

REQUEST FOR PROPOSAL FOR ALTERNATE DISPUTE RESOLUTION SERVICES FOR
THE NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE,
PERSONAL INJURY PROTECTION (PIP)

SPECIAL TERMS AND CONDITIONS
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REQUEST FOR PROPOSAL FOR ALTERNATE DISPUTE RESOLUTION SERVICES FOR THE NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE, PERSONAL INJURY PROTECTION (PIP)

SPECIAL TERMS AND CONDITIONS

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 State of New Jersey. The purpose of this RFP is to provide the alternate dispute resolution system mandated by N.J.S.A. 39:6A-5.1 including the necessary organizational structure, operations and personnel to handle disputes involving automobile insurance PIP claims.

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

1.2 Background

The Automobile Insurance Cost Reduction Act, P.L., 1998, c. 21 as amended c. 22 (enacted May 19, 1998) (AICRA), specifically N.J.S.A. 39:6A-5.1, established a new statutory framework for alternate dispute resolution of automobile insurance PIP claims. AICRA further directs the Commissioner of Banking and Insurance (Commissioner) to designate an organization to administer the PIP dispute resolution system and to solicit bids from interested dispute resolution organizations to oversee and administer the new system. Administrative rules promulgated by the Department on PIP Alternate Dispute Resolution at N.J.A.C. 11:3-5 contain the qualifications necessary for bidders and detailed information about how the administrator shall conduct its operations.

As set forth in AICRA and administrative rules, the administrator will oversee an alternate dispute resolution system that utilizes full-time dispute resolution professionals to issue determinations binding on the parties (an insured and/or health care provider as the claimant and the auto insurer). In addition, the administrator will be responsible to refer and coordinate the dispute resolution professionals' determination with medical review organizations by which certain issues regarding medical treatment are required to be determined. Medical review organizations will be separately certified by the Commissioner to receive these referrals, also pursuant to AICRA and the Department's administrative rules.

The following table is provided as an indication of the volume of cases handled in CY2002 this information should be the basis of budget and revenue projections required in section 4.4.4 and in the price sheet.

2002 Annual Statistics AICRA & Non-AICRA Activity	
Cases Assigned	17,520
Hearings Held	7,488
Extensions for Awards	1,223
Cases Awarded	3,543
Cases Closed	16,176
Pending Cases	7,436

More information about this program may be obtained at the website: <http://www.njdoabi.org/aicrapg.htm>

1.3 Key Events

1.3.1 Questions and Inquiries

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

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

Purchase Bureau
Division of Purchase and Property
State of New Jersey
PO BOX 230
Trenton, New Jersey 08625-0230
Attention: Jennifer Petrino
Phone: (609)984-0493
Fax: (609) 292-5170
E-mail: jennifer.petrino@treas.state.nj.us

1.3.1.1 CUT-OFF DATE FOR QUESTIONS AND INQUIRIES

A Mandatory Pre-Bid Conference has been scheduled for this procurement, therefore, the cut-off date for submission of questions will be the date of the Mandatory Pre-Bid Conference. While all questions will be entertained at the Mandatory Pre-Bid Conference, it is strongly urged that questions be submitted in writing prior to the Mandatory Pre-Bid Conference. Written questions must be delivered to the Purchase Bureau buyer. It is requested that bidders having long, complex or multiple part questions submit them in writing as far in advance of the Mandatory Pre-Bid Conference as possible. This request is made so that answers can be prepared by the State by the time of the Mandatory Pre-Bid Conference.

1.3.1.2 Question Protocol

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

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

1.3.2 Mandatory Site Visit

Not applicable to this procurement.

1.3.3 Mandatory Pre-Bid Conference

A Mandatory Pre-Bid Conference has been scheduled for this procurement. The date, time and location are provided on the conference/site inspection page at the beginning of this document.

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

Any revisions to the RFP resulting from the Mandatory Pre-Bid Conference will be formalized and distributed to attendees as written addendum to the RFP. Answers to deferred questions will also be distributed to attendees as written addendum to this RFP.

1.3.4 Document Review Room

Not applicable to this procurement. Requisite documents and information can be found at: <http://www.njdoabi.org/aicrapg.htm>

1.4 Additional Information

1.4.1 Revisions to this RFP

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

Any RFP addendum will be available by selecting the bid number on the Bidding Opportunities Web Page: <http://www.state.nj.us/treasury/purchase/bid/summary/bid.shtml>

All interested bidders are therefore encouraged to check the bid website for addenda on a daily basis from time of issuance through the bid opening.

1.4.2 Addendum as a Part of this RFP

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

1.4.3 Issuing Office

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

1.4.4 Bidder Responsibility

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

1.4.5 Cost Liability

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

1.4.6 Contents of Bid Proposal

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

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

1.4.7 Price Alteration

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

1.4.8 Joint Venture

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

2.0 DEFINITIONS

2.1 Definitions

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

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

All Inclusive Hourly Rate - An all-inclusive hourly rate must include all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. Hourly rates also include portal to portal expenses. Time spent in traveling to and from the work site or employee's normal work station shall not be included in this rate.

All-Inclusive, Loaded, Firm, Fixed Price - Any price or cost bid which is not subject to increase during the period specified. An all-inclusive, loaded, firm fixed price is a price which includes all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, safety equipment, materials, supplies, labor, supervision, managerial support and all documents, forms, and reproductions thereof. All-inclusive, loaded, firm, fixed price may also include portal to portal expenses. Time spent in traveling to and from the work site or the employee's normal work station shall not be included in any pricing. Contractor's personnel shall not be paid for time spent commuting or traveling to the work site, or for meals, lunch, dinner or other breaks.

Administrator - Contractor operating the alternative dispute resolution program.

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.

Commissioner - The Commissioner of the Department of Banking and Insurance

Contract - This RFP, any addendum to this RFP, and the bidder's bid proposal submitted in response to this RFP and the Division's Notice of Award.

Contractor - The contractor is the bidder awarded a contract.

Department - The Department of Banking and Insurance.

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

Division - The Division of Purchase and Property.

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

May - Denotes that which is permissible, not mandatory.

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

Request for Proposal (RFP) - This document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of 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.

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

State - State of New Jersey.

Task - A discrete unit of work to be performed.

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

3.0 SCOPE OF WORK

3.1 Operation of the Alternate dispute Resolution Program

The administrator shall be responsible for administering an alternate dispute resolution ("ADR") program for insurance policies that are subject to AICRA. The program shall comply with the requirements of N.J.S.A. 39:6A-5.1 and 5.2 and N.J.A.C. 11:3-5 and this RFP. The program shall operate in accordance with the approved plan and other information provided in response to this RFP as specified in this section.

3.2 Mandatory Documents

N.J.A.C. 11:3-5.3(d) requires that bidders submit the documents and information specified in the rule in connection with their proposal to serve as administrator. The documents and information from the rule are listed below with additional requested information from the Department.

N.J.A.C. 11:3-5(d)1 requires that bidders submit a dispute resolution plan that describes how the organization shall meet the requirements of AICRA and N.J.A.C. 11:3-5. The plan shall include procedures and rules governing the dispute process to ensure adherence to the standards of performance set forth in AICRA and N.J.A.C. 11:3-5.

3.2.1 The dispute resolution plan shall be comprised of two parts. Part I shall detail the internal procedures of the contractor's operation including but not limited to:

3.2.1.1 Intake, screening and assignment of demands;

3.2.1.2 Information systems for tracking cases and scheduling hearings; and

3.2.1.3 Hiring, regular training and evaluation of dispute resolution professionals including the frequency and type of training, the process for evaluation and procedures to avoid conflicts of interest detailed in N.J.A.C. 11:3-5.5.

3.2.2 Part II shall consist of:

3.2.2.1 The rules for the conduct of PIP dispute resolution proceedings required by N.J.A.C. 11:3-5.4(a)6 for users of the system and the public; and

3.2.2.2 The rules for the composition and activities of the advisory council required by N.J.A.C. 11:3-5.4(a)3.

3.2.3 At a minimum, the Plan requested in 3.2.1 and 3.2.2 above shall include in either Part 1 or Part 2, as applicable, the information set out in N.J.A.C. 11:3-5.4(b)1 through 6 and the information below:

3.2.3.1 N.J.A.C. 11:3-5.4(b)1 The plan shall provide that PIP dispute resolution be initiated by written notice to the administrator and to all other parties to the party's demand for dispute resolution, which notice shall set forth concisely the claims, and where appropriate, the defenses, in dispute and the relief sought. The notice shall include such other information as may be required for administrative purposes;

3.2.3.2 N.J.A.C. 11:3-5.4(b)2 The plan shall provide for consolidation of claims into a single proceeding where appropriate in order to promote prompt, efficient resolution of PIP disputes consistent with fairness and due process of law. The Department believes "where appropriate" includes but is not limited to cases involving the same parties and common questions of law and fact. The plan shall detail the circumstances under which claims will be consolidated;

3.2.3.3 N.J.A.C. 11:3-5.4(b)3 The plan shall provide the assigned dispute resolution professional with sufficient authority to provide all relief and to determine all claims arising under PIP coverage, but may provide for limited, procedural or emergent matters to be determined by one or more specially designated dispute resolution professionals;

3.2.3.4 N.J.A.C. 11:3-5.4(b)4 The plan shall provide for the assignment of a medical review organization to review the case and report its determination when requested pursuant to N.J.S.A. 39:6A-5.2 and this subchapter;

3.2.3.5 N.J.A.C. 11:3-5.4(b)5 The plan shall provide for the prompt, fair and efficient resolution of PIP disputes, after a hearing by the assigned dispute resolution professional, but shall also provide that alternate procedures may be utilized when appropriate, which may include mediation, conferences to promote consensual resolution and expedited hearings upon receipt of a medical review organization report, consistent with principles of substantive law and rules adopted by the Commissioner; and

3.2.3.6 N.J.A.C. 11:3-5.4(b)6 The plan shall provide for the fair and efficient conduct of adversarial hearings when other methods of dispute resolution are either unsuccessful or inappropriate, consistent with traditional notions of due process and fundamental fairness. It shall address, at least, the following procedural issues:

- i. Discovery;
- ii. Receipt of evidence by the dispute resolution professional;
- iii. Submission of briefs or memoranda of law and fact;
- iv. Provision for decisions without testimony or consent of parties;
- v. Notice and place of hearing;
- vi. Methods to request adjournments;
- vii. Presentation of testimony and evidence at a hearing; and
- viii. Supplementation of the record.

3.2.3.7 The plan shall detail the procedure, standard of review and disposition timetable for emergent matters.

3.2.3.8 The plan shall include a dual track system of case management for standard and complex cases that details the characteristics of each type of case including disposition timetables. The timetables should indicate the expected number of days from case filing through issuance of the decision.

3.2.3.9 The plan shall include a specific plan for the use of the alternate procedures other than a hearing by the dispute resolution professional to resolve claims, including but not limited to the procedures set forth in N.J.A.C. 11:3-5.4(b)5 (Section 3.6.1.5).

3.2.3.10 The plan shall include performance standards to ensure that disputes are resolved expeditiously and comport with legal and ethical standards. The plan should include scheduling and disposition guidelines that include time sensitive projections for events in the dispute process such as initial hearing dates, re-scheduled hearings, and completion of awards.

3.2.3.11 To address the concern that because the contract is funded by user fees, the contractor has an incentive to charge the users as many fees as possible, the plan shall include a section describing how the contractor will, through the fee structure or other means, encourage the most efficient and cost-effective use of the alternate dispute resolution system.

3.2.3.12 N.J.A.C. 11:3-5.4(a)2 requires that, "the dispute resolution organization shall utilize full-time dispute resolution professionals that meet the standards of N.J.A.C. 11:3-5.5." The Dispute Resolution Plan shall provide a detailed explanation of how the successful bidder will solicit candidates, interview and hire dispute resolution professionals.

3.2.3.13 N.J.A.C. 11:3-5.4(a)8 requires that, "the Dispute Resolution Plan shall provide sufficient oversight and training of its dispute resolution professionals so as to promote fair, efficient and consistent determinations consistent with substantive law and with rules adopted by the Commissioner." In addition, the Plan should describe in detail the frequency and content of a training program for dispute resolution professionals, which should include Department personnel, claimant and defense attorneys and representatives of insurers, their vendors and medical professionals.

3.2.3.14 The Plan shall include detailed procedures for the evaluation of the performance of dispute resolution professionals including the establishment and communication of standards and the scheduling of reviews.

3.2.3.15 The Plan shall include information on how the contractor will provide access to users of the system to information about the status of pending arbitrations.

3.3 Extent of Services Required

The number of Contractor hours required to meet the needs of the State will vary with the size and character of the caseload. The plan shall include assumptions about the total number of cases to be handled annually, including regional distribution of same. The plan should also include a target caseload for each dispute resolution professional and measures to maintain the target number. The total number of demands filed and awards made for the last three years is set forth in Exhibit 1.

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 General

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

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

4.2 Proposal Delivery and Identification

In order to be considered, a bid proposal must arrive at the Purchase Bureau in accordance with the instructions on the RFP cover sheet. Bidders submitting bid proposals 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 must be labeled with the bid identification number, final bid opening date and the buyer's name. All of this information is set forth at the top of the RFP cover sheet.

4.3 Number of Bid Proposal Copies

Each bidder must submit one (1) complete ORIGINAL bid proposal, clearly marked as the "ORIGINAL" bid proposal. Each bidder should submit ten (10) full, complete and exact copies of the original. The copies requested are necessary in the evaluation of your bid. Bidders 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 Proposal Content

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

4.4.1 Section 1 - Forms

4.4.1.1 Ownership Disclosure Form

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

4.4.1.2 MacBride Principles Certification

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

4.4.1.3 Affirmative Action

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

4.4.1.4 Subcontractors

All bidders planning to utilize a subcontractor shall complete the subcontracting utilization form. All bidders shall comply with section 3.11 of the standard terms and conditions. In addition the required forms listed in 4.4.1.1, 4.4.1.2, and 4.4.1.3 shall be provided for each subcontractor.

4.4.1.5 Bid Bond

Not applicable to this procurement

4.4.2 Section 2 Technical Proposal

This section will have 3 parts. It includes the requirements of N.J.S.A. 11:3-5.3 d along with requirements added by the Department.

4.4.2.1 Technical Proposal Part 1 - The Dispute Resolution Plan

This section of the bidder's response should be comprised of the two parts of the Dispute Resolution Plan described in Section 3.0 Scope of Work. The Plan should be presented in sufficient detail to permit the State to evaluate it fairly and with a minimum of possible misinterpretation (N.J.S.A. 11:3-5.3 d 1)

4.4.2.2 Technical Proposal Part 2 - Management Overview

This section of the bidder's proposal will set forth the responses to the information required by N.J.A.C. 11:3-5.3(d) as follows:

4.4.2.2.1 A description of the organization and biographical information about the key personnel that shall be responsible for executing the duties of the administrator. This description shall include (N.J.S.A. 11:3-5.3 d 2):

- a) Location of the bidder's office that will be responsible for managing this contract. Include the name and telephone number of the individual responsible for managing this contract.
- b) An organization chart, with names, showing the key management and supervisory personnel to be assigned to the contract. The chart should include the labor category and title of each individual assigned.
- c) An organization chart showing the bidding firm's entire organizational structure. This chart will show the relationship of the individuals assigned to this contract to the bidder's overall organizational structure.

d) A detailed resume must be submitted for each key management and supervisory individual assigned to the contract as identified on the organization chart. Resumes should be constructed to emphasize relevant qualifications and experience of the individuals assigned. If applicable, resumes should include experience in successfully completing contracts of similar size and scope to those required by this RFP. A description of the contract should be given and should show how the individual's work on the completed contract relates to the individual's ability to contribute to the successful completion of the services required by this RFP. Include the name and address of reference together with a person to contact for a reference check and a telephone number. Dates should be given for each engagement.

4.4.2.2.2 A detailed description of the management information systems that shall be used by the bidder including but not limited to case tracking and scheduling of hearings and security (N.J.S.A. 11:3- 5.3 d 3).

The Department is interested in encouraging the use of technology to make processes more efficient. Bidders are encouraged to include information concerning filing claims by email, providing web access to a user's own pending cases and video hearings.

4.4.2.3 Technical Proposal - Part 3 Term Contract Management, Scheduling and Control

4.4.2.3.1 Term Contract Management

The bidder will describe the firm's general approach to managing the term contract. This section will include the bidder's specific plans to manage, control and supervise the term contract in order to insure satisfactory term contract completion in accordance with the required schedule. The plan will also include bidder's approach to communicating with the State's term contract manager including term contract coordination, status meetings, status reports etc.

4.4.2.3.2 Gear Up and Transition Plan

The bidder must submit a comprehensive and detailed plan that fully describes all actions and time frames that the bidder must adhere to to successfully bring the contract from transition/start-up to full, efficient, and effective operation beginning on the contract effective date.

The gear up and implementation plan submitted with its bid proposal must be designed to convince the State that the bidder can meet or exceed the requirements of the RFP.

The bidder must demonstrate how it will make the transition from the current service delivery system to services under this contract. The transition plan shall address how it will implement an orderly and efficient start-up. The bidder must demonstrate the firm's past experience in implementing State contracts and success in this area.

A detailed plan must be submitted with the proposal that addresses, at a minimum, how the following issues will be handled:

- a. Recruitment/training of current and new staff;
- b. recruitment and utilization of specialists and,
- c. orientation of new staff.

The bidder shall also submit in its bid response a plan for the orderly transfer of services back to the State or to another vendor at the expiration of the contract.

4.4.2.3.3 Potential Problems

This section of the bidder's proposal will set forth a summary of any problems that the bidder anticipates during the course of completing the effort required by this RFP. For each problem identified, the bidder will provide the bidder's proposed solution to that problem.

4.4.3 Section 3- Organizational Support, Experience, and Qualifications

This section shall contain all pertinent information relating to the bidder's organization, personnel, and experience, including but not limited to references, together with contact name and telephone number that will serve to substantiate the bidder's qualifications, and capabilities to perform the services required by the RFP, which will include, but not be limited to, the following information:

4.4.3.1 Experience of Bidding Firm on Term Contracts of Similar Size and Scope

The bidder shall provide a comprehensive listing of any term contracts of a similar size and scope that have been successfully completed by the bidder as documentation of the bidder's ability to successfully undertake and complete the services required by this RFP. Emphasis should be placed on contracts that are similar in size and scope to those required by this RFP. A description of the contract should be included and should show how the contract relates to the ability of the bidder to complete the services required by this RFP. The bidder should include the name and address of the reference together with a person to contact for a reference check and telephone number.

Dates should be given for each engagement.

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

The bidder must indicate whether the bidding firm is a subsidiary of another company, has a financial interest in any other company, and whether the bidding firm is publicly or privately held.

4.4.4 Section 4 Cost Proposal

The cost proposal shall provide for the payment of the contractor's expenses, including the cost of dispute resolution professionals, overhead and profit from fees generated from the users of the system. The State will not directly fund this contract or any portion of this contract.

4.4.4.1 As set forth in N.J.A.C. 11:3-5.6 as well as the procedures developed by the current contractor (see <http://www.njdoji.org/aicrapg.htm>), there are a series of steps in the alternate dispute resolution process. Exhibit 2, Fee Detail, shows the fee schedule of the current contractor. This schedule is provided as a sample. Bidders are free to propose any fee schedule they deem appropriate. Using the volume estimates provided in Section 1.2 Background and in Exhibit 1, the bidder shall provide a fee schedule, an estimate of the amount of money to be generated by each proposed fee and the total gross and net revenue estimated for each year of the contract.

4.4.4.2 The cost proposal shall be accompanied by draft budgets for at least two years as required by N.J.A.C. 11:3-5.3(d)(4). The budgets shall include all anticipated expenses of the bidder and how they will be covered by the revenue estimated to be generated from user fees. The bidder may include a projected increase in user fees over the term of the contract.

4.4.4.3 The pricing lines requested shall be based on the information provided by the bidder in sections 4.4.4.1 and 4.4.4.2 and the information provided by the State in Section 1.2 and Exhibit 1.

4.4.4.4 Each bidder must hold its price(s) firm through issuance of contract to permit the completion of the evaluation of proposals received and the contract award process.

5.0 CONTRACTUAL TERMS AND CONDITIONS

5.1 Precedence of Contractual Terms and Conditions

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

Unless specifically noted within this RFP, the Standard Terms and Conditions take precedence over the Special Terms and Conditions.

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

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

5.2 Performance Bond

Not applicable to this procurement.

5.3 Business Registration

Business Registration - See Standard Terms and Conditions, Section 1.1.

5.4 Contract Term and Extension Option

The term of the contract shall be for a period of three (3) years. The anticipated "Contract Effective Date" is provided on the cover sheet of this RFP. If delays in the bid process result in an adjustment of the anticipated Contract Effective Date, the bidder agrees to accept a contract for the full term of the contract. The contract may be extended for an additional three (3) years by mutual written consent of the contractor and the Director.

5.5 Contract Transition

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

5.6 Availability of Funds

Not applicable

5.7 Contract Amendment

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

5.8 Contractor Responsibilities

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

The contractor is responsible for the professional quality, technical accuracy, timely completion and submission of all deliverables, services or commodities required to be provided under the contract.

The contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work. The review,

approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the contractor's performance of this contract.

5.9 Substitution of Staff

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

The contractor must provide detailed justification documenting the necessity for the substitution. Resumes must be submitted evidencing that the individual(s) proposed as substitute(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's Contract Manager for consideration and approval. No substitute personnel are authorized to begin work until the contractor has received written approval to proceed from the State Contract Manager.

5.10 Substitution or Addition of Subcontractor(s)

This Subsection serves to supplement but not to supersede Section 3.11 of the Standard Terms and Conditions of this RFP.

If it becomes necessary for the contractor to substitute and/or add a subcontractor, the contractor will identify the proposed new subcontractor 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 for 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.

In the event a subcontractor is proposed as a substitution, the proposed subcontractor must equal or exceed the qualifications and experience of the subcontractor being replaced. In the event the subcontractor is proposed as an addition, the proposed subcontractor's qualifications and experience must equal or exceed that of similar personnel proposed by the contractor in its bid proposal.

The contractor shall forward a written request to substitute or add 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.

5.11 Ownership of Material

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

Should the bidder anticipate using pre-existing intellectual property to perform any of the services required under the contract, the intellectual property must be identified in its bid proposal. Otherwise, the language in the first paragraph of this section shall prevail. If the bidder identifies such intellectual property ("Background IP") in its bid proposal, then the Background IP owned by the bidder on the date of the contract, as well as any modifications or adaptations thereto, shall remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the State a non-exclusive, royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the Contract.

5.12 Data Confidentiality

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

5.13 News Releases

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

5.14 Advertising

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

5.15 Licenses and Permits

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

5.16 Claims and Remedies

5.16.1 Claims

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

5.16.2 Remedies

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

5.16.3 Remedies for Non-Performance

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

5.17 Late Delivery

Not applicable to this procurement.

5.18 Retainage

Not applicable to this procurement.

5.19 State's Option to Reduce Scope of Work

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

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

5.20 Suspension of Work

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

5.21 Change in Law

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

5.22 Additional Work and/or Special Projects

Not applicable to this procurement.

5.23 Form of Compensation and Payment

The cost proposal shall provide for the payment of the contractor's expenses, including the cost of dispute resolution professionals, from fees generated from the users of the system. The State will not directly fund this contract or any portion of this contract.

6.0 PROPOSAL EVALUATION/CONTRACT AWARD

6.1 Proposal Evaluation Committee

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

6.2 Oral Presentation and/or Clarification of Proposal

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

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

6.3 Evaluation Criteria

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

6.3.1 The bidder's general approach and plans in meeting the requirements of this RFP.

6.3.2 The bidder's detailed approach and plans to perform the services required by the Scope of Work Section of this RFP.

6.3.3 The bidder's documented experience in successfully completing contracts of a similar size and scope to those required by this RFP.

6.3.4 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 those required by this RFP.

6.3.5 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.

6.3.6 The Bidder's Cost Proposal

6.4 Contract Award

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

7.0 BIDDER DATA SHEETS BIDDER(S)' CAPABILITIES, ORGANIZATIONAL SUPPORT AND EXPERIENCE/TECHNICAL PROPOSAL

Not applicable to this procurement.

8.0 PRICE SHEET(S) AND SUPPORTING DETAIL

The bidder must submit all requested pricing information. 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 for a minimum of ninety (90) days following bid opening to permit the completion of the evaluation of proposals received and the contract award process.

The bidder shall complete lines 1-6 on the pricing pages. The amounts provided in lines 1-6 must be derived from the information provided by the bidder in accordance with Section 4.4.4.

9.0 EXHIBITS/ATTACHMENTS

Exhibit 1 Case Data
Exhibit 2 Fee Detail

Text of amendments to the RFP

ACTION: G SCREEN: SATX 06/14/04 10:46:31 AM

SOLICITATION AMENDMENT TEXT TABLE
KEY IS SOLICITATION NUMBER AND AMENDMENT NUMBER

SOLICITATION NUMBER: 35874 : DISPUTE RESOLUTION SVS FOR NJ DEPT. OF
AMENDMENT NUMBER...: 01
STATUS CODE.....: 361 : FINAL SOL/AMEND PRINTED
SCROLL ACTION.....: T LINE NUMBER: LINE TOTAL: 0003

-----1-----2-----3-----4-----5-----6-----7
THE EXPERIENCE OF THE INDIVIDUALS ALONG WITH THE QUALITY OF THE
TECHNICAL PROPOSAL WILL BE CONSIDERED IN EVALUATING THE ABILITY OF
A BIDDER TO PERFORM THE WORK.

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ACTION: G SCREEN: SATX 06/14/04 10:46:59 A

SOLICITATION AMENDMENT TEXT TABLE
KEY IS SOLICITATION NUMBER AND AMENDMENT NUMBER

SOLICITATION NUMBER: 35874 : DISPUTE RESOLUTION SVS FOR NJ DEPT. OF
AMENDMENT NUMBER...: 02
STATUS CODE.....: 361 : FINAL SOL/AMEND PRINTED
SCROLL ACTION.....: T LINE NUMBER: LINE TOTAL: 0001

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THE ATTACHED QUESTIONS AND ANSWERS ARE INCORPORATED INTO THE RFP.

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RFP #: 04-X-35874
Alternate Dispute Resolution Services
Department of Banking and Insurance

Questions & Answers
Prebid Conference
9/16/03
9:30 am

Aequitas

Does the contract effective date of November 15, 2003 reflect the date operations are expected to commence or will the date operations commence be decided sometime in the future? **The contract effective date is not firm. The bidder should propose a transition period and process as part of the technical proposal.**

On the Price Sheet we are to note Net Revenue for each of the contract's three years. There can be a number of ways to define net revenue. We would appreciate a definition of the term for the sake of clarity.

2.1 Rather than net revenue, we mean net income which is revenue minus operating expenses

2.2 Operating Expenses are costs chargeable against the principal revenue sources or any other costs that may be deemed necessary to carry out the principal operating activities.

The volume of cases noted in 1.2 conflicts with the number in Exhibit 1, and the amount of non-AICRA cases cannot explain the difference. We realize that these numbers are to be used as a guide only. However, our recommendation is to have each bidder use the same number of cases in order to make comparisons among bids easier. We therefore suggest that the state tell each bidder to use 19,000 cases in its bid. **Use the data in Exhibit 1.**

Section 4.4.1.4 requires the bidder to supply certain forms for all subcontractors. The incumbent currently performs this contract by utilizing individual dispute resolution professionals who are full time independent contractors, and bidders may or may not choose the same approach. Does this section apply to subcontractors who are individuals? **Not at this time.**

Section 4.4.2.3.2 seeks transition plans. We recognize that any change in administrator will require appropriate communications with users to facilitate use of any different processes and procedures used by the new administrator. However, we wonder if the state shares our view that this contract cannot and should not require the new administrator, if different from the incumbent, to handle cases filed with the old administrator that remain pending when the new contract becomes operational. In our view, if a new administrator becomes operational on, for example, January 1, 2004, that company would be responsible for cases filed on and after that date, and the old administrator would continue to be responsible for cases filed before then, since payment for those cases would have been made to the old administrator. This approach makes transition relatively smooth, since there is a finite date that separates the responsibilities of the new and old administrators. We would appreciate comment from the state on that approach. Each bidder should propose a transition plan and schedule as part of their technical response to the RFP.

Please note that Section 4.4.4 is mistakenly listed as "Section 5" when it should be Section 4. Correct, the Cost Section will be section 4 of the bid proposal.

National Arbitration Forum

Regarding page 24 of the RFP, part 3.2.3.4: This part states that "the plan shall provide for the assignment of a medical review organization..." In Proposal Number PRN 2003-290, the Department of Banking and Insurance proposes that NJAC 11:3-5.11(a) be amended to read, "The initial fee for a determination by a Medical Review Organization shall be \$575. The Commissioner may adjust the fee every two years by order based on the rise in the medical component of the Consumer Price Index..." Shall bidders assume the \$575 fee for purposes of bid submission? **Yes but it does not affect bidder's pricing.**

NJ ST 39:6A-5.1(b) states in part, "Compensation to the dispute resolution professionals shall be established by the commissioner and adjusted from time to time as appropriate, with the approval of the commissioner. In no case shall compensation be based on a contingency basis..." Is there a schedule of compensation for dispute resolution professionals or other compensation parameters that must be adhered to when submitting the bid? Or is dispute resolution professional compensation dictated solely by adoption of the terms of the winning bidder's proposal. **The dispute resolution professional compensation is established in the contract awarded pursuant to this procurement.**

Is the previous bid submission available for review? **Yes by appointment with the Buyer.**

Are the minutes from the steering committee available for review? **No they are not available.**

American Arbitration Association

Does the Department want an executive summary included with the response to the RFP? **It is at the discretion of the bidder.**

Is there any further information about the grading process for all proposals that may be shared with all bidders? **Not at this time.**

Does the department have certain criteria this it would like to see utilized in connection with complex track placement? **No.**