Insurance Consulting: Development and Implementation
Inpatient Hospital Reimbursement System
New Jersey Department of Human Services
Division of Medical Assistance and Health Services
– 06-X-37958
July 25, 2005
Addendum #02

Question # 12  Section 1.2.1 Contract Specific Background, Pg 7 – Does the contractor need to help develop a new outlier policy, or just apply the current policy to the new system?

Answer: The contractor is expected to make recommendations to DMAHS regarding these policies. For background information regarding New Jersey’s inpatient hospital reimbursement methodology please refer to N.J.A.C. 10:52 and New Jersey’s State Plan at Attachment 4.19-A.

Please refer to the following websites:
NJ State Plan Web link

N.J.A.C Regulations web link
www.state.nj.us/humanservices/Rules/ruleadoptions.html

Question # 13  Section 1.2.1 Contract Specific Background, Pg 7 – How are graduate medical education costs removed?

Answer: Please refer to the answer for Question #12.

Question # 14  Section 1.2.1 Contract Specific Background, Pg 7 – Please describe how costs are adjusted to New Jersey labor markets?

Answer: Please refer to the answer for Question #12.

Question # 15  Section 1.2.1 Contract Specific Background, Pg 7 – Does the contractor need to help develop new payment methods for indirect graduate medical education, direct graduate medical education, capital, or other components? Or will the contractor just apply current policy to new system?

Answer: Please refer to the answer for Question #12.

Question # 16  Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 – Will the State’s Acute Care Hospital Cost Reports be available to the contractor in electronic format?

Answer: Yes

Question # 17  Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 – Does the State have Medicare cost reports electronically available covering the same time period as its Acute Care Hospital Cost Reports?

Answer: Yes
Question # 18  Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 –How recent are the Acute Care Hospital Cost Reports data?

Answer: Audited 2003 data.

Question # 19a  Section 3.2.2.2 Adjustments and Exclusions to Cost Base, Pg 16 –How are items in this section removed from costs?

Please refer to the answer for Question #12.

Question # 19b  Section 3.2.2.2 Adjustments and Exclusions to Cost Base, Pg 16 –Are these items specifically listed on cost reports?

Answer: Yes. The contractor is expected to make recommendations to DMAHS regarding these policies.

Question # 20  Section 3.2.2.4 Adjustments and Exclusions to Cost Base, Pg 16 –Is the contractor responsible for auditing the hospital cost reports?

Answer: No, DMAHS notified hospitals prior to their final submission of the 2003 NJ Acute Care Cost Reports that the data may be utilized as a source for the establishment of the Medicaid inpatient reimbursement rates. DMAHS extended the filing date for the submission of the 2003 UB data and expanded the audit criteria which was applied by the Riverbend auditors to ensure accuracy and completeness of the NJ Cost Reports. DMAHS also performed some cost and revenue comparisons of the data. However, as indicated in Section 3.2.2 of the RFP, the contractor is required to evaluate all available data sources, examine the data for reasonableness and develop recommendations that would provide alternative data sources in order for the State to make a final decision regarding the data source to be used for the cost base.

Question # 21  Section 3.2.3.1 Selection of DRG Type for Use in Grouper Software, Pg 16 –Will the contractor need to purchase the 3M Grouper Software or the recommended grouper, or will the State purchase it?

Answer: The contractor will recommend the appropriate Grouper. The DMAHS will acquire and provide access to the appropriate Grouper software necessary to implement the new system.

Question # 22a  Section 3.2.3.2 Data Source for Use in DRG Model, Pg 17 –How and in what format will uniform billing data be sent to the contractor?

Answer: The Uniform Billing Data will be provided in an EBCDIC format. DMAHS will work with the contractor to finalize the treatment of DPUs regarding the inclusion or exclusion for reimbursement, as well as the appropriate data source. The contractor is expected to provide recommendations to the DMAHS regarding reimbursement of DPUs.

Question # 22b  Section 3.2.3.3 Trim Points, Pg 17 –Can you provide additional meaning for the term “clinical analysis and review”?

Answer: The DMAHS shall rely on the contractor’s knowledge and expertise in the development of trim points. The degree to which clinical analysis and/or statistical modeling is applied shall be outlined by the contractor and approved by the State Contract Manager.
**Question # 23**  
Section 3.3.2 subheading (c) Documentation of Key Deliverables, Pg 18  
–Does the State require electronic copies of all documentation, if so, in what software format?

Answer: Yes, in programs belonging to the Microsoft Office suite of products.

**Question # 24**  
Section 4.2 Proposal Delivery and Identification, Pg 20 –Can the State clarify the specific address to send the proposal as FedEx doesn’t deliver to Post Office Boxes?

Answer: The “street address” is listed along with the PO Box in Section 1.3.5 of the RFP.

**Question # 25**  
Section 4.4.3.6 Experience of Bidder on Contracts of similar size and Scope, Pg 24-25 –Can the State clarify the COBOL skills needed by the contractor?

Answer: The current method of uploading the inpatient DRG rates to the State’s Fiscal Agent is via ASCII, comma delimited files.

The bidder should present a proposal including experience on contracts of similar size and scope that demonstrates its ability to successfully complete all requirements of this RFP.

All “shall”s in this Section are changed to “should”.

**Question # 26**  
Section 4.4.4 Section 4 – Cost Proposal, Pg 26 –Attachment 5 indicates the project is a deliverable-based payment project, would the State consider monthly invoices based on hourly fees?

Answer: No.

**Question # 27**  
Section 6.3 Evaluation Criteria, Pg 39 –What are the criteria for evaluation of this RFP, i.e., and will any sections of a bid proposal receive more weight in the evaluation process than others?

Answer: RFP Section 6.3 specifies the criteria for bid evaluation. Weights will be set prior to bid opening and are not public until the Director issues an Intent to Award.