0 SCOPE OF WORK

3.1 Contractor Requirements

The contractor must maintain the quality of experienced staff that was proposed in its bid proposal for the duration of the contract and perform all tasks in the timeframes specified within the RFP.

3.2 Key Events

The following dates represent major program milestones with which the completion of Projects and Tasks enumerated in this RFP must be coordinated. The completion of these Projects and Tasks for the Managed Care rates and other components must be implemented on the same month and day for each State Fiscal Year for the term of the contract.

A. Initial Year Event Dates:

| Event | Timeline |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1. Review of current healthcare delivery systems with suggested modifications. | 09/01/04 |
| 2. Annotated directory of review documents from previous contractor. | 09/01/04 |
| 3. First work plan through 6/30/05 with estimated budget. | 09/15/04 |
| 4. Initial Draft SFY 06 Capitation Rates. | 11/15/04 |
| 5. Provide Risk Scores for the second half of SFY05 | 12/01/05 |
| 6. Revised SFY06 Rates incorporating 3rd quarter HMO financial reports. | 12/10/04 |
| 7. Final SFY06 Capitation Rates package including certification letter based on a review of the 4th quarter HMO financial reports. | 03/14/05 |
| 8. Provide SFY06 risk scores for risk-adjusted populations. | 05/09/05 |

B. Recurring Annual Events and Dates:

| Event | Timeline |
|----------------------------------------------------------------------------------------|-----------------|
| A. Initial Annual work plan and estimated budget for next SFY. | Early May |
| B. Review current healthcare systems with suggested next SFY modifications. | Mid - August |
| C. Revised Work plan and estimated budget. Current SFY | Early September |
| D. Initial Draft Capitation Rates. | Mid-November |
| E. Revised capitation Rates incorporating third quarters HMO Financial reports. | Mid-December |
| F. Final Capitation Rates with Certification Letter. | Mid-March |
| G. Provide risk scores for risk-adjusted populations, July – December Table. | June 1 |
| H. Provide risk scores for risk adjusted populations, January – June Table. | December 1 |

C. Communication

The contractor shall maintain good communication with the State on all work plan activities and task assignments.

D. Weekly Phone Conferences between Contractor and State.

The contractor shall arrange weekly telephone conference calls with the State Contract Manager for approximately one to one and half-hour to discuss work in progress, current issues, information exchanges, etc. These calls may be shorter during periods of reduced consulting activity. Participants in the telephone conference calls should include, at a minimum, the contractor's engagement manager, relevant project managers and an actuary.

3.3 Project Initiation, Work Plans and Budget

Review of documents and data: During the first sixty (60) days of this contract, the contractor shall organize and review all documents and data received from the State's previous actuarial firm. After review, the contractor shall prepare an annotated directory of this material and submit it to the State Contract Manager for review and approval. An annotated directory must include a list of provided documents by subject and date with a brief description of the subject matter, results and recommendation where appropriate.

Draft Annual Work Plan and Draft Annual Budget: Within 60 days of the award of this contract, and annually thereafter, the contractor must prepare in draft, a one year work plan and one year budget for the contractor's activities to be performed over the first fiscal year and submit that work plan and budget to the State Contract Manager. The draft work plan must include the contractor's approach to:

All key events as specified in this contract with a schedule of projected completion dates.
An estimate of the contractor's work time needed for all work items associated with each task and deliverable.
An estimate of the mix of contractor staff that will be assigned to the tasks.
An estimate of the work time to be assigned to each staff member (identify the individual persons).
A discussion of any replacement staff from that presented in the bid proposal or in the prior work plan.
The Identification of the replacement staff with associated resumes.
A budget and staffing hours to perform any special assignment.

The contractor's draft budget must include all planned expenses for each work item and deliverable. Under this contract the only accepted expenses are the all inclusive hourly rates for staff.

Meeting on Work Plan and Contractor's Budget - Shortly after submission of the draft work plan and budget to the State Contract Manager, the contractor and the State Contract Manager will meet to discuss the first year draft work plan and budget

Final Work Plan and Budget - After the budget and work plan meeting, the contractor shall prepare and submit a final revised detailed work plan and a final budget for the first State Fiscal Year based on the comments and directions of the State Contract Manager within 10 days of that meeting.

Future Work Plans and Budgets – The contractor shall prepare for each SFY a work plan and budget. The annual draft fiscal year work plan and budget shall be submitted for State review in May for the next SFY. All draft work plans and budgets shall first be submitted to the State Contract Manager for review and approval, with subsequent submittal of a final revised budget and work plan that includes the State Contract Manager's comments and direction. A face to face meeting with the State Contract Manager is not required for future work plan discussions.

- A. **Deliverable 1:** The contractor shall deliver a copy of the annotated directory to the State Contract Manager.
- B. **Deliverable 2:** The contractor shall deliver a draft and final detailed Contractor Work Plan and Contractor Budget for each SFY. This Work Plan and budget shall be due mid-May of each year except for the first year of the contract.

3.4 Project List

3.4.1 Project 1 - Evaluate the State's current Health Care Delivery System model(s)

Task1.1: The contractor shall review and evaluate the State's health care delivery system and make modification recommendations to the health care delivery system that will reduce the State's risk and cost while continuing to deliver a quality health care program.

Based on that review and evaluation, the contractor shall prepare a comparison of the current Medicaid/FamilyCare Health Delivery system with contractor recommended modifications. The analysis must include the impact of the proposed program on the State budget and the financial risk posed by system modifications. Once the Department of Human Services reviews the draft, the State Contract Manager will convey any changes needed to the contractor. Based on the DHS comments, the contractor shall produce final system model(s) that include budgetary and health delivery service comparisons between the current Managed Care system and the selected model(s). This evaluation report should provide the State with the necessary information to make informed decisions regarding the continuation of the current program models versus any recommended changes to the model(s). Based on the direction given by the State Contract Manager, the final report could include full risk and shared risk models of Managed Care, Administrative Services Only (ASO), Preferred Provider Organization (PPO) and/or hybrid systems.

Note: This task level of effort should be considered minimal in the typical work year unless the State is considering major policy and system changes. At the time this RFP was written, the State was not considering major changes. The exception to this will occur during the first contract year. In the first year this task will be more extensive because it encompasses the contractor's background review of the current health care delivery system and its operation.

A. Deliverable 3: The contractor shall submit a draft and a final report on the Current Medicaid/FamilyCare Health Delivery System as specified above along with comparisons and evaluations of recommended changes to the system. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable.

3.4.2 Project 2 - Evaluation and monitoring of HMOs

A. Task 2.1: The contractor shall review, monitor and evaluate each HMO's quarterly financial report for data consistency and reporting errors. In performing this review, the contractor shall pay particular attention to the Incurred But Not Reported claims (IBNR) calculations and lag triangles. The contractor shall review the financial reports directly with the HMO Plans to correct any errors and inconsistencies.

B. Task 2.2: The contractor shall develop a financial comparison report that compares all HMO Plans with each other and with a contractor-developed average of all the HMO plans. The contractor shall also develop and include in the HMO comparison report, a cumulative, year-to-date comparison of the HMOs' financial reports in a format recommended by the contractor.

C. Deliverable 4: The contractor shall deliver a Comparative Quarterly HMO Financial Report four times a year which includes all work specified in Tasks 2.1 and 2.2. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable

D. Task 2.3: The contractor shall develop HMO financial and medical management efficiency reports to assist in the evaluation of HMO performance and financial stability. These reports will be derived from the contractor's findings from the financial review of the HMO's quarterly reports. The financial and medical management efficiency reports shall include:

- 1) An examination of the accuracy of the HMO financial report and IBNR estimates,
- 2) An examination of the HMO Medical Loss Ratios, profitability and financial solvency, and

3) A section on measures of medical management efficiency developed by the contractor. These measures of medical management efficiency will determine an efficient Managed Care Operation. These measures of medical management efficiency shall be used in the development of the capitation rates in Project 3.

- E. **Deliverable 5a:** HMO financial and medical management efficiency reports. This deliverable includes all components of Task 2.3. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable.
- F. **Task 2.4:** The contractor shall provide a review of the HMOs independent auditor's "Agreed Upon Procedures" related to the auditor's Financial Reports of the rate cell-grouping costs (HMO Contract, section 7.27 and Appendix Section B). The auditor's "Agreed Upon Procedures" is due to the State on June 1 of each year.

This review will include recommendations to the State of necessary rate adjustments if the auditor's opinions are not favorable on any differences between the HMO audited Financial Statements and the financial rate cell cost reports. Based on the auditor's findings, the State may request additional data from the HMOs to assist in this evaluation.

The contractor, using the HMO annual audit report, will review the Medicaid line of business for consistency with the HMO financial and cost reports submitted to the State. If deemed necessary, by the State, the contractor may be required to provide another audit of the HMO's Medicaid line of business. The consulting time and cost will be considered part of project 6 for other technical services.

- G. **Deliverable 5b:** The contractor shall submit the report specified in Task 2.4. The report shall be due to the State by July 1 of each year unless circumstances, such as the need to review unanticipated documents, justify additional time. The State Contract Manager will develop with the contractor a new timeline if it is determined additional time is needed.

3.4.3 Project 3 - Develop the HMO Contract Capitation Rates and other reimbursements

The contractor shall evaluate the previous year's capitation rates and the methodology used to develop those capitation rates. The contractor shall restructure the previous year's methodology for determining capitation rates as needed and develop new managed care capitation rates for the next fiscal year. The new capitation rates will be effective in the next State Fiscal Year. The first draft of these rates shall be provided to the State Contract Manager by November 15 of each year.

- A. **Task 3.1:** The contractor shall review and evaluate the existing capitation rates and the methodology utilized to determine the capitation rates including the adjustments and assumptions used in the rate setting process. This analysis should, at a minimum, incorporate relevant actuarial literature, recent Medicaid practices in other states, New Jersey Medicaid expenditure and utilization information and the revised HMOs' financial information as examined in the prior tasks.
- B. **Task 3.2:** The contractor shall review and evaluate the existing HMO contracts for appropriateness of:
 - 1. Utilization and trend assumptions
 - 2. Health benefit packages provided for each beneficiary group.
 - 1. Administrative load assumptions
 - 2. Medical loss ratio requirement
 - 3. Financial and other reporting requirements
- C. **Task 3.3:** Based on the findings of tasks 3.1 and 3.2, the contractor shall propose revised capitation rates, a revised capitation rate structure, and a revised capitation rate structure calculation methodology. A key portion of this task is the development of an approach providing continuity in the HMO contract and their participation in the program.

- D. Deliverable 6:** The contractor report shall include the findings of the rate methodology review with the proposed methodology and rate structure for the next SFY that includes all work specified in Tasks 3.1, thru 3.3 above. The first draft of this report shall be submitted to the State Contract Manager on September 1 first of each year and will be subject to revision as directed by the State Contract Manager.
- E. Task 3.4:** The contractor shall develop an actuarially sound draft of proposed capitation rates, any revisions needed to the draft capitation rates and final capitation rates. The capitation rates should be structured to encourage HMO contractors to:
- (1) perform in a culturally-competent fashion,
 - (2) identify and adequately provide for the special needs of specific populations,
 - (3) provide adequate compensation for the HMO's services and risk, while attempting to limit the State's costs and risks.
- F. Deliverable 7:** The contractor shall submit Capitation Rate Progress reports (as deemed necessary by either the contractor or State Contract Manager). The purpose of the progress reports is to inform the State Contract Manager on the development of procedural matters in the capitation rate development process. The contractor shall incorporate the State Contract manager's comments into the development of any capitation rate schedules. These reports should include, but are not limited to, a definitive list of all assumptions and adjustments, findings and documentation of all analyses, final data files and key findings in the development of rates. These may be transmitted by letter or e-mail as appropriate.
- G. Deliverable 8:** The contractor shall submit initial, revised and Final Capitation Rate Packages that include all work specified in Task 3.4. These packages must include a capitation rate exhibit, supporting rate calculation sheets, the final capitation rates and a final rate methodology certification letter describing the contractor's capitation rate development methodology. The contractor's final rate methodology certification letter must provide the contractor's certification of the actuarial soundness of the capitation rates and must provide the contractor's certification that the capitation rates meet all Federal HHS and CMS requirements and checklists. The contractor shall deliver the initial draft of this deliverable by mid-November. The contractor shall deliver revised capitation rates incorporating the third quarter financial information by mid-December and the contractor shall deliver the Final Capitation Rate Packages incorporating fourth quarter HMO financials with the certification letter by mid-March. The certification letter is due within two weeks of the delivery of final rates.
- H. Task 3.5:** The contractor shall prepare presentations by MS Power Point which provide all relevant information required to evaluate the proposed capitation rates for the next SFY. Each of these presentations, one for each of the three drafts of rates, shall be prepared to assist State review of the draft rates. The final shall be developed for presentation to the participating HMOs.
- G. Deliverable 9:** The contractor shall provide the State with appropriate presentation material to be used for each of the three versions of the rate development (Task 3.5). The final will be used for the presentation to the State's managed care and ASO participating HMOs. These presentations are due within three days of the due date for the draft rates.

The contractor shall attend the annual Capitation Rate meeting with the HMOs to be held in early April. At the meeting, the contractor will present and discuss the capitation rates. The presentation is a deliverable. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable.

3.4.4 Project 4: Risk Adjustment

- A. Task 4.1:** The contractor shall review and evaluate the current risk adjustment methodology, see CDPS in the definitions, and categories of eligibility included in risk adjustment, and develop recommendations for the risk adjustment methods to be used in the next fiscal year. The State currently uses a specific New Jersey weighting system for adjusting risks instead of the national weighting system. The contractor shall include in the review of the risk adjustment methodology, a comparison of the New Jersey specific weight system and the national weight system provided by the University of California at

San Diego. The review must include an evaluation of the benefits and drawbacks of continuing with the New Jersey specific weighting system instead of switching to the national system.

- B. **Deliverable 10:** The contractor shall deliver a Risk Adjustment Review Report that includes recommendations for the next State Fiscal Year as specified in Task 4.1. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable.
- C. **Task 4.2:** The contractor shall develop State specific risk adjustment weights/coefficients for each New Jersey relevant demographic and medical indicator or if national weights are to be used, the contractor must adjust the weights for specific New Jersey needs. This task will not be performed annually, but will be completed every few years at the discretion of the State and contractor.
- D. **Deliverable 11:** The contractor shall deliver a report entitled "Weights' Table Including Each Demographic and Medical Indicator with its Associated Weight and Relevant Statistical Measures". This report shall be the culmination of work specified in Task 4.2.
- E. **Task 4.3 and Task 4.4:** Twice a year, the contractor shall develop risk scores for each appropriate beneficiary creating a risk adjustment look up table that shows the risk score of each beneficiary. The risk adjustment scores shall be based on risk adjusted payment weights in effect at the time.
- F. **Deliverable 12:** Twice a year, the contractor shall deliver a Risk Score Lookup Table to the State Contract Manager. This table will provide a list of each potentially risk-adjusted beneficiary with its associated risk score. This beneficiary score lookup table shall be revised twice a year and must be developed with sufficient time (30 days) to be effective for July through December and for January through June.

3.4.5 Project 5: Develop ASO fees and provide technical assistance to the ASO program Operation

The contractor shall provide technical assistance in development of ASO fees and ASO program operations for the selected eligibility groups. ASO fees shall be developed concurrently with the development of the managed care rates.

- A. **Task 5.1:** The contractor shall develop ASO models identifying performance and guarantee targets if incentives and/or sanctions are utilized, with appropriate measures of these targets.
- B. **Task 5.2:** The contractor shall develop ASO fees with incentives and sanctions as appropriate (currently no incentives or sanctions are being used). If the model for ASO fees involves bidding by multiple potential vendors, then the contractor shall develop an acceptable fee range. This range is intended to assist the State in negotiating fees with potential ASO program operators.
- C. **Deliverable 13:** The contractor shall deliver ASO fee structures and models with incentives and/or sanctions and with the target measures as specified in Tasks 5.1 and 5.2. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable.
- D. **Task 5.3:** The contractor shall provide a State Budget Analysis incorporating the NJDHS negotiated ASO contracted fee structure. The State Budget Analysis should include the development of appropriate IBNR measures to adequately forecast the total cost of the ASO Program to the State.
- E. **Task 5.4:** The contractor shall monitor and adjust the IBNR assumptions on a quarterly basis providing the State with quarterly financial reports on the ASO system by major categories of eligibility and medical services. The contractor shall make recommendations or modifications if required to the State Contract Manager on the current operation of the ASO system.
- F. **Deliverable 14:** On a quarterly basis, four times a year, the contractor shall submit a Quarterly ASO financial report. This deliverable includes all work specified in Tasks 5.3 and 5.4. The contractor shall submit a draft of this deliverable to the State Contract Manager for review and comment. The

contractor shall revise the draft to include the State Contract Manager's comments in the final deliverable

- G. Deliverable 15:** On an annual basis, the contractor shall deliver to the State Contract Manager a Budget Analysis that defines the impact of the new ASO fee structure on the NJDHS budget.

3.4.6 PROJECT 6: Other Technical Services

The tasks and deliverables completed under Project 6 are projects that will be assigned over the course of the contract and will be performed on a level of effort basis. It is expected that these projects will amount to approximately 30% of the total expenditures incurred under this contract.

Examples of such other technical services include:

- 1) The contractor may be required to propose revisions to the payment schedules for FFS providers,
- 2) The contractor may be required to evaluate and report on the impact that policy changes may have on the State budget. The contractor may also be required to determine the operational feasibility of policy changes and report on the anticipated programmatic effects that a policy change may have on the delivery of health care;
- 3) The contractor may be required to evaluate and propose revisions to HMO and ASO reimbursement procedures;
- 4) The contractor may be required to evaluate the financial cost of proposed legislative and/or NJDHS initiatives;
- 5) The contractor may be required to develop and propose new capitation rates or new ASO fees if new groups of people become eligible for managed care;
- 6) The contractor may be required to develop new capitation rates if a benefit package for certain populations changes; and
- 7) The contractor may be required to evaluate and revise systems and procedures related to any revisions of the commercial premium payment programs and its management information system (MIS). These two programs provide premium payments for Medicaid and FamilyCare beneficiaries with employer-provided health insurance. The MIS system determines the cost effectiveness of the program for each beneficiary compared to the cost in the Medicaid/FamilyCare managed care program.

For each task, the State Contract Manager may issue to the contractor a project request that will provide a description of the work to be performed. This request will specify all project deliverables and timelines.

Upon receiving notice of the project request from the State Contract Manager in either oral or written form, the contractor shall provide to the State Contract Manager a mutually agreed upon timeframe for performing the task and a written response containing the following information:

- 1) A detailed task management plan that includes the name and qualifications of all staff designated by labor category, to be assigned to the task with a proposed schedule or work plan.
- 2) An all-inclusive project cost estimate detailing the estimated number of labor hours, by labor category, and their associated hourly rate and any other related contract allowable project costs, including the time needed to prepare the cost estimate.

The State Contract Manager will review the contractor's management plan and all-inclusive project cost estimate to determine if, when, and how to proceed with the task, and will notify the contractor in writing or by email. The State Contract Manager reserves the right to accept and/or reject contractor personnel, level of effort and/or project cost estimate for any assigned task, and request that the contractor revise and resubmit any task management plan and project cost estimate.

For tasks requiring fewer than 100 billable hours, the request and response approach provided above may, at the State Contract Manager's discretion, be abbreviated to an oral request of work and a delivery of product without a formal management plan or pre-approved task pricing. However, should this occur, the contractor must issue a written statement (email) to the State Contract Manager that briefly describes the project that the contractor has been asked to perform. As with any task, the contractor shall deliver with any invoice for payment, an accounting of the labor hours and labor hourly rates utilized to perform the task

and a description of the work performed. The contractor shall inform the State Contract Manager of progress on the task during the weekly telephone conference calls.

The contractor shall not proceed with any project work until it is so directed in writing by the State Contract Manager.

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 General

The bidder must follow instructions contained in this RFP and in the bid cover sheet in preparing and submitting its bid proposal. The bidder is advised to thoroughly read and follow all instructions.

The information required to be submitted in response to this RFP has been determined to be essential in the bid evaluation and contract award process. Any qualifying statements made by the bidder to the RFP's requirements could result in a determination that the bidder's proposal is materially non-responsive. Each bidder is given wide latitude in the degree of detail it elects to offer or the extent to which plans, designs, systems, processes and procedures are revealed. Each bidder is cautioned, however, that insufficient detail may result in a determination that the bid proposal is materially non-responsive or, in the alternative, may result in a low technical score being given to the bid proposal.

4.2 Proposal Delivery and Identification

In order to be considered, a bid proposal must arrive at the Purchase Bureau in accordance with the instructions on the RFP cover sheet. Bidders submitting proposals are cautioned to allow adequate delivery time to ensure timely delivery of proposals. State regulation mandates that late bid proposals are ineligible for consideration. **THE EXTERIOR OF ALL BID RESPONSE PACKAGES MUST BE LABELED WITH THE BID IDENTIFICATION NUMBER, FINAL BID OPENING DATE AND THE BUYER'S NAME.** All of this information is set forth at the top of the RFP cover sheet (page 3 of the RFP).

4.3 Number of Bid Proposal Copies

Each bidder must submit **one (1) complete ORIGINAL bid proposal**, clearly marked as the "ORIGINAL" bid proposal. Each bidder should submit **seven (7) full, complete and exact copies** of the original. Bidders failing to provide the requested number of copies will be charged the cost incurred by the State to produce the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

4.4 Proposal Content

The bid proposal should be submitted in one volume and that volume divided into four (4) sections as follows:

- Section 1 - Forms (Section 4.4.1)
- Section 2 - Technical Proposal (Section 4.4.2)
- Section 3 - Organizational Support and Experience (Section 4.4.3)
- Section 4 - Cost Proposal (Section 4.4.4)

The following Table describes the format of the bid proposal that should be prepared with tabs (separators), and the content of the material located behind each tab.

| TAB | CONTENTS | RFP SECTION REFERENCE | COMMENTS |
|-----|------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| 1 | Forms | <u>Cover sheet</u> 4.4.1.1 | Completed and signed cover sheet (Page 3 of this RFP) |
| | | 4.4.1.2 | Ownership Disclosure Form (<u>Attachment 1</u>) |
| | | 4.4.1.3 | MacBride Principles Certification (<u>Attachment 2</u>) |
| | | 4.4.1.4 | Affirmative Action Employee Information Report or New Jersey Affirmative Action Certificate (<u>Attachment 3</u>) |
| | | <u>1.1 of the Standard Terms & Conditions</u> | Business Registration from Division of Revenue |
| | | 4.4.1.5 | Not Applicable |
| 2 | Technical Proposal | 4.4.2.1 | Management Overview |
| | | 4.4.2.2 | Contract Management |
| | | 4.4.2.3 | Contract Schedule |
| | | 4.4.2.4 | Mobilization and Implementation Plan |
| | | 4.4.2.5 | Potential Problems |
| 3 | Organizational Support and Experience Proposal | 4.4.3.1 | Location |
| | | 4.4.3.2 | Organization Chart (Contract Specific) |
| | | 4.4.3.3 | Resumes |
| | | 4.4.3.4 | Backup Staff |
| | | 4.4.3.5 | Organization Chart (Entire Firm) |
| | | 4.4.3.6 | Experience of Bidder on Contracts of Similar Size and Scope |
| | | 4.4.3.7 | Financial Capability of the Bidder |
| | | 4.4.3.8 | Subcontractor(s) |
| 4 | Price Proposal | 4.4.4 | Price Schedules (<u>Attachment 4</u>) |

4.4.1 Section 1 – Forms

4.4.1.1 Cover Sheet

The contractor must complete, submit and sign the cover sheet with the RFP (page 3 of the RFP).

4.4.1.2 Ownership Disclosure Form

In the event the bidder is a corporation or partnership, the bidder must complete the attached Ownership Disclosure Form. A completed Ownership Disclosure Form must be received prior to or accompany the bid proposal. Failure to do so will preclude the award of the contract.

The Ownership Disclosure Form is attached as Attachment 1 to this RFP.

4.4.1.3 MacBride Principles Certification

The bidder must complete the attached MacBride Principles Certification evidencing compliance with the MacBride Principles. Failure to do so may result in the award of the contract to another vendor.

The MacBride Principles Certification Form is attached as Attachment 2 to this RFP

4.4.1.4 Affirmative Action

The bidder must complete the attached Affirmative Action Employee Information Report, or, in the alternative, supply either a New Jersey Affirmative Action Certificate or evidence that the bidder is operating under a Federally approved or sanctioned affirmative action program. The requirement is a precondition to entering into a valid and binding contract.

The Affirmative Action Forms are attached as Attachment 3 to this RFP

4.4.1.4 Set Aside Contracts

Not Applicable

4.4.1.5 Bid Bond

Not Applicable

4.4.2 Section 2 - Technical Proposal

In this Section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Work in Section 3.0. The bidder must set forth its understanding of the requirements of this RFP and its ability to successfully complete the contract. This Section of the bid proposal should contain at least the following information:

4.4.2.1 Management Overview

The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative should convince the State that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should convince the State that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

Summary and Background of the health delivery programs. It is important that the bidder demonstrate a basic understanding of the health delivery programs that will be managed under this contract and the actuarial information that must be generated. Therefore, the bidder must submit in the technical proposal a summary and background section that discusses the bidder's relevant experience and understanding of the health care delivery system as described in this RFP. The bidder must show experience and competence in all facets of similar health delivery programs. The bidding firm must demonstrate an understanding of the similarities and differences between the health delivery programs discussed in this RFP and commercial managed care programs.

Technical Proposal to perform the Scope of Work - The bidder shall prepare a technical section that follows the outline of the Scope of Work. It is important that the bidder have a clear idea of the work of this contract. The bidder must describe not only the general work requirements but the bidder's understanding and approach to the work to be performed. Where the scope of work requires the contractor to propose modifications, recommendations or changes to existing programs, the bidder must discuss any modifications, recommendations or changes the bidder thinks are appropriate at the time of bidding or its approach to proposing modifications, recommendations or changes. The bidder's management overview must have the following additional components organized as follows that discuss the work of each section and the bidder's approach to performing that work:

RFP Sections 3.1, and 3.3 - This section must discuss the bidders plans for project initiation, transition work, and plan development related to deliverable 1.

Project 1 - This section shall discuss work plan, budgets and the evaluation of the State's current health care system related to deliverables 2 and 3.

Project 2 - This section shall discuss the evaluation and monitoring of HMOs related to deliverables 4 and 5. For bidding purposes, the bidder shall assume a separate audit will be required of the HMO's Medicaid line of business as described in Task 2.4.

Project 3 - This section shall discuss the development of capitation rates and other reimbursements related to deliverables 6, 7, 8, and 9.

Project 4 - This section shall discuss Risk Adjustment related to deliverables 10, 11, and 12.

Project 5 - This section shall discuss the development of ASO fees and technical assistance related to deliverable 13, 14 and 15.

Project 6 - This section shall discuss the contractor's general ability and willingness to perform other projects as assigned and related to the examples of work discussed in Project 6.

Additional Work Proposals: The tasks and deliverables specified in the Scope of Work are the minimum work items expected by the NJDHS and only specify the major documents and reports the State requires under this contract. The bidder should discuss and propose in the bid proposal additional project tasks and deliverables related to Projects 1 – 5 which the bidder believes would be beneficial to the programs or would enhance information generated such that it could provide a more accurate accounting of costs, could provide better measures on the delivery of care, or would lead to greater efficiencies in the delivery of services. However, any bidder proposed additional tasks and projects will not be automatically approved. Any additional task or project proposed in a bid submission must be re-proposed after contract award and will be subject to the approval, modification, or denial by the State Contract Manager

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to convince the State that the bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the bidder's bid proposal will lead to successful contract completion.

4.4.2.2 Contract Management

The bidder should describe its specific plans to manage, control and supervise the contract to ensure satisfactory contract completion according to the required schedule. The plan should include the bidder's approach to communicate with the State Contract Manager including, but not limited to, status meetings, status reports, etc.

Corporate Firewall Plan: - The bidder must disclose and provide in the bid proposal a corporate firewall plan to institute effective information separation between personnel that perform actuarial work under this contract and personnel that perform consulting services for HMOs or other vendors who contract with the Department of Human Services to provide health care. This RFP and contract does not prohibit a bidder or contractor from performing private consulting services with the HMOs or other vendors that operate portions of the State's health care delivery system. However, it is incumbent on the bidder and contractor to disclose any relationships it has with such HMOs and vendors in the bid proposal. In the Corporate Firewall Plan the bidder shall discuss how it will prevent the private consulting side of the bidders business from affecting, influencing, or receiving non-public and confidential information from the personnel that perform work under this contract. After the contract award, the contractor shall notify by written advisory to the State Contract Manager any planned activities resulting in a potential conflict as described above. This written notification shall include the contractor's detailed plans to avoid any conflict of interest. Any breach of this firewall policy will form a basis for the State Contract Manager to reduce work performed by the contractor under this contract, to file complaints about the contractor's performance with the Division of Purchase and Property in the NJ Department of the Treasury or to take actions that may result in the termination of the contract.

4.4.2.3 Contract Schedule

The bidder must include a contract schedule in the bid proposal. The bidder's schedule shall include all the Key Events and Recurring Annual Events specified in Section 3.2 of the Scope of Work as well as the time of delivery for all deliverables specified in the scope of work. If other key dates are a part of this RFP, the bidder's schedule should incorporate such key dates and should identify the completion date for each task, sub-task and project required by the Scope of Work. Such schedule should also identify the associated deliverable item(s) to be submitted as evidence of completion of each task and/or subtask.

The bidder should identify the contract scheduling and control methodology to be used and should provide the rationale for choosing such methodology. The use of Gantt, Pert or other charts to display this schedule is at the option of the bidder.

4.4.2.4 Mobilization And Implementation Plan

As provided under Section 3.3.

4.4.2.5 Potential Problems

The bidder should set forth a summary of any and all problems that the bidder anticipates during the term of the contract. For each problem identified, the bidder should provide its proposed solution.

4.4.3 Section 3 - Organizational Support and Experience

The bidder should include information relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the bidder's qualifications, and capabilities to perform the services required by this RFP. Resume's of personnel must be submitted.

The Division of Medical Assistance and Health Services (DMAHS) Managed Care Programs will affect the delivery of a broad scope of health services across population groups with vastly different health care needs. Therefore, DMAHS is interested in obtaining the services of a single actuarial contractor that has the experience and capabilities indicated in this section. This section must include a discussion of the following:

- A) The bidder must have at least five (5) years of recent experience with Managed Care related to one or more state Medicaid programs. The bidder shall provide a brief description of its experience and must provide identification and contact information of the bidder's prior employers and clients.
- B) The bidder must demonstrate experience with capitated health-based risk adjustment, preferably experience with CDPS methodology, which is currently used by the State. The bidder must discuss CDPS methods in this section and the bidder's experience with it, including client identifications and contact references if available.
- C) The bidder must discuss its ability to work creatively with the State to address capitation methodology designs including various shared risk models and data sourcing issues that may arise specific to New Jersey's health care delivery system. The bidder must discuss any experience in developing alternate procedures in its prior experience.
- D) The bidder must have direct experience with Administrative Services Only (ASO) and Preferred Provided Organization (PPO) health delivery systems and understand the unique elements of these systems in Medicaid as compared to commercial applications. The bidder must discuss its experience with these programs and provide references to prior employers or clients where the bidder gained that experience with the names and telephone numbers of persons to contact regarding that experience.
- F) The bidder must indicate its commitment to this contract and that it intends to provide a commitment and continuity in staffing such that key project staff will remain tied to this contract between project phases over time. A discussion of this commitment must be included in this section of the bid proposal.

The ability and experience of the contractor in these areas is a necessary component of the success of this consulting assignment and underlies the successful performance of the tasks in the Scope of Work.

4.4.3.1 Location

The bidder should include the location of the bidder's office that will be responsible for managing the contract. The bidder should include the telephone number and name of the individual to contact.

4.4.3.2 Specific Personnel that must be identified in the bid proposal

The bidder in its bid proposal must identify all staff proposed for this contract under one of the following major staff categories with following qualifications and experience. Each person identified must appear on the contract specific organization chart noted in Section 4.4.3.3 below and the bidder must provide résumés for these personnel in accordance with section 4.4.3.4 below:

Title, Level of Expertise and Experience:

| Title | Required Qualifications |
|--------------------------------------|----------------------------------------------------------------------------------------|
| Engagement Manager | (Senior Executive, 5+ Yrs. Medicaid Experience) |
| Project manager/coordinator | 3+ Yrs. Medicaid experience) |
| Senior Actuary Consultant | Fellow of Society of Actuaries (FSA) Must have Medicaid experience, 3+ Yrs. |
| Assoc. Actuary Consultant | Associate Society of Actuaries (ASA). Must have Medicaid experience, 2+ Yrs |
| Senior Analyst/Statistician | 5+ Yrs. Data analysis experience of which 2+ years must be related to Medicaid. |
| Actuary trainee | College degree plus participation in a formal training program to become an actuary. |
| Data Analyst | 2+ Yrs Medicaid experience |
| Senior HealthCare Assoc/Physician | Advanced degree in health care, 3+ Yrs Medicaid experience |
| Health Care Analyst/Nurse | Academic degree, Medicaid experience |
| Accountant/Auditor | 3+ Yrs. Managed Care experience |
| Other Professional Staff (only one) | Provide title and skill level, must have at least 1+ years Medicaid experience deleted |

The bidder may identify one additional other professional staff with different title and expertise from those delineated above in its bid proposal. If the bidder identifies such a person, then the bid must include that person's title, credentials, and experience plus a brief discussion of why that person is needed or may be useful in the performance of work. The bidder may identify only one staff professional in this category. It is expected that the listed titles are broad enough to encompass the bidder's staffing needs. The Other Professional Staff position shall not be used to avoid having actuarial, analytical and management staff with the indicated level of experience. The position is provided in case the RFP listed titles missed an important area of competency. Clerical and non-professional staff will not be accepted as additional other staff. Clerical and other non-professional support that the bidder needs to perform work under this contract shall be included in the bidder's overhead and calculated into the all-inclusive hourly rates for the professional staff.

4.4.3.3 Organization Chart (Contract Specific)

The bidder shall include a contract organization chart, with names showing management, supervisory and other key personnel (including sub-vendor's management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual. The chart shall show all the personnel specified in Section 4.4.3.2.

4.4.3.4 Resumes

Detailed resumes should be submitted for personnel specified in section 4.4.3.2 above and any other professional staff offered by the contractor (Resumes should be structured to emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes should include the following:

- Clearly identify the individual's previous experience in completing similar contracts.
- Beginning and ending dates should be given for each person's experience with similar contracts.
- A description of the similar contract should be given and should demonstrate how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP.
- With respect to each similar contract, the bidder should include the name and address of each reference together with a person to contact for a reference check and a telephone number.

4.4.3.5 Backup Staff

The bidder should include a list of potential backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff and have the minimum qualifications as specified for the positions they backup.

In the event the bidder does not currently have backup staff and must hire replacement personnel if required personnel leave the employ of the bidder, then the bidder should include a recruitment plan in its bid proposal discussing how it will replace lost personnel.

4.4.3.6 Organization Chart (Entire Firm)

The bidder should include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure.

4.4.3.7 Experience of Bidder on Contracts of Similar Size and Scope

The bidder should provide a comprehensive listing of contracts of similar size and scope that the bidder has successfully completed, as evidence of the bidder's ability to successfully complete the services required by this RFP. Emphasis should be placed on contracts that are similar in size and scope to the work required by this RFP. A description of all such contracts should be included and should show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the bidder should provide the name and telephone number of a contact person for the other contract party. Beginning and ending dates should also be given for each contract.

4.4.3.8 Financial Capability of the Bidder

The bidder shall provide proof of its financial capacity and capabilities to undertake and successfully complete the contract. To satisfy this requirement, the bidder shall submit a certified financial statement, including applicable notes, reflecting the bidder's assets, liabilities, net worth, revenues, expenses, profit or loss, and cash flow for the most recent calendar year or the bidder's most recent fiscal year; or, if a certified financial statement is not available, then either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statement. In addition, the bidder must submit a bank reference.

4.4.3.9 Subcontractor(s)

Not applicable to this contract. Subcontracting is not permitted.

4.4.4 Section 4 - Price Proposal

The price schedule is attached to this RFP as Attachment 4.

Failure to submit all requested pricing information may result in the bidder's proposal being considered materially non-responsive. Each bidder must hold its price(s) firm through issuance of contract to permit the completion of the evaluation of bid proposals received and the contract award process.

The bidder's staffing and hours shall be based on the premise that the DHS staff is experienced in generating the necessary FFS claims, encounters, eligibility and HMO reported financial data required in the development of capitation rates and other actuarial required reports. The DHS is also experienced in program data analyses and will take an active role in review of the contractor's work. All background analyses supporting final reports shall be provided to the State Contract Manager for review and revision before a final report is issued.

Attachment 4 is organized as follows and the bidder must provide the following information:

1. Total Bid Price Page; Page 1 - This page creates the bidder's total bid price.
 - Line 1 - On this line, the bidder shall indicate the bidder's price to perform contract initiation services that are related to deliverable #1. This price is to be carried forward from the total price on page 3.
 - Line 2 - On this line, the bidder must provide its price for performing Year 1 tasks that exclude the contract initiation services. This price is carried forward from the total price on page 9.
 - Line 3 - On line 3, the bidder must insert a dollar value equal to 30% of line 2. This shall be the estimated amount for bidding purposes of work performed in Year 1 under Project 6.
 - Line 4 - On this line, the bidder must provide its price for performing Year 2 tasks. This price is carried forward from the total price on page 16.
 - Line 5 - On line 5, the bidder must insert a dollar value equal to 30% of line 4. This shall be the estimated amount for bidding purposes of work performed in Year 2 under Project 6.
 - Line 6 - On this line, the bidder must provide its price for performing Year 3 tasks. This price is carried forward from the total price on page 23.
 - Line 7 - On line 7, the bidder must insert a dollar value equal to 30% of line 6. This shall be the estimated amount for bidding purposes of work performed in Year 3 under Project 6.
 - Total Bid Price - The bidder shall add the totals from lines 1 through 8 to create the total bid price.

2. Year 1 - All-Inclusive Hourly Rates for Professional Staff, Page 2 - On this page, the bidder shall provide all inclusive hourly rates for the required professional staff for Year 1 that runs from July 1, 2004 to June 30, 2005 (SFY2005). A price must be offered for all the professional staff. On or attached to this page the bidder may identify one Other Professional Staff whose skill mix is not covered under one of the listed staff titles with its Year 1 hourly rates that the bidder is offering and believes is necessary for the completion of the Task.
3. Year 1 - Contract Initiation Services - All work associated with deliverable #1, Page 3. - On this page the bidder shall offer an estimate of hours for each labor category that the bidder thinks is appropriate to perform work related to deliverable #1. On the page is an estimate of the total number of hours to perform this work. The bidder shall show the mix of staff hours that add up to the projected total hours, multiply those hours by each professional staff hourly rates as specified on Page 2 and develop a total price to perform the work of this deliverable. The bidder may not substitute Other Professional Staff identified on page 2 for the staff noted on page 3. The Other Professional Staff is for assignments that cannot be carried out efficiently by the listed staff. The total on this page is carried forward to Line #1 on page 1.
4. Year 1 - Projects 1 through 5, Pages 4 through 8, - The bidder shall follow the pattern of bidding and rules as established for Page 3 above. The bidder shall offer a mix of required staff whose total hours match the estimated total hours noted on the page and multiply those hours by the professional hourly rates as specified on Page 2 to develop a total price for each page. For Task 4.2, the contractor shall assume that the contractor shall develop State specific risk adjustment weights/coefficients the first year and once every 3 years thereafter.
5. Total for Year 1, Page 9 - On this page, the bidder shall carry the page totals from pages 4 through 8 and insert them on the appropriate lines on page 9. The bidder shall then add those totals to create a Total Bid Price for Year 1. The total price on this page is entered on the appropriate line on page 1.
6. Year 2 - All-Inclusive Hourly Rates for Professional Staff, Page 10 - The rules for this page are the same for Page 2 except the bidder inserts hourly rates that shall apply to Year 2.
7. Year 2 - Projects 1 through 5, Pages 11 through 15 - The rules for these pages are the same as for pages 4 through 8, except the bidder shall insert Year 2 hourly rates.
8. Total for Year 2, page 16 - The bidder shall follow the same rules as specified for page 9, except the bidders shall use total prices from page 11 through 15.
9. Year 3 - All-Inclusive Hourly Rates for Professional Staff, Page 17 - The rules for this page are the same for Page 2 except the bidder inserts hourly rates that shall apply to Year 3.
10. Year 3 - Projects 1 through 5, Pages 18 through 22 - The rules for these pages are the same as for pages 4 through 8, except the bidder shall insert Year 3 hourly rates.
11. Total for Year 3, page 23 - The bidder shall follow the same rules as specified for page 9, except the bidder shall use total prices from page 18 through 22.

Hourly Rates and Travel Expenses

The personnel hourly rates provided must be all inclusive, including all travel expenses. The rate shall incorporate all direct and indirect costs including, but not limited to fees and/or profit, general clerical and administrative support, materials, supplies, and all documents, forms and reproductions and any travel to and from Trenton or any work site. NJDHS shall not pay any travel expenses to the contractor as an extra expense in the performance of this contract.

5.0 SPECIAL TERMS AND CONDITIONS

5.1 Precedence of Special Terms and Conditions

The contract shall consist of this RFP, addenda to this RFP, the bidder's bid proposal, and the Division's Notice of Acceptance.

Unless specifically noted within this RFP, the Special Terms and Conditions, take precedence over the Standard Terms and Conditions (see Appendix 1).

In the event of a conflict between the provisions of this RFP, including the Standard Terms and Conditions and the Special Terms and Conditions, and any addendum to the RFP, the addendum shall govern.

In the event of a conflict between the provisions of this RFP, including any addenda to this RFP, and the bidder's proposal, the RFP and/or the addendum shall govern.

5.2 Performance Bond

Not Applicable to this contract.

5.3 Business Registration

See Standard Terms & Conditions, Appendix 1, Section 1.1.

5.4 Contract Term and Extension Option

The term of the contract shall be for a period of three (3) years. The anticipated "Contract Effective Date" is provided on the cover sheet of this RFP (page 3 of this RFP). If delays in the bid process result in an adjustment of the anticipated Contract Effective Date, the bidder agrees to accept a contract for the full term of the contract starting from the later start date.

The contract may be extended for two one (1) year periods, by mutual written consent of the contractor and the Director at the same terms, conditions and pricing. The length of each extension shall be determined when the extension request is processed.

Should the contract be extended, the contractor shall be paid at the rates in effect in the last year of the contract.

5.5 Contract Transition

In the event services end by either contract expiration or termination, it shall be incumbent upon the contractor to continue services, if requested by the Director, until new services can be completely operational. The contractor acknowledges its responsibility to cooperate fully with the replacement contractor and the State to ensure a smooth and timely transition to the replacement contractor. Such transitional period shall not extend more than ninety (90) days beyond the expiration date of the contract, or any extension thereof. The contractor will be reimbursed for services during the transitional period at the rate in effect when the transitional period clause is invoked by the State.

5.6 Availability of Funds

The State's obligation to pay the contractor is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless funds are made available each fiscal year to the Using Agency by the Legislature.

5.7 Contract Amendment

Any changes or modifications to the terms of the contract shall only be valid when they have been reduced to writing and executed by the contractor and the Director.

5.8 Contractor Responsibilities

The contractor shall have sole responsibility for the complete effort specified in the contract. Payment will be made only to the contractor. The contractor shall have sole responsibility for all payments due any subcontractor.

The contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under the contract. The contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the contractor's performance of this contract.

5.9 Substitution of Staff

If it becomes necessary for the contractor to substitute any management, supervisory or key personnel, the contractor will identify the substitute personnel and the work to be performed.

The contractor must provide detailed justification documenting the necessity for the substitution. Resumes must be submitted evidencing that the individual(s) proposed as substitution(s) have qualifications and experience equal to or better than the individual(s) originally proposed or currently assigned.

The contractor shall forward a request to substitute staff to the State Contract Manager for consideration and approval. No substitute personnel are authorized to begin work until the contractor has received written approval to proceed from the State Contract Manager.

5.10 Substitution Or Addition Of Subcontractor(s)

Not Applicable. Subcontracting is not permitted under this contract.

5.11 Ownership of Material

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days notice by the State. With respect to software computer programs and/or source codes developed for the State, the work shall be considered "work for hire", i.e., the State, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Agreement, contractor or subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the bidder anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the bid proposal. Otherwise, the language in the first paragraph of this section shall prevail. If the bidder identifies such intellectual property ("Background IP") in its bid proposal, then the Background IP owned by the bidder on the date of the contract, as well as any modifications or adaptations thereto, shall remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the

State a non-exclusive, royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the Contract.

5.12 Data Confidentiality

All financial, statistical, personnel and/or technical data supplied by the State to the contractor are confidential. The contractor is required to use reasonable care to protect the confidentiality of such data. Any use, sale or offering of this data in any form by the contractor, or any individual or entity in the contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

5.13 News Releases

The contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Director.

5.14 Advertising

The contractor shall not use the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

5.15 Licenses and Permits

The contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The contractor shall supply the State Contract Manager with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to the contract award. All costs associated with any such licenses, permits and authorizations must be considered by the bidder in its bid proposal.

5.16 Claims and Remedies

5.16.1 Claims

All claims asserted against the State by the contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

5.16.2 Remedies

Nothing in the contract shall be construed to be a waiver by the State of any warranty, expressed or implied, or any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

5.16.3 Remedies for non-performance

In the event the contractor fails to comply with any material contract requirement, the Director may take steps to terminate the contract in accordance with the State Administrative Code. In this event, the Director may authorize the delivery of contract items by any available means, with the difference between the price paid and the defaulting contractor's price either being deducted from any monies owed to the defaulting contractor or being an obligation owed the State by the defaulting contractor.

5.17 Late Delivery

The contractor must immediately advise the State Contract Manager of any circumstance or event that could result in late completion of any task or subtask called for to be completed on a date certain.

5.18 Retainage

Not Applicable.

5.19 State's Option to Reduce Scope of Work

The State has the option, in its sole discretion, to reduce the scope of work for any task or subtask called for under this contract. In such an event, the Director shall provide advance written notice to the contractor.

Upon receipt of such written notice, the contractor will submit, within five (5) working days to the Director and the State Contract Manager, an itemization of the work effort already completed by task or subtask. The contractor shall be compensated for such work effort according to the applicable portions of its cost proposal.

5.20 Suspension of Work

The State Contract Manager may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order or upon such other date as the State Contract Manager may thereafter direct in writing. The period of suspension shall be deemed added to the contractor's approved schedule of performance. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.21 Change in Law

Whenever an unforeseen change in applicable law or regulation affects the services that are the subject of this contract, the contractor shall advise the State Contract Manager and the Director in writing and include in such written transmittal any estimated increase or decrease in the cost of its performance of the services as a result of such change in law or regulation. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.22 Contract Price Increase (Prevailing Wage)

Not Applicable. Prevailing wages do not apply to this contract.

5.23 Additional Work and/or Special Projects

See Section 3.4.6.

5.24 Form of Compensation and Payment

This Section supplements Section 4.5 of the RFP'S Standard Terms and Conditions. The contractor must submit official State invoice forms to the Using Agency with supporting documentation evidencing that work for which payment is sought has been satisfactorily completed. Invoices must reference the projects and deliverables detailed in the Scope of Work section of the RFP and must be in strict accordance with the contract prices. When applicable, invoices should reference the appropriate RFP price sheet line number from the contractor's bid proposal. The State Contract Manager must approve all invoices before payment will be authorized.

Invoices must also be submitted for any special projects, additional work or other items properly authorized and satisfactorily completed under the contract. Invoices shall be submitted according to the payment schedule agreed upon when the work was authorized and approved. Payment can only be made for work when it has received all required written approvals and has been satisfactorily completed.

5.24.1 Payment to Contractor

The contractor shall submit New Jersey State payment vouchers for payment of work performed on a monthly basis. It is the intention to pay the contractor for work performed and projects completed at the

total price as specified in the contract. If a project extends over two or more months, the State Contract Manager will allow partial monthly payments based on the level of effort performed by the contractor. For every invoice for payment, either full or partial, the contractor shall attach a complete accounting of the work performed, the projects and deliverables completed or partially completed, the professional staff hours worked multiplied by the relevant year's hourly rates. No invoice will be processed without this accounting documentation attached to and submitted with the payment voucher.

The work effort of any project may be adjusted in consultation with and at the direction of the State Contract Manager. This may be needed as work levels for a given task increase or decrease from the work levels anticipated on the price schedules if the State Contract Manager determines that such an adjustment is appropriate. In such instance, the contractor shall provide in advance of such adjustment, a written summary of the increase or decrease in the level of effort for a task, including staffing level changes and anticipated hours to be worked and shall submit that summary to the State Contract Manager for approval before performing work. An advance written summary of work to be performed must be prepared for all work performed under task 6, although such work summary may be transmitted in a brief Email to the State Contract Manager for engagements that will take less than 100 hours.

Issuance of a Purchase Order - The contractor is advised that no work shall be performed until a New Jersey State Purchase Order has been issued to the contractor. The State Contract Manager is not authorized to request the contractor to perform any billable work unless and until a purchase order has been issued to the contractor. The State Contract Manager's authority to direct the contractor to perform work ends when all the money authorized in a purchase order has been expended.

Payment for Project 6 will be based on the State Contract Manager's approved specific level of effort by staff categories with their contracted hourly rates as developed jointly by the State Contract Manager and contractor. This process for implementing tasks under project 6 is provided in section 3.4.6.

In the event, the State requires any change(s) to the scope of work to be performed by the contractor under a specific project. If requested by the State, the contractor shall submit a revised project cost estimate to the State Contract Manager. The revised project price proposal shall include the following:

- A) Changes and/or adjustments caused by the State Contract Manager's change to the scope of work for the project, including any adjustments to timeframes for completion of the project.
- B) An all-inclusive project price estimate, supported by a cost breakdown detailing the estimated number of labor hours, by labor category, and any other related costs required to complete the project, as changed by the State.

5.25 MODIFICATIONS AND CHANGES TO THE STANDARD TERMS AND CONDITIONS

Appendix 1 in this RFP is the State of New Jersey Standard Term and Conditions. The terms and conditions are modified as follows:

5.25.1 LIABILITY - COPYRIGHT

Section 2.1 of Appendix 1, the New Jersey Standard Terms and Conditions, is deleted and replaced with the following:

2.1 Patent and Copyright Indemnity

a. The Contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of the contract.

b. The State of New Jersey agrees: (1) to promptly notify the Contractor in writing of such claim or suit; (2) that the Contractor shall have control of the defense of settlement of such claim or suit; and (3) to cooperate with the Contractor in the defense of such claim or suit, to the extent that the interests of the Contractor and the State are consistent.

c. In the event of such claim or suit, the Contractor, at its option, may: (1) procure for the State of New Jersey the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties.

5.25.2 INDEMNIFICATION

Section 2.2 of Appendix 1, the New Jersey Standard Terms and Conditions, is deleted and replaced with the following:

2.2 Indemnification

The contractor's liability to the State for actual, direct damages resulting from the contractor's performance or non-performance, or in any manner related to the contract, for any and all claims, shall be limited in the aggregate to 400% of the value of the contract, except that such limitation of liability shall not apply to the following:

1. The contractor's obligation to indemnify the State of New Jersey and its employees from and against any claim, demand, loss, damage or expense relating to bodily injury or the death of any person or damage to real property or tangible personal property, incurred from the work or materials supplied by the contractor under the contract caused by negligence or willful misconduct of the contractor;
2. The contractor's breach of its obligations of confidentiality; and,
3. Contractor's liability with respect to copyright indemnification.

The contractor's indemnification obligation is not limited by but is in addition to the insurance obligations contained in Section 2.3 of the Standard Terms and Conditions.

The contractor shall not be liable for special, consequential, or incidental damages.

5.25.3 INSURANCE - PROFESSIONAL LIABILITY INSURANCE

Section 2.3 of Appendix 1, the State of New Jersey Standard Terms and Conditions regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance. Add the following to Section 2.3 of Appendix 1

d) Professional Liability Insurance: The Contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional Liability Malpractice Insurance sufficient to protect the Contractor from any liability arising out the professional obligations performed pursuant to the requirements of the Contract. The insurance shall be in the amount of not less than \$5,000,000 and in such policy forms as shall be approved by the State. If the Contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.

6.0 PROPOSAL EVALUATION/CONTRACT AWARD

6.1 Proposal Evaluation Committee

Bid proposals may be evaluated by an Evaluation Committee composed of members of affected departments and agencies together with representative(s) from the Purchase Bureau. Representatives from other governmental agencies may also serve on the Evaluation Committee. On occasion, the Evaluation Committee may choose to make use of the expertise of outside consultant in an advisory role.

6.2 Oral Presentation and/or Clarification of Bid Proposal

After the submission of bid proposals, unless requested by the State, contact with the State is limited to status inquiries only and such inquiries are only to be directed to the buyer. Any further contact or information about the proposal to the buyer or any other State official connected with the solicitation will be considered an impermissible supplementation of the bidder's bid proposal.

A bidder may be required to give an oral presentation to the Evaluation Committee concerning its bid proposal. The Evaluation Committee may also require a bidder to submit written responses to questions regarding its bid proposal.

The purpose of such communication with a bidder, either through an oral presentation or a letter of clarification, is to provide an opportunity for the bidder to clarify or elaborate on its bid proposal. Original bid proposals submitted, however, cannot be supplemented, changed, or corrected in any way. No comments regarding other bid proposals are permitted. Bidders may not attend presentations made by their competitors.

It is within the Evaluation Committee's discretion whether to require a bidder to give an oral presentation or require a bidder to submit written responses to questions regarding its bid proposal. Action by the Evaluation Committee in this regard should not be construed to imply acceptance or rejection of a bid proposal. The Purchase Bureau buyer will be the sole point of contact regarding any request for an oral presentation or clarification.

6.3 Evaluation Criteria

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate bid proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:

6.3.1 General Criteria

- A. The bidder's general approach and plans in meeting the requirements of this RFP.
- B. The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP.
- C. The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP. This shall include an evaluation of the perceived effectiveness of the bidders corporate information firewall between actuarial work for the State and consulting duties with State contracted HMOs.
- D. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP. This shall include an evaluation of the proposed staff utilization mix for each project.
- E. The overall ability of the bidder to mobilize, undertake and successfully complete the contract. This judgment will include, but not be limited to, the following factors: the number and qualifications of management, supervisory and other staff proposed by the bidder to complete the contract, the

availability and commitment to the contract of the bidder's management, supervisory and other staff proposed and the bidder's contract management plan, including the bidder's contract organizational chart.

6.3.2 The Bidder's Price Proposal

For evaluation purposes, bidders will be ranked according to the total bid price in Attachment 4, as adjusted below if need be:

6.3.3 Bid Discrepancies

In evaluating bids, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum of the column of figures.

6.3.4 Price Discrepancies

On pages 2, 10, and 17 of the Price Schedules, The bidder shall provide the hourly rates that will apply to the first, second and third year of the contract respectively. Any discrepancy between the hourly rates on these pages and the hourly rates shown on the project specific pages for each respective year shall be resolved in favor of the hourly rates on pages 2, 10, and 17.

Example: In year 1, the bidder submits an all inclusive hourly rate for the Engagement Manager of \$70 per hour on page 2 of the Price Schedule and the bidder inserts an hourly rate for the Engagement Manger of \$100 per hour on page 4 of the price schedule. In this case the Evaluation Committee shall adjust the price given on page 4 for the Engagement Manager to \$70. The Evaluation Committee shall then make all adjustments to any total price of which page 4 becomes a part accordingly. If the bidder is awarded a contract, the Department of Human Services shall only pay the Engagement Manager \$70 per hour for all work performed on all tasks related to Year 1 of the contract because that was the price noted on page 2.

Only the bid prices given for the mandatory personnel shall be considered in the evaluation of bids. Any bid prices offer for other personnel shall not be factored into the bid evaluation. If a bidder inserts other personnel in the place of any of the required personnel, that bid shall be considered non-responsive to the bid submission requirements and a contract award will not be recommended to that bidder.

6.4 Contract Award

The contract shall be awarded with reasonable promptness by written notice to that responsible bidder whose bid proposal, conforming to the RFP, will be most advantageous to the State, price and other factors considered. Any or all bids may be rejected when the State Treasurer or the Director of the Division of Purchase and Property determines that it is in the public interest so to do.

7.0 ATTACHMENTS AND APPENDICES

TO BE SUBMITTED WITH BID PROPOSAL

ATTACHMENTS

Cover Sheet - Page 3 of the RFP

Attachment 1. Ownership Disclosure Form

Attachment 2. MacBride Principles Form

Attachment 3. Affirmative Action Supplement Forms

Attachment 4. Price Schedules

Attachment 5. Reciprocity Form (*Optional Submittal*)

Technical and Organizational proposal - See Sections 4.4.2 through 4.4.3.9

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APPENDICES

Appendix 1. New Jersey Standard Terms and Conditions

Appendix 2. Set-Off for State Tax Notice

Appendix 3. Eligibility and Managed Care Report

Appendix 4. Rate Certification Letter

ATTACHMENT 1 - OWNERSHIP DISCLOSURE

OWNERSHIP DISCLOSURE FORM

DEPARTMENT OF THE TREASURY
 DIVISION OF PURCHASE & PROPERTY
 STATE OF NEW JERSEY
 33 W. STATE ST., 9TH FLOOR
 PO BOX 230
 TRENTON, NEW JERSEY 08625-0230

BIDDER: _____

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, offices held and any ownership interest of all officers of the firm named above. If additional space is necessary, provide on an attached sheet.

| <u>NAME</u> | <u>HOME ADDRESS</u> | <u>DATE OF BIRTH</u> | <u>OFFICE HELD</u> | <u>OWNERSHIP INTEREST</u> (Shares Owned or % of Partnership) |
|-------------|---------------------|----------------------|--------------------|-----------------------------------------------------------------|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, and ownership interest of all individuals not listed above, and any partnerships, corporations and any other owner having a 10% or greater interest in the firm named above. If a listed owner is a corporation or partnership, provide below the same information for the holders of 10% or more interest in that corporation or partnership. If additional space is necessary, provide that information on an attached sheet. **If there are no owners with 10% or more interest in your firm, enter "None" below.** Complete the certification at the bottom of this form. If this form has previously been submitted to the Purchase Bureau in connection with another bid, indicate changes, if any, where appropriate, and complete the certification below.

| <u>NAME</u> | <u>HOME ADDRESS</u> | <u>DATE OF BIRTH</u> | <u>OFFICE HELD</u> | <u>OWNERSHIP INTEREST</u> (Shares Owned or % of Partnership) |
|-------------|---------------------|----------------------|--------------------|-----------------------------------------------------------------|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

COMPLETE ALL QUESTIONS BELOW

| | <u>YES</u> | <u>NO</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 1. Within the past five years has another company or corporation had a 10% or greater interest in the firm identified above? <i>(If yes, complete and attach a separate disclosure form reflecting previous ownership interests.)</i> | _____ | _____ |
| 2. Has any person or entity listed in this form or its attachments ever been arrested, charged, indicted or convicted in a criminal or disorderly persons matter by the State of New Jersey, any other State or the U.S. Government? <i>(If yes, attach a detailed explanation for each instance)</i> | _____ | _____ |
| 3. Has any person or entity listed in this form or its attachments ever been suspended, debarred or otherwise declared ineligible by any agency of government from bidding or contracting to provide services, labor, material, or supplies? <i>(If yes, attach a detailed explanation for each instance)</i> | _____ | _____ |
| 4. Are there now any criminal matters or debarment proceedings pending in which the firm and/or its officers and/or managers are involved? <i>(If yes, attach a detailed explanation for each instance)</i> | _____ | _____ |
| 5. Has any Federal, State or Local license, permit or other similar authorization, necessary to perform the work applied for herein and held or applied for by any person or entity listed in this form, been suspended or revoked, or been the subject or any pending proceedings specifically seeking or litigating the issue of suspension or revocation? <i>(If yes, attach a detailed explanation for each instance)</i> | _____ | _____ |

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that **I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers or information contained herein.** I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option, may declare any contract(s) resulting from this certification void and unenforceable.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge, I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Company Name: _____

Address: _____

FEIN/SSN#: _____

(Signature)

(Name)

(Title)

Date _____

ATTACHMENT 2 – MACBRIDE PRINCIPLES FORM

NOTICE TO ALL BIDDERS
REQUIREMENT TO PROVIDE A CERTIFICATION
IN COMPLIANCE WITH MACBRIDE PRINCIPLES
AND NORTHERN IRELAND ACT OF 1989

Pursuant to Public Law 1995, c. 134, a responsible bidder selected, after public bidding, by the Director of the Division of Purchase and Property, pursuant to N.J.S.A. 52:34-12, or the Director of the Division of Building and Construction, pursuant to N.J.S.A. 52:32-2, must complete the certification below by checking one of the two representations listed and signing where indicated. If a bidder who would otherwise be awarded a purchase, contract or agreement does not complete the certification, then the Directors may determine, in accordance with applicable law and rules, that it is in the best interest of the State to award the purchase, contract or agreement to another bidder who has completed the certification and has submitted a bid within five (5) percent of the most advantageous bid. If the Directors find contractors to be in violation of the principles which are the subject of this law, they shall take such action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

I certify, pursuant to N.J.S.A. 52:34-12.2 that the entity for which I am authorized to bid:

- _____ has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein through the operation of offices, plants, factories, or similar facilities, either directly or indirectly, through intermediaries, subsidiaries or affiliated companies over which it maintains effective control; or
- _____ will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.8 and in conformance with the United Kingdom’s Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Signature of Bidder

Name (Type or Print)

Title Name (Type or Print)

Name of Company Name (Type or Print)

Date

ATTACHMENT 3 – AFFIRMATIVE ACTION SUPPLEMENT

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| AFFIRMATIVE ACTION | TERM CONTRACT - ADVERTISED BID PROPOSAL |
| DEPT OF THE TREASURY DIVISION OF PURCHASE & PROPERTY STATE OF NEW JERSEY 33 WEST STATE STREET, 9 TH FLOOR PO BOX 230 TRENTON, NEW JERSEY 08625-0230 | NAME OF BIDDER: _____ |

SUPPLEMENT TO BID SPECIFICATIONS

DURING THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES AS FOLLOWS:

1. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. THE CONTRACTOR WILL TAKE AFFIRMATIVE ACTION TO ENSURE THAT SUCH APPLICANTS ARE RECRUITED AND EMPLOYED, AND THAT EMPLOYEES ARE TREATED DURING EMPLOYMENT, WITHOUT REGARD TO THEIR AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. SUCH ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING: EMPLOYMENT, UPGRADING, DEMOTION, OR TRANSFER; RECRUITMENT OR RECRUITMENT ADVERTISING; LAYOFF OR TERMINATION; RATES OF PAY OR OTHER FORMS OF COMPENSATION; AND SELECTION FOR TRAINING, INCLUDING APPRENTICESHIP. THE CONTRACTOR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES TO BE PROVIDED BY THE PUBLIC AGENCY COMPLIANCE OFFICER SETTING FORTH PROVISIONS OF THIS NONDISCRIMINATION CLAUSE;
2. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE WILL, IN ALL SOLICITATIONS OR ADVERTISEMENTS ,FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE CONTRACTOR, STATE THAT ALL QUALIFIED APPLICANTS WILL RECEIVE CONSIDERATION FOR EMPLOYMENT WITHOUT REGARD TO AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION.
3. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL SEND TO EACH LABOR UNION OR REPRESENTATIVE OR WORKERS WITH WHICH IT HAS A COLLECTIVE BARGAINING AGREEMENT OR OTHER CONTRACT OR UNDERSTANDING, A NOTICE, TO BE PROVIDED BY THE AGENCY CONTRACTING OFFICER ADVISING THE LABOR UNION OR WORKERS' REPRESENTATIVE OF THE CONTRACTOR'S COMMITMENTS UNDER THIS ACT AND SHALL POST COPIES OF THE NOTICE IN CONSPICUOUS PLACES AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT.
4. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, AGREES TO COMPLY WITH THE REGULATIONS PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME AND THE AMERICANS WITH DISABILITIES ACT.
5. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO ATTEMPT IN GOOD FAITH TO EMPLOY MINORITY AND FEMALE WORKERS CONSISTENT WITH THE APPLICABLE COUNTY EMPLOYMENT GOALS PRESCRIBED BY N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME OR IN ACCORDANCE WITH A BINDING DETERMINATION OF THE APPLICABLE COUNTY EMPLOYMENT GOALS DETERMINED BY THE AFFIRMATIVE ACTION OFFICE PURSUANT TO N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME.
6. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO INFORM IN WRITING APPROPRIATE RECRUITMENT AGENCIES IN THE AREA, INCLUDING EMPLOYMENT AGENCIES, PLACEMENT BUREAUS, COLLEGES, UNIVERSITIES, LABOR UNIONS, THAT IT DOES NOT DISCRIMINATE ON THE BASIS OF AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND THAT IT WILL DISCONTINUE THE USE OF ANY RECRUITMENT AGENCY WHICH ENGAGES IN DIRECT OR INDIRECT DISCRIMINATORY PRACTICES.
7. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVISE ANY OF ITS TESTING PROCEDURES, IF NECESSARY, TO ASSURE THAT ALL PERSONNEL TESTING CONFORMS WITH THE PRINCIPLES OF JOB-RELATED TESTING, AS ESTABLISHED BY THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY AND AS ESTABLISHED BY APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.
8. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVIEW ALL PROCEDURES RELATING TO TRANSFER, UPGRADING, DOWNGRADING AND LAYOFF TO ENSURE THAT ALL SUCH ACTIONS ARE TAKEN WITHOUT REGARD TO AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND CONFORM WITH THE APPLICABLE EMPLOYMENT GOALS, CONSISTENT WITH THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY, AND APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.

THE CONTRACTOR AND ITS SUBCONTRACTORS SHALL FURNISH SUCH REPORTS OR OTHER DOCUMENTS TO THE AFFIRMATIVE ACTION OFFICE AS MAY BE REQUESTED BY THE OFFICE FROM TIME TO TIME IN ORDER TO CARRY OUT THE PURPOSES OF THESE REGULATIONS, AND PUBLIC AGENCIES SHALL FURNISH SUCH INFORMATION AS MAY BE REQUESTED BY THE AFFIRMATIVE ACTION OFFICE FOR CONDUCTING A COMPLIANCE INVESTIGATION PURSUANT TO SUBCHAPTER 10 OF THE ADMINISTRATIVE CODE (NJAC17:27).

*** NO FIRM MAY BE ISSUED A PURCHASE ORDER OR CONTRACT WITH THE STATE UNLESS THEY COMPLY WITH THE AFFIRMATIVE ACTION REGULATIONS**

PLEASE CHECK APPROPRIATE BOX (ONE ONLY)

- I HAVE A CURRENT NEW JERSEY AFFIRMATIVE ACTION CERTIFICATE, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE A VALID FEDERAL AFFIRMATIVE ACTION PLAN APPROVAL LETTER, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE COMPLETED THE ENCLOSED FORM AA302 AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT.

INSTRUCTIONS FOR COMPLETING THE AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT (FORM AA302)

IMPORTANT:

READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE FORM. PRINT OR TYPE ALL INFORMATION. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE.

Item 1 – Enter the Federal Identification Number assigned to the Contractor or vendor by the Internal Revenue Service, or if a Federal Employer Identification Number has been applied for, but not yet issued, write the words “applied for”,

or

If your business is such that you have not, or will not receive a Federal Employee Identification Number, enter the Social Security Number assigned to the single owner or to a partner, in case of partnership.

Item 2 – Check the box appropriate to your TYPE OF BUSINESS. If you are engaged in more than one type of business, check the predominant one. If you are a manufacturer deriving more than 50% of your receipts from your own retail outlets, check “Retail”.

Item 3 – Enter the total “number” of employees in the entire company, including part-time employees. This number shall include all facilities in the entire firm or corporation.

Item 4 – Enter the name by which the company is identified. If there is more than one company name, enter the predominant one.

Item 5 – Enter the physical location of the company, include City, County, State and Zip Code.

Item 6 – Enter the name of any parent or affiliated company including City, State and Zip Code. If there is none, so indicate by entering “None” or N/A.

Item 7 – Check the appropriate box for the total number of employees in the entire company. “Entire Company” shall include all facilities in the entire firm or corporation, including part-time employees, not use those employees at the facility being awarded the contract.

Item 8 – Check the box appropriate to your type of company establishment. Single-establishment Employer shall include an employer whose business is conducted at more than one location.

Item 9 – If multi-establishment was entered in Item 8, enter the number of establishments within the State of New Jersey.

Item 10 – Enter the total number of employees at the establishment being awarded the contract.

Item 11 – Enter the name of the Public Agency awarding the contract. Include City, State and Zip Code.

Item 12 – Enter the appropriate figures on all lines and in all columns. THIS SHALL ONLY INCLUDE EMPLOYMENT DATA FROM THE FACILITY THAT IS BEING AWARDED THE CONTRACT. DO NOT list the same employee in more than one job category.

Racial/Ethnic Groups will be so defined:

Black: Not of Hispanic origin. Persons have origin in any of the Black racial groups of Africa.

Hispanic: Persons of Mexican, Puerto Rican, Cuban or Central or South American or other Spanish culture or origin, regardless of race.

American Indian or Alaskan Native: Persons having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.

Asian or Pacific Islander: Persons having origin in any of the peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands. This area includes for example, China, Japan, the Philippine Islands and Somoa.

Item 13 – Check the appropriate box, if the race or ethnic group information was not obtained by 1 or 2, specify by what other means this was done in 3.

Item 14 – Enter the dates of the payroll period used to prepare the employment data presented in Item 12.

Item 15 – If this is the first time an Employee Information Report has been submitted for this company, check block “Yes”.

Item 16 – If the answer to Item 15 is “No”, enter the date when the last Employee Information Report was submitted by this company.

Item 17 – Print or type the name of the person completing this form. Include the signature, title and date.

Item 18 – Enter the physical location where the form is being completed. Include City, State, Zip Code and Phone Number.

State of New Jersey
AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT

IMPORTANT – READ INSTRUCTIONS ON PRIOR PAGE CAREFULLY BEFORE COMPLETING FORM. TYPE OR PRINT SHARP BALL POINT PEN. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE.

SECTION A – COMPANY IDENTIFICATION

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| 1. FID. NO. OR SOCIAL SECURITY | 2. TYPE OF BUSINESS <input type="checkbox"/> 1. MFG. <input type="checkbox"/> 2. SERVICE <input type="checkbox"/> 3. WHOLESALE <input type="checkbox"/> 4. RETAIL <input type="checkbox"/> 5. OTHER | 3. TOTAL NO. OF EMPLOYEES IN THE ENTIRE COMPANY |
| 4. COMPANY NAME | | |
| 5. STREET | CITY | COUNTY STATE ZIP CODE |
| 6. NAME OF PARENT OR AFFILIATED COMPANY (IF NONE, SO INDICATE) | | CITY STATE ZIP CODE |
| 7. DOES THE ENTIRE COMPANY HAVE A TOTAL OF AT LEAST 50 EMPLOYEES? <input type="checkbox"/> YES <input type="checkbox"/> NO | | |
| 8. CHECK ONE: IS THE COMPANY: <input type="checkbox"/> SINGLE-ESTABLISHMENT EMPLOYER <input type="checkbox"/> MULTI-ESTABLISHMENT EMPLOYER | | |
| 9. IF MULTI-ESTABLISHMENT EMPLOYER, STATE THE NUMBER OF ESTABLISHMENTS IN N.J. : [] | | |
| 10. TOTAL NUMBER OF EMPLOYEES AT THE ESTABLISHMENT WHICH HAS BEEN AWARDED THE CONTRACT: [] | | |
| 11. PUBLIC AGENCY AWARDED CONTRACT: | | CITY STATE ZIP CODE |

OFFICIAL USE ONLY

| DATE RECEIVED | OUT OF STATE PERCENTAGES | ASSIGNED CERTIFICATION NUMBER |
|---------------|--------------------------|-------------------------------|
| MO/DAY/YR | COUNTY MINORITY FEMALE | |

SECTION B – EMPLOYMENT DATA

12. Report all permanent, temporary and part-time employees ON YOUR OWN PAYROLL. Enter the appropriate figures on all lines and in all columns. Where there are no employees in a particular category, enter a zero. Include ALL employees, not just those in minority categories, in columns 1, 2, & 3.

| JOB CATEGORIES | ALL EMPLOYEES | | | MINORITY GROUP EMPLOYEES (PERMANENT) | | | | | | | | |
|------------------------------------------------|--------------------------------|----------------|------------------|--------------------------------------|----------|-----------------|-------|--------|----------|-----------------|-------|--|
| | Col. 1 TOTAL (Cols. 2&3) | Col. 2 MALE | Col. 3 FEMALE | MALE | | | | FEMALE | | | | |
| | | | | BLACK | HISPANIC | AMERICAN INDIAN | ASIAN | BLACK | HISPANIC | AMERICAN INDIAN | ASIAN | |
| Officials and Managers | | | | | | | | | | | | |
| Professionals | | | | | | | | | | | | |
| Technicians | | | | | | | | | | | | |
| Sales Workers | | | | | | | | | | | | |
| Office and Clerical | | | | | | | | | | | | |
| Craftworkers (Skilled) | | | | | | | | | | | | |
| Operatives (Semi-skilled) | | | | | | | | | | | | |
| Laborers (Unskilled) | | | | | | | | | | | | |
| Service Workers | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | |
| Total employment from Previous Report (if any) | | | | | | | | | | | | |

The data below shall NOT be included in the request for the categories above.

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| 13. HOW WAS INFORMATION AS TO RACE OR ETHNIC GROUP IN SECTION B OBTAINED? <input type="checkbox"/> 1. VISUAL SURVEY <input type="checkbox"/> 2. EMPLOYMENT RECORD <input type="checkbox"/> 3. OTHER (SPECIFY) | 15. IS THIS THE FIRST EMPLOYEE INFORMATION REPORT (AA.302) SUBMITTED? <input type="checkbox"/> 1. YES <input type="checkbox"/> 2. NO | 16. IF NO, DATE OF LAST REPORT SUBMITTED MO. DAY YEAR |
| 14. DATES OF PAYROLL PERIOD USED | | |

SECTION C – SIGNATURE AND IDENTIFICATION

| | | | |
|-----------------------------------------------------------------------------|-----------|---------|-----------------------------------------------|
| 17. NAME OF PERSON COMPLETING FORM (PRINT OR TYPE)(?CONTRACTOR EEO OFFICER) | SIGNATURE | TITLE | MO. DAY YEAR |
| 18. ADDRESS (NO. & STREET) | (CITY) | (STATE) | (ZIP CODE) PHONE (AREA CODE, NO. & EXTENSION) |

Actuarial and Related Services
05-X-36817, T-1580
ATTACHMENT 4 - PRICE SCHEDULES
Total Bid Price Page

Bidder: _____

| Line # Commodity Code | Description of Work | Quantity | Unit | Total |
|-----------------------------|--------------------------------------------------------------------------------------------------|----------|------|----------|
| Line #1 794-02-055836 | Contract Initiation Services. All work associated with Deliverable #1 Total from page 3 | 1 | Each | \$ _____ |
| Line #2 794-02-055837 | Total Bid Price for Year 1. Total from page 9 | 1 | Each | \$ _____ |
| Line #3 794-02-055838 | Year 1, Project 6, Insert dollar value equal to 30% of line 2 | 1 | Each | \$ _____ |
| Line #4 794-02-055839 | Total Bid Price for Year 2. Total from page 16 | 1 | Each | \$ _____ |
| Line #5 794-02-055840 | Year 2, Project 6, Insert dollar value equal to 30% of line 4 | 1 | Each | \$ _____ |
| Line #6 794-02-055841 | Total Bid Price for Year 3. Total from page 23 | 1 | Each | \$ _____ |
| Line #7 794-02-055842 | Year 3, Project 6, Insert dollar value equal to 30% of line 6 | 1 | Each | \$ _____ |
| Total Bid Price | | | | \$ _____ |

See Section 4.4.4 for directions on completing this form.

Actuarial and Related Services
05-X-36817, T-1580
Year 1
Attachment 4
Year 1 -All Inclusive Hourly Rates for Professional Staff

Bidder: _____

| Title | All Inclusive Hourly Rate Applicable to Year 1 |
|-----------------------------------|------------------------------------------------------|
| Engagement Manager | \$/_____/hour |
| Project Manager/Coordinator | \$/_____/hour |
| Senior Actuary Consultant | \$/_____/hour |
| Assoc. Actuary Consultant | \$/_____/hour |
| Senior Analyst/Statistician | \$/_____/hour |
| Actuarial Trainee | \$/_____/hour |
| Data Analyst | \$/_____/hour |
| Senior HealthCare Assoc/Physician | \$/_____/hour |
| Health Care Analyst/Nurse | \$/_____/hour |
| Accountant/Auditor | \$/_____/hour |
| Other Professional Staff | \$/_____/hour |
| Staff Title: _____ | \$/_____/hour |

The prices on this page must be the same as the prices shown on pages 3 through 8. Any discrepancies will be adjusted to the prices that appear on this page.

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 1

Contract Initiation Services - All work associated with deliverable #1

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 1 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 200* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 1

Project #1 - All work associated with deliverable #2 and #3

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 1 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 80* | Total Price | \$ _____ |

*for Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 1

Project #2 - All work associated with deliverable #4 and #5

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 1 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 1,500* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 1

Project #3 - All work associated with deliverable #6, #7, #8, and #9

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 1 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 2,400* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 1

Project #4 - All work associated with deliverable #10, #11, and #12

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 1 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 2,200* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 1

Project # 5 - All work associated with Deliverable #13, #14 and #15

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 1 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 300* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services
05-X-36817, T-1580
Attachment 4
Year 1 - Recurring Services
Total for Year 1

Bidder: _____

| Year 1 Project Totals | Total Page Price |
|------------------------------------------------|-------------------------|
| Year 1 Total for Project #1, Total from Page 4 | \$ _____ |
| Year 1 Total for Project #2, Total from Page 5 | \$ _____ |
| Year 1 Total for Project #3, Total from Page 6 | \$ _____ |
| Year 1 Total for Project #4, Total from Page 7 | \$ _____ |
| Year 1 Total for Project #5, Total from Page 8 | \$ _____ |
| Total Bid Price for Year 1 | \$ _____ |

**Actuarial and Related Services
05-X-36817, T-1580
Year 2
Attachment 4
Year 2 -All Inclusive Hourly Rates for Professional Staff**

Bidder: _____

| Title | All Inclusive Hourly Rate Applicable to Year 2 |
|-----------------------------------|------------------------------------------------------|
| Engagement Manager | \$/_____ /hour |
| Project manager/coordinator | \$/_____ /hour |
| Senior Actuary Consultant | \$/_____ /hour |
| Assoc. Actuary Consultant | \$/_____ /hour |
| Senior Analyst/Statistician | \$/_____ /hour |
| Actuarial Trainee | \$/_____ /hour |
| Data Analyst | \$/_____ /hour |
| Senior HealthCare Assoc/Physician | \$/_____ /hour |
| Health Care Analyst/Nurse | \$/_____ /hour |
| Accountant/Auditor | \$/_____ /hour |
| Other Professional Staff | \$/_____ /hour |
| Staff Title: _____ | \$/_____ /hour |

The prices on this page must be the same as the prices shown on pages 11 through 15. Any discrepancies will be adjusted to the prices that appear on this page.

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 2

Project #1 - All work associated with deliverable #2 and #3

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 2 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 80* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 2

Project #2 - All work associated with deliverable #4 and #5

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 2 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 1,500* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 2

Project #3 - All work associated with deliverable #6, #7, #8, and #9

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 2 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 2,400* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 2

Project #4 - All work associated with deliverable #10, #11, and #12

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 2 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 2,200* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 2

Project # 5 - All work associated with Deliverable #13, #14 and #15

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 2 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 300* | Total Price | \$ _____ |

*For Evaluation Purposes only

**Actuarial and Related Services
05-X-36817, T-1580
Attachment 4
Year 2 - Recurring Services
Total for Year 2**

Bidder: _____

| Year 2 Project Totals | Total Page Price |
|-------------------------------------------------|-------------------------|
| Year 2 Total for Project #1, Total from Page 11 | \$ _____ |
| Year 2 Total for Project #2, Total from Page 12 | \$ _____ |
| Year 2 Total for Project #3, Total from Page 13 | \$ _____ |
| Year 2 Total for Project #4, Total from Page 14 | \$ _____ |
| Year 2 Total for Project #5, Total from Page 15 | \$ _____ |
| Total Bid Price for Year 2 | \$ _____ |

**Actuarial and Related Services
05-X-36817, T-1580**

**Attachment 4
Year 3 -All Inclusive Hourly Rates for Professional Staff**

Bidder: _____

| Title | All Inclusive Hourly Rate Applicable to Year 3 |
|-----------------------------------|------------------------------------------------------|
| Engagement Manager | \$ _____ |
| Project manager/coordinator | \$ _____ |
| Senior Actuary Consultant | \$ _____ |
| Assoc. Actuary Consultant | \$ _____ |
| Senior Analyst/Statistician | \$ _____ |
| Actuarial Trainee | \$ _____ |
| Data Analyst | \$ _____ |
| Senior HealthCare Assoc/Physician | \$ _____ |
| Health Care Analyst/Nurse | \$ _____ |
| Accountant/Auditor | \$ _____ |
| Other Professional Staff | \$ _____ |
| Staff Title: _____ | \$ _____ |

The prices on this page must be the same as the prices shown on pages 18 through 22. Any discrepancies will be adjusted to the prices that appear on this page.

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 3

Project #1 - All work associated with deliverable #2 and #3

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 3 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 80* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 3

Project #2 - All work associated with deliverable #4 and #5

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 3 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 1,500* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 3

Project #3 - All work associated with deliverable #6, #7, #8, and #9

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 3 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 2,400* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 3

Project #4 - All work associated with deliverable #10, #11, and #12

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 3 | Total Price |
|-----------------------------------|---------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 2,200* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services

05-X-36817, T-1580

Attachment 4

Year 3

Project # 5 - All work associated with Deliverable #13, #14 and #15

Bidder:

| Title | Hours | All Inclusive Hourly Rate Applicable to Year 3 | Total Price |
|-----------------------------------|--------------|-------------------------------------------------------|--------------------|
| Engagement Manager | | \$ _____ | \$ _____ |
| Project manager/coordinator | | \$ _____ | \$ _____ |
| Senior Actuary Consultant | | \$ _____ | \$ _____ |
| Assoc. Actuary Consultant | | \$ _____ | \$ _____ |
| Senior Analyst/Statistician | | \$ _____ | \$ _____ |
| Actuarial Trainee | | \$ _____ | \$ _____ |
| Data Analyst | | \$ _____ | \$ _____ |
| Senior HealthCare Assoc/Physician | | \$ _____ | \$ _____ |
| Health Care Analyst/Nurse | | \$ _____ | \$ _____ |
| Accountant/Auditor | | \$ _____ | \$ _____ |
| Totals | 300* | Total Price | \$ _____ |

*For Evaluation Purposes only

Actuarial and Related Services
05-X-36817, T-1580
Attachment 4
Year 3 - Recurring Services
Total for Year 3

Bidder: _____

| Year 3 Project Totals | Total Page Price |
|-------------------------------------------------|-------------------------|
| Year 3 Total for Project #1, Total from Page 18 | \$ _____ |
| Year 3 Total for Project #2, Total from Page 19 | \$ _____ |
| Year 3 Total for Project #3, Total from Page 20 | \$ _____ |
| Year 3 Total for Project #4, Total from Page 21 | \$ _____ |
| Year 3 Total for Project #5, Total from Page 22 | \$ _____ |
| Total Bid Price for Year 3 | \$ _____ |

ATTACHMENT 5 – RECIPROCITY FORM

RECIPROCITY FORM
(Optional Submission)

IMPORTANT NOTICE TO ALL BIDDERS

Effective October 7, 1991 in accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17:12-2.13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose State or locality maintains a preference practice for their bidders.

For States having preference laws, regulations, or practices, New Jersey will use the annual surveys compiled by the Council of State Governments, National Association of State Purchasing Officials, or the National Institute of Governmental Purchasing to invoke reciprocal actions. The State may obtain additional information anytime it deems appropriate to supplement the above survey information.

Any bidder may submit information related to preference practices enacted for a local entity outside the State of New Jersey. This information may be submitted in writing as part of the bid response proposal, and should be in the form of resolutions passed by an appropriate governing body, regulations, a Notice to Bidders, laws, etc. It is the responsibility of the bidder to provide the documentation with the bid proposal or submit it to the Director, Division of Purchase and Property within five (5) working days of the public bid opening. Written evidence for a specific procurement that is not provided to the Director within five working days of the public bid opening will not be considered in the evaluation of that procurement, but will be retained and considered in the evaluation of subsequent procurements.

Any bidder having evidence of out-of-State local entities invoking preference practices should complete the form below, with a copy of appropriate documentation. The form and documentation may be submitted with your bid response proposal.

.....
Name of Locality having preference practices:

| | |
|----------------------|--|
| City /Town/Authority | |
| County | |
| State | |

Documentation Attached

- Resolution Regulations/Laws
 Notice to Bidder Other _____

Name of Firm Submitting this information _____

Please Print

APPENDIX 1 – NJ STATE STANDARD TERMS AND CONDITIONS

STATE OF NEW JERSEY STANDARD TERMS AND CONDITIONS

- I. Unless the bidder is specifically instructed otherwise In the Request for Proposal, the following terms and conditions will apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the Request for Proposal (RFP) and should be read in conjunction with same unless the RFP specifically indicates otherwise. If a bidder proposes changes or modifications or takes exception to any of the State's terms and conditions, the bidder must so state specifically in writing in the bid proposal. Any proposed change, modification or exception in the State's terms and conditions by a bidder will be a factor in the determination of an award of a contractor purchase agreement.
- II. All of the State's terms and conditions will become a part of any contract(s) or order(s) awarded as a result of the Request for Proposal, whether stated in part, in summary or by reference. In the event the bidder's terms and conditions conflict with the State's, the State's terms and conditions will prevail, unless the bidder is notified in writing of the State's acceptance of the bidder's terms and conditions.
- III. The statutes, laws or codes cited are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.
- IV. If awarded a contract or purchase agreement, the bidder's status shall be that of any independent principal and not as an employee of the State.

1. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS

- 1.1 **BUSINESS REGISTRATION** – All New Jersey and out of State Corporations must obtain a Business Registration Certificate (BRC) from the Department of the Treasury, Division of Revenue prior to conducting business in the State of New Jersey. Proof of valid business registration with the Division of Revenue, Department of the Treasury, State of New Jersey, should be submitted by the bidder and, if applicable, by every subcontractor of the bidder, with the bidder's bid. No contract will be awarded without proof of business registration with the Division of Revenue. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG. can be filed online at <http://www.state.nj.us/treasury/revenue/gettingregistered.htm#busentity>
- 1.2 **ANTI-DISCRIMINATION** – All parties to any contract with the State of New Jersey agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A.10:5-1 et seq. and N.J.S.A.10:5-31 through 10:5-38, and all rules and regulations issued there under.
- 1.3 **PREVAILING WAGE ACT** – The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.26 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on this proposal is his guarantee that neither he nor any subcontractors he might employ to perform the work covered by this proposal has been suspended or debarred by the Commissioner, Department of Labor for violation of the provisions of the Prevailing Wage Act.
- 1.4 **AMERICANS WITH DISABILITIES ACT** – The contractor must comply with all provisions of the Americans With Disabilities Act (ADA), P.L 101-336, in accordance with 42 U.S.C. 12101 et seq.
- 1.5 **THE WORKER AND COMMUNITY RIGHT TO KNOW ACT** – The provisions of N.J.S.A. 34:5A-1 et seq. which require the labeling of all containers of hazardous substances are applicable to this contract. Therefore, all goods offered for purchase to the State must be labeled by the contractor in compliance with the provisions of the Act.
- 1.6 **OWNERSHIP DISCLOSURE** – Contracts for any work, goods or services cannot be issued to any corporation or partnership unless prior to or at the time of bid submission the bidder has disclosed the names and addresses of all its owners holding 10% or more of the corporation or partnership's stock or interest. Refer to N.J.S.A. 52:25-24.2.
- 1.7 **COMPLIANCE – LAWS** – The contractor must comply with all local, state and federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.
- 1.8 **COMPLIANCE – STATE LAWS** – It is agreed and understood that any contracts and/or orders placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.
- 1.9 **COMPLIANCE – CODES** – The contractor must comply with NJUCC and the latest NEC70, B.O.C.A. Basic Building code, OSHA and all applicable codes for this requirement. The contractor will be responsible for securing and paying all necessary permits, where applicable.

2. LIABILITIES

- 2.1 LIABILITY – COPYRIGHT** – The contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of his contract.
- 2.2 INDEMNIFICATION** – The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith on account of the loss of life, property or injury or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract. This indemnification obligation is not limited by, but is in addition to the insurance obligations contained in this agreement.
- 2.3 INSURANCE** – The contractor shall secure and maintain in force for the term of the contract liability insurance as provided herein. The contractor shall provide the State of New Jersey with current certificates of insurance for all coverages and renewals thereof which must contain the proviso that the insurance provided in the certificate shall not be canceled for any reason except after thirty days written notice to:

STATE OF NEW JERSEY
Purchase Bureau – Bid Ref.# X-36817

The insurance to be provided by the contractor shall be as follows.

- a. General liability policy as broad as the standard coverage forms currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall be endorsed to include:
1. BROAD FORM COMPREHENSIVE GENERAL LIABILITY
 2. PRODUCTS/COMPLETED OPERATIONS
 3. PREMISES/OPERATIONS

The limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.

- b. Automobile liability insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
- c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than

\$100,000 BODILY INJURY, EACH OCCURRENCE
\$100,000 DISEASE EACH EMPLOYEE
\$500,000 DISEASE AGGREGATE LIMIT

3. TERMS GOVERNING ALL PROPOSALS TO NEW JERSEY PURCHASE BUREAU

- 3.1 CONTRACT AMOUNT** – The estimated amount of the contract(s), when stated on the Advertised Request for Proposal form, shall not be construed as either the maximum or minimum amount which the State shall be obliged to order as the result of this Request for Proposal or any contract entered into as a result of this Request for Proposal.
- 3.2 CONTRACT PERIOD AND EXTENSION OPTION** – If, in the opinion of the Director of the Division of Purchase and Property, it is in the best interest of the State to extend an contract entered into as a result of this Request for Proposal, the contractor will be so notified of the Director's Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Director's request to extend the contract. If the contractor agrees to the extension, all terms and conditions of the original contract, including price, will be applicable.

3.3 BID AND PERFORMANCE SECURITY

- a. Bid Security – If bid security is required, such security must be submitted with the bid in the amount listed in the Request for Proposal, see N.J.A.C. 17: 12- 2.4. Acceptable forms of bid security are as follows:
1. A properly executed individual or annual bid bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.
 2. The State will hold all bid security during the evaluation process. As soon as is practicable after the completion of the evaluation, the State will:

- a. Issue an award notice for those offers accepted by the State;
- b. Return all bond securities to those who have not been issued an award notice.

All bid security from contractors who have been issued an award notice shall be held until the successful execution of all required contractual documents and bonds (performance bond, insurance, etc. If the contractor fails to execute the required contractual documents and bonds within thirty (30) calendar days after receipt of award notice, the contractor may be found in default and the contract terminated by the State. In case of default, the State reserves all rights inclusive of, but not limited to, the right to purchase material and/or to complete the required work in accordance with the New Jersey Administrative Code and to recover any actual excess costs from the contractor. Collection against the bid security shall be one of the measures available toward the recovery of any excess costs.

- b. Performance Security – If performance security is required, the successful bidder shall furnish performance security in such amount on any award of a term contractor line item purchase, see N.J.A.C. 17: 12- 2.5. Acceptable forms of performance security are as follows:
 - 1. The contractor shall be required to furnish an irrevocable security in the amount listed in the Request for Proposal payable to the Treasurer, State of New Jersey, binding the contractor to provide faithful performance of the contract.
 - 2. The performance security shall be in the form of a properly executed individual or annual performance bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.

The Performance Security must be submitted to the State within 30 days of the effective date of the contract award and cover the period of the contract and any extensions thereof. Failure to submit performance security may result in cancellation of contract for cause pursuant to provision 3.5b,1, and nonpayment for work performed.

3.4 VENDOR RIGHT TO PROTEST – INTENT TO AWARD – Except in cases of emergency, bidders have the right to protest the Director's proposed award of the contract as announced in the Notice of Intent to Award, see N.J.A.C. 17:12-3.3. Unless otherwise stated, a bidder's protest must be submitted to the Director within 10 working days after receipt of written notification that his bid has not been accepted or that an award of contract has been made. In the public interest, the Director may shorten this protest period, but shall provide at least 48 hours for bidders to respond to a proposed award. In cases of emergency, stated in the record, the Director may waive the appeal period. See N.J.A.C. 17: 12- 3 et seq.

3.5 TERMINATION OF CONTRACT

- a. Change of Circumstances

Where circumstances and/or the needs of the State significantly change, or the contract is otherwise deemed no longer to be in the public interest, the Director may terminate a contract entered into as a result of this Request for Proposal, upon no less than 30 days notice to the contractor with an opportunity to respond.

In the event of such termination, the contractor shall furnish to the using agency, free of charge, such reports as may be required,

- b. For cause:
 - 1. Where a contractor fails to perform or comply with a contract, and/or fails to comply with the complaints procedure in N.J.A.C. 17: 12-4.2 et seq., the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.
 - 2. Where a contractor continues to perform a contract poorly as demonstrated by formal complaints, late delivery, poor performance of service, short-shipping etc., so that the Director is repeatedly required to use the complaints procedure in N.J.A.C. 17:12-4.2 et seq. the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.
- c. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond.
- d. In the event of termination under this section, the contractor will be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

3.6 COMPLAINTS – Where a bidder has a history of performance problems as demonstrated by formal complaints and/or contract cancellations for cause pursuant to 3.5b a bidder may be bypassed for this award. See N.J.A.C. 17:12-2.8.

3.7 EXTENSION OF CONTRACT QUASI-STATE AGENCIES – It is understood and agreed that in addition to State Agencies, Quasi-State Agencies may also participate in this contract. Quasi-State Agencies are defined in N.J.S.A. 52:27B-56.1 as any agency, commission, board, authority or other such governmental entity which is established and is allocated to a State department or any bi-state governmental entity of which the State of New Jersey is a member.

3.8 EXTENSION OF CONTRACTS TO POLITICAL SUBDIVISIONS, VOLUNTEER FIRE DEPARTMENTS AND FIRST AID SQUADS, AND INDEPENDENT INSTITUTIONS OF HIGHER EDUCATION – N.J.S.A. 52:25-16.1 permits counties, municipalities and school districts to participate in any term contract(s), that may be established as a result of this proposal.

N.J.S.A. 52:25-16.2 permits volunteer fire departments, volunteer first aid squads and rescue squads to participate in any term contract(s) that may be established as a result of this proposal.

N.J.S.A. 52:25-16.5 permits independent institutions of higher education to participate in any term contract(s) that may be established as a result of this proposal, provided that each purchase by the Independent Institution of higher education shall have a minimum cost of \$500.

In order for the State contract to be extended to counties, municipalities, school districts, volunteer fire departments, first aid squads and independent institutions of higher education the bidder must agree to the extension and so state in his bid. Proposal. The extension to counties municipalities, school districts, volunteer fire departments, first aid squads and Independent Institutions of higher education must be under the same terms and conditions, including price, applicable to the State.

3.9 EXTENSIONS OF CONTRACTS TO COUNTY COLLEGES – N.J.S.A. 18A:64A – 25. 9 permits any college to participate in any term contract(s) that may be established as a result of this proposal.

3.10 EXTENSIONS OF CONTRACTS TO STATE COLLEGES – N.J.S.A. 18A:64- 60 permits any State College to participate in any term contract(s) that may be established as a result of this proposal.

3.11 SUBCONTRACTING OR ASSIGNMENT – The contract may not be subcontracted or assigned by the contractor, in whole or in part, without the prior written consent of the Director of the Division of Purchase and Property. Such consent, if granted, shall not relieve the contractor of any of his responsibilities under the contract.

In the event the bidder proposes to subcontract for the services to be performed under the terms of the contract award, he shall state so in his bid and attach for approval a list of said subcontractors and an Itemization of the products and/or services to be supplied by them.

Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the State.

3.12 MERGERS, ACQUISITIONS – If, subsequent to the award of any contract resulting from this Request for Proposal, the contractor shall merge with or be acquired by another firm, the following documents must be submitted to the Director, Division of Purchase & Property.

- a. Corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices.
- b. State of New Jersey Bidders Application reflecting all updated information including ownership disclosure, pursuant to provision 1.6.
- c. Vendor Federal Employer Identification Number.

The documents must be submitted within thirty (30) days of completion of the merger or acquisition. Failure to do so may result in termination of contract pursuant to provision 3.5b.

If subsequent to the award of any contract resulting from this Request for Proposal, the contractor's partnership or corporation shall dissolve, the Director, Division of Purchase & Property must be so notified. All responsible parties of the dissolved partnership or corporation must submit to the Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment should be made until all parties to the dissolved partnership or corporation submit the required documents to the Director.

3.13 PERFORMANCE GUARANTEE OF BIDDER – The bidder hereby certifies that:

- a. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice.
- b. All equipment supplied to the State and operated by electrical current is UL listed where applicable.

- c. All new machines are to be guaranteed as fully operational for the period stated in the Request For Proposal from time of written acceptance by the State. The bidder will render prompt service without charge, regardless of geographic location.
- d. Sufficient quantities of parts necessary for proper service to equipment will be maintained at distribution points and service headquarters.
- e. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice.
- f. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract.
- g. All services rendered to the State shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the State's using agency is rendered.

3.14 DELIVERY GUARANTEES – Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the Request for Proposal.

The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice.

Items delivered must be strictly in accordance with the Request for Proposal.

In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the Request for Proposal, the using agency may be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor failing to meet his commitments.

3.15 DIRECTOR'S RIGHT OF FINAL BID ACCEPTANCE – The Director reserves the right to reject any or all bids, or to award in whole or in part if deemed to be in the best interest of the State to do so. The Director shall have authority to award orders or contracts to the vendor or vendors best meeting all specifications and conditions in accordance with N.J.S.A. 52:34-12. Tie bids will be awarded by the Director in accordance with N.J.A.C.17:12-2.1D.

3.16 BID ACCEPTANCES AND REJECTIONS – The provisions of N.J.A.C. 17:12-2.9, relating to the Director's right, to waive minor elements of non-compliance with bid specifications and N.J.A.C. 17: 12- 2.2 which defines causes for automatic bid rejection, apply to all proposals and bids.

3.17 STATE'S RIGHT TO INSPECT BIDDER'S FACILITIES – The State reserves the right to inspect the bidder's establishment before making an award, for the purposes of ascertaining whether the bidder has the necessary facilities for performing the contract.

The State may also consult with clients of the bidder during the evaluation of bids. Such consultation is intended to assist the State in making a contract award which is most advantageous to the State.

3.18 STATE'S RIGHT TO REQUEST FURTHER INFORMATION – The Director reserves the right to request all information which may assist him or her in making a contract award, including factors necessary to evaluate the, bidder s financial capabilities to perform the contract. Further, the Director reserves the right to request a bidder to explain, in detail, how the bid price was determined.

3.19 MAINTENANCE OF RECORDS – The contractor shall maintain records for products and/or services delivered against the contract for a period of three (3) years from the date of final payment. Such records shall be made available to the, State upon request for purposes of conducting an audit or for ascertaining information regarding dollar volume or number of transactions.

4. TERMS RELATING TO PRICE QUOTATION

4.1 PRICE FLUCTUATION DURING CONTRACT – Unless otherwise noted by the State, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract.

In the event of a manufacturer's or contractor's price decrease during the contract period, the State shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Director of Purchase and Property must be notified, in writing, of any price reduction within five (5) days of the effective date.

Failure to report price reductions will result in cancellation of contract for cause, pursuant to provision 3.5b.1.

4.2 DELIVERY COSTS – Unless otherwise noted in the Request for Proposal, all prices for items in bid proposals are to be submitted F.O.B. Destination. Proposals submitted other than F.O.B. Destination may not be considered. Regardless of the method of quoting shipments, the contractor shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the State’s using agency or designated purchaser.

F.O.B. Destination does not cover “spotting” but does include delivery on the receiving platform of the ordering agency at any destination in the State of New Jersey unless otherwise specified. No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at contractor’s convenience when a single shipment is ordered. The weights and measures of the State’s using agency receiving the shipment shall govern.

4.3 C.O.D. TERMS – C.O.D. terms are not acceptable as part of a bid proposal and will be cause for rejection of a bid.

4.4 TAX CHARGES – The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State’s Federal Excise Tax Exemption number is 22-75-0050K.

4.5 PAYMENT TO VENDORS – Payment for goods and/or services purchased by the State will only be made against State Payment Vouchers. The State bill form in duplicate together with the original Bill of Lading, express receipt and other related papers must be sent to the consignee on the date of each delivery. Responsibility for payment rests with the using agency which will ascertain that the contractor has performed in a proper and satisfactory manner in accordance with the terms and conditions of the award. Payment will not be made until the using agency has approved payment.

For every contract the term of which spans more than one fiscal year, the State’s obligation to make payment beyond the current fiscal year is contingent upon legislative appropriation and availability of funds.

The State of New Jersey now offers State contractors the opportunity to be paid through the VISA procurement card (p-card). A contractor’s acceptance and a State Agency’s use of the p-card, however, is optional. P-card transactions do not require the submission of either a contractor invoice or a State payment voucher. Purchasing transactions utilizing the p-card will usually result in payment to a contractor in three days. A Contractor should take note that there will be a transaction processing fee for each p-card transaction. To participate, a contractor must be capable of accepting the VISA card. For more information, call your bank or any merchant services company.

4.6 NEW JERSEY PROMPT PAYMENT ACT – The New Jersey Prompt Payment Act N.J.S.A. 52:32-32 et seq. requires state agencies to pay for goods and services within sixty (60) days of the agency’s receipt of a properly executed State Payment Voucher or within sixty (60) days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the state prior to processing any payments for goods and services accepted by state agencies. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest will not be paid until it exceeds \$5.00 per properly executed invoice.

Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

4.7 RECIPROCITY – In accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17: 12- 2. 13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose state or locality maintains a preference practice for their bidders.

5. CASH DISCOUNTS – Bidders are encouraged to offer cash discounts based on expedited payment by the State. The State will make efforts to take advantage of discounts, but discounts will not be considered in determining the lowest bid.

- a. Discount periods shall be calculated starting from the next business day after the recipient has accepted the goods or services received a properly signed and executed State Payment Voucher form and, when required, a properly executed performance security, whichever is latest.
- b. The date on the check issued by the State in payment of that Voucher shall be deemed the date of the State’s response to that Voucher.

6. STANDARDS PROHIBITING CONFLICTS OF INTEREST – The following prohibitions on vendor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).

- a. No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b and e., in the Department of the Treasury or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52: 13D-13g.
- b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the Executive Commission on Ethical Standards.

- c. No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52: 130-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.
- d. No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
- e. No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the vendor or any other person.
- f. The provisions cited above in paragraph 6a through 6e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph 6c.

APPENDIX 2 – SET-OFF FOR STATE TAX NOTICE

NOTICE TO ALL BIDDERS
SET-OFF FOR STATE TAX NOTICE

Please be advised that, pursuant to P.L. 1995, c. 159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 et seq.), to the taxpayer shall be stayed.

Appendix 3 – Eligibility and Managed Care Report
December 1, 2003

A. AFDC (Including New Jersey Care Pregnant Women)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|--------|-------|-------|--------|-------|--------|-------|--------|
| AmeriChoice of NJ | 1,752 | 789 | 1,528 | 6,201 | 966 | 3,017 | 12,553 | 2,740 | 9,292 | 15 | 1,274 |
| Amerigroup NJ | 1,747 | 2,540 | 790 | 1,161 | 154 | 187 | 4,216 | 495 | 2,738 | 21 | 1,004 |
| Health Net of NJ | 0 | 0 | 524 | 1,383 | 0 | 999 | 2,925 | 775 | 1,380 | 0 | 999 |
| Horizon Mercy | 4,818 | 1,902 | 4,193 | 14,166 | 2,131 | 4,006 | 18,250 | 1,280 | 7,630 | 131 | 6,533 |
| UHP | 67 | 685 | 461 | 988 | 0 | 7 | 6,666 | 482 | 1,718 | 5 | 1,394 |
| Not Enrolled | 390 | 274 | 383 | 960 | 96 | 174 | 1,500 | 278 | 822 | 7 | 355 |
| Total Enrollment | 8,384 | 5,916 | 7,496 | 23,899 | 3,251 | 8,216 | 44,610 | 5,772 | 22,758 | 172 | 11,204 |
| Total Eligibles | 8,774 | 6,190 | 7,879 | 24,859 | 3,347 | 8,390 | 46,110 | 6,050 | 23,580 | 179 | 11,559 |
| Percent Enrolled | 95.6% | 95.6% | 95.1% | 96.1% | 97.1% | 97.9% | 96.7% | 95.4% | 96.5% | 96.1% | 96.9% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|--------|-------|-------|-------|--------|-------|---------|
| AmeriChoice of NJ | 1,496 | 1,203 | 234 | 930 | 5,592 | 533 | 307 | 417 | 3,706 | 598 | 55,143 |
| Amerigroup NJ | 1,410 | 1,305 | 358 | 1,049 | 7,271 | 0 | 121 | 83 | 2,258 | 176 | 29,084 |
| Health Net of NJ | 1,277 | 0 | 0 | 660 | 2,005 | 321 | 311 | 0 | 1,222 | 0 | 14,781 |
| Horizon Mercy | 3,236 | 3,905 | 456 | 2,353 | 3,824 | 1,248 | 851 | 562 | 3,682 | 373 | 85,530 |
| UHP | 1,130 | 767 | 192 | 578 | 1,464 | 14 | 306 | 11 | 1,239 | 10 | 18,184 |
| Not Enrolled | 523 | 215 | 116 | 261 | 592 | 80 | 144 | 123 | 489 | 65 | 7,847 |
| Total Enrollment | 8,549 | 7,180 | 1,240 | 5,570 | 20,156 | 2,116 | 1,896 | 1,073 | 12,107 | 1,157 | 202,722 |
| Total Eligibles | 9,072 | 7,395 | 1,356 | 5,831 | 20,748 | 2,196 | 2,040 | 1,196 | 12,596 | 1,222 | 210,569 |
| Percent Enrolled | 94.2% | 97.1% | 91.4% | 95.5% | 97.1% | 96.4% | 92.9% | 89.7% | 96.1% | 94.7% | 96.3% |

B1. ABD With Medicare (Aged, Blind and Disabled; SSI-Related)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|------|-------|
| AmeriChoice of NJ | 33 | 51 | 46 | 340 | 3 | 92 | 253 | 59 | 270 | 4 | 85 |
| Amerigroup NJ | 31 | 123 | 19 | 64 | 3 | 2 | 54 | 11 | 72 | 9 | 23 |
| Health Net of NJ | 4 | 14 | 12 | 73 | 0 | 69 | 73 | 19 | 56 | 2 | 49 |
| Horizon Mercy | 166 | 114 | 118 | 608 | 79 | 135 | 354 | 75 | 309 | 7 | 280 |
| UHP | 3 | 50 | 18 | 48 | 1 | 3 | 108 | 18 | 63 | 1 | 154 |
| Not Enrolled | 3,456 | 7,451 | 2,516 | 5,554 | 1,045 | 2,351 | 13,597 | 1,868 | 12,344 | 431 | 3,538 |
| Total Enrollment | 237 | 352 | 213 | 1,133 | 86 | 301 | 842 | 182 | 770 | 23 | 591 |
| Total Eligibles | 3,693 | 7,803 | 2,729 | 6,687 | 1,131 | 2,652 | 14,439 | 2,050 | 13,114 | 454 | 4,129 |
| Percent Enrolled | 6.4% | 4.5% | 7.8% | 16.9% | 7.6% | 11.3% | 5.8% | 8.9% | 5.9% | 5.1% | 14.3% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|-------|------|-------|------|-------|------|--------|
| AmeriChoice of NJ | 67 | 39 | 23 | 13 | 133 | 17 | 13 | 19 | 125 | 41 | 1,726 |
| Amerigroup NJ | 61 | 51 | 15 | 48 | 177 | 0 | 0 | 4 | 51 | 3 | 821 |
| Health Net of NJ | 80 | 11 | 8 | 39 | 53 | 3 | 22 | 0 | 47 | 3 | 637 |
| Horizon Mercy | 211 | 170 | 44 | 158 | 124 | 35 | 35 | 30 | 101 | 10 | 3,163 |
| UHP | 87 | 42 | 34 | 13 | 41 | 0 | 28 | 1 | 33 | 0 | 746 |
| Not Enrolled | 6,316 | 4,627 | 3,143 | 3,592 | 7,901 | 659 | 1,551 | 840 | 5,875 | 706 | 89,361 |
| Total Enrollment | 506 | 313 | 124 | 271 | 528 | 55 | 98 | 54 | 357 | 57 | 7,093 |
| Total Eligibles | 6,822 | 4,940 | 3,267 | 3,863 | 8,429 | 714 | 1,649 | 894 | 6,232 | 763 | 96,454 |
| Percent Enrolled | 7.4% | 6.3% | 3.8% | 7.0% | 6.3% | 7.7% | 5.9% | 6.0% | 5.7% | 7.5% | 7.4% |

B2. ABD Without Medicare (Aged, Blind and Disabled; SSI-Related)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|
| AmeriChoice of NJ | 149 | 193 | 202 | 2,170 | 48 | 509 | 1,969 | 370 | 2,396 | 7 | 370 |
| Amerigroup NJ | 152 | 621 | 127 | 488 | 22 | 35 | 560 | 72 | 644 | 21 | 185 |
| Health Net of NJ | 15 | 103 | 63 | 610 | 4 | 242 | 471 | 126 | 348 | 5 | 145 |
| Horizon Mercy | 732 | 646 | 647 | 4,397 | 270 | 763 | 3,222 | 418 | 2,451 | 87 | 1,833 |
| UHP | 5 | 214 | 91 | 511 | 0 | 13 | 1,057 | 53 | 408 | 5 | 322 |
| Not Enrolled | 2,328 | 2,893 | 1,888 | 569 | 551 | 1,501 | 10,329 | 1,164 | 5,924 | 235 | 2,360 |
| Total Enrollment | 1,053 | 1,777 | 1,130 | 8,176 | 344 | 1,562 | 7,279 | 1,039 | 6,247 | 125 | 2,855 |
| Total Eligibles | 3,381 | 4,670 | 3,018 | 8,745 | 895 | 3,063 | 17,608 | 2,203 | 12,171 | 360 | 5,215 |
| Percent Enrolled | 31.1% | 38.1% | 37.4% | 93.5% | 38.4% | 51.0% | 41.3% | 47.2% | 51.3% | 34.7% | 54.7% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AmeriChoice of NJ | 324 | 188 | 85 | 57 | 1,135 | 55 | 57 | 94 | 753 | 178 | 11,309 |
| Amerigroup NJ | 320 | 267 | 122 | 233 | 1,206 | 0 | 24 | 21 | 399 | 38 | 5,557 |
| Health Net of NJ | 430 | 67 | 43 | 162 | 335 | 16 | 46 | 18 | 249 | 5 | 3,503 |
| Horizon Mercy | 1,052 | 837 | 200 | 638 | 931 | 176 | 190 | 198 | 762 | 83 | 20,533 |
| UHP | 246 | 156 | 86 | 68 | 207 | 1 | 76 | 11 | 160 | 3 | 3,693 |
| Not Enrolled | 3,340 | 2,519 | 1,241 | 1,920 | 5,054 | 486 | 809 | 516 | 3,357 | 424 | 49,408 |
| Total Enrollment | 2,372 | 1,515 | 536 | 1,158 | 3,814 | 248 | 393 | 342 | 2,323 | 307 | 44,595 |
| Total Eligibles | 5,712 | 4,034 | 1,777 | 3,078 | 8,868 | 734 | 1,202 | 858 | 5,680 | 731 | 94,003 |
| Percent Enrolled | 41.5% | 37.6% | 30.2% | 37.6% | 43.0% | 33.8% | 32.7% | 39.9% | 40.9% | 42.0% | 47.4% |

C. DYFS (Division of Youth and Family Services)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|------|------|------|-------|------|------|-------|------|-------|------|-------|
| AmeriChoice of NJ | 4 | 0 | 12 | 35 | 3 | 7 | 26 | 3 | 6 | 1 | 4 |
| Amerigroup NJ | 6 | 9 | 2 | 3 | 0 | 0 | 14 | 0 | 6 | 1 | 0 |
| Health Net of NJ | 0 | 0 | 0 | 9 | 0 | 4 | 7 | 0 | 0 | 0 | 0 |
| Horizon Mercy | 13 | 5 | 19 | 51 | 4 | 14 | 25 | 5 | 7 | 1 | 21 |
| UHP | 0 | 0 | 1 | 5 | 0 | 0 | 13 | 0 | 2 | 0 | 2 |
| Not Enrolled | 796 | 658 | 689 | 1,917 | 440 | 632 | 5,088 | 389 | 1,675 | 74 | 1,119 |
| Total Enrollment | 23 | 14 | 34 | 103 | 7 | 25 | 85 | 8 | 21 | 3 | 27 |
| Total Eligibles | 819 | 672 | 723 | 2,020 | 447 | 657 | 5,173 | 397 | 1,696 | 77 | 1,146 |
| Percent Enrolled | 2.8% | 2.1% | 4.7% | 5.1% | 1.6% | 3.8% | 1.6% | 2.0% | 1.2% | 3.9% | 2.4% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|------|------|------|------|------|------|-------|------|--------|
| AmeriChoice of NJ | 1 | 1 | 6 | 0 | 0 | 0 | 9 | 0 | 9 | 7 | 134 |
| Amerigroup NJ | 3 | 5 | 2 | 6 | 2 | 0 | 2 | 0 | 8 | 0 | 69 |
| Health Net of NJ | 12 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 4 | 0 | 39 |
| Horizon Mercy | 13 | 10 | 3 | 26 | 3 | 4 | 9 | 3 | 14 | 1 | 251 |
| UHP | 6 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 5 | 0 | 37 |
| Not Enrolled | 1,064 | 1,254 | 426 | 846 | 959 | 303 | 262 | 215 | 1,535 | 152 | 20,493 |
| Total Enrollment | 35 | 17 | 11 | 34 | 8 | 4 | 20 | 3 | 40 | 8 | 530 |
| Total Eligibles | 1,099 | 1,271 | 437 | 880 | 967 | 307 | 282 | 218 | 1,575 | 160 | 21,023 |
| Percent Enrolled | 3.2% | 1.3% | 2.5% | 3.9% | 0.8% | 1.3% | 7.1% | 1.4% | 2.5% | 5.0% | 2.5% |

D. NJ Care Children (PSCs 480-483)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|--------|-------|-------|--------|-------|--------|-------|-------|
| AmeriChoice of NJ | 1,191 | 1,063 | 874 | 3,965 | 500 | 2,162 | 8,086 | 1,311 | 9,343 | 40 | 781 |
| Amerigroup NJ | 1,382 | 3,292 | 402 | 464 | 92 | 196 | 3,292 | 205 | 3,875 | 60 | 416 |
| Health Net of NJ | 0 | 0 | 232 | 620 | 0 | 539 | 1,804 | 325 | 1,560 | 0 | 357 |
| Horizon Mercy | 4,267 | 3,429 | 2,170 | 6,970 | 945 | 2,734 | 11,093 | 642 | 10,998 | 372 | 3,590 |
| UHP | 21 | 796 | 171 | 381 | 0 | 1 | 3,072 | 218 | 2,048 | 11 | 414 |
| Not Enrolled | 158 | 200 | 104 | 328 | 45 | 105 | 667 | 57 | 609 | 16 | 218 |
| | | | | | | | | | | | |
| Total Enrollment | 6,861 | 8,580 | 3,849 | 12,400 | 1,537 | 5,632 | 27,347 | 2,701 | 27,824 | 483 | 5,558 |
| Total Eligibles | 7,019 | 8,780 | 3,953 | 12,728 | 1,582 | 5,737 | 28,014 | 2,758 | 28,433 | 499 | 5,776 |
| Percent Enrolled | 97.7% | 97.7% | 97.4% | 97.4% | 97.2% | 98.2% | 97.6% | 97.9% | 97.9% | 96.8% | 96.2% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|--------|-------|-------|--------|--------|-------|-------|-------|--------|-------|---------|
| AmeriChoice of NJ | 2,020 | 1,573 | 911 | 4,314 | 5,282 | 364 | 463 | 379 | 3,732 | 933 | 49,287 |
| Amerigroup NJ | 2,154 | 2,056 | 799 | 2,314 | 7,155 | 0 | 213 | 76 | 3,103 | 139 | 31,685 |
| Health Net of NJ | 1,789 | 0 | 0 | 1,590 | 1,819 | 156 | 451 | 0 | 1,341 | 0 | 12,583 |
| Horizon Mercy | 5,037 | 4,825 | 1,298 | 5,437 | 2,309 | 899 | 1,300 | 515 | 4,064 | 460 | 73,354 |
| UHP | 1,638 | 933 | 455 | 1,301 | 1,953 | 2 | 460 | 3 | 1,322 | 1 | 15,201 |
| Not Enrolled | 410 | 227 | 146 | 281 | 477 | 19 | 137 | 40 | 421 | 61 | 4,726 |
| | | | | | | | | | | | |
| Total Enrollment | 12,638 | 9,387 | 3,463 | 14,956 | 18,518 | 1,421 | 2,887 | 973 | 13,562 | 1,533 | 182,110 |
| Total Eligibles | 13,048 | 9,614 | 3,609 | 15,237 | 18,995 | 1,440 | 3,024 | 1,013 | 13,983 | 1,594 | 186,836 |
| Percent Enrolled | 96.9% | 97.6% | 96.0% | 98.2% | 97.5% | 98.7% | 95.5% | 96.1% | 97.0% | 96.2% | 97.5% |

E. NJ KidCare A-KC (PSCs 484-485)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| AmeriChoice of NJ | 94 | 267 | 216 | 741 | 128 | 335 | 1,265 | 481 | 1,156 | 26 | 215 |
| Amerigroup NJ | 130 | 876 | 122 | 89 | 15 | 45 | 448 | 88 | 416 | 21 | 106 |
| Health Net of NJ | 0 | 0 | 77 | 95 | 0 | 127 | 296 | 148 | 178 | 0 | 76 |
| Horizon Mercy | 428 | 808 | 638 | 1,171 | 387 | 345 | 1,760 | 258 | 1,242 | 118 | 829 |
| UHP | 0 | 190 | 54 | 59 | 0 | 0 | 455 | 101 | 199 | 8 | 123 |
| Not Enrolled | 13 | 52 | 35 | 49 | 8 | 16 | 132 | 28 | 39 | 2 | 60 |
| | | | | | | | | | | | |
| Total Enrollment | 652 | 2,141 | 1,107 | 2,155 | 530 | 852 | 4,224 | 1,076 | 3,191 | 173 | 1,349 |
| Total Eligibles | 665 | 2,193 | 1,142 | 2,204 | 538 | 868 | 4,356 | 1,104 | 3,230 | 175 | 1,409 |
| Percent Enrolled | 98.0% | 97.6% | 96.9% | 97.8% | 98.5% | 98.2% | 97.0% | 97.5% | 98.8% | 98.9% | 95.7% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AmeriChoice of NJ | 364 | 320 | 150 | 128 | 1,411 | 82 | 92 | 113 | 664 | 144 | 8,392 |
| Amerigroup NJ | 321 | 324 | 82 | 307 | 1,732 | 0 | 26 | 14 | 538 | 2 | 5,702 |
| Health Net of NJ | 346 | 0 | 0 | 167 | 422 | 21 | 112 | 0 | 307 | 0 | 2,372 |
| Horizon Mercy | 809 | 854 | 310 | 770 | 745 | 194 | 267 | 201 | 803 | 75 | 13,012 |
| UHP | 197 | 136 | 78 | 72 | 367 | 1 | 84 | 2 | 274 | 1 | 2,401 |
| Not Enrolled | 57 | 23 | 23 | 21 | 85 | 3 | 24 | 6 | 56 | 2 | 734 |
| | | | | | | | | | | | |
| Total Enrollment | 2,037 | 1,634 | 620 | 1,444 | 4,677 | 298 | 581 | 330 | 2,586 | 222 | 31,879 |
| Total Eligibles | 2,094 | 1,657 | 643 | 1,465 | 4,762 | 301 | 605 | 336 | 2,642 | 224 | 32,613 |
| Percent Enrolled | 97.3% | 98.6% | 96.4% | 98.6% | 98.2% | 99.0% | 96.0% | 98.2% | 97.9% | 99.1% | 97.7% |

F. NJ KidCare B, C & D (PSCs 486-488 and 493-495)

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|-------|------|-------|-------|-------|-------|------|-------|
| AmeriChoice of NJ | 175 | 687 | 763 | 2,411 | 238 | 701 | 1,986 | 1,205 | 1,987 | 42 | 440 |
| Amerigroup NJ | 231 | 2,355 | 207 | 97 | 33 | 25 | 811 | 81 | 851 | 57 | 134 |
| Health Net of NJ | 0 | 0 | 167 | 137 | 0 | 111 | 533 | 222 | 366 | 0 | 159 |
| Horizon Mercy | 1,161 | 2,076 | 1,274 | 1,887 | 693 | 639 | 2,661 | 332 | 2,367 | 289 | 1,555 |
| UHP | 1 | 305 | 78 | 76 | 0 | 0 | 508 | 134 | 318 | 16 | 127 |
| Not Enrolled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Enrollment | 1,568 | 5,423 | 2,489 | 4,608 | 964 | 1,476 | 6,499 | 1,974 | 5,889 | 404 | 2,415 |
| Total Eligibles | 1,568 | 5,423 | 2,489 | 4,608 | 964 | 1,476 | 6,499 | 1,974 | 5,889 | 404 | 2,415 |
| Percent Enrolled | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|-------|------|-------|------|-------|------|--------|
| AmeriChoice of NJ | 1,444 | 695 | 398 | 329 | 1,641 | 102 | 252 | 319 | 1,007 | 377 | 17,199 |
| Amerigroup NJ | 1,186 | 717 | 189 | 947 | 2,135 | 0 | 53 | 38 | 962 | 43 | 11,152 |
| Health Net of NJ | 1,187 | 0 | 0 | 699 | 613 | 60 | 185 | 0 | 423 | 0 | 4,862 |
| Horizon Mercy | 2,721 | 1,501 | 960 | 2,438 | 941 | 295 | 686 | 546 | 1,522 | 271 | 26,815 |
| UHP | 668 | 297 | 166 | 178 | 482 | 0 | 141 | 4 | 431 | 0 | 3,930 |
| Not Enrolled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Enrollment | 7,206 | 3,210 | 1,713 | 4,591 | 5,812 | 457 | 1,317 | 907 | 4,345 | 691 | 63,958 |
| Total Eligibles | 7,206 | 3,210 | 1,713 | 4,591 | 5,812 | 457 | 1,317 | 907 | 4,345 | 691 | 63,958 |
| Percent Enrolled | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

G. NJ KidCare

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| AmeriChoice of NJ | 269 | 954 | 979 | 3,152 | 366 | 1,036 | 3,251 | 1,686 | 3,143 | 68 | 655 |
| Amerigroup NJ | 361 | 3,231 | 329 | 186 | 48 | 70 | 1,259 | 169 | 1,267 | 78 | 240 |
| Health Net of NJ | 0 | 0 | 244 | 232 | 0 | 238 | 829 | 370 | 544 | 0 | 235 |
| Horizon Mercy | 1,589 | 2,884 | 1,912 | 3,058 | 1,080 | 984 | 4,421 | 590 | 3,609 | 407 | 2,384 |
| UHP | 1 | 495 | 132 | 135 | 0 | 0 | 963 | 235 | 517 | 24 | 250 |
| Not Enrolled | 13 | 52 | 35 | 49 | 8 | 16 | 132 | 28 | 39 | 2 | 60 |
| Total Enrollment | 2,220 | 7,564 | 3,596 | 6,763 | 1,494 | 2,328 | 10,723 | 3,050 | 9,080 | 577 | 3,764 |
| Total Eligibles | 2,233 | 7,616 | 3,631 | 6,812 | 1,502 | 2,344 | 10,855 | 3,078 | 9,119 | 579 | 3,824 |
| Percent Enrolled | 99.4% | 99.3% | 99.0% | 99.3% | 99.5% | 99.3% | 98.8% | 99.1% | 99.6% | 99.7% | 98.4% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|--------|
| AmeriChoice of NJ | 1,808 | 1,015 | 548 | 457 | 3,052 | 184 | 344 | 432 | 1,671 | 521 | 25,591 |
| Amerigroup NJ | 1,507 | 1,041 | 271 | 1,254 | 3,867 | 0 | 79 | 52 | 1,500 | 45 | 16,854 |
| Health Net of NJ | 1,533 | 0 | 0 | 866 | 1,035 | 81 | 297 | 0 | 730 | 0 | 7,234 |
| Horizon Mercy | 3,530 | 2,355 | 1,270 | 3,208 | 1,686 | 489 | 953 | 747 | 2,325 | 346 | 39,827 |
| UHP | 865 | 433 | 244 | 250 | 849 | 1 | 225 | 6 | 705 | 1 | 6,331 |
| Not Enrolled | 57 | 23 | 23 | 21 | 85 | 3 | 24 | 6 | 56 | 2 | 734 |
| Total Enrollment | 9,243 | 4,844 | 2,333 | 6,035 | 10,489 | 755 | 1,898 | 1,237 | 6,931 | 913 | 95,837 |
| Total Eligibles | 9,300 | 4,867 | 2,356 | 6,056 | 10,574 | 758 | 1,922 | 1,243 | 6,987 | 915 | 96,571 |
| Percent Enrolled | 99.4% | 99.5% | 99.0% | 99.7% | 99.2% | 99.6% | 98.8% | 99.5% | 99.2% | 99.8% | 99.2% |

H. NJ FamilyCare

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|-------------------|-----|-----|-----|-------|-----|-------|-------|-------|-------|-----|-----|
| AmeriChoice of NJ | 379 | 946 | 668 | 2,575 | 344 | 1,057 | 3,165 | 1,118 | 4,384 | 31 | 366 |

| | | | | | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|
| Amerigroup NJ | 510 | 2,772 | 247 | 248 | 26 | 49 | 1,087 | 156 | 1,482 | 55 | 137 |
| Health Net of NJ | 0 | 0 | 176 | 264 | 0 | 250 | 703 | 293 | 613 | 0 | 130 |
| Horizon Mercy | 1,991 | 2,729 | 1,595 | 3,804 | 878 | 969 | 4,561 | 572 | 5,109 | 242 | 1,705 |
| UHP | 1 | 635 | 137 | 155 | 0 | 0 | 1,146 | 180 | 828 | 10 | 171 |
| Not Enrolled | 11 | 35 | 15 | 43 | 3 | 6 | 111 | 9 | 70 | 3 | 14 |
| Total Enrollment | 2,881 | 7,082 | 2,823 | 7,046 | 1,248 | 2,325 | 10,662 | 2,319 | 12,416 | 338 | 2,509 |
| Total Eligibles | 2,892 | 7,117 | 2,838 | 7,089 | 1,251 | 2,331 | 10,773 | 2,328 | 12,486 | 341 | 2,523 |
| Percent Enrolled | 99.6% | 99.5% | 99.5% | 99.4% | 99.8% | 99.7% | 99.0% | 99.6% | 99.4% | 99.1% | 99.4% |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| AmeriChoice of NJ | 1,226 | 890 | 411 | 1,683 | 3,081 | 193 | 210 | 315 | 1,628 | 517 | 25,187 |
| Amerigroup NJ | 896 | 933 | 235 | 1,164 | 3,421 | 0 | 31 | 18 | 1,223 | 43 | 14,733 |
| Health Net of NJ | 986 | 0 | 0 | 1,014 | 915 | 75 | 207 | 0 | 643 | 0 | 6,269 |
| Horizon Mercy | 2,538 | 2,609 | 905 | 3,283 | 1,607 | 484 | 613 | 499 | 2,049 | 271 | 39,013 |
| UHP | 756 | 486 | 243 | 624 | 782 | 0 | 198 | 1 | 632 | 1 | 6,986 |
| Not Enrolled | 48 | 28 | 8 | 29 | 51 | 3 | 8 | 4 | 19 | 0 | 518 |
| Total Enrollment | 6,402 | 4,918 | 1,794 | 7,768 | 9,806 | 752 | 1,259 | 833 | 6,175 | 832 | 92,188 |
| Total Eligibles | 6,450 | 4,946 | 1,802 | 7,797 | 9,857 | 755 | 1,267 | 837 | 6,194 | 832 | 92,706 |
| Percent Enrolled | 99.3% | 99.4% | 99.6% | 99.6% | 99.5% | 99.6% | 99.4% | 99.5% | 99.7% | 100.0% | 99.4% |

I. NJFC-MCSA Restricted Alien Adults

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| AmeriChoice | 3 | 166 | 16 | 28 | 1 | 5 | 163 | 6 | 220 | 1 | 16 |
| Horizon Mercy | 39 | 359 | 34 | 68 | 1 | 12 | 265 | 8 | 302 | 3 | 73 |
| UHP | 0 | 97 | 11 | 3 | 0 | 1 | 108 | 4 | 84 | 0 | 10 |
| Total Enrollment | 42 | 622 | 61 | 99 | 2 | 18 | 536 | 18 | 606 | 4 | 99 |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| AmeriChoice | 166 | 44 | 21 | 9 | 277 | 0 | 42 | 2 | 141 | 10 | 1,337 |
| Horizon Mercy | 303 | 80 | 109 | 41 | 159 | 4 | 68 | 3 | 189 | 3 | 2,123 |
| UHP | 133 | 26 | 28 | 17 | 109 | 0 | 48 | 0 | 89 | 0 | 768 |
| Total Enrollment | 602 | 150 | 158 | 67 | 545 | 4 | 158 | 5 | 419 | 13 | 4,228 |

J. NJFC-MCSA Adults without Children

| HMO NAME | Atl | Ber | Bur | Cam | Cap | Cum | Ess | Glo | Hud | Hun | Mer |
|------------------|-----|-----|-----|-----|-----|-----|-------|-----|-------|-----|-----|
| AmeriChoice | 43 | 186 | 61 | 199 | 14 | 63 | 405 | 88 | 565 | 7 | 49 |
| Horizon Mercy | 140 | 436 | 121 | 381 | 71 | 80 | 579 | 72 | 629 | 28 | 141 |
| UHP | 8 | 169 | 24 | 45 | 0 | 3 | 324 | 39 | 253 | 2 | 30 |
| Total Enrollment | 191 | 791 | 206 | 625 | 85 | 146 | 1,308 | 199 | 1,447 | 37 | 220 |

| HMO NAME | Mid | Mon | Mor | Oce | Pas | Sal | Som | Sus | Uni | War | Total |
|------------------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| AmeriChoice | 293 | 132 | 31 | 52 | 302 | 19 | 38 | 11 | 166 | 46 | 2,770 |
| Horizon Mercy | 544 | 283 | 136 | 262 | 272 | 34 | 89 | 46 | 307 | 39 | 4,690 |
| UHP | 233 | 80 | 71 | 74 | 195 | 0 | 39 | 0 | 184 | 0 | 1,773 |
| Total Enrollment | 1,070 | 495 | 238 | 388 | 769 | 53 | 166 | 57 | 657 | 85 | 9,233 |

APPENDIX 4 -RATE CERTIFICATION LETTER

September 1, 2003 – June 30, 2004 Capitation Rate Certification Letter with Additional Annualized Figures

August 25, 2003

The State of New Jersey Department of Human Services (State) contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rates for use during the September 1, 2003, through June 30, 2004, contract period, which is also the final ten months of SFY04. In determining the ten month capitation rates for the managed care populations, Mercer reviewed trend, encounter data, programmatic changes, eligible data, demographic changes, and health plan financial reports. Adjustments were made where appropriate. Please refer to Mercer's capitation rate calculation sheets (CRCS) for a summary of all rates by category of aid (COA).

The statewide weighted capitation rate increase from SFY03 rates, for benefits in effect at the end of SFY03, to the final ten months of SFY04 for this period, based on SFY04 projected enrollment to be covered throughout all of SFY04 (which therefore excludes FamilyCare Adults 0 – 100 percent of FPL), is 0.44 percent on a per member per month (PMPM) basis. Details for this calculation are on the percentage increase page of the CRCS exhibit; as noted on the exhibit, the 0.44 percent increase is not an annualized figure. Without the SFY04 program change which carves out pharmacy services for the ABD without Medicare (DDD and non-DDD) population, the statewide weighted capitation rate would have increased, between the two periods described above, by 9.23 percent. The difference between the midpoints for the two periods is thirteen months. Annualized, the rate increase would have been 8.49 percent. The following is an explanation of the assumptions and any changes in methodologies that occurred when calculating the September 1, 2003, through June 30, 2004, capitation rates.

Separate sets of rates have been calculated for July 2003 and August 2003 and described in earlier rate certification letters. For the benefits in effect for July 2003, August 2003, and assumed for the last ten months of SFY04, the rate increase compared to the benefits in effect at the end of SFY03 is 1.55 percent (weighted on SFY04 projected membership for categories expected to continue throughout SFY04). If pharmacy drugs had not been carved out of the ABD without Medicare populations, the rate increase from SFY03 to the entire twelve months of SFY04 would have been 8.84 percent.

Overview of Rate Development Methodology

The primary data source for the September 1, 2003, through June 30, 2004, rates is the financial data submitted by the health maintenance organizations (HMO) to the State. This is consistent with the source data for the SFY03 rates. For certain rate categories — those in which the financial data was sparse — the claim cost components of the SFY03 rates were also used in the development of the September 1, 2003, through June 30, 2004, rates. The financial data used was incurred during the period July 1, 2001, through June 30, 2002 (SFY02).

Other data sources, including claims encounter data and HMO-reported utilization data were evaluated and determined to be not sufficiently complete and/or not sufficiently reliable. Likewise, fee-for-service

(FFS) claims data was either outdated or limited, depending upon the population for which capitation rates were being developed.

Base Data

Mercer began with the SFY02 incurred financial data from the five HMOs that contracted with the State throughout SFY02. Modifications were made to the SFY02 HMO reported data to assure data consistency. Each modification was discussed with the reporting HMO. The modifications represent reclassifications of certain expenses from one category to another, as well as adjustments to incurred claims data. The as-reported aggregate SFY02 medical cost of the five HMOs was \$149.05 PMPM. The weighting is on all SFY02 member months.

The State surveyed each of the five HMOs regarding any supplementary non-State plan services provided. No adjustment was made, as there were no material non-State plan services other than those that had been provided in lieu of an existing comparable State plan approved service. This substitution of approved services approach was described and discussed at the CMS Medicaid Managed Care Rate Setting conference in Baltimore, Maryland on October 25, 2002. To formalize the approach for next year, the State has created a non-State plan services report for the HMOs to provide on a regular basis.

Unpaid Claim Adjustment

The next step in the rate calculation process was the review of the HMOs' expense component for claims incurred but unpaid, hereinafter called the incurred but not reported (IBNR). Statutory accounting recognizes an incurred medical expense for the period as the result of the sum of claims paid in the period plus the change in the accrued liability for the IBNR between the beginning and the end of the period. This calculation pushes the correction of the estimation error of the beginning IBNR into the expense recognized in the current period. On the other hand, the expense recognized in the rate development is calculated from claims incurred in the SFY02 experience period, both claims paid in SFY02 and the accrued liability for the IBNR as of June 30, 2002.

The financial data submitted by the HMOs included claim lag data and their estimates of monthly incurred claims in four categories of service (COS) — Hospital Inpatient, Pharmacy, Physician, and Other Services. Mercer used this data to calculate its own specific estimates of IBNR. It is common practice for the IBNR held by HMOs to include margins for adverse deviation and a liability for unpaid claims adjustment expense. While both may be appropriate for statutory accounting, the rate development uses best estimates of incurred claims. Mercer's review of the HMOs' IBNR found no HMO for which we reduced the IBNR. Instead, we increased the IBNR amounts for one of the five HMOs. The effect of the increase in the IBNR on the aggregate SFY02 experience of the five HMOs was an increase of 0.84 percent to \$150.29 PMPM.

Category of Service Line Adjustment

Rearrangements of certain expenses from one category to another were discussed with each of the reporting HMOs. The effect of these modifications on the aggregate SFY02 experience of the five HMOs was a decrease of 0.64 percent to \$149.33 PMPM. (This is the amount in the November 2, 2002 e-mail to each HMO.) The weighting is on all SFY02 member months.

Risk Adjusted Rate Normalization

The claim data from SFY02 from the Aged, Blind and Disabled (ABD) without Medicare category of aid (COA) represents various risk-adjusted rate (RAR) scores across different HMOs and different months. The composite RAR score for all SFY02 member months was calculated with pharmacy services carved out. This is consistent with the carve-out of pharmacy services for the ABD without Medicare COA. The composite RAR factor was divided into the HMO medical claim cost to normalize the claim cost to a 1.000 RAR factor. The rates being developed will then have each HMO's monthly RAR factor applied for monthly capitation payment. This adjustment increases the SFY02 aggregate medical expense to \$150.83 PMPM, an increase of 1.00 percent, with weighting still on all SFY02 member months.

Medical PMPM Outlier Adjustment

In the reviews of each of the five HMOs' financial data, mercer analyzed each HMO's medical pmpm. A comparison was done for each HMO's demographically adjusted sfy02 pmpm expenses by cos and consolidated coa, in relation to the respective weighted average pmpm. An allowable variance range of plus or minus 50 percent of the benchmark was utilized in identifying outlier pmpm expenses. However, the variance was allowed when a cost savings relationship existed among the following cos: inpatient/pharmacy, emergency room/primary care, specialist/primary care, and inpatient/outpatient. The changes had a limited downward effect on the sfy02 financial data. The adjustment factor was determined in aggregate for all HMOs to normalize the reported financial data to the targeted level. Such adjustments are made so that the resulting rates reflect the utilization of services in an efficiently and effectively run HMO. Without such an adjustment (and review of financial data for ibnr levels) the rate development process would become cost-plus rate setting based on reported data without sufficient examination. This adjustment decreases the sfy02 aggregate medical expense to \$149.30 pmpm, a decrease of 1.01 percent with weighting still on all sfy02 member months.

Trend to SFY03

The SFY02 financial claim expense data was first trended to SFY03, a change of one year. The trend factors recognize changes in cost per service and utilization of health care services from the base period to the following contract period. Mercer relied on its professional experience in working with other state Medicaid programs, outlooks in the commercial marketplace that influence Medicaid programs, and regional and national economic indicators, as well as financial information from the HMOs. Trend factors were developed for various COS. The trend adjustment for SFY02 to SFY03 (using SFY02 membership) produces an aggregate medical expense of \$160.05 PMPM, an increase of 7.20 percent. The aggregate medical expense for all populations except FamilyCare Adults 0-100 percent of FPL is \$147.38. The trend varies by COA. For example, the trend for the ABD with Medicare is larger, due to the high proportion of pharmacy costs to the total and the high pharmacy trend.

Interest Income

An interest income adjustment was included in the maternity care payment to account for negative cash flows resulting from the maternity delivery payment methodology. The State recognizes the longer than assumed processing lag time for the State to get a maternity payment to the HMO. This places the HMO at a cash flow disadvantage. This maternity interest adjustment helps the HMO by accounting for the time lag between the maternity expense and the payment from the State. This adjustment increases the SFY03 maternity medical expense by 0.5 percent. Overall, this adjustment increases the SFY03 aggregate medical expense to \$147.46 PMPM (weighted using all SFY02 membership, except FamilyCare Adults 0 – 100 percent of FPL), an increase of 0.05 percent.

Program Change During SFY03

The State has made changes effective for SFY03 to services and populations for which the HMOs will no longer be placed at risk.

The General Assistance (GA) persons had been a major component of the FamilyCare Adults 0 – 50 percent of the FPL category of aid. The State has made a concentrated effort to get all qualified persons who would be eligible for SSI benefits enrolled in that federal program. When the SSI eligibility is attained, that person moves from the FamilyCare Adults 0 – 50 percent of FPL category to the ABD without Medicare category. (In two years they would become eligible for Medicare.) The State expects that the number of GA persons that were remaining in the FamilyCare Adults 0–50 percent of FPL category as of June 30, 2002 that will be moved to ABD without Medicare for SFY03 will be 0.67 percent of the FamilyCare Adults 0 – 50 percent of FPL. To account for this, the member months have been shifted to the ABD without Medicare COA. This GA conversion population retains their Plan A benefits, for which Mercer assumed their cost to be 110 percent of the ABD without Medicare rate.

The State's policy change to exclude the GA population from the managed care population effective July 1, 2002, also reduces the FamilyCare Adults 0 – 50 percent of FPL rate as it also includes a change in covered services to those of the FamilyCare Adults 51 – 100 percent of FPL. The movement will have a reduction in benefits from the Plan A benefit level to the Plan H benefit level. Adjustments were made to expected medical costs in order to account for the reduction in benefits for the FamilyCare Adults 0 – 50 percent of FPL rate cells.

Overall, the impact of the GA conversion is to increase the aggregate SFY03 medical expense to \$147.62 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL), an increase of 0.11 percent. The impact of the GA carve-out solely on the FamilyCare Adults 0 – 100 percent of FPL is to reduce the aggregate SFY03 medical expense by 13.90 percent.

The State implemented changes in benefits for the FamilyCare Parents 0 – 133 percent of FPL population from the Plan A benefit level to the Plan D benefit level effective March 1, 2003. Mercer adjusted the medical cost component of the rates for the Inpatient, Pharmacy, Supplies, Transportation, Dental, and Other Practitioner/Other Services COS in the CRCS to account for the reduction in services for which HMOs will be at risk. HMOs will no longer be at risk for several services for the FamilyCare Parents 0 – 133 percent of FPL population. These medical components for SFY03 account for the effect of the full annual rates for benefits in effect March 2003. The impact of the reduction in services is to reduce the aggregate SFY03 medical expense to \$145.23 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL), a decrease of 1.62 percent.

Capitation Rate Calculations

The development of each of the 79 separate capitation rates was based on COA, age, sex, and geographic region. Maternity delivery payments are separate from the monthly capitation rates. The financial data provided by the HMOs is in 18 consolidated COA groupings. This adjusted data forms the basis for the September 1, 2003 through June 30, 2004 rates. Note that the summary of all COAs is based on SFY02 member months for populations continuing throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL. The aggregate projected SFY03 medical cost, after all adjustments and program changes, is \$145.23 PMPM. Further splits into the 79 rates use the medical

cost components in the SFY03 rate development, which was based on blending of HMO financial data and rate development from earlier periods.

The SFY03 rate medical cost components of the consolidated COA account for the effect of the full annual rates for benefits in effect March 2003. The SFY03 rates were used to modify particular COAs in which the financial data was sparse. The net effect of the blending of the SFY03 rates with the financial data was an increase in the aggregate medical expense to \$145.78 PMPM, an increase of 0.38 percent. To ensure that the blending of the SFY03 rates with the financial data would not result in an aggregate medical expense PMPM different from the aggregate financial data PMPM, a reconciling adjustment to reverse the 0.38 percent was made across all rate cell categories. The net effect of initial blending adjustments and the reconciliation was a return to the aggregate medical expense to \$145.23 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL).

Effective October 1, 2002, HMOs were no longer at risk for the inpatient hospital expense of new enrollees on an organ transplant waiting list at the time of their initial enrollment to the HMO. The inpatient hospital expenses are not paid by the HMO, but by the State directly. This inpatient hospital medical component for SFY03 accounts for the effect of the full annual rates for benefits in effect October 1, 2002. The effect of removing these costs is to reduce the aggregate blended SFY03 medical expense to \$144.91 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL), a decrease of 0.22 percent.

Trend from SFY03 to the Last Ten Months of SFY04

For all populations, except FamilyCare Adults 0 – 100 percent of FPL, trends are applied separately for each COS by consolidated COA from SFY03 to the last ten months of SFY04. The effect is an increase in the aggregate medical expense to \$156.66 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL), an increase of 8.11 percent. The difference between the midpoints of the two periods is thirteen months. Annualized, the effect of trend is 7.46 percent. The rate certification letters for the July 2003 and August 2003 rates state an annualized trend effect of 7.42 percent. The reason for the slight difference is that the calculation for the July 2003 and August 2003 rates excluded FamilyCare Parents 134 – 200 percent of FPL, which were then expected not to continue to be covered throughout SFY04. This population is now included in the calculation because they are now expected to continue to be covered throughout SFY04.

For the FamilyCare Adults premium group, trends are applied separately for each COS from SFY03 to September 30, 2003. The program change specific to the FamilyCare Adults premium group, effective October 1, 2003, is described in the following section.

Program Changes for SFY04

The State has made changes effective for SFY04 to services and populations for which the HMOs will no longer be placed at risk. Additional program changes under consideration by the State have not been considered by Mercer as formal contractual modifications have not yet been developed by the State. The following program changes are the only adjustments priced by Mercer.

Effective July 1, 2003, the State is implementing changes in the contract language for payment of contract rates for emergency admissions and outpatient visits to in-State non-participating hospitals, those hospitals for which the HMO does not have a contract. An HMO will pay a non-participating hospital no more than the Medicaid fee schedule for emergency services. Mercer evaluated the costs

incurred by the HMOs for their participating and non-participating in-State hospital providers and adjusted the medical cost component of the rates. Specifically, the Inpatient Hospital and Emergency COS in the CRCS were adjusted to account for the reduction in hospital rates for which HMOs will be at risk. The impact of the reduction in rates is to reduce the aggregate medical expense to \$156.19 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL), a decrease of 0.30 percent.

Effective September 1, 2003, HMOs will no longer be at risk for pharmacy services for the ABD without Medicare and ABD-DDD without Medicare populations. The effect of the exclusion of pharmacy services is a decrease in the aggregate medical expense to \$144.13 PMPM (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL), a decrease of 7.72 percent.

Effective October 1, 2003, the FamilyCare Adults 0 – 100 percent of FPL, Health Access individuals without dependent children, and Adult Restricted Aliens (excluding pregnant women) populations will be transferred into two groups under a Managed Care Service Administrator program. Adult Restricted Aliens, which have been scattered across several COAs, will have a separate administrative fee schedule from the FamilyCare and Health Access Adults without dependent children. The State will assume the responsibility for financial risk for medical costs, and the HMOs will administer the benefit plan for these populations. Under the Managed Care Service Administrator ASO program, the HMOs will be responsible for administrative services such as claims processing, network management, member services, provider services, grievance and appeals, and care management activities. The effect of this is not itemized as weighting is based on SFY02 membership only for those populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL.

Effective July 1, 2003, the State is paying rates for newborns through the maternity delivery payment. This applies to all newborns whose mother was enrolled in an HMO at the time of delivery. This newborn period is defined to start at the date of birth and continue through the end of the month in which the 60th day after birth falls. The medical cost dollars for this period (which average 75 days per newborn) are moved from the 0 – 11 month rate cell to the maternity delivery payment. While there is no change in total medical cost dollars, the member months are reduced by the 75-day (average) period. The impact is a change to the PMPM aggregate medical expense to \$145.92 PMPM due to the reduction in the member months used in the calculation.

Due to the change in the scope of the SFY04 maternity delivery payment, there will be newborns born during the latter part of SFY03 for which a capitation payment is not made during the initial months of SFY04 until they have reached the month after the month in which the 60th day after birth falls. These months are the July 2003 capitation payment for May 2003 births and the July and August capitation payments for June 2003 births. For May births, a separate payment of \$271.67 for July 2003 transitional newborns will be made. For June 2003 births, separate payments of \$747.34 for July 2003 transitional newborns and \$271.67 anticipated for August 2003 transitional newborns will be made to account for these member months of coverage provided by the HMOs.

Consolidation of Rate Cells

See the rate summary page for the consolidation of rate cells. For example, note that the 0 – 11 months cell and the age 1– 1.99 cell will be combined into an age 0 – 1.99 cell. Any newborns whose mother is not enrolled in an HMO at the time of delivery will be paid through the 0 – 1.99 year capitation rate cell.

Loading for Administration and Underwriting Profit

For the final managed care capitation rates, Mercer reviewed current HMO reported financial reports and developed a component for the combination of administration and underwriting profit. The administrative load reflects decreased variable administrative fees associated with the State's policy changes. In addition to potential profits from the loading, HMOs will also have investment income on cash flows and on retained earnings from prior periods.

The load for HMO administration and underwriting profit is calculated using the same flat dollar amount for all monthly capitation rates and the same percentage applied to all medical costs except for the ABD without Medicare population which was adjusted for the pharmacy carve-out. Also, the maternity delivery payment has only the percentage of medical costs, not the flat dollar amount.

In order to recognize the incremental reduction in administrative costs for the HMOs due to the removal of pharmacy drugs from the ABD without Medicare populations, effective September 1, 2003, the allocation of the aggregate administration and underwriting profit was rebalanced, subject to the additional constraint that substituted a very small reduction in administrative dollars when pharmacy drugs were carved out of the benefit package. As a result of the rebalancing, for rate categories other than ABD without Medicare, the administration and underwriting profit components are lower for the September 2003 through June 2004 capitation rates than they were for the August 2003 capitation rates. Based upon projected SFY04 enrollment, the aggregate administration and underwriting profit percentage of the capitation rates is consistent between the August 2003 and September 2003 through June 2004 sets of rates.

In the aggregate this method results in 13.4 percent of premium as a load for administration and underwriting profit (weighted using SFY02 membership on populations to be covered throughout all of SFY03, except FamilyCare Adults 0 – 100 percent of FPL). Half of the amount is through the flat dollar amount; half is through the percentage of medical cost. This new method is a change from that used for the SFY03 rates, which was a uniform 13.0 percent of premium for all rate categories, including the maternity delivery payment. The new method recognizes that certain administrative expenses occur for the maintenance of membership regardless of the amount of medical services, while other administrative expenses are proportional to the amount of medical services.

Certification of Final Rates

Mercer certifies that the above rates were developed in accordance with generally accepted actuarial practices and principles by actuaries meeting the qualification standards of the American Academy of Actuaries for the populations and services covered under the managed care contract. Rates developed by Mercer are actuarial projections of future contingent events. Actual HMO costs will differ from these projections. Mercer has developed these rates on behalf of the State to demonstrate compliance with the Centers for Medicare and Medicaid Services (CMS) requirements under 42 CFR 438.6(c) and are in accordance with applicable law and regulations. HMOs are advised that the use of these rates may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rates by HMOs for any purpose. Mercer recommends that any HMO considering contracting with the State should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rates before deciding whether to contract with the State. Use of these rates for any purpose beyond that stated may not be appropriate.

Mercer certifies the following rates.

Regional Rates

AFDC/New Jersey Care Pregnant Women (NJCPW)/KidCare A/FamilyCare Children1
Aged with Medicare
Blind/Disabled with Medicare

Statewide Rates

Division of Youth and Family Services (DYFS)
KidCare B&C
KidCare D
FamilyCare Adults, 0 – 100 percent of FPL (September 2003)
FamilyCare Parents, 0 – 133 percent of FPL
FamilyCare Parents, 134 – 200 percent of FPL

Risk-Adjusted Rates

ABD without Medicare (includes AIDS)
ABD-DDD without Medicare

Special Risk-Related and Supplemental Rates

ABD-DDD with Medicare
Non-ABD-AIDS (includes DYFS, NJCPW, NJ KidCare, and NJ FamilyCare)
ABD-AIDS with Medicare
Maternity
Non-ABD-DDD2 with Home Health (HH) — Includes a HH supplement, as HMOs are responsible for HH for the non-ABD populations; a supplemental HH rate is provided for non-ABD-DDD clients.
ABD-DDD-AIDS3 with Medicare — Includes a behavioral health (BH) add-on, as BH services are the responsibility of the HMOs for the DDD population
Non-ABD-DDD-AIDS4 — Includes a BH add-on, as BH services are the responsibility of the HMOs for the DDD population.

Sincerely,

Michael E. Nordstrom, ASA, MAAA
Russell, FSA, MAA

F. Kevin

¹ Children with program status code 380 and family income less than 134 percent of FPL.

² The home health rate is in addition to the ABD-DDD without Medicare payment for each non-ABD-DDD recipient.

³ The total rate will be the ABD-AIDS with Medicare rate plus an add-on supplement for the mental health and substance abuse component of the DDD service package.

⁴ The total rate will be the non-ABD-AIDS rate plus an add-on supplement for the mental health and substance abuse component of the DDD service package. This supplemental add-on rate also applies to KidCare and DYFS rates.