

Request for Proposal 07-X-38991

For: Medical Consulting: External Quality Review Organization, DMAHS

| Event | Date | Time |
|--|------------|---------|
| Bidder's Electronic Question Due Date (Refer to RFP Section 1.3.1 for more information.) | 08/10/2006 | 5:00 PM |
| Mandatory Pre-bid Conference | N/A | N/A |
| Mandatory Site Visit | N/A | N/A |
| Bid Submission Due Date (Refer to RFP Section 1.3.2 for more information.) | 09/15/06 | 2:00 PM |

Dates are subject to change. All changes will be reflected in Addenda to the RFP posted on the Division of Purchase and Property website.

| | | |
|---|--|---|
| Small Business Set-Aside (Refer to RFP Section 4.4.2.2 for more information.) | Status <input type="checkbox"/> Not Applicable | Category <input checked="" type="checkbox"/> I <input checked="" type="checkbox"/> II <input checked="" type="checkbox"/> III |
| | <input type="checkbox"/> Entire Contract | |
| | <input type="checkbox"/> Partial Contract | |
| | <input checked="" type="checkbox"/> Subcontracting Only | |

RFP Issued By

State of New Jersey
Department of the Treasury
Division of Purchase and Property
Trenton, New Jersey 08625-0230

Using Agency

State of New Jersey
Department of Human Services
Division of Medical Assistance and Health Services
Trenton, New Jersey 08625

Date: July 20, 2006

NOTICE TO BIDDERS

SET-ASIDE CONTRACTS N.J.S.A 52:32-17, N.J.A.C. 17:13, 12A:10

Pursuant to the provisions of the New Jersey statute and administrative code cited above, this contract, or a portion thereof, has been designated as a set-aside contract for Small Business. As such, as indicated on page one of this document, eligibility to bid is limited to bidders (or subcontractors, as applicable) that meet statutory and regulatory requirements and have had their eligibility determined by the New Jersey Commerce, Economic Growth and Tourism Commission (Commerce). The definitions of each Small Business set-aside category can be found at N.J.A.C. 17:13-1.2 or N.J.A.C. 12A:10-1.2.

"Small Business" means a business that has its principal place of business in the state of New Jersey, is independently owned and operated, and has no more than 100 full-time employees.

The new program places Small Business into the following categories: (I) those with gross revenues up to \$500,000, (II) those with gross revenues of up to \$5 million, and (III) those with gross revenues that do not exceed \$12 million. While companies registered as having revenues below \$500,000 can bid on any contract, those earning more than the \$500,000 and \$5 million amounts will not be permitted to bid on contracts designated for revenue classifications below their respective levels.

Each business interested in bidding for this contract should provide, as part of its response to this solicitation, proof of its current registration as a qualifying Small Business with the New Jersey Commerce, Economic Growth and Tourism Commission. Any business that seeks to register as a Small Business is required to submit a fee along with its application to Commerce.

All necessary forms and any additional information concerning registration may be obtained by contacting Commerce's office of Small Business services, by telephone at the number below, or by mail, or in person between the hours of 9:00 AM and 5:00 PM at the address below:

**NEW JERSEY COMMERCE, ECONOMIC GROWTH AND TOURISM COMMISSION
OFFICE OF SMALL BUSINESS SERVICES
20 WEST STATE STREET - 4TH FLOOR
PO BOX 820, TRENTON, NJ 08625-0820**

TELEPHONE: (690) 292-2146

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1.0 INFORMATION FOR BIDDERS

1.1 PURPOSE AND INTENT

This Request for Proposal (RFP) is issued by the Purchase Bureau, Division of Purchase and Property, Department of the Treasury on behalf of the Department of Human Services (DHS), Division of Medical Assistance and Health Services (DMAHS). The purpose of this RFP is to solicit bid proposals to engage a contractor, known as an External Quality Review Organization (EQRO), to design and conduct annual quality assurance reviews of 1) services provided to New Jersey FamilyCare (NJFC)/Medicaid clients in the Managed Care Program (MCP) and/or Medicaid Fee-for-Service (FFS) Program and 2) Health Maintenance Organizations (HMOs) that have a contract with DHS.

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. The State, however, reserves the right to separately procure individual requirements that are the subject of the contract during the contract term, when deemed by the Director to be in the State's best interest.

The NJ Standard Terms & Conditions version 05 09 06 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 this RFP and should be read in conjunction with them unless the RFP specifically indicates otherwise.

1.2 BACKGROUND

This is a reprocurement of the *To Provide Annual Quality Assurance Reviews of HMO's Under Contract* term contract that is due to expire on September 30, 2006. Bidders interested in the current contract specifications and pricing information may review the current contract (T-1619) at <http://www.state.nj.us/treasury/purchase/contracts.htm>.

DMAHS administers State and federally funded health insurance programs for select groups of children and adults with low and moderate income. As of March 2006, there was a total of 975,050 individuals (clients) enrolled in Medicaid who were eligible to receive services through DMAHS; about seventy percent (70%), or 687,487 clients of this total eligible population, was enrolled in managed care.

| CLIENTS ELIGIBLE TO BE ENROLLED IN MEDICAID MARCH, 2006 | | | |
|--|------------------------|----------------------|---------------------|
| <u>ELIGIBILITY CATEGORY</u> | <u>CHILDREN</u> | <u>ADULTS</u> | <u>TOTAL</u> |
| NJFC/MEDICAID | 515,647 | 145,624 | 661,271 |
| AGED, BLIND, AND DISABLED | | | |
| AGED | -- | 78,346 | 78,346 |
| BLIND | 70 | 871 | 941 |
| DISABLED | 27,515 | 141,416 | 168,931 |
| GENERAL ASSISTANCE | -- | 39,458 | 39,458 |
| CHILDREN'S SERVICES (INCLUDES DYFS*) | 26,103 | -- | 26,103 |
| TOTAL | 569,335 | 405,715 | 975,050 |

* Division of Youth and Family Services

All health care services are provided through either HMOs or traditional FFS programs. DMAHS has mandated that most eligible NJFC/Medicaid clients, with the exception of dual eligibles, enroll in an HMO. The State began to phase-in and automatically assign a goal of approximately 50,000 non-dual eligible Aged, Blind and Disabled clients beginning July 2006.

Five HMOs participate in the NJFC/Medicaid program. The following lists the participating HMO plans and their respective enrollment as of March 2006.

| | |
|------------------------------------|---------|
| 1. Horizon NJ Health | 296,355 |
| 2. AmeriChoice of New Jersey, Inc. | 184,796 |
| 3. AMERIGROUP New Jersey, Inc. | 104,281 |
| 4. University Health Plans, Inc. | 57,204 |
| 5. Health Net of New Jersey, Inc. | 44,851 |
| Total | 687,487 |

NJFC/Medicaid-contracted HMOs are subject to independent annual quality assurance reviews of the services provided or arranged for by the HMOs.

By enhancing access to care and more closely managing the care provided to NJFC/Medicaid clients, these managed care programs result in a broader range of appropriately organized and more cost effective care for clients. Under managed care, an individual enrolls in a plan that makes available a primary care provider (PCP) to each member. This PCP assumes responsibility for coordinating all the care needed by the client. Thus, HMO members are ensured of enhanced access to needed medical services and benefit from greater coordination and continuity of care that result from having a PCP familiar with each client's history.

1.3 KEY EVENTS

1.3.1 ELECTRONIC QUESTION AND ANSWER PERIOD

The Purchase Bureau will accept questions and inquiries from all potential bidders electronically. Questions may be submitted via the Current Bid Opportunities webpage or <http://ebid.nj.gov/QA.aspx>.

Questions should be directly tied to the RFP and asked in consecutive order following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

Bidders are not to contact DMAHS directly, in person, by telephone, or by e-mail concerning this RFP.

The cut-off date for electronic questions and inquiries relating to this RFP is indicated on the cover sheet. Addenda to this RFP, if any, will be posted on the Purchase Bureau website after the cut-off date. See Section 1.4.1 of this RFP for further information.

1.3.2 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 LOCATION INDICATED BELOW WILL BE REJECTED. THE DATE AND TIME IS INDICATED ON THE COVER SHEET. THE LOCATION IS AS FOLLOWS:**

**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 are at the following web address:

<http://www.state.nj.us/treasury/purchase/directions.shtml>.

Bidders using USPS Regular or Express mail services should allow additional time since USPS mail deliveries are not delivered directly to the Purchase Bureau.

1.4 ADDITIONAL INFORMATION

1.4.1 ADDENDA: 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. Any addendum to this RFP will become part of this RFP and part of any contract awarded as a result of this RFP.

ALL RFP ADDENDA WILL BE ISSUED ON THE DIVISION OF PURCHASE AND PROPERTY WEB SITE. TO ACCESS ADDENDA, SELECT THE BID NUMBER ON THE BIDDING OPPORTUNITIES WEB PAGE AT THE FOLLOWING ADDRESS:

<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's "Bidding Opportunities" website on a daily basis from time of RFP issuance through bid opening.

It is the sole responsibility of the bidder to be knowledgeable of all addenda related to this procurement.

1.4.2 BIDDER RESPONSIBILITY

The bidder assumes sole responsibility for the complete effort required in submitting a bid proposal in response to this RFP. No special consideration will be given after bid proposals are opened because of a bidder's failure to be knowledgeable as to all of the requirements of this RFP.

1.4.3 COST LIABILITY

The State assumes no responsibility and bears no liability for costs incurred by a bidder in the preparation and submittal of a bid proposal in response to this RFP.

1.4.4 CONTENTS OF BID PROPOSAL

Subsequent to bid opening, all information submitted by bidders in response to the bid solicitation is considered public information except as may be exempted from public disclosure by the Open Public Records Act, N.J.S.A. 47:1A-1 et seq. and the common law. Because the State proposes to negotiate and/or pursue a Best and Final Offer, bid proposals will not be made public until the Letter of Intent to Award is issued.

A bidder may designate specific information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The State reserves the right to make the determination and will advise the bidder accordingly. The location in the bid proposal of any such designation should be clearly stated in a cover letter. **The State will not honor any attempt by a bidder either to designate its entire bid proposal as proprietary and/or to claim copyright protection for its entire proposal.**

1.4.5 BID OPENING

On the date and time bid proposals are due under the RFP, only the names of the bidders submitting bid proposals will be publicly announced. The contents of the bid proposals shall remain confidential until the Notice of Intent to Award is issued by the Director.

1.4.6 PRICE ALTERATION

Bid prices must be typed or written in ink. Any price change, including white-outs, must be initialed. Failure to initial price changes shall preclude a contract award from being made to the bidder.

1.4.7 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, Disclosure of Investigations and Actions Involving Bidder, Affirmative Action Employee Information Report, MacBride Principles Certification, and Business Registration or Interim Registration must be supplied for each party to a joint venture.

2.0 DEFINITIONS

2.1 GENERAL DEFINITIONS

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

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

All-Inclusive Unit Price – A price comprised of all direct and indirect costs including, but not limited to overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support, and all documents, forms, and reproductions thereof. This price also includes portal-to-portal expenses as well as per diem expenses such as food.

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 bidder awarded a contract resulting from this RFP. Also referred to as the Implementation Contractor.

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.

Firm Fixed Price – A price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction, and any other costs. No additional fees or costs shall be paid by the State unless there is a change in the scope of work.

Joint Venture – A business undertaking by two or more entities to share risk and responsibility for a specific project.

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 as set forth in Section 8.0.

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

State – State of New Jersey.

Subcontractor – An entity having an arrangement with a State contractor, whereby the State contractor uses the products and/or services of that entity to fulfill some of its obligations under its State contract, while retaining full responsibility for the performance of all its (the contractor's) obligations under the contract, including payment to the subcontractor. The subcontractor has no legal relationship with the State, only with the contractor.

Task – A discrete unit of work to be performed.

Using Agency(ies) – The entity(ies) for which the Division has issued this RFP and will enter into a contract.

2.2 CONTRACT SPECIFIC DEFINITIONS

ABD - The Aged, Blind, or Disabled population of the NJ FamilyCare/Medicaid Program.

AFDC or AFDC-Related NJ FamilyCare/Medicaid - The Aid to Families with Dependent Children is a joint federal/State program that provides medical services to families. It is administered by counties under State supervision. Medicaid regulations are found in N.J.A.C. 10:69.

Annual Work Plan - A formal annual description of focused healthcare studies to be conducted during the year. This includes the Annual Assessment of HMO Operations and any other work to be done during that year.

Annual Assessment of HMO Operations - An onsite annual review conducted in conjunction with DMAHS to assess and determine the quality, appropriateness, and timeliness of healthcare services provided under the contracted HMOs.

Audit - An official examination and verification of accounts and records.

Business day - The part of a day during which most businesses are operating, usually from 9 AM to 5 PM, Monday through Friday.

Calendar day - A day reckoned from midnight to midnight (12:00 AM to 11:59 PM).

Client:- A person who has been determined to be eligible for assistance in accordance with the State Plan(s) under Title XIX and Title XXI of the Social Security Act and/or other State medical assistance programs.

Centers for Medicare and Medicaid Services (CMS) - The agency of the federal Department of Health and Human Services that is responsible for the administration of the Medicare and Medicaid programs in the United States.

Day - Unless otherwise noted, all references to day shall mean calendar day.

DDD - Division of Developmental Disabilities within the Department of Human Services.

DDS - Division of Disability Services within the Department of Human Services.

DFD - Division of Family Development within the Department of Human Services.

DHS - Department of Human Services.

DHSS - Department of Health and Senior Services.

DMAHS - Division of Medical Assistance and Health Services within the Department of Human Services.

Dual Eligible - A person who is entitled to Medicare (Parts A and/or B) and who is also eligible for Medicaid.

DYFS - Division of Youth and Family Services within the Department of Human Services.

Encounter Data - Record of the number and types of services rendered to patients during a specific time period.

Evaluation of the HMO's Quality Assurance Program (QAP) - A plan with timelines to monitor and evaluate the HMO's adherence to its QAP as part of the Annual Assessment of HMO Operations.

Evaluation of the HMO's Quality Improvement Projects (QIP) - A plan of evaluating State-defined measurable HMO improvement goals to ensure improvement in these areas.

External Quality Review (EQR) - The analysis and evaluation of aggregated information on quality, timeliness, and access to the health care services that an MCO or its contractors furnish to FamilyCare/Medicaid clients.

External Quality Review Organization (EQRO) - An organization that meets the competence and independence requirements set forth in 42 CFR 438.354 and performs external quality review or other EQRO-related activities as set forth in 42 CFR 438.358.

Fee for Service - A method of reimbursement based on payment for specific services rendered to an enrollee.

Focused Quality Studies - Detailed reviews and assessments of aspects of healthcare for defined clinical and non-clinical areas with the intent to improve quality of care and outcomes.

Full-time equivalent employment (FTE) - The number of full-time equivalent jobs defined as total hours worked divided by the average annual number of hours worked in full-time jobs.

General Assistance (GA) - A component of the Work First New Jersey (WFNJ) program that offers cash and medical assistance to single individuals or childless couples to transition to jobs and take the first step toward self-sufficiency. WFNJ/GA provides temporary cash and medical assistance under essentially the same guidelines as WFNJ/TANF. Benefits for the GA program are State-funded. Eligible applicants may also apply for the Food Stamp Program.

Governing Unit - Any state, municipal or local authority, including school boards, water and sewage authorities, as well as any state college or university system that is required or authorized by statute to provide a group health plan for active or retired employees.

Health Insurance Portability and Accountability Act of 1996 (HIPAA) - Requires that all protected patient information be safeguarded in specific ways to prevent accidental or purposeful disclosure, loss, or misuse.

Health Maintenance Organization (HMO) - Any entity that contracts with providers and furnishes at least basic comprehensive health care services on a prepaid basis to enrollees in a designated geographic area pursuant to N.J.S.A. 26:2J-1 et seq. and is either a federally qualified HMO or meets the State's definition of an HMO, which includes, at a minimum, the following requirements:

- it is organized primarily for the purpose of providing health care services
- it makes the services it provides to its NJFC/Medicaid enrollees as accessible (in terms of timeliness, amount, duration, and scope) as those services provided to other NJ FC/Medicaid eligible individuals within the area served by the HMO
- it makes provision, satisfactory to DMAHS and the Department of Banking and Insurance, against the risk of insolvency and ensures that NJFC/Medicaid enrollees will not be liable for the HMO's debts if it does become insolvent
- it has a Certificate of Authority granted by the State to operate in all or selected counties within the State.

Health Plan Employer Data and Information Set (HEDIS) - A set of standardized performance measures designed to ensure that purchasers and consumers have the information they need to reliably compare the performance of managed health care plans. It is developed and maintained by the National Committee for Quality Assurance, a not for profit organization.

Individual Case Review – A review of medical records, HMO encounter data, and any other accessory informational sources to determine the reason for an incident, remedial action taken, if any, and steps that may be taken to prevent such an occurrence in the future.

Managed Care Organization (MCO) - An entity that has, or is seeking to qualify for, a comprehensive risk contract, and that is:

- a federally qualified HMO that meets the advance directive requirements of 42 CFR 489 Subpart I, or
- any public or private entity that meets the advance directive requirements and is determined to also meet the following conditions:
 - makes the services it provides to its NJFC/Medicaid enrollees as accessible (in terms of timeliness, amount, duration, and scope) as those services are to other NJFC/Medicaid recipients within the area served by the entity, and
 - meets the solvency standards of 42 CFR 438.116.

Managed Care Program Quality Report - An HMO performance report to give policymakers information concerning the quality of services provided by participating HMOs and on the performance standards that HMOs are held to, as well as the initiatives that are in place to effect improvement.

Managed Care Services Administrator (MCSA) - An entity in a non-risk based financial arrangement that contracts to provide a designated set of services for an administrative fee. Services provided may include, but are not limited to, medical management, claims processing, and provider network maintenance.

Mandatory Enrollment - The process whereby an individual eligible for NJFC/Medicaid is required to enroll in an HMO, unless otherwise exempted or excluded, to receive the services described in the standard benefits package as approved by DMAHS through necessary federal approval.

Medical Review Plan (MRP) - A detailed plan that includes an overview of general review criteria used to evaluate provided healthcare services.

Medicare - The federal health insurance program for people 65 years of age or older, individuals disabled for 24 months, and people with end-stage renal disease (permanent kidney failure with dialysis or a transplant).

N.J.A.C. - New Jersey Administrative Code.

New Jersey Care Special Medicaid Programs - Programs for pregnant women and children up to age one (1) with incomes at or below 185 percent of the federal poverty level (FPL) and aged, blind and disabled individuals with income below 100 percent of the FPL.

National Committee for Quality Assurance (NCQA) - An independent, non-profit organization whose mission is to improve health care quality everywhere.

NJ FamilyCare/Medicaid (NJFC/Medicaid) - A program that provides comprehensive health care coverage to low and middle-income uninsured children and adults, jointly funded in most cases by the State and federal governments.

Open Public Records Act (OPRA) – A law that allows US citizens to obtain public documents and public records from State and local governments.

OQA – Office of Quality Assurance within DMAHS.

PDN – Private Duty Nursing.

Peer Review Organization (PRO) - An organization that has a contract with CMS, under part B of title XI of the Social Security Act, to perform utilization and quality control review of the health care furnished, or to be furnished, to Medicare beneficiaries, formerly known as a peer review organization but now known as quality improvement organization.

Primary Care Provider (PCP) – A licensed medical doctor (MD), doctor of osteopathy (DO), or certain other licensed medical practitioner who, within the scope of practice and in accordance with State certification/licensure requirements, standards, and practices, is responsible for providing all required primary care services to enrollees, including periodic examinations, preventive health care and counseling, immunizations, diagnosis and treatment of illness or injury, coordination of overall medical care, record maintenance, initiation of referrals to specialty providers described in this contract and the Benefits Package, and maintaining continuity of patient care. A PCP shall include general/family practitioner, pediatrician, internist, and may include specialist physicians, physician assistant (PA), certified nurse-midwife (CNM), certified nurse practitioner (CNP), or clinical nurse specialist (CNS), provided that the practitioner is able and willing to carry out all PCP responsibilities in accordance with these contract provisions and licensure requirements.

PRO-like - An entity that can meet the requirements of a peer review organization.

Quality Assurance Program (QAP) - A program based on CMS guidelines that provides for healthcare that is medically necessary with an emphasis on the promotion of good health in an effective and efficient manner, assesses the appropriateness and timeliness of the care provided, evaluates and improves, as necessary, access to care and quality of care with a focus on improving member outcomes, and focuses on the clinical quality of medical care rendered to enrollees.

Quality Improvement Project (QIP) - Measurable improvement projects conducted by HMOs that are defined annually by the State.

Sample Selection Methodology – A method of selection used to extrapolate a sample of clients that results in a statistically valid sample at a ninety-five percent (95%) confidence level.

Summary of Quality Care Review - A summary report, one for each HMO, which reviews and analyzes rendered quality of care to report problems, opportunities, and recommendations for change.

Summary Report of Annual HMO Activities - A summary report of each of the five (5) HMOs' activities listed in the annual work plan.

Supplemental Security Income (SSI) - The cash assistance program with full Medicaid benefits for individuals who meet the definition of aged, blind, or disabled and who meet the SSI financial needs criteria.

Temporary Assistance for Needy Families (TANF) - Cash assistance program that replaced the federal AFDC program.

Work First New Jersey (WFNJ) Program – The single public assistance program established pursuant to P.L. 1997, c. 13, c. 14, c. 37, and c. 38, which provides assistance to single adults, couples without dependent children, and families with dependent children.

3.0 SCOPE OF WORK

3.1 BASIC REQUIREMENTS

3.1.1 OPERATIONS

All contractor activities to be performed under the contract shall be conducted in consultation with and the approval of the State Contract Manager. All written and oral communication to the HMOs or any other non-State entity must have prior written approval by the State Contract Manager.

The contractor shall:

- inform the State Contract Manager of all activities
- be available for approximately two (2) meetings a month with the State Contract Manager
- provide electronic progress reports of all activities to the State Contract Manager within ten (10) working days of the close of each month
- maintain and submit, in accordance with 45 CFR Part 74, detailed documentation, including research, raw data, sources, study results and analyses, to the State Contract Manager as required by the tasks in this RFP and tasks subsequently developed as a consequence of reviews, problems and opportunities as they arise
- submit all design specifications, criteria for evaluation, and source information to the State Contract Manager for approval
- provide an agenda and prepare minutes of scheduled quarterly status meetings with the State Contract Manager. Additional meetings shall be scheduled, at the discretion of the State, on an as-needed basis. Minutes shall be submitted to the State Contract Manager within five (5) working days of each meeting

3.1.2 REPORT AND DOCUMENTATION

All reports, documentation and recommendations shall be prepared in accordance with nationally recognized standards of care, submitted in accordance with 42 CFR 438.364, and include, but not be limited to, the following:

- executive summary
- objectives
- assessment of each HMO's strengths and weaknesses
- comparative information about all HMOs
- safeguards of patient identity
- assessment of the degree to which each HMO has effectively addressed the recommendations for quality improvement made by the contractor and/or the State during the previous year's review
- design specifications
- evaluation of review criteria
- research methodologies
- statistical data and methodologies
- utilization data and methodologies
- demographic data and sources
- study analyses and methodology of data collection
- raw data and description of data obtained
- source documents
- conclusions

- recommendations for the study, including those for improving the quality of health care services furnished by each HMO, where applicable
- references

3.1.3 REPORTS AND INFORMATION CRITERIA

In all reports produced by the contractor, the contractor shall include an accurate description of the care delivered to NJFC/Medicaid clients. Reviews of care shall be conducted in accordance with generally accepted principles of research design, statistical analysis, and other appropriate validation techniques in order to produce valid and reliable analyses.

All information shall clearly identify instances in which care can be improved and provide a baseline for future assessments to determine whether care actually has improved. Reviews shall measure care delivered against objective measures of healthcare agreed upon by the State, the contractor, and the HMOs. Final authority for the selection of these measures remains with the State Contract Manager.

Each review shall give priority attention to clinical conditions and/or access to healthcare issues:

- that have highest prevalence or incidence
- for which the provision of appropriate care has the greatest potential for improving health outcomes

Reports of data analysis and results shall be submitted in draft form for approval by the State Contract Manager within forty-five (45) days of record/data acquisition. Subsequent to draft approval, all final reports shall be provided on a “read only” CD-ROM in a format compatible with State systems within ten (10) business days of draft approval.

3.1.4 FEDERAL COMPLIANCE

As directed and instructed by the State Contract Manager, the contractor shall, at all times and in all activities, comply with the requirements of HIPAA, Balanced Budget Act of 1997, federal Department of Health and Human Services, and/or CMS.

3.1.5 STATE NOTIFICATION

The contractor shall notify the State Contract Manager within forty-eight (48) hours by telephone and e-mail of any problem that may affect the execution of the contract and/or impact the contractor's operations.

3.2 WORK OF THE CONTRACT

3.2.1 ENTRANCE CONFERENCE

Upon award of the contract, the contractor shall schedule and attend a meeting, within five (5) business days, with the State Contract Manager to discuss all pertinent items relative to the contract.

3.2.2 ANNUAL WORK PLAN

The contractor shall prepare and submit an Annual Work Plan (AWP) within five (5) business days of the entrance conference. The AWP maximum start-to-finish time goal is ten (10) months for each review cycle.

The AWP shall include, at a minimum:

- The contractor's approach to performing the scope of work, with emphasis on techniques to be used for collecting and analyzing data
- the methods to be used in managing the project
- the anticipated time for each task to be completed
- specific review criteria to be used in the review of healthcare services provided in all settings
- a written plan containing a process that addresses situations in which medical records are not forthcoming from the providers of service. This shall be included along with the review criteria.

The contractor shall meet with the State Contract Manager within ten (10) days from the date of submission of its proposed AWP to review it. The contractor shall have ten (10) days from that meeting to revise and submit its AWP that includes the State Contract Manager's comments and recommendations. The contractor will have the next ten (10) days to prepare and submit to the State Contract Manager, a final, detailed, time-staged AWP.

It is expected that the AWP will be a fluid plan that is modified as circumstances warrant or at the request of the State Contract Manager with the agreement of the contractor and State Contract Manager. The State Contract Manager shall have final approval of any modification.

Deliverable 1: Preparation of a detailed time-staged AWP for each task listed shall be provided in accordance with the timeframes above. The AWP shall specify the number and types of full-time equivalents (FTEs) of personnel required to complete each task and the dates that each task will be completed. This shall be approved by the State Contract Manager before implementation.

3.2.2.1 SOFTWARE

The contractor shall propose software designed explicitly for the purpose of developing the specific program and software documentation for processing, adjusting, and analyzing the data, including identification of use of software packages, input and output charts, narratives, and all other technical documentation. This shall be provided to the State Contract Manager as part of the AWP and modified at the request of the State Contract Manager.

3.2.2.2 MEDICAL REVIEW PLAN (MRP)

The contractor shall provide a detailed MRP, including an overview of general review criteria and the timeline for completion of the various stages of the MRP. Specific review criteria shall be used in the review of healthcare services provided in all settings, i.e., physician's office, hospital, or home health agency.

This must include a complete description of how the contractor conducts medical reviews of focused studies, individual case reviews, ad hoc reviews, quality assurance, monitoring, and data analyses and prepares findings.

The MRP shall consist of a retrospective quality review of the medical care provided to NJFC/Medicaid clients primarily enrolled, for a twelve (12) month period, in DHS-contracted HMOs and Managed Care Services Administrators (MCSAs), unless otherwise directed, as well as the specific demographic groups and medical and social conditions that may be targeted for review. All care is defined as care in any healthcare setting, whether at a physician's office, hospital, or home health agency.

The objectives of the review activities are to:

- provide an independent assessment of the quality of delivered health care
- identify problems and opportunities
- make recommendations to DMAHS that are measurable, relevant, based on research for resolution of identified problems, and for the improvement of healthcare service delivery
- identify substandard as well as superior performance and best practices by the HMOs and MCSAs

Specific review criteria shall be used in the review of healthcare services provided in all settings. These criteria shall be submitted electronically and in hard copy within thirty (30) days of the award of the contract and are subject to acceptance by the State Contract Manager.

3.2.2.3 ANNUAL ASSESSMENT OF HMO OPERATIONS

The contractor shall conduct a comprehensive Annual Assessment of HMO Operations at intervals no greater than twelve (12) months as designated and approved by the State Contract Manager. The contractor shall evaluate each of the five (5) HMOs for adherence to and effectiveness of individual HMO Quality Assurance Programs (QAP) and Quality Improvement Projects (QIP) including but not limited to:

- delivery of preventive care
- specific activities and performance of activities focusing on health outcomes
- accessibility of specialists and ancillary services
- accessibility to emergency services
- member services
- provider network and services
- complaint/grievance process
- client outreach and follow-up
- appropriateness of care management and case management activities
- effectiveness of care management and case management programs
- PCP follow-up of emergency room care, specialist consultations, and hospitalizations
- utilization management program
- involvement of providers in developing and implementing quality management
- application of principles of continuous quality improvement
- evaluation and revision of medical policies and standards of care in order to improve quality
- provider satisfaction surveys
- provider profiling
- member and provider complaint and appeal/grievance mechanisms
- methods to assure continuity of care and effective teamwork among providers
- effectiveness of health education efforts
- efforts to identify and remedy problems of underutilization and over-utilization
- assurance that providers are not penalized for utilization rates that reflect appropriate care
- cultural competence in reaching client populations
- telephone availability of PCPs
- waiting time for appointments
- record keeping
- ensuring that credentialing and re-credentialing of providers follow CMS guidelines as modified by the NJFC/Medicaid Managed Care contract
- ensuring that providers suspended by CMS or a State agency are terminated or suspended by the HMOs
- administration/organization
- delegation
- enrollee rights

The contractor shall include the elements of the Annual Assessment in its AWP. The AWP shall include plans for review and coordination of activities for the assessment. The contractor shall meet with the State Contract Manager to discuss the elements for review no less than 180 days prior to the Annual Assessment. Within thirty (30) days of the meeting, the contractor shall provide a written plan for the assessment. Within sixty (60) days of the meeting, the contractor shall provide all confirmed assessment dates, worksheets, survey documents and tools for State approval.

The contractor shall meet with the State Contract Manager and DMAHS staff to discuss the elements for review and coordinate activities for the assessment, no less than 180 days prior to the Annual Assessment. Within thirty (30) days of the meeting, the contractor shall provide the State Contract Manager for approval a written plan for the assessment and a list of contractor staff, who will conduct the survey, along with their qualifications. Within sixty (60) days of the meeting, the contractor shall provide all confirmed assessment dates, worksheets, survey documents, and tools for State approval.

Subsequent to the above evaluation, within forty-five (45) days, the contractor shall provide a written review and analysis of the findings and report problems and opportunities including recommendations for change(s) to determine whether:

- quality of care and services provided to NJFC/Medicaid clients meet professionally recognized standards
- services are rendered in the appropriate setting and are accessible and timely
- services are appropriate for individual patient needs
- services are provided in accordance with HMO contract medical and administrative requirements
- there is a potential for under or over-treatment and/or under or over-utilization of services
- there are disparities in the delivery of healthcare services

The Annual Assessment of HMO Operations shall be designed to show trends, comparisons across HMOs, best practices, deficiencies, other areas of concern, and opportunities covering all areas of the assessment. All information and analyses shall include the following:

- an accurate and reliable description of the care delivered to NJFC/Medicaid clients. Review of care shall be conducted in accordance with generally accepted principles of research design, statistical analysis, and other appropriate validation techniques in order to produce valid, reliable, and summarized information.
- a clear identification of instances in which care can be improved and a baseline for future assessment to determine whether care has been improved. The review shall measure care delivered against objective measures of healthcare that have been agreed upon, to the extent possible, by the State Contract Manager, the contractor, and the HMOs.
- priority attention to clinical conditions and health services delivery issues that have:
 - the highest prevalence and incidence
 - the greatest potential for improving health outcomes
 - the largest possible impact on care

Deliverable 2: A report of the findings of each HMO's Comprehensive Annual Assessment of HMO Operations that includes all the criteria listed above shall be submitted electronically and in hard copy. Each HMO's report is due to the State Contract Manager within forty-five (45) days of the onsite Annual Assessment.

3.2.2.4 EVALUATION OF THE HMO'S INTERNAL QUALITY ASSURANCE PROGRAM (QAP)

As part of the Annual Assessment of HMO Operations, the contractor shall design and implement a plan, with timelines, to monitor the HMO's adherence to its internal QAP. This plan shall:

- comply with the standards for internal QAPs, which are specified in Section 4.6 of NJFC/Medicaid contract found at: <http://www.state.nj.us/humanservices/dmahs/hmo-vol1.pdf>.
- consist of systematic activities to monitor and evaluate the care delivered to its enrollees according to predetermined objective standards
- effect improvement in care, as needed
- provide for review by appropriate health professionals of the process followed in delivering health services

The criteria to be included in the monitoring plan shall include the following:

- provider network/access to covered services
- provider-to-member ratios for the following providers: PCPs, specialty physicians, and non-physician providers
- capacity measures
- geographic access standards
- accessibility measures
- quality of services
- member services
- credentialing process
- provider profiling
- complaint/grievance procedures
- record keeping
- utilization management review

The contractor shall submit electronically and in hard copy a formal plan within forty-five (45) days of award of this contract that delineates how it shall monitor each HMO's adherence to its internal QAP. This plan must be prior approved by the State Contract Manager.

3.2.2.5 MANAGED CARE PROGRAM QUALITY REPORT

The contractor shall create and produce a Managed Care Program Quality Report. This report shall include, but not be limited to, the following topics:

- early and Periodic Screening, Diagnosis, and Treatment (EPSDT)
 - well child and adolescent visits
 - childhood and adolescent immunizations
 - lead screening
 - pediatric dental care utilization
 - EPSDT trends
- care management services for DYFS children
- children with special health care needs
- comparison of the managed care program to other programs
- comprehensive diabetes care
- pregnancy-related care including prenatal and postpartum care
- appropriate use of asthma medications

The Managed Care Program Quality Report shall be a maximum of twenty-five (25) pages (two (2)-sided) and shall be provided in hard copy and CD-ROM formats.

This report shall be approved by the State Contract Manager at agreed-upon stages of its development, with a publication date of forty-five (45) working days from the end of the previous calendar year.

Deliverable 3: The above described annual Managed Care Program Quality Report.

3.2.2.6 MEDICAL RECORD AND DATA COLLECTION

In the AWP, the contractor shall provide to the State Contract Manager a proposal that will enable the contractor to collect at least ninety percent (90%) of medical records/data needed for each focus study or case review. The plan shall include the methodology for collecting medical records/data, the methodology for advance notification to HMOs and providers concerning audits, and remedies to alleviate barriers when records are not forthcoming.

From the time a sample is generated, the contractor shall have ninety (90) days to collect all medical records/data. No extensions of time will be granted beyond ninety (90) days for this process.

After the contractor has made at least two (2) unsuccessful attempts to collect the medical records and ten (10) days prior to the completion of the first sixty (60) day collection process, the contractor must notify the HMO of any records not obtained. During the next thirty (30) days, the HMO will assist the contractor in acquiring any missing records.

If, after two (2) attempts by the contractor and two (2) attempts by the HMO, the process has not produced sufficient medical records/data for a study, the State Contract Manager shall be notified informally and in writing within forty-eight (48) hours. This notification shall include a revised proposal by the contractor for collecting the needed records.

3.2.2.7 EVALUATION OF THE HMO'S QUALITY IMPROVEMENT PROJECTS (QIP)

QIPs are defined annually by the State. They include measurable improvement goals and the specific measures and strategies for achieving each of the QIP objectives.

Deliverable 4: In March of each contract year, the contractor shall receive, analyze and review the HMOs' QIPs to ensure appropriate rationale for the study, quantifiable measures (including goals and benchmarks), barriers to care, and methodology and sampling as defined by the State. The contractor shall submit an electronic report of its review and analysis to the State Contract Manager within forty-five (45) days of receipt of the initial QIPs.

Deliverable 5: In September of each contract year, the contractor shall receive, analyze and review the interim QIP progress reports of the QIP begun the previous March summarizing performance relative to each of the QIP objectives. The contractor shall submit an electronic and hard copy report of its review and analysis to the State Contract Manager within forty-five (45) days of receipt of the interim QIP progress reports from the State.

Deliverable 6: The contractor shall prepare a comprehensive electronic and hard copy report of the findings of each HMO's QIPs to be included in the Annual Assessment report.

3.2.2.8 SUMMARY OF QUALITY CARE REVIEW

The contractor shall review and analyze the quality of care that has been provided to DMAHS clients. Problems, opportunities, and recommendations for change(s) shall be identified in the following review of:

- medical/administrative data to determine patterns of care
- individual cases in specific situations to determine the appropriateness of care
- follow-up of findings of previous patterns of care studies and individual cases
- substandard and superior performance by the HMOs. Reports shall be detailed to be HMO-specific for comparison across plans
- an independent assessment of the quality of health care delivered to NJFC/Medicaid clients

The contractor shall obtain and review medical records, administrative data, HMO encounter data, and FFS claim data as well as other applicable data to ensure that:

- quality of care and services provided to NJFC/Medicaid clients meet professionally recognized standards
- services are delivered in the appropriate setting and are accessible and timely in accordance with accepted standards of care
- services are appropriate for individual patient needs
- services are provided in accordance with DHS-HMO contract medical and administrative requirements
- under or over-utilization of services or treatment is addressed
- any other disparity or opportunity that may influence the review is addressed

In addition to the above-mentioned reviews, the contractor shall provide within one (1) business day, oral and hard copy reports to the State Contract Manager of any unusual, life-threatening practice patterns that could potentially result in further adverse health outcomes among NJFC/Medicaid clients.

Deliverable 7 - A summary report, one for each HMO, shall include the information noted above and shall be submitted electronically and in hard copy to the State Contract Manager within thirty (30) days from the end of each contract year.

3.2.2.9 SUMMARY REPORT OF ANNUAL HMO ACTIVITIES

The summary report shall include the following:

- any critical cases identified for special review
- contractor findings of the Annual Assessment of HMO Operations, including the quality issues identified and any other data relevant to the evaluation of the HMO
- the number of confirmed quality problems identified
- a summation of each confirmed quality problem by severity level
- identified best practices
- a summary sheet with percentages representing the results of the focused healthcare studies along with a comparison of encounter data for each HMO

Deliverable 8 - A summary report, one for each HMO, shall include the information noted above and shall be submitted electronically and in hard copy to the State Contract Manager within thirty (30) days from the end of each contract year.

3.2.2.10 FOCUSED QUALITY STUDIES

The contractor shall conduct the following studies, in accordance with the AWP, that comprise the core set of studies, but they are subject to change based on State, federal, and waiver program requirements and goals. The topics of the studies shall comprise:

- EPSDT services of children under the age of twenty-one (21)
- blood lead screening analyses
- DYFS - access to and utilization of services provided, care management, and quality of care
- children with special needs - care management services, coordination of care, use of private duty nursing services, appropriateness of HMO approval, and denial of services

The following represent health services delivery areas to be reviewed for focused studies:

- access to routine and specialty care
- utilization of services
- continuity and outcome of care
- access to and quality of dental care
- health education
- member and provider compliance
- barriers to care
- emergency services
- discriminatory practices in providing or not providing care
- special attention to vulnerable populations
- access to care for clients with disabilities
- utilization of pharmaceutical services and prescription drug abuse
- care and case management services
- disparities in the delivery of health care services

The contractor shall provide HMOs with a ninety (90) day notice of the audit process so that the HMOs can provide advance notice to providers and plan resource allocation.

The contractor shall produce and provide the report of the focused quality studies to the State Contract Manager within forty-five (45) days after the record acquisition phase is complete.

After the State Contract Manager provides an evaluation of the contractor's report, the contractor shall have fifteen (15) days to make revisions, produce a final report, and provide it to the State Contract Manager.

As defined in the final AWP, written protocols to conduct each of the quality studies shall be submitted electronically and in hard copy by the contractor for the State Contract Manager's approval. The written protocols shall be based on HEDIS criteria and national standards where applicable, including any suggested modifications appropriate for the NJFC/Medicaid program.

Deliverable 9: A complete statistical analysis of each of the four (4) quality studies in the timeline identified in the contractor's approved AWP.

3.2.2.11 INDIVIDUAL CASE REVIEWS

The contractor shall conduct approximately 150 individual case reviews annually, as specified by the State Contract Manager, and report incidents that may include problems in accessing or coordinating care, patterns of care, and/or type of care provided.

The contractor shall review the medical records, HMO encounter data, and any other accessory informational sources to determine the reason for the incident, remedial action taken, if any, and steps that may be taken to prevent such an occurrence in the future. The contractor shall also report the implications of this occurrence for the HMO's quality assurance program and the State's need to modify its quality improvement system.

Deliverable 10: A detailed analysis of findings and written recommendations for actions to be taken by the HMO and/or DMAHS to improve care provided to NJFC/Medicaid program clients and to resolve detected problems shall be submitted within thirty (30) days of the Individual Case Review.

3.2.2.12 SAMPLE SELECTION METHODOLOGY

A proposal for sample selection shall be presented to the State Contract Manager for review and approval. The sample size to be reviewed for each HMO shall be statistically valid at the ninety-five percent (95%) confidence level for each contract year. When the sample size is too small, use of other appropriate measurement techniques may be applied with prior approval from the State Contract Manager.

Names of the HMO clients designated to be reviewed in the contractor's initial calendar year shall be supplied by DMAHS at the Entrance Conference. Selection lists for the subsequent calendar years shall be supplied by the State within thirty (30) days of the close of the respective year.

The approximate number of reviews shall be based on the current enrollment data (see [Section 1.2](#)) and the projected enrollment below.

| Projected Enrollment - NJFC/Medicaid MC and FFS 2007-2009 | | | | | | | |
|--|-------------|--------------|-----------------|--------------------------------|-------------|-------------------------------|--------------|
| | AGED | BLIND | DISABLED | CHILDREN'S SERVICES | NJFC | GENERAL ASSISTANCE | TOTAL |
| FY 2007 AVERAGE | 79,615 | 924 | 172,697 | 26,846 | 679,823 | 40,054 | 999,959 |
| FY 2007 YEAR-END | 80,064 | 913 | 174,407 | 27,336 | 696,475 | 41,008 | 1,020,203 |
| FY 2008 AVERAGE | 80,584 | 901 | 176,411 | 27,906 | 716,062 | 41,912 | 1,043,776 |
| FY 2008 YEAR-END | 81,022 | 890 | 178,107 | 28,394 | 732,692 | 42,717 | 1,063,822 |
| FY 2009 AVERAGE | 81,545 | 878 | 180,116 | 28,968 | 752,319 | 43,711 | 1,087,537 |
| FY 2009 YEAR-END | 81,987 | 867 | 181,815 | 29,454 | 768,933 | 44,540 | 1,107,596 |
| <p>Note: All projections are a linear trend using actual eligible figures from April, 2005 through February, 2006 with the exception of General Assistance, which has exhibited a decreasing trend in recent months but which is expected to reverse and begin increasing in the coming months. Source: Monthly Public Stats Reports of DMAHS Office of Research</p> | | | | | | | |

4.0 BID PROPOSAL PREPARATION AND SUBMISSION

4.1 GENERAL

The bidder is advised to thoroughly read and follow all instructions contained in this RFP, including the instructions on the RFP's signatory page, in preparing and submitting its bid proposal.

4.2 BID 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 Signatory Page found at <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. Bidders are cautioned to allow adequate delivery time to ensure timely delivery of bid proposals. **State regulation mandates that late bid proposals are ineligible for consideration. THE EXTERIOR OF ALL BID PROPOSAL PACKAGES ARE TO BE LABELED WITH THE BID IDENTIFICATION NUMBER AND THE FINAL BID OPENING DATE OR RISK NOT BEING RECEIVED IN TIME.**

4.3 NUMBER OF BID PROPOSAL COPIES

The bidder must submit **one (1) complete ORIGINAL bid proposal**, clearly marked as the "ORIGINAL" bid proposal. The bidder should submit fourteen (14) **full, complete and exact copies** of the original. The copies requested are necessary in the evaluation of the bid proposal. A bidder failing to provide the requested number of copies will be charged the cost incurred by the State in producing the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

4.4 BID PROPOSAL CONTENT

The bid proposal should be submitted in one (1) volume and that volume divided into four (4) sections with tabs (separators). The content of the material should be located behind each tab, as follows:

- Section 1 - Forms (Section 4.4.1 - 4.4.3.)
- Section 2 - Technical Proposal (Section 4.4.4)
- Section 3 - Organizational Support and Experience (Section 4.4.5)
- Section 4 – Price Schedule (Section 4.4.6)

4.4.1 FORMS THAT MUST BE SUBMITTED WITH BID PROPOSAL

4.4.1.1 SIGNATORY PAGE

The bidder shall complete and submit the Signatory Page provided on the Advertised Solicitation, Current Bid Opportunities webpage found at <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. The Signatory Page shall be signed by an authorized representative of the bidder. If the bidder is a limited partnership, the Signatory Page must be signed by a general partner. If the bidder is a joint venture, the Signatory Page must be signed by a principal of each party to the joint venture. Failure to comply will result in rejection of the bid proposal.

4.4.1.2 OWNERSHIP DISCLOSURE FORM

In the event the bidder is a corporation, partnership or sole proprietorship, the bidder must complete the attached Ownership Disclosure Form. A current completed Ownership Disclosure

Form must be received prior to or accompany the bid proposal. Failure to do so will preclude the award of a contract.

The Ownership Disclosure Form is located on the Advertised Solicitation, Current Bid Opportunities webpage: <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

4.4.1.3 DISCLOSURE OF INVESTIGATIONS AND ACTIONS INVOLVING BIDDER

The bidder shall provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five (5) years including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The bidder shall use the Disclosure of Investigations and Actions Involving Bidder form located on the Advertised Solicitation, Current Bid Opportunities webpage: <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

4.4.1.4 NOTICE OF INTENT TO SUBCONTRACT FORM

All bidders shall complete the Notice of Intent to Subcontract Form found at <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml> to advise the State as to whether a subcontractor will be used to provide any goods or services under the contract. If this is a Small Business Subcontracting set-aside contract, the bidder must comply with the Procedures for Small Business Participation as Subcontractors set forth in <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

4.4.1.5 SUBCONTRACTOR UTILIZATION FORM

If the bidder intends to use a subcontractor, the Subcontractor Utilization Form found at <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml> must be completed and submitted with the bid proposal.

4.4.2 PROOF OF REGISTRATIONS THAT MUST BE SUBMITTED WITH THE BID PROPOSAL

4.4.2.1 BUSINESS REGISTRATION CERTIFICATE FROM THE DIVISION OF REVENUE

FAILURE TO SUBMIT A COPY OF THE BIDDER'S BUSINESS REGISTRATION CERTIFICATE (OR INTERIM REGISTRATION) FROM THE DIVISION OF REVENUE WITH THE BID PROPOSAL MAY BE CAUSE FOR REJECTION OF THE BID PROPOSAL.

The bidder may go to www.nj.gov/njbgs to register with the New Jersey Division of Revenue or to obtain a copy of an existing Business Registration Certificate.

Refer to Section 1.1. of the NJ Standard Terms and Conditions version 05 09 06 located on the Advertised Solicitation, Current Bid Opportunities webpage: <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

4.4.2.2 SMALL BUSINESS SET-ASIDE CONTRACTS

This is a contract with set-aside subcontracting goals for Small Businesses. All bidders must include in their bid proposal a completed and signed Notice of Intent to Subcontract Form located on the Advertised Solicitation, Current Bid Opportunities webpage <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. Bidders intending to use subcontractors must also include a completed and signed Subcontractor Utilization Plan Form located on the Advertised Solicitation, Current Bid Opportunities webpage

<http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. Failure to submit the required forms shall result in a determination that the bid is materially non-responsive. Bidders seeking eligible small businesses should contact the New Jersey Commerce, Economic Growth and Tourism Commission at (609) 292-2146.

4.4.3 FORMS THAT MUST BE SUBMITTED BEFORE CONTRACT AWARD AND SHOULD BE SUBMITTED WITH THE BID PROPOSAL

4.4.3.1 MACBRIDE PRINCIPLES CERTIFICATION

The bidder is required to complete the MacBride Principles Certification evidencing compliance with the MacBride Principles. The requirement is a precondition to entering into a State contract. The MacBride Principles Certification Form is located on the Advertised Solicitation, Current Bid Opportunities webpage: <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

4.4.3.2 AFFIRMATIVE ACTION

The bidder is required to complete the 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 State contract. The Affirmative Action Forms are located on the Advertised Solicitation, Current Bid Opportunities webpage: <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

4.4.3.3 SOURCE DISCLOSURE CERTIFICATION FORM

Pursuant to N.J.S.A. 52:34-13.2, the bidder is required to submit with its bid proposal a completed Source Disclosure Certification Form. That can be found at <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. Refer to [Section 7.1.2](#) of this RFP for additional information.

4.4.4 TECHNICAL PROPOSAL

In this Section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Work, i.e., [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.

4.4.4.1 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.

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.

Additionally, because there are health services delivery areas of concern for focused studies, the bidder shall submit in the bid proposal the approach and specific criteria to assess, measure, and evaluate each of the following areas:

- access to routine and specialty care
- utilization of services
- continuity and outcome of care
- access to and quality of dental care
- health education
- member and provider compliance
- barriers to care
- emergency services
- discriminatory practices in providing or not providing care
- special attention to vulnerable populations
- access to care for clients with disabilities
- utilization of pharmaceutical services and prescription drug abuse
- care and case management services
- disparities in the delivery of health care services

4.4.4.2 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, and status reports.

4.4.4.3 CONTRACT SCHEDULE

The bidder should include a contract schedule. If 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 and sub-task required by the Scope of Work. The 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 is at the option of the bidder.

4.4.4.4 MOBILIZATION AND IMPLEMENTATION PLAN

Not applicable to this procurement.

4.4.4.5 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.

4.4.5 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.

The bidder should provide evidence that it possesses CMS' approval as a vendor qualified to provide EQRQ services.

4.4.5.1 LOCATION

The bidder should include the address of the bidder's office where responsibility for managing the contract will take place. The bidder should also include the telephone number and name of the contact individual.

4.4.5.2 ORGANIZATION CHART (CONTRACT SPECIFIC)

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

4.4.5.3 RESUMES

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes should 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:

- clearly identify the individual's previous experience in completing similar contracts
- record beginning and ending dates for each similar contract
- offer a description of the similar contract and demonstrate how the individual's work on the completed contract relates to the individual's ability to successfully contribute in providing the services required by this RFP
- include the name, address and telephone number of each reference with respect to each similar contract

4.4.5.4 BACKUP STAFF

The bidder should include a list of backup staff who may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the bidder must hire management, supervisory and/or key personnel if awarded the contract, the bidder should include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the term of the contract.

4.4.5.5 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.

4.4.5.6 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 it 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 two (2) names

and telephone numbers of individuals for the other contract party. Beginning and ending dates should also be given for each contract.

4.4.5.7 FINANCIAL CAPABILITY OF THE BIDDER

In order to provide the State with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements to include a balance sheet, income statement, statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder as of, and for, the periods presented in the statements. In addition, the bidder should submit a bank reference. If the information is not supplied with the bid proposal, the State may still require the bidder to submit it. The bidder must submit it within seven (7) days. If the bidder fails to comply with the request, the State may deem the bid proposal non-responsive.

A bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The bidder may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the bid proposal.

The State reserves the right to make the determination to accept the assertion and shall so advise the bidder.

4.4.5.8 SUBCONTRACTOR(S)

- The bidder must complete the Notice of Intent to Subcontract Form whether or not it intends to use subcontractors in connection with the work set forth in this RFP. If the bidder intends to use subcontractor(s), then the Subcontractor Utilization Plan must also be submitted with the bid proposal.
- N.J.A.C. 17:13-4 and Executive Order 71 mandate that if the bidder proposes to utilize a subcontractor, the bidder must make a good faith effort to meet the set-aside subcontracting targets of awarding a total of twenty-five percent (25%) of the value of the contract to New Jersey-based, New Jersey Commerce, Economic Growth and Tourism Commission registered small businesses, with a minimum of five (5) percent awarded to each of the three categories set forth below and the balance of ten (10) percent spread across the three annual gross revenue categories: Category I - \$1 to \$500,000, Category II - \$500,001 to \$5,000,000, and Category III - \$5,000,001 to \$12,000,000.
- **Should the bidder choose to use subcontractors and fail to meet the Small Business Subcontracting targets set forth above, the bidder must submit documentation demonstrating its good faith effort to meet the targets with its bid proposal or within seven (7) business days upon request.**
- Should the bidder propose to utilize a subcontractor(s) to fulfill any of its obligations, the bidder shall be responsible for the subcontractor's(s'): (a) performance, (b) compliance with all of the terms and conditions of the contract, and (c) compliance with the requirements of all applicable laws.

- The bidder must provide a detailed description of services to be provided by each subcontractor, referencing the applicable Section or Subsection of this RFP.
- The bidder should provide detailed resumes for each subcontractor's management, supervisory and other key personnel who demonstrate knowledge, ability, and experience relevant to that part of the work which the subcontractor is designated to perform.
- The bidder should provide documented experience to demonstrate that each subcontractor has successfully performed work on contracts of a similar size and scope to the work that the subcontractor is designated to perform in the bidder's proposal.

4.4.6 PRICE SCHEDULE

The price schedule is located on the Advertised Solicitation, Current Bid Opportunities webpage, <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

Note that the estimated quantity per year provided on the Price Schedule is an estimate for bidding purposes only. There is no guaranteed minimum or maximum quantity.

The bidder should also provide a budget with labor titles and hourly rates for each of the ten (10) deliverables that ties into the total by contract year proposed.

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.

5.0 SPECIAL CONTRACTUAL TERMS AND CONDITIONS

5.1 PRECEDENCE OF SPECIAL CONTRACTUAL TERMS AND CONDITIONS

The contract awarded as a result of this RFP shall consist of this RFP, addenda to this RFP, the contractor's bid proposal, and the Division's Notice of Award.

Unless specifically stated within this RFP, the Special Contractual Terms and Conditions of the RFP take precedence over the NJ Standard Terms and Conditions version 05 09 06 located on the Advertised Solicitation, Current Bid Opportunities webpage:

<http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

In the event of a conflict between the provisions of this RFP, including the Special Contractual Terms and Conditions and the NJ Standard Terms and Conditions version 05 09 06, and any Addendum to this RFP, the Addendum shall govern.

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

5.2 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 Signatory Page of this RFP:

<http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. If delays in the procurement process result in a change to the anticipated Contract Effective Date, the bidder agrees to accept a contract for the full term of the contract. The contract may be extended for all or part of two (2) one-year periods, by the mutual written consent of the contractor and the Director.

5.3 CONTRACT TRANSITION

In the event that a new contract has not been awarded prior to the contract expiration date, as may be extended herein, it shall be incumbent upon the contractor to continue the contract under the same terms and conditions until a new contract can be completely operational. At no time shall this transition period extend more than ninety (90) days beyond the expiration date of the contract.

5.4 CONTRACT AMENDMENT

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

5.5 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.

5.6 SUBSTITUTION OF STAFF

If it becomes necessary for the contractor to substitute any management, supervisory or key personnel, the contractor shall 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.

5.7 SUBSTITUTION OR ADDITION OF SUBCONTRACTOR(S)

This Subsection serves to supplement but not supersede Section 3.11 of the NJ Standard Terms and Conditions version 05 09 06 located on the Advertised Solicitation, Current Bid Opportunities webpage.

If it becomes necessary for the contractor to substitute a subcontractor, add a subcontractor, or substitute its own staff for a subcontractor, the contractor will identify the proposed new subcontractor or staff member(s) and the work to be performed. The contractor must provide detailed justification documenting the necessity for the substitution or addition.

The contractor must provide detailed resumes of its proposed replacement staff or of the proposed subcontractor's management, supervisory, and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is to undertake.

The qualifications and experience of the replacement(s) must equal or exceed those of similar personnel proposed by the contractor in its bid proposal.

The contractor shall forward a written request to substitute or add a subcontractor or to substitute its own staff for a subcontractor to the State Contract Manager for consideration. If the State Contract Manager approves the request, the State Contract Manager will forward the request to the Director for final approval.

No substituted or additional subcontractors are authorized to begin work until the contractor has received written approval from the Director.

5.8 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 and shall be delivered to the State upon thirty (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, the 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 prevails. 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, remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the State a non-exclusive, perpetual royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the contract.

5.9 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.

5.10 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.

5.11 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.

5.12 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.

5.13 CLAIMS AND REMEDIES

5.13.1 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.

5.13.2 REMEDIES

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

5.13.3 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL CONTRACT REQUIREMENTS

In the event that the contractor fails to comply with any material contract requirements, the Director may take steps to terminate the contract in accordance with the State administrative code and/or 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 due the defaulting contractor or being an obligation owed the State by the defaulting contractor.

5.14 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.

5.15 RETAINAGE

Not applicable to this procurement.

5.16 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 price schedule.

5.17 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.

5.18 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.

5.19 CONTRACT PRICE INCREASE (PREVAILING WAGE)

Not applicable to this procurement.

5.20 ADDITIONAL WORK AND/OR SPECIAL PROJECTS

The contractor shall not begin performing any additional work or special projects without first obtaining written approval from the State Contract Manager and the Director.

In the event of additional work and/or special projects, the contractor must present a written proposal to the State Contract Manager to perform the additional work. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the contractor in its proposal.

The contractor's written proposal must provide a detailed description of the work to be performed by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. The written price schedule must be based upon the hourly rates, unit costs, or other cost elements submitted by the contractor in the contractor's original bid proposal submitted in response to this RFP. Whenever possible, the price schedule should be a firm fixed price to perform the required work. The firm fixed price should specifically reference and be tied directly to costs submitted by the contractor in its original bid proposal. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval of the contractor's written proposal, the State Contract Manager shall forward it to the Director for the Director's written approval. Complete documentation from DMAHS, confirming the need for the additional work, must be submitted. Documentation forwarded by the State Contract Manager to the Director must include all other required State approvals, such as those that may be required from the State of New Jersey's Office of Management and Budget and Office of Information and Technology.

No additional work and/or special project may commence without the Director's written approval. In the event the contractor proceeds with additional work and/or special projects without the Director's written approval, it shall be at the contractor's sole risk. The State shall be under no obligation to pay for work performed without the Director's written approval.

5.21 FORM OF COMPENSATION AND PAYMENT

This Section supplements Section 4.5 of the NJ Standard Terms and Conditions version 05 09 06, located on the Advertised Solicitation, Current Bid Opportunities webpage <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>. The contractor must submit official State invoice forms to DMAHS with supporting documentation evidencing that work for which payment is sought has been satisfactorily completed. Invoices must reference the tasks or subtasks detailed in the Scope of Work section of the RFP and must be in strict accordance with the firm fixed prices submitted for each task or subtask on the RFP pricing sheets. When applicable, invoices should reference the appropriate RFP price sheet line number from the contractor's bid proposal. All invoices must be approved by the State Contract Manager before payment will be authorized.

In addition, primary contractors must provide, on a monthly and cumulative basis, a breakdown in accordance with the budget submitted, of all monies paid to any small business subcontractor(s). This breakdown shall be sent to the Purchase Bureau Business Unit, Set-Aside Coordinator.

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.

5.21.1 PAYMENT TO CONTRACTOR - OPTIONAL METHOD

Not applicable to this procurement.

5.22 MODIFICATIONS AND CHANGES TO THE NJ STANDARD TERMS AND CONDITIONS VERSION 05 09 06

NJ Standard Terms and Conditions version 05 09 06 are located on the Advertised Solicitation, Current Bid Opportunities webpage:
<http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

5.22.1 PATENT AND COPYRIGHT INDEMNITY

Section 2.1 of the NJ Standard Terms and Conditions version 05 09 06 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.

5.22.2 INDEMNIFICATION

Section 2.2 of the NJ Standard Terms and Conditions version 05 09 06, 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 300 % 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. The 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 NJ Standard Terms and Conditions version 05 09 06.

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

5.22.3 INSURANCE - PROFESSIONAL LIABILITY INSURANCE

Section 2.3 of the NJ Standard Terms and Conditions version 05 09 06 regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance.

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 \$1,000,000 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

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 consultants 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 to be directed only to the Procurement Specialist. Any further contact or information about the proposal to the Procurement Specialist 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 Procurement Specialist is 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 TECHNICAL EVALUATION 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.
- 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.

- 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 BIDDER'S PRICE SCHEDULE

For evaluation purposes, bidders will be ranked according to the total bid price located on the Price Schedule located on the Advertised Solicitation, Current Bid Opportunities webpage, <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

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 corrected sum of the column of figures.

6.3.4 EVALUATION OF BID PROPOSALS

The Evaluation Committee will complete its evaluation and recommend for award to the Director the responsible bidder(s), whose bid proposal(s) conforming to this RFP, is (are) most advantageous to the State, price and other factors considered. The Evaluation Committee considers and assesses price, technical criteria, and other factors during the evaluation process.

6.4 NEGOTIATION AND BEST AND FINAL OFFER (BAFO)

Following the opening of bid proposals, the State shall, pursuant to N.J.S.A. 52:34-12(f), negotiate one or more of the following contractual issues: the technical services offered, the terms and conditions, the price of a proposed contract award with any bidder, and/or the solicitation of a BAFO from one or more bidders.

Initially, the Evaluation Committee will conduct a review of all the bids and select bidders to contact to negotiate and/or conduct a BAFO based on its evaluation and determination of the bid proposals that best satisfy the evaluation criteria and RFP requirements and that are most advantageous to the State, price and other factors considered. The Committee may not contact all bidders to negotiate and/or to submit a BAFO.

In response to the State's request to negotiate, bidders must continue to satisfy all mandatory RFP requirements but may improve upon their original technical proposal in any revised technical proposal. Any revised technical proposal that does not continue to satisfy all mandatory requirements will be rejected as non-responsive and the original technical proposal will be used for any further evaluation purposes in accordance with the following procedure.

In response to the State's request for a BAFO, bidders may submit a revised price proposal that is equal to or lower in price than their original submission but must continue to satisfy all mandatory requirements. Any revised price proposal that is higher in price than the original will be rejected as non-responsive, and the original bid will be used for any further evaluation purposes.

After receipt of the results of the negotiation and/or the BAFO(s), the Evaluation Committee will complete its evaluation and recommend to the Director for award that(those) responsible bidder(s) whose bid proposal(s), conforming to this RFP, is(are) most advantageous to the State, price and other factors considered.

All contacts, records of initial evaluations, correspondence with bidders related to any request for negotiation or BAFO, revised technical and/or price proposals, the Evaluation Committee Report, and the Award Recommendation will remain confidential until a Notice of Intent to Award a contract is issued.

7.0 CONTRACT AWARD

7.1 DOCUMENTS REQUIRED BEFORE CONTRACT AWARD

7.1.1 REQUIREMENTS OF N.J.S.A. 19:44A-20.13-25 (FORMERLY EXECUTIVE ORDER 134)

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, the Legislature enacted N.J.S.A. 19:44A-20.13 - 25 (the Legislation) on March 22, 2005, retroactive to October 15, 2004, superseding the terms of Executive Order 134. Pursuant to the requirements of the Legislation, the terms and conditions set forth in this section are material terms of any contract resulting from this RFP.

7.1.1.1 DEFINITIONS

For the purpose of this section, the following shall be defined as follows:

- a) Contribution - a contribution reportable as a recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act." P.L. 1973, c. 83 (C.19:44A-1 et seq.) and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq. Through December 31, 2004, contributions in excess of \$400 during a reporting period were deemed "reportable" under these laws. As of January 1, 2005, that threshold was reduced to contributions in excess of \$300.
- b) Business Entity - any natural or legal person, business corporation, professional services corporation, Limited Liability Company, partnership, limited partnership, business trust, association, or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition of a business entity includes (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate, (ii) any subsidiaries directly or indirectly controlled by the business entity, (iii) any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, and (iv) if a business entity is a natural person, that person's spouse or child, residing in the same household.

7.1.1.2 BREACH OF TERMS OF THE LEGISLATION

It shall be a breach of the terms of the contract for the Business Entity to (i) make or solicit a contribution in violation of the Legislation, (ii) knowingly conceal or misrepresent a contribution given or received, (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution, (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee, (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of the Legislation, (vi) fund contributions made by third parties, including consultants, attorneys, family members, and employees, (vii) engage in any exchange of contributions to circumvent the intent of the Legislation, or (viii) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

7.1.1.3 CERTIFICATION AND DISCLOSURE REQUIREMENTS

- a) The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or to acquire, sell or lease any land or building, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor, or to any State or county political party committee during certain specified time periods.
- b) Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by the Legislation have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C.527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134>, shall be provided to the intended awardee for completion and submission to the Purchase Bureau with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Division, in care of the Purchase Bureau Procurement Specialist, the Certification and Disclosure(s) within five (5) business days of the State’s request. Failure to submit the required form will preclude award of a contract under this RFP as well as future contract opportunities.
- c) Further, the contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134>, shall be provided to the intended awardee with the Notice of Intent to Award.

7.1.1.4 STATE TREASURER REVIEW

The State Treasurer or designee shall review the Disclosures submitted pursuant to this section as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

7.1.1.5 ADDITIONAL DISCLOSURE REQUIREMENT OF P.L. 2005, C. 271

The contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to P.L. 2005, c. 271, section 3 if the contractor receives contracts in excess of \$50,000 from a public entity in a calendar year. It is the contractor’s responsibility to determine whether filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

7.1.2 SOURCE DISCLOSURE REQUIREMENTS

7.1.2.1 REQUIREMENTS OF N.J.S.A. 52:34-13.2

Under the referenced statute, effective August 3, 2005, all contracts primarily for services awarded by the Director shall be performed within the United States except when the Director certifies in writing a finding that a required service cannot be provided by a contractor or subcontractor within the United States and the certification is approved by the State Treasurer.

7.1.2.2 SOURCE DISCLOSURE REQUIREMENTS

Pursuant to the statutory requirements, the intended awardee of a contract primarily for services with the State must disclose the location by country where services under the contract, including subcontracted services, will be performed. The Source Disclosure Certification form is located on the Advertised Solicitation, Current Bid Opportunities webpage <http://www.state.nj.us/treasury/purchase/bid/summary/07x38991.shtml>.

FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A CONTRACT TO THE BIDDER.

If any of the services cannot be performed within the United States, the bidder shall state with specificity the reasons why the services cannot be so performed. The Director shall determine whether sufficient justification has been provided by the bidder to form the basis of his certification that the services cannot be performed in the United States and whether to seek the approval of the Treasurer.

7.1.2.3 BREACH OF CONTRACT OF EXECUTIVE ORDER 129

A SHIFT TO PROVISION OF SERVICES OUTSIDE THE UNITED STATES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF CONTRACT.

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of any of the services outside the United States, the contractor shall be deemed to be in breach of its contract, which contract shall be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and Conditions version 05 09 06 of the RFP, unless previously approved by the Director and the Treasurer.

7.2 FINAL CONTRACT AWARD

Contract award(s) shall be made with reasonable promptness by written notice to that (those) responsible bidder(s), whose bid proposal(s), conforming to this RFP, is (are) most advantageous to the State, price, and other factors considered. Any or all bid proposals may be rejected when the State Treasurer or the Director determines that it is in the public interest to do so.

7.3 INSURANCE CERTIFICATES

The contractor shall provide the State with current certificates of insurance for all coverages required by the terms of this contract, naming the State as an Additional Insured.

7.4 PERFORMANCE BOND

Not applicable to this procurement.

8.0 CONTRACT ADMINISTRATION

8.1 CONTRACT MANAGER

The State Contract Manager is the State employee responsible for the overall management and administration of the contract.

The State Contract Manager for this project will be identified at the time of execution of contract. At that time, the contractor will be provided with the State Contract Manager's name, department, division, agency, address, telephone number, fax number, and e-mail address.

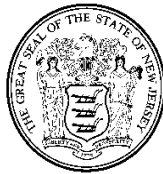
8.1.1 STATE CONTRACT MANAGER RESPONSIBILITIES

For an agency contract where only one State office uses the contract, the State Contract Manager will be responsible for engaging the contractor, assuring that purchase orders are issued to the contractor, directing the contractor to perform the work of the contract, approving the deliverables and approving payment vouchers. The State Contract Manager is the person whom the contractor will contact **after the contract is executed** for answers to any questions and concerns about any aspect of the contract. The State Contract Manager is responsible for coordinating the use and resolving minor disputes between the contractor and any component part of the State Contract Manager's Department.

If the contract has multiple users, then the State Contract Manager shall be the central coordinator of the use of the contract for all Using Agencies, while other State employees engage and pay the contractor. All persons and agencies that use the contract must notify and coordinate the use of the contract with the State Contract Manager.

8.1.2 COORDINATION WITH THE STATE CONTRACT MANAGER

Any contract user unable to resolve disputes with a contractor shall refer those disputes to the State Contract Manager for resolution. Any questions related to performance of the work of the contract by contract users shall be directed to the State Contract Manager. The contractor may contact the State Contract Manager if the contractor can not resolve a dispute with contract users.



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. Box 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

BRADLEY I. ABELow
State Treasurer

To: All Interested Bidders

Re: RFP # 07-X-38991
Medical Consulting: External Quality Review Organization, DMAHS
Bid Due Date: September 15, 2006 (2:00 p.m.)

ADDENDUM #1

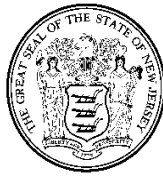
The following constitutes Addendum #1 to the above referenced solicitation.

This is notice that bidders may not have been able to submit questions on August 9, 2006 due to a system malfunction. The malfunction was corrected and bidders were able to submit questions on August 10, 2006.

The questions received and the associated answers will be posted in the next addendum.

It is the bidder's responsibility to ensure that all changes are incorporated into the original RFP.

All other instructions, terms, and conditions of the RFP shall remain the same.



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. Box 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

BRADLEY I. ABELow
State Treasurer

To: All Interested Bidders

Re: RFP # 07-X-38991
Medical Consulting: External Quality Review Organization, DMAHS
Bid Due Date: September 26, 2006 (2:00 p.m.)

ADDENDUM #2

Note: The bidder's electronic question due date is extended through 5 p.m. on August 29, 2006.

Note: The bid submission due date is changed to 2 p.m. on September 26, 2006.

The following constitutes Addendum #2 to the above referenced solicitation. This addendum is divided into the following parts:

Part 1: Answers to questions

Part 2: Additions, deletions, clarifications, and modifications to the RFP

It is the bidder's responsibility to ensure that all changes are incorporated into the original RFP.

All other instructions, terms, and conditions of the RFP shall remain the same.

PART 1

**Medical Consulting: External Quality Review Organization, DMAHS
Bid Number 07-X-38991**

Answers to Questions

Note: Some of the questions have been paraphrased in the interest of readability and clarity. Each question is referenced by the appropriate RFP page number(s) and section(s) where applicable.

| # | Page # | RFP Section Reference | Question | Answer |
|---|--------|-----------------------|---|---|
| 1 | - | - | The RFP does not mention CMS mandated activities specifically. Is the contractor responsible for conducting the three (3) mandatory activities (regulatory compliance, validation of performance improvement projects, and validation of performance measures) (and evaluation of quality strategy) in a manner consistent with the protocols through the various contract activities, or is the State meeting these CMS obligations through other means? | The contractor will satisfy the CMS mandated activities in a manner consistent with the protocols through the various contract activities. |
| 2 | - | - | Please confirm or correct the following understanding. A. Deliverables 4 and 5 each have five (5) separate reports (one (1) for each HMO). B. Deliverable 6 is a single report incorporating information from Deliverables 4 and 5 (that also provides information to be included in Deliverable 2). C. Deliverable 2 has five (5) separate reports. D. Deliverable 8 has five (5) separate reports and includes information from Deliverables 2 and 9. | A. Yes, Deliverables 4 and 5 each comprise five (5) reports. B. This is confirmed, but Deliverable 6 comprises five (5) reports. C. Yes, Deliverable 2 comprises five (5) reports. D. Yes, Deliverable 8 comprises five (5) summary reports under one (1) cover. |
| 3 | - | - | Please provide the names of the organizations that submitted bidder's questions. | The names of the firms submitting questions are not known to the buyer and will not be revealed to the buyer. |
| 4 | - | - | Who is the incumbent for this contract? | The contract is with PRONJ, The Healthcare Quality Improvement Organization of New Jersey, Inc., Suite 21, 557 Cranbury Road, East Brunswick, NJ 08816. The firm is presently known as Healthcare Quality Strategies, Inc. |
| 5 | 6 | 1.2 | Reprocurement of the contract. Please compare the current scope of work to T-1619 in terms of requirements and cost. T-1619 is for a period of six months with relatively few tasks compared to the current RFP, and it is therefore difficult to estimate the level of effort required based on previous work. | This RFP is completely restructured from the previous contract. The RFP meets DMAHS current business needs. |
| 6 | 6 | 1.2 | Contract T-1619 lists three (3) payments for the period of April 1, 2006 through September 30, 2006. Is this payment for work conducted only in this six (6) month period, or is the | Notices of Award do not reflect a payment schedule. Price lines are estimates based on bids. |

| # | Page # | RFP Section Reference | Question | Answer |
|----|--------|-----------------------|--|---|
| | | | payment for work conducted in totality for the full year? | |
| 7 | 16 | 3.1.1 | The contractor "shall be available for approximately two (2) meetings a month." Depending upon the subject matter of each of these meetings, can some be done via conference call or video conference? | Yes, some meetings can be conducted via conference call or video conference with the approval of the State Contract Manager. |
| 8 | 18 | 3.2.2.1 | Please clarify the intent of this Section. Does it refer to the selection of software for analytical purposes, flowcharting, office support, or other system/application software? | The contractor is required to propose all the software described in the question to the State Contract Manager as part of the Annual Work Plan. Software must be compatible with the State's system. |
| 9 | 18 | 3.2.2.1 | Please provide examples of the type of software the State has in mind. | The State has no specific types of software in mind. |
| 10 | 18 | 3.2.2.2 | Is the "retrospective quality review of the medical care provided to NJFC/Medicaid clients" separate from that requested for focused studies or should individual case reviews be performed as part of this task? | The "retrospective quality review of the medical care provided to NJFC/Medicaid clients" is separate from any other requested review or study. |
| 11 | 18 | 3.2.2.2 | Are there separate deliverables for this task? | The Annual Work Plan comprises a number of deliverables each of which is noted in the RFP as "Deliverable"; there are ten (10) of them. The criteria noted in the last paragraph of this Section relate to a specific task that is incorporated into the deliverable. |
| 12 | 18 | 3.2.2.2 | Please provide more information regarding the focus of the medical review. Does the State want information segmented by any subgroups such as the five (5) HMOs, age ranges, sex, specific diseases, etc? The scope of work (and pricing) for this deliverable could vary considerably depending on the structure of the review. | Further clarification from the questioner is needed to answer this question. Please clarify whether the question pertains to the Medical Review Plan or medical review used in studies. |
| 13 | 18 | 3.2.2.2 | A. Does the term "criteria" refer to clinical criteria such as InterQual or to the standards for evaluating MCO performance? B. Does medical review encompass utilization and/or quality review of individual encounters outside of the task for Individual Case Review? | A. "Criteria" refers to HEDIS or any other nationally recognized standard criterion, as applicable. B. Medical review may encompass utilization and quality review as required according to the study, outside of the Individual Case Review. |
| 14 | 18 | 3.2.2.2 | Please offer examples of specific review criteria used during the current contract year for the Medical Review Plan. | The primary example is HEDIS. Other criteria may be created by the bidder in concert with the State Contract Manager. |
| 15 | 20 | 3.2.2.3 | The written review and analysis of findings suggests the contractor conducts utilization and quality review. Is the MCO the unit of analysis for this report? | The contractor conducts the utilization and quality review. The MCO is the subject of this report. |
| 16 | 20 | 3.2.2.3 | The RFP states, "...within forty-five (45) days, the contractor shall provide a written review and analysis of the findings..." Does the State want draft individual reports within forty- | Following each HMO review, an individual report is due within forty-five (45) days. |

| # | Page # | RFP Section Reference | Question | Answer |
|----|----------|-----------------------|---|--|
| | | | five (45) days of each HMO review or all the reports collectively within forty-five (45) days of the final HMO review? | |
| 17 | 20 22 | 3.2.2.3 3.2.2.7 | Deliverable 2 indicates that a separate report is to be submitted for each HMO's Annual Assessment of HMO Operations and Deliverables. Deliverables 4, 5, and 6 also indicate that separate reports are to be submitted for each HMO's QIPs. The first page of the Price Schedule, however, shows an estimated quantity of "1" for each of these deliverables. Should the estimated quantity for these deliverables be "5"? | Yes. The number of these specific deliverables is five (5) because there are five (5) HMOs. See Part 2 of this Addendum. |
| 18 | 21 | 3.2.2.5 | Where do data for the Managed Care Program Quality Report regarding pediatric dental care utilization come from? | Data for the Managed Care Program Quality Report regarding pediatric dental care utilization come from the EPSDT Focused Quality Study. |
| 19 | 21 | 3.2.2.5 | A. Is the 2005 New Jersey HMO Performance Report an example of the document referenced in the RFP as a "Managed Care Program Quality Report"? If this is not the correct report, please provide a copy of the most recent report. B. For this deliverable, is the contractor responsible for design, printing, and publishing costs or just for submission of data in an acceptable report format? | A. No, there is no previous copy. B. The contractor is responsible for design, printing, and publishing costs. |
| 20 | 21 | 3.2.2.5 | Does the State have preferences regarding data sources and/or statistical significance for the Managed Care Program Quality Report (e.g. record abstraction, administrative data, and summary of MCO HEDIS measures)? | The appropriate data sources should be used accordingly. Regarding statistical significance, the State requires a 95% confidence level. |
| 21 | 21 | 3.2.2.5 | How many copies of the Report is the contractor required to provide? | The contractor shall provide ten (10) copies of the Managed Care Program Quality Report. See Part 2 of this Addendum. |
| 22 | 21 | 3.2.2.5 | Is the MCO the unit of analysis for this report? | The MCO is the subject of this report. |
| 23 | 22 | 3.2.2.6 | Will initial requests for medical records/data be made directly to physicians and other providers as opposed to the HMOs? | Yes, initial requests for medical records/data will be made directly to physicians and other providers. |
| 24 | 22 | 3.2.2.6 | What has been the rate of success in obtaining all necessary medical records within ninety (90) days? | This is a new process and there is no history. |
| 25 | 22 | 3.2.2.7 | A. How many QIPs from each individual MCO are required for review? B. Are the QIP study questions the same across MCOs? | A. The number can vary as stated in the State/MCO Contract. Currently, there are two (2) QIPs per HMO. B. No, the QIP study questions are not the same across MCOs. |
| 26 | 23 | 3.2.2.8 | Will the Summary of Quality Care Review include separate collection of data in order to review and analyze the quality of care that has been provided to DMAHS clients, or do the records/data reviewed refer to those collected during the performance of other tasks? | The Summary of Quality Care Review does not entail a separate collection of data apart from data collected during the performance of other tasks. |

| # | Page # | RFP Section Reference | Question | Answer |
|----|--------|-----------------------|---|--|
| 27 | 23 | 3.2.2.8 | The RFP states, "The contractor shall obtain and review medical records, administrative data, HMO encounter data, and FFS claim data..." A. Will data be provided in a summarized format? B. What is the State's expectation concerning validating encounter data? | A. No B. More information on the circumstances is needed from the questioner in order to answer this question. |
| 28 | 23 | 3.2.2.8 and 3.2.2.9 | Regarding deliverables 7 and 8, does the State require an aggregate report of annual HMO activities? | No. |
| 29 | 23 | 3.2.2.10 | Are four (4) new focused quality studies desired, or will some be repeats of studies conducted in a prior year? | Some will be repeats. |
| 30 | 23 | 3.2.2.10 | EPSDT services include lead screening, which is also addressed by a different focused study. To what extent are the studies independent in target populations? | Target populations differ in age. |
| 31 | 24 | 3.2.2.11 | A. Will the State provide relevant encounter data specific to each case review? B. Please provide examples of the types of reviews that might be necessary for this task. C. Do the individual cases have a common theme, or do they consist of a variety of issues such as quality of care concerns, denials for medical necessity, experimental treatment, complaints, or other issues? D. What types of clinical specialists are anticipated to be necessary for these types of reviews? E. Have healthcare facilities (hospitals, nursing homes, etc.) and practitioners been willing to send copies of medical records to reviewers, or must they be reviewed on-site? F. Should the contractor include costs of copying medical records in the contract bid? | A. Yes, for individual case reviews. B. Examples include death of a child, allegations of child abuse, and allegations of a provider giving substandard care. C. They consist of a variety of issues. D. Appropriate peer review. E. Both methods have been used to obtain medical records. F. Yes, but not as a separate line item. Refer to Section 2.1 for the definition of Firm Fixed Price. |
| 32 | 25 | 3.2.2.12 | A. Is the sample stratified by the eligibility categories listed on page 25? B. Is the 95% confidence level applicable to these categories? | A. No, the State provides all encounter data. The contractor is responsible for various levels of stratification appropriate for each task. B. Yes. |
| 33 | 25 | 3.2.2.12 | Which precision (confidence interval) is desired for the sample sizes that are to be statistically valid at the 95% confidence level? | The contractor shall suggest an appropriate confidence interval as part of the proposal for sample selection presented to the State Contract Manager for review and approval. |
| 34 | 27 | 4.4.1.4 | Do bidders receive a stronger evaluation or more points for using a small business subcontractor? | Small business contracting is encouraged and is one of many factors that has a positive effect on the evaluation of bid proposals. |
| 35 | 28 | 4.4.4.1 | Should the bidder include a separate section that specifically addresses the items listed on page 29 in addition to scope of work tasks? | Items addressed on page 29 in Section 4.4.4 of the RFP shall be a part of the bid submission in Section 2 Technical Proposal. The bidder is |

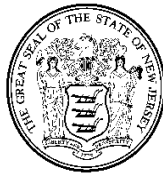
| # | Page # | RFP Section Reference | Question | Answer |
|----|--------|-----------------------|--|---|
| | | | | expected to convince the State that the bidder will be successful in performing the work described in Section 3.0. |
| 36 | 30 | 4.4.5.2 and 4.4.6 | Section 4.4.5.2 refers to "labor category and title of each such individual". Section 4.4.6 refers to providing a budget with "labor titles and hourly rates" for each deliverable. Please provide a description and/or example of a "labor title", "labor category", and "title". | "Labor title" and "title" are synonymous; they are the common job titles, such as "Director of Marketing" or "Research Analyst". "Labor category" means a collective function such as "senior management", "administrative staff", or "clerk". |
| 37 | 31 | 4.4.5.8 | The primary contractor is not a small business. Is it mandatory that the bid proposal include a subcontractor that qualifies as a small business? | It is not mandatory, but if the bidder proposes to utilize a subcontractor, the bidder must make a good faith effort to meet the set-aside subcontracting targets of awarding a total of twenty-five percent (25%) of the value of the contract to New Jersey-based, New Jersey Commerce, Economic Growth and Tourism Commission registered small businesses. |
| 38 | 32 | 4.4.6 | In providing labor titles and hourly rates for each of the ten (10) deliverables, should the hourly rate factor in all costs associated with the deliverable, such as fringe benefits, overhead, travel, and non-labor costs, or should the deliverable budget include line items for each cost type (labor: to include title and rate details, fringe benefits, travel, non-labor, and overhead)? | A definition of the all-inclusive hourly rate is found in Part 2, number 4 of this Addendum. |
| 39 | 32 | 4.4.6 | Please provide a summary of the last three (3) years of fees paid to and hours worked by the current EQRO contractor. As an alternative, please provide copies of invoices. | DMAHS does not have this summary of invoices available and is unable to assemble the information at this time, though it may be available to the bidder through OPRA. The State believes that this information is not relevant to the bidding process and that it will not benefit the bidder in its proposal preparation. |
| 40 | 37 | 5.21 | Is the State willing to consider monthly invoices from its EQRO contractor as work progresses rather than waiting until a deliverable has been completed? Amounts could be withheld from the State if there is some concern around quality of the work. | No. |
| 41 | 37 | 5.21 | A. How long after a final deliverable has been completed has payment been made by the State for the current EQRO vendor? B. What can be expected going forward in terms of length of time needed by the State to approve a deliverable? | A. The current bid includes a new payment schedule. No history of complaints is on file for late payment by the State. B. The State intends to abide by the terms of the New Jersey Prompt Payment Act, which is described in Section 4.6 of the Standard Terms and Conditions. |

PART 2

**Medical Consulting: External Quality Review Organization, DMAHS
Bid Number 07-X-38991**

Additions, Deletions, Clarifications, and Modifications to the RFP

| # | Page # | RFP Section Reference | Additions, Deletions, Clarifications and Modifications |
|----------|---------------|---------------------------------|---|
| 1 | - | Price Schedule | The Estimated Quantity in Line Items 2, 4, 5, and 6 is changed from 1 to 5. |
| 2 | 22 | 3.2.2.5 | The contractor shall provide ten (10) copies of the Managed Care Program Quality Report. |
| 3 | 22 | 3.2.2.7 <u>Deliverable 5</u> | The last three words of the last sentence are changed from "from the State" to "from the HMOs". |
| 4 | - | 2.1 | All-Inclusive Hourly Rate – An hourly rate comprised of all direct and indirect costs including, but not limited to, overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support, and all documents, forms, and reproductions thereof. This rate also includes portal-to-portal expenses as well as per diem expenses such as food. |



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

BRADLEY I. ABELow
State Treasurer

To: All Interested Bidders

Re: RFP # 07-X-38991
Medical Consulting: External Quality Review Organization, DMAHS
Bid Due Date: September 26, 2006 (2:00 p.m.)

ADDENDUM #3

The following constitutes Addendum #3 to the above referenced solicitation. This addendum is divided into the following parts:

Part 1: Answers to questions

Part 2: Additions, deletions, clarifications, and modifications to the RFP

It is the bidder's responsibility to ensure that all changes are incorporated into the original RFP.

All other instructions, terms, and conditions of the RFP shall remain the same.

PART 1

**Medical Consulting: External Quality Review Organization, DMAHS
Bid Number 07-X-38991**

Answers to Questions

Note: Some of the questions have been paraphrased in the interest of readability and clarity. Each question is referenced by the appropriate RFP page number(s) and section(s) where applicable.

| # | Page # | RFP Section Reference | Question | Answer |
|----------|---------------|------------------------------|--|---|
| 13 | 18 | 3.2.2.1 | Please clarify "software designed explicitly for the purpose of developing the specific program... identification of use of... output charts, narratives..." The concept of software designed explicitly for output charts, narratives is unclear. Would it be accurate to re-phrase this as "Contractor shall provide State Contract Manager a description and brand name of software to be used in the conduct of each of the activities"? | The contractor shall use software compatible with the State's system, and it is the contractor's responsibility to accommodate the State system. Current examples of software compatible with the State's system are Microsoft Office Professional Edition and Adobe PDF, although this may change in the future as the State obtains upgrades. |
| 34 | 20 | 3.2.2.3 | Please provide a copy of the most recently completed Comprehensive Annual Assessment of HMO Operations. | [Requested from Cindy] |
| 25 | 23 | 3.2.2.8 | A. Please identify the number of medical records reviewed for this task under the previous contract. B. Please identify the sampling frame for selecting records in the PPS Program. | A. This report is based on quality issues encountered while performing all other tasks contained in this RFP. This task does not involve reviewing additional medical records. To estimate a range of medical records required, each of the Focused Studies may require the review of approximately 400 medical records. Some of these records may overlap from one Focused Study to another. The Individual Case Reviews may require the review of one (1) medical record or twenty-five (25) medical records. Therefore, this answer is only an estimate: 1000 to 2000 medical records. B. Information previously obtained through administrative and medical record review is used for the Summary of Quality Care Review (assuming PPS is a typo for FFS). |
| 42 | 27 | 4.4.2.2 | We have attempted to contact New Jersey Commerce and have been referred to a website to identify possible organizations that might be appropriate for subcontracting. We were unable to identify any physician review or clinical review organizations. Does the | [Requested from Sandy Davis] |

| # | Page # | RFP Section Reference | Question | Answer |
|----|--------|-------------------------------|---|-----------------------|
| | | | State have a current list of small business organizations that it has used previously for this type of work? | |
| 46 | - | Standard Terms and Conditions | <p>Is the State willing to consider negotiation of the following terms and conditions?</p> <p>A. Section 2.1 Liability – Copyright: Contractor should have no liability if the materials have been modified or used in a manner other than as originally contemplated in the Agreement.</p> <p>B. Section 2.2 Indemnification: Contractor’s indemnification obligation should only extend to damages to the extent directly caused by or arising out of the negligent or wrongful acts or omissions of the contractor or its employees in connection with the performance of the services subject to this Agreement. The contractor’s indemnification obligation should not be applicable to the extent any loss, claim, suit, action, demand, or judgment is attributable to the negligence or wrongful acts or omissions of an indemnified party. In no event should the contractor be liable in connection with the services or the Agreement for any indirect, special, punitive, consequential, or incidental damages.</p> <p>C. Section 2.3 Insurance: Contractor should only be required to name the State, its officers and employees as additional insureds with to (1) specific amounts of insurance (not minimum amounts) and (ii) their vicarious liability arising out of contractor’s performance of the services under the contract.</p> <p>D. Section 3.5 Termination of Contract: These provisions should be mutual.</p> <p>E. Section 3.11 Subcontracting or Assignment: The consent to a subcontracting arrangement should not be unreasonably withheld or delayed.</p> <p>F. Section 3.17 State’s Right to Inspect Bidder’s Facilities: This should be subject to the execution of a confidentiality agreement reasonably acceptable to the contractor.</p> <p>G. Section 3.19 Maintenance of Records: This provision should only apply to records directly related to the performance of services under this Agreement. Any such inspection should be conducted at the State’s expense, be conducted during normal business hours, upon reasonable prior written notice to the contractor and subject to the execution of a confidentiality agreement reasonably</p> | [Requested from Josh] |

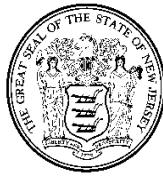
| # | Page # | RFP Section Reference | Question | Answer |
|---|--------|-----------------------|---------------------------------|--------|
| | | | satisfactory to the contractor. | |

PART 2

**Medical Consulting: External Quality Review Organization, DMAHS
Bid Number 07-X-38991**

Additions, Deletions, Clarifications, and Modifications to the RFP

| # | Page # | RFP Section Reference | Additions, Deletions, Clarifications and Modifications |
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State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

BRADLEY I. ABELow
State Treasurer

September 7, 2006

To: All Interested Bidders

Re: RFP # 07-X-38991
Medical Consulting: External Quality Review Organization, DMAHS
Bid Due Date: September 26, 2006 (2:00 p.m.)

ADDENDUM #4

The following constitutes Addendum #4 to the above referenced solicitation. This addendum is divided into the following parts:

Part 1: Answers to questions

Part 2: Additions, deletions, clarifications, and modifications to the RFP

It is the bidder's responsibility to ensure that all changes are incorporated into the original RFP.

All other instructions, terms, and conditions of the RFP shall remain the same.

PART 1

**Medical Consulting: External Quality Review Organization, DMAHS
Bid Number 07-X-38991**

Answers to Questions

Note: Some of the questions have been paraphrased in the interest of readability and clarity. Each question is referenced by the appropriate RFP page number(s) and section(s) where applicable.

| # | Page # | RFP Section Reference | Question | Answer |
|---|--------|-----------------------|--|---|
| 1 | - | - | May the bidder provide suggested modifications to the Terms and Conditions in the body of the proposal? | No, not in the bid proposal. The Question and Answer period is the time for suggested modifications. The State wants all bidders to be on a level playing field. |
| 2 | - | - | <p>A. Do the HMOs use electronic health records?</p> <p>B. If yes, have they adopted common electronic document standards?</p> <p>C. If they have adopted common electronic documents standards, where can the standard that was adopted be found?</p> | <p>A. HMOs gather health information electronically through encounter data.</p> <p>B. No, each uses its own individualized system.</p> <p>C. Not applicable.</p> |
| 3 | 18 | 3.2.2.1 | <p>Please elaborate on the software. What is the intention of the State?</p> <p>A. Is it to assure that documents produced by the contractor will be operable on the State's technology systems?</p> <p>B. Is the State considering purchasing a reporting system?</p> <p>C. Is the State seeking to further automate HMO reporting?</p> <p>D. If the State is seeking to purchase a software system, when in the process will the decision be made regarding which system is purchased?</p> <p>E. Where are the medical records stored?</p> <p>F. Are the medical records available at a central location by HMO or kept at each provider location?</p> <p>G. Are medical records available electronically?</p> | <p>A. Yes, documents produced by the contractor must be operable on the State's technology systems.</p> <p>B. No, the State is not considering purchasing a reporting system.</p> <p>C. No, the State is not seeking to further automate HMO reporting.</p> <p>D. Not applicable.</p> <p>E. Medical records are stored in the providers' offices.</p> <p>F. Medical records are kept at each provider location.</p> <p>G. It depends on the provider.</p> |

| # | Page # | RFP Section Reference | Question | Answer |
|---|--------|-----------------------|---|---|
| | | | H. What barriers were encountered in the past that impacted the contractor's ability to collect at least 90% of medical records/data needed for each focus study or case review? | H. Two primary barriers were the provider's refusal to copy medical records and difficulty in obtaining all medical records for dual eligibles. |
| 4 | 18 | 3.2.2.2 | It appears that the performance of Sections 3.2.2.10 (page 24) and 3.2.2.11 (page 24) will require medical record review. Doesn't the "retrospective quality review of medical care provided to NJFC/Medicaid clients" described in this Section refer to review to be performed for Sections 3.2.2.10 and 3.2.2.11? | Yes, all activities are a retrospective quality review of medical care. It encompasses these two Sections and the whole work plan. |
| 5 | 18 | 3.2.2.2 | As a clarification of Question 12 in Addendum #2, please clarify that the term "Medical Review Plan" refers to the overall plan for evaluating quality, including various specific tasks, activities, and deliverables. | Medical Review Plan is a detailed plan that includes an overview of general review criteria used to evaluate provided healthcare services. |
| 6 | 18 | 3.2.2.2 | As a clarification of Question 12 in Addendum #2, please respond to the original question as it pertains to the "Retrospective Quality Review" and as it pertains to the "Focused Quality Studies" | Focused Quality Studies are retrospective quality reviews. All quality reviews will be retrospective. |
| 7 | 21 | 3.2.2.5 | The Managed Care Program Quality Report will have a publication date of 45 working days from the end of the previous calendar year. In February 2007, for example, HEDIS data for 2006 will not yet be available, nor will results of focused quality studies for 2006. Would the Managed Care Program Quality Report to be published in early 2007 include data from 2005, or would the publication date be 45 working days from the end of the previous contract (rather than calendar) year? | The Managed Care Program Quality Report to be published in early 2007 will include data from 2005. |
| 8 | 25 | 3.2.2.12 | Regarding Addendum #2, Part 1, Questions 32 and 33, please clarify the apparent contradiction of #32 indicating 95% confidence interval is required vs. #33 that says "The contractor shall suggest an appropriate confidence interval as part of the proposal for sample selection presented to the State Contract Manager for review and approval." | The State is requiring a 95% confidence level, 95% confidence interval and a sampling precision of +/- 5%. |
| 9 | 25 | 3.2.2.12 | Typically a sampling precision of +/- 10% at a 95% confidence level for statistical extrapolation would be considered generally acceptable. Will the State accept a sampling precision of +/- 10% at a 95% confidence level for the determination of sample sizes, or does the State require a higher sampling precision, for example, +/- 5% at a 95% confidence level? Tighter sampling precision requirement leads to a larger sample size needed. Thus, the State's requirement on | The State requires a sampling precision of +/- 5% at a 95% confidence level. |

| # | Page # | RFP Section Reference | Question | Answer |
|----|--------|-----------------------|---|--|
| | | | the sampling precision would have a direct impact on the cost of conducting the review work. | |
| 10 | 28-29 | 4.4.4.1 | Does the State want the contractor's proposal to include an "approach and specific criteria..." for the bulleted list at the top of page 29 as they pertain to the "Focused Quality Studies"? We are trying to understand the placement of this Section in the "4.0 Bid Proposal Preparation and Submission" Section rather than the "3.0 Scope of Work" Section. | Yes, the "approach and specific criteria" are in Section 4 because the State wants the bidder to indicate its ability to conduct this work in the bid proposal as opposed to allowing the bidder to simply agree to doing the work in the future as a contractor in accordance with Section 3. |

PART 2

**Medical Consulting: External Quality Review Organization, DMAHS
Bid Number 07-X-38991**

Additions, Deletions, Clarifications, and Modifications to the RFP

| # | Page # | RFP Section Reference | Additions, Deletions, Clarifications and Modifications |
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