

1 Cost [RFP Attachment A, Section 5.2]

REQUIREMENT: RFP Attachment A, Section 5.2

5.2. Cost Structure and Additional Instructions

The Lead State's intent is to structure the cost format in order to facilitate comparison among all suppliers and foster competition to obtain the best market pricing. Consequently, the Lead State requires that each supplier's cost be in the format outlined below. Additional alternative cost structures will not be considered.

Enter all information directly into the cost sheet(s). Enter numbers on each cost sheet in "number" (two-place decimal), not "currency" or other format unless otherwise stated. That is, omit dollar signs, commas, and any other non-essential symbols. (e.g., \$7.90 should be entered as 7.90) Prices must be in US Dollars. Enter "n/a" to indicate not available or "0" if there is no charge. Cells left blank will be interpreted as "no offer".

Download the cost worksheet, complete the worksheet, and then upload the worksheet by following the instructions in the third bullet of Section 2.2.4 "Uploading Forms" of this eRFP.

Attachment R Supplier Cost Worksheets

This section is intended to be explanatory in nature and to help reviewers understand how Conduent developed our proposed pricing. This section does not, in any way, place restrictions, minimums, or limits upon the proposed pricing.

Recovery Module Pricing

Conduent's total recovery amounts are based on .21% of fee for service spend for a representative state in each tier. While the evaluated price on the bid sheets is based upon a standardized \$13 million per year in recoveries for all tiers, the detailed breakout for annual operations pricing at the bottom of the pricing sheet reflects Conduent's actual expected recovery amounts by tier. In some cases, the annual evaluated price by tier is dramatically different from the estimated "Annual Operations Costs" by tier at the bottom of the Recovery pricing sheet.

Annual total recovery estimates for each Tier were the following:

- Tier 1 – \$3.67M
- Tier 2 – \$16.55M
- Tier 3 – \$13M
- Tier 4 – \$24.61M
- Tier 5 – \$15.72M

As an example, the informational pricing at the bottom of the page for Tier 1 Operations is based upon:

- Tier 1 total annual recovery of \$3.67M x 86% contingency rate = \$3.15M in annual contingency based fees
- + \$3,660 per month for HIPPA / CHIPRA x 12 months = \$43.9K
- \$3.15M annual contingency fees + \$43.9K HIPPA / CHIPRA fees = Total Annual fees shown for Tier 1 in informational table of \$3.2M
- This \$3.2M annual total price is much lower than the \$11.2M annual evaluated price of Tier 1

Commercial Recoupment Module Pricing

Conduent's total recovery amounts are based on .32% of fee for service spend for a representative state in each tier. While the evaluated price on the bid sheets is based upon a standardized \$20 million per year in recoveries for all tiers, the detailed breakout for annual operations pricing at the bottom of the

pricing sheet reflects Conduent's actual expected recovery amounts by tier. In some cases, the evaluated price by tier is very different from the estimated "Annual Operations Costs" by tier at the bottom of the Commercial Recoupment pricing sheet.

Annual total recovery estimates for each Tier were the following:

- Tier 1 – \$5.65M
- Tier 2 – \$25.46M
- Tier 3 – \$20M
- Tier 4 – \$37.86M
- Tier 5 – \$24.2M

As an example, the informational pricing at the bottom of the page for Tier 1 Operations is based upon:

- Tier 1 total recovery of \$5.65M x 52% contingency rate = \$2.96M in annual contingency based fees
- \$2.96M = Total Annual fees shown for Tier 1 in "Annual Operations Costs"
- This \$2.96M annual total price is much lower than the \$10.48M annual evaluated price of Tier 1

Hospital – Physician Module Pricing

Conduent's projections for 'adds and updates' on row 6 of the pricing sheet are based on an 'average' number of these as directed by the responses to questions.

For the average number of add and updates represented on row 6, Conduent used:

- Georgia's 2.1M members x 1.5% annually x 50% for Year 1 divided by 12 to get 1,325 adds / updates on a monthly basis
- For Year 2 – Georgia's 2.1M members x 1.5% annually x 60% for Year 1 divided by 12 to get 1,590 adds / updates on a monthly basis
- For Years 3-10 – Georgia's 2.1M members x 1.5% x 70% divided by 12 to get 1,856 adds / updates on a monthly basis

While there are 10 separate monthly pricing categories, there are only 5 tiers to show representative informational pricing. For the tiers below, Conduent used the following pricing levels for the Informational "Annual Operations Costs":

- Tier 1 – Monthly adds / updates between 151 and 250
- Tier 2 – Monthly adds / updates between 501 and 1,000
- Tier 3 – Monthly adds / updates between 1,001 and 2,000
- Tier 4 – Monthly adds / updates between 2,001 and 5,000
- Tier 5 – Monthly adds / updates between 2,001 and 5,000 (same pricing level range as Tier 4, even though representative state had more members than Tier 4 state)

As an example, the informational pricing at the bottom of the page for Tier 1 Operations are based upon:

- Tier 1 monthly range of between 151 and 250 adds per month = \$86,538 per month x 12 = \$1.038M per year
- This \$1.038M annual total price is lower than the \$2.99M annual evaluated price represented on row 8

CMO Module Pricing

Conduent's total recovery amounts are based on .32% of fee for service spend for a representative state in each tier. While the evaluated price on the bid sheets is based upon a standardized \$20 million per year in recoveries for all tiers, the detailed breakout for annual operations pricing at the bottom of the pricing sheet reflects Conduent's actual expected recovery amounts by tier. In some cases, the evaluated price by tier is quite different from the estimated "Annual Operations Costs" by tier at the bottom of the CMO pricing sheet.

Annual total recovery estimates for each Tier were the following:

- Tier 1 – \$5.58M
- Tier 2 – \$25.5M
- Tier 3 – \$20M
- Tier 4 – \$37.9M
- Tier 5 – \$24.2M

As an example, the informational pricing at the bottom of the page for Tier 1 Operations are based upon:

- Tier 1 total recovery of \$5.58M x 32% contingency rate = \$1.79M in annual contingency based fees
- This \$1.79M is annual total price is much lower than the \$6.4M annual evaluated price of Tier 1